

COMMONWEALTH OF VIRGINIA

**TREASURY BOARD**

INVITATION FOR BIDS

for

**FINANCING  
UNDER A MASTER LEASE AGREEMENT**

**IFB #TB 07-002**

**J. Braxton Powell**

**STATE TREASURER**

Kelley S. Denton

Procurement Officer

DEPARTMENT OF THE TREASURY

**January 10, 2007**

**Note: This public body does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, § 2.2-4341.1 or against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.**

## INVITATION FOR BIDS

**Issue Date:** January 10, 2007 **IFB #:** TB 07-002

**Title:** Financing Under a Master Lease Agreement

**Issuing Agency:** The Treasury Board through the Department of the Treasury  
Attn: Kelley S. Denton, Procurement Officer  
Department of the Treasury  
P.O. Box 1879  
Richmond, Virginia 23218-1879

**Using Agency:** The Treasury Board through the Department of the Treasury

**Period of Contract/Agreement:**

For financing requests received and approved by the Lessor for the twenty-four month period February 1, 2007 through January 31, 2009 or until a total of \$40,000,000 has been financed through the Agreement resulting from this solicitation, whichever occurs first, with an option to extend the period an additional six months, or the amount financed as a result of this solicitation an additional \$15,000,000 or both, upon mutual written agreement.

**Bids Due & Opened:** Sealed bids will be received until 1:30 p.m. on, Wednesday, January 24, 2007 and then opened in public.

**Inquiries:** All Inquiries shall be directed to Kelley S. Denton, Procurement Officer, by e-mail – [Kelley.Denton@trs.virginia.gov](mailto:Kelley.Denton@trs.virginia.gov), by phone - (804) 786-4741, or by fax – (804) 225-3187. Written (fax or e-mail) inquiries are preferred.

**If Bids are Mailed:** Send directly to the Issuing Agency shown above, adding one line to the top of the address as follows: IFB for Master Lease Financing, IFB # TB 07-002.

**If Bids are Hand Delivered:** Deliver to IFB for Master Lease Financing, IFB# TB 07-002, Attn: Kelley S. Denton, Procurement Officer, Commonwealth of Virginia, Department of the Treasury, James Monroe Building, 3rd Floor, 101 North 14th Street, Richmond, Virginia, 23219.

In compliance with this Invitation For Bids and subject to all the conditions imposed herein and hereby incorporated by reference, the undersigned Offeror agrees to finance Equipment and/or Energy Projects at the rates indicated in Section VI, *Bid Forms*. *The Undersigned offers and agrees to furnish Master Equipment Leasing Service in accordance with the attached signed bid and the Master Lease Agreement.*

**(2) COPIES OF THIS IFB WITH ORIGINAL SIGNATURES MUST BE RETURNED.**

Offeror's Name:	By (Signature in Ink):
Complete Address:	Name (please print) and Title:
	Date:
City/State/Zip:	Federal Identification Number:
Telephone Number:	Facsimile Number:

## TABLE OF CONTENTS

<b>SECTION I: PURPOSE</b> .....	1
<b>SECTION II: SCOPE OF SERVICE</b> .....	2
TERMS OF THE MASTER LEASE AGREEMENT:.....	2
EQUIPMENT TO BE PURCHASED:.....	3
ENERGY PROJECTS:.....	4
RATE:.....	4
ESCROW FEES:.....	4
<b>SECTION III: GENERAL TERMS AND CONDITIONS</b> .....	5
VENDOR'S MANUAL:.....	5
APPLICABLE LAWS AND COURTS:.....	5
ANTI-DISCRIMINATION:.....	5
ETHICS IN PUBLIC CONTRACTING:.....	6
IMMIGRATION REFORM AND CONTROL ACT OF 1986:.....	6
DEBARMENT STATUS:.....	6
ANTITRUST:.....	6
MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS:.....	6
CLARIFICATION OF TERMS:.....	6
PAYMENT:.....	6
PRECEDENCE OF TERMS:.....	8
QUALIFICATIONS OF BIDDERS:.....	8
TESTING AND INSPECTION:.....	8
ASSIGNMENT OF AGREEMENT:.....	8
CHANGES TO THE CONTRACT:.....	8
DEFAULT:.....	9
TAXES:.....	9
USE OF BRAND NAMES:.....	9
TRANSPORTATION AND PACKAGING:.....	9
INSURANCE:.....	9
ANNOUNCEMENT OF AWARD:.....	9
DRUG FREE WORKPLACE:.....	10
NONDISCRIMINATION OF CONTRACTORS:.....	10
AVAILABILITY OF FUNDS:.....	10
<b>SECTION IV: SPECIAL TERMS AND CONDITIONS</b> .....	10
AUDIT:.....	10
CANCELLATION OF CONTRACT:.....	10
BID ACCEPTANCE PERIOD:.....	10
BID EVALUATION AND AWARD PROCEDURE:.....	10
EXTENSION OF AGREEMENT:.....	11
LIQUIDATED DAMAGES:.....	11
SUBCONTRACTS:.....	11
MODIFICATION OF AGREEMENT:.....	11
OWNERSHIP OF MATERIAL:.....	11
OBLIGATION OF BIDDER:.....	11
RIGHT TO REJECT BIDS AND WAIVE INFORMALITIES:.....	12
RESPONSIBLE BIDDER:.....	12
IDENTIFICATION OF BID ENVELOPE:.....	12
SETTLEMENT:.....	13
REPORTS:.....	13
DEPARTMENT CONTACT:.....	13
SMALL BUSINESS SUBCONTRACTING PLAN:.....	13
<b>SECTION V: METHOD OF PAYMENT</b> .....	14
<b>SECTION VI: BID FORMS</b> .....	14

<b>APPENDICES:</b>	A	FORM OF COMMONWEALTH OF VIRGINIA CONTRACT
	B	MASTER LEASE AGREEMENT
	C	FORM OF CERTIFICATE OF COUNSEL
	D	SMALL BUSINESS SUBCONTRACTING PLAN

**SECTION I: PURPOSE**

The Commonwealth of Virginia (the "Commonwealth"), through its Treasury Board (the "Board"), requests sealed bids from duly qualified and eligible entities (the "Bidders") prepared to provide lease financing for the acquisition of certain equipment (the "Equipment") and certain energy efficiency projects (as defined fully in Section IIC, page 4). The financing arrangement will take the form of a Master Lease Agreement (the "Agreement" or the "Contract") between the successful Bidder (the "Lessor") and the Board (the "Lessee") providing for, among other things, (i) entering into a Master Lease Agreement for the lease purchase of Equipment or Energy Projects by agencies and institutions of the Commonwealth (the "Agencies") and (ii) the payment by the Agencies of Lease Payments pursuant to Appendices as defined and executed under the Agreement. The form of the Master Lease Agreement is provided as Appendix B and is a part of this solicitation.

The Agreement in no way conveys exclusive financing rights to the Lessor. Agencies are allowed to obtain financing outside of the Master Lease with prior approval from the Treasury Board and the Treasury Board is authorized to provide financing mechanisms/arrangements to agencies in addition to the financing to be provided under the Agreement.

Capitalized terms in this IFB shall have the meaning assigned to them in the Master Lease Agreement.

**SECTION II: SCOPE OF SERVICE**

- A. **TERMS OF THE MASTER LEASE AGREEMENT:** The Agreement provides for the lease financing of Equipment or Energy Projects upon delivery to the Lessor of an Appendix. The rate of interest to be charged for each financing will be determined and fixed on the Acceptance Date for such item or items based upon a percentage of the Index. Lease Payments shall be monthly, semi-annually or annually as determined on the Acceptance Date and will continue for the specified term of financing or until prepaid in accordance with the Agreement. Lease Payments will be calculated based on a level payment basis using a single fixed rate of interest for either three, five, seven or ten-year terms. Interest will be calculated on a 30/360 day basis.

The period of the Agreement shall be for Financing Request certificates received and approved by the Lessor for the twenty-four month period February 1, 2007 through January 31, 2009 or until a total of \$40,000,000 has been financed through the Agreement, whichever occurs first.

The Commonwealth may opt to extend the Contract for an additional six-month period or increase the amount to be financed by up to an additional \$15,000,000, or both, upon mutual written agreement between the Lessor and the Lessee.

Commonwealth of Virginia – Department of the Treasury  
 Financing Under A Master Lease Agreement  
 IFB #TB 07-002 Due: January 24, 2007

B. **EQUIPMENT TO BE PURCHASED:** The Equipment will consist of various types of new or reconditioned personal property or such other items as may be permitted by the *Code of Virginia*, all subject to the Lessor's approval. Each Appendix will be equal to or greater than \$10,000. The following tables summarize recent activity of the Master Equipment Leasing Program. The first three tables summarize activity under the current Contract and encompass activity from February 1, 2005 through December 31, 2006(twenty three months). The last table summarizes activity under the three most recent Contracts. **The tables provide historical information only which may not be indicative of the activity that may actually occur during this period of this Agreement.**

**CURRENT CONTRACT**

<u>TERM</u>	<u># Leases</u>	<u>Amount Financed</u>
3 years	11	\$ 4,767,126
5 years	4	3,241,738
7 years	9	2,377,693
10 years	<u>0</u>	<u>-0-</u>
	24	\$10,386,557

<u>AGENCY TYPE</u>	<u># Leases</u>	<u>Amount Financed</u>
Education	13	\$ 4,324,283
Health & Human Resources	3	2,848,435
Public Safety	1	20,933
Transportation	0	-0-
Technology	<u>7</u>	<u>3,192,906</u>
	24	\$10,386,557

<u>EQUIPMENT TYPE</u>	<u># Leases</u>	<u>Amount financed</u>
Computer Hardware/Software	15	\$ 7,021,723
General Office	2	1,212,831
Laboratory/Medical	6	2,131,070
Vehicles	<u>1</u>	<u>20,933</u>
	24	\$10,386,557

**THREE MOST RECENT CONTRACTS**

Contract #	<u>TB05-005</u>	<u>TB04-005</u>	<u>TB02-011</u>
Contract Period	2/1/05-1/31/07*	2/1/04-1/31/05	8/1/02-7/31/04
3 yrs	\$4,767,126	\$4,824,226	\$17,863,102
4 yrs	<u>NA</u>	3,241,738	105,125
5 yrs	2,377,693	2,377,693	7,895,708
7 yrs		<u>-0-</u>	<u>9,009,504</u>
<u>10 yrs</u>		<u>NA</u>	<u>NA</u>
Total	\$10,386,557	\$10,443,657	\$34,873,439

\*Represents leases funded from February 1, 2005 through December 31, 2006

- C. **ENERGY PROJECTS:** Energy Projects will consist of equipment and services that reduce energy consumption or operating costs. Projects may include but are not limited to: insulation, storm windows and doors, glazing, automatic energy control systems, including related hard ware, improvements or retrofits to electrical, lighting and auxiliary systems, heating ventilating and air conditioning (HVAC) system modifications or replacements, energy recovery systems, cogeneration systems, renewable energy systems, such as solar, biomass and wind, devices that reduce water consumption and professional and non-professional services relating to the design, installation, training and monitoring of such equipment or systems, and subject to the Lessor’s approval.
  
- D. **RATE:** Each Agency will make Lease Payments to the successful Bidder in equal monthly, semi-annual or annual installments based on a Percentage of the Index as described in the Agreement. Bidders are required to bid a Percentage of the Index for each of the three, five, seven, and ten-year lease terms.
  
- E. **ESCROW FEES:** For Escrow Financings, each Agency will pay the applicable Escrow Fee as described in the Agreement.

### SECTION III: GENERAL TERMS AND CONDITIONS

- A. **VENDOR'S MANUAL:** This solicitation is subject to the provisions of the Commonwealth of Virginia *Vendors Manual* and any revisions thereto, which are hereby incorporated into this Agreement in their entirety. The procedure for filing contractual claims is in section 7.19 of the *Vendors Manual*. A copy of the manual is normally available for review at the purchasing office and is accessible on the Internet at [www.dgs.state.va.us/dps](http://www.dgs.state.va.us/dps) under "Manuals."
- B. **APPLICABLE LAWS AND COURTS:** This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The agency and the contractor are encouraged to resolve any issues in controversy arising from the award of the contract or any contractual dispute using Alternative Dispute Resolution (ADR) procedures (*Code of Virginia*, § 2.2-4366). ADR procedures are described in Chapter 9 of the *Vendors Manual*. The contractor shall comply with all applicable federal, state and local laws, rules and regulations.
- C. **ANTI-DISCRIMINATION:** By submitting their bids, Bidders certify to the Commonwealth that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act, the Americans With Disabilities Act and § 2.2-4311 of the *Virginia Public Procurement Act (VPPA)*. If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the Contract on the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on the bases of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that Contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body. (*Code of Virginia*, § 2.2-4343.1E).

In every Agreement/Contract over \$10,000 the provisions in 1. and 2. below apply:

1. During the performance of this Agreement, the Lessor agrees as follows:

The Lessor will not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin, or disabilities, except where religion, sex or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the Lessor. The Lessor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

The Lessor, in all solicitations or advertisements for employees placed by or on behalf of the Lessor, will state that such Lessor is an equal opportunity employer.

Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

2. The Lessor will include the provisions of 1. above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

Commonwealth of Virginia – Department of the Treasury  
Financing Under A Master Lease Agreement  
IFB #TB 07-002 Due: January 24, 2007

- D. **ETHICS IN PUBLIC CONTRACTING:** By submitting their bids, Bidders certify that their bids are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Bidder, supplier, manufacturer or subcontractor in connection with their bid, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised unless consideration of substantially equal or greater value was exchanged.
- E. **IMMIGRATION REFORM AND CONTROL ACT OF 1986:** By submitting their bids, the Bidders certify that they do not and will not during the performance of this Agreement employ illegal alien workers or otherwise violate the provisions of the federal Immigration Reform and Control Act of 1986.
- F. **DEBARMENT STATUS:** By submitting their bids, Bidders certify that they are not currently debarred by the Commonwealth of Virginia from submitting bids on contracts for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.
- G. **ANTITRUST:** By entering into the Agreement, the Lessor conveys, sells, assigns and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said Agreement.
- H. **MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS:** Failure to submit a bid on the official state form provided for that purpose shall be a cause for rejection of the bid. Modification of or additions to any portion of the Invitation for Bids may be cause for rejection of the bid; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a bid as nonresponsive. As a precondition to its acceptance, the Commonwealth may, in its sole discretion, request that the Bidder withdraw or modify nonresponsive portions of a bid which do not affect quality, quantity, price, or delivery. No modification of or addition to the provisions of the Agreement shall be effective unless reduced to writing and signed by the parties.
- I. **CLARIFICATION OF TERMS:** If any prospective Bidder has questions about the specifications or other solicitation documents, the prospective Bidder should contact the Issuing Agency whose name appears on the face of the solicitation no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum issued by the Commonwealth.
- J. **PAYMENT:**
1. To Prime Contractor:
    - a. Invoices for items ordered, delivered and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/Contract. All invoices shall show the state Contract number and/or purchase order number; social security number (for individual contractors) or the federal employer identification number (for proprietorships, partnerships, and corporations).

Commonwealth of Virginia – Department of the Treasury  
Financing Under A Master Lease Agreement  
IFB #TB 07-002 Due: January 24, 2007

- b. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.
  - c. All goods or services provided under this Contract or purchase order, that are to be paid for with public funds, shall be billed by the Contractor at the Contract price, regardless of which public agency is being billed.
  - d. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.
  - e. Unreasonable Charges. Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, Contractors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges, which appear to be unreasonable, will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, the Commonwealth shall promptly notify the Contractor, in writing, as to those charges, which it considers unreasonable, and the basis for the determination. A Contractor may not institute legal action unless a settlement cannot be reached within thirty (30) days of notification. The provisions of this section do not relieve an agency of its prompt payment obligations with respect to those charges which are not in dispute (*Code of Virginia*, § 2.2-4363).
2. To Subcontractors:
- a. A Contractor awarded a contract under this solicitation is hereby obligated:
    - (1) To pay the subcontractor(s) within seven (7) days of the Contractor's receipt of payment from the Commonwealth for the proportionate share of the payment received for work performed by the subcontractor(s) under the Contract; or
    - (2) To notify the agency and the subcontractor(s), in writing, of the Contractor's intention to withhold payment and the reason.
  - b. The Contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the Contract) on all amounts owed by the Contractor that remain unpaid seven (7) days following receipt of payment from the Commonwealth, except for amounts withheld as stated in (2) above. The date of mailing of any payment by U. S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier contractor performing under the primary Contract. A Contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.
3. Each prime contractor who wins an award in which provision of a SWAM procurement plan is a condition to the award, shall deliver to the contracting agency or institution, on or before request for final payment, evidence and certification of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the SWAM procurement plan. Final payment under the contract in question may be withheld until such certification is delivered

Commonwealth of Virginia – Department of the Treasury  
Financing Under A Master Lease Agreement  
IFB #TB 07-002 Due: January 24, 2007

and, if necessary, confirmed by the agency or institution, or other appropriate penalties may be assessed in lieu of withholding such payment.

- K. **PRECEDENCE OF TERMS:** The following General Terms and Conditions VENDORS MANUAL, APPLICABLE LAWS AND COURTS, ANTI-DISCRIMINATION, ETHICS IN PUBLIC CONTRACTING, IMMIGRATION REFORM AND CONTROL ACT OF 1986, DEBARMENT STATUS, ANTITRUST, MANDATORY USE OF STATE FORM AND TERMS AND CINDITIONS, CLARIFICATION OF TERMS, PAYMENT shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.
- L. **QUALIFICATIONS OF BIDDERS:** The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the Bidder to perform the work/furnish the item(s), and the Bidder shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect the Bidder's physical facilities prior to award to satisfy questions regarding the Bidder's capabilities. The Commonwealth further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Bidder fails to satisfy the Commonwealth that such Bidder is properly qualified to carry out the obligations of the Agreement and to complete the work/furnish the item(s) contemplated therein.
- M. **TESTING AND INSPECTION:** The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to assure supplies and services conform to the specification.
- N. **ASSIGNMENT OF AGREEMENT:** The Agreement resulting from this solicitation shall not be assignable by the Lessor except with the prior written consent of the Commonwealth as specified in the Agreement.
- O. **CHANGES TO THE CONTRACT:** Changes can be made to the Contract in any of the following ways:
1. The parties may agree in writing to modify the scope of the Contract. An increase or decrease in the price of the Contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the Contract.
  2. The Issuing Agency may order changes within the general scope of the Contract at any time by written notice to the Contractor. Changes within the scope of the Contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The Contractor shall comply with the notice upon receipt. The Contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Issuing Agency a credit for any savings. Said compensation shall be determined by one of the following methods:
    - a. By mutual agreement between the parties in writing; or
    - b. By agreeing upon a unit price or using a unit price set forth in the Contract, if the work to be done can be expressed in units, and the Contractor accounts for the number of units of work performed, subject to the Issuing Agency's right to audit the Contractor's records and/or to determine the correct number of units independently; or

Commonwealth of Virginia – Department of the Treasury  
Financing Under A Master Lease Agreement  
IFB #TB 07-002 Due: January 24, 2007

By ordering the Contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the Contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The Contractor shall present the Issuing Agency with all vouchers and records of expenses incurred and savings realized. The Issuing Agency shall have the right to audit the records of the Contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Issuing Agency within thirty (30) days from the date of receipt of the written order from the Issuing Agency. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the Contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this Contract or, if there is none, in accordance with the disputes provisions of the Commonwealth of Virginia *Vendors Manual*. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this Contract shall excuse the Contractor from promptly complying with the changes ordered by the Issuing Agency or with the performance of the Contract generally.

- P. **DEFAULT:** In case of failure to deliver goods or services in accordance with the Agreement terms and conditions, the Commonwealth, after oral or written notice, may immediately terminate the Agreement and/or procure them from other sources and hold the Lessor responsible for any resulting additional purchase and administrative costs (including without limiting attorney fees). This remedy shall be in addition to any other remedies which the Commonwealth may have.
- Q. **TAXES:** Omitted.
- R. **USE OF BRAND NAMES:** Omitted.
- S. **TRANSPORTATION AND PACKAGING:** Omitted.
- T. **INSURANCE COVERAGES AND LIMITS REQUIRED:**
1. Worker's Compensation - Statutory requirements and benefits; require that the Commonwealth of Virginia be added as an additional named insured on Contractor's policy.
  2. Employers Liability - \$100,000.
  3. Commercial General Liability - \$500,000 combined single limit. The Commonwealth of Virginia is to be named as an additional named insured with respect to the services being procured. These coverages are to include Products and Completed Operations Coverage.
  4. Automobile Liability - \$500,000 - Combined single limit. (Only used if motor vehicle is to be used in the Contract.)
- U. **ANNOUNCEMENT OF AWARD:** Upon the award or the announcement of the decision to award a Contract as a result of this solicitation, the Issuing Agency will publicly post such notice on the 3<sup>rd</sup> floor receptionist area, Department of the Treasury, 101 N. 14<sup>th</sup> Street, Richmond, Virginia, the DGS/DPS eVA web site [www.eva.state.va.us](http://www.eva.state.va.us), and on the Agency website at [www.trs.state.va.us](http://www.trs.state.va.us) for a minimum of 10 days.
- V. **DRUG-FREE WORKPLACE:** During the performance of this Contract, the Contractor agrees to (i)

provide a drug-free workplace for the Contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a Contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the Contract.

- W. **NONDISCRIMINATION OF CONTRACTORS:** A bidder, offeror, or Contractor shall not be discriminated against in the solicitation or award of this Contract because of race, religion, color, sex, national origin, age, or disability or against faith-based organizations. If the award of this Contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this Contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services or disbursements from an alternative provider.
- X. **AVAILABILITY OF FUNDS:** It is understood and agreed between the parties herein that the agency shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement .

#### **SECTION IV: SPECIAL TERMS AND CONDITIONS**

- A. **AUDIT:** The Lessor hereby agrees to retain all books, records, and other documents relative to the Agreement for five (5) years after final payment, or until audited by the Commonwealth of Virginia, whichever is sooner. The agency, its authorized agents, and/or State auditors shall have full access to and the right to examine any of said materials during said period.
- B. **CANCELLATION OF CONTRACT:** The Commonwealth reserves the right to cancel and terminate any resulting Agreement, in part or in whole, without penalty, upon 60 days written notice to the Lessor. Any Agreement cancellation notice shall not relieve the Lessor or Lessee of the obligation to perform on all outstanding transactions entered into prior to the effective date of cancellation.
- C. **BID ACCEPTANCE PERIOD:** Any bid in response to this solicitation shall be binding upon the Bidder for thirty (30) days following the bid opening date. Any bid on which the Bidder shortens the acceptance period may be rejected. At the end of the thirty days the bid may be withdrawn at the written request of the Bidder. If the bid is not withdrawn at that time it remains in effect until an award is made or the solicitation is canceled. It is the intention of the Commonwealth to award the bid by February 1, 2007, or on such other date as shall be mutually agreed to in writing by the Commonwealth and the winning Bidder(s).
- D. **BID EVALUATION AND AWARD PROCEDURE:** Awards will be made to the responsive and

Commonwealth of Virginia – Department of the Treasury  
Financing Under A Master Lease Agreement  
IFB #TB 07-002 Due: January 24, 2007

responsible Bidder(s) whose bid represents the lowest interest cost to the Commonwealth on the due date for receiving bids determined by applying the Percentage Bid to the Index, however; the award may be made to a reasonably priced DMBE-certified small business bidder(s) that is other than the lowest bidder(s). Two separate awards may be awarded (1) for the weighted cost for the three, five and seven year lease terms, and (2) for the ten year lease term. The Commonwealth reserves the right to make one award in the event one Bidder submits the lowest percentages of the Index for both (1) and (2) above.

The Commonwealth may reject alternate bids. An alternate bid is a bid submitted in knowing variance from the specifications and must be clearly distinguished as an alternate bid by the Bidders.

If requested by the Commonwealth, each Bidder shall submit a list of at least three (3) similar municipal lease purchases or conditional purchases entered into within the previous two years and its most recent audited financial statements. The award may be delayed until after such investigations are completed to the satisfaction of the Commonwealth.

- E. **EXTENSION OF AGREEMENT:** This Agreement may be extended upon mutual written agreement between the Commonwealth and the Lessor for an additional six -month period, and/or the credit limit up to an additional \$15,000,000 only under the terms and conditions of the original Agreement. Any determination to extend the Agreement shall be made in writing prior to the end of the Agreement period.
- F. **LIQUIDATED DAMAGES:** The Lessor may be responsible for liquidated damages in accordance with the Master Lease Agreement.
- G. **SUBCONTRACTS:** No portion of the service shall be subcontracted.
- H. **MODIFICATION OF AGREEMENT:** The Commonwealth may, upon mutual agreement with the Lessor, issue written modifications to the Scope of Services of this Agreement, except that no modifications can be made which will result in an increase of the original Agreement price by a cumulative amount of more than \$10,000 or 25%, whichever is greater, without the advance written approval of the Governor or his designee, or as may be dictated by law. The written modification shall stipulate the mutually-agreed price for the specific addition to/deletion from the scope of work/specifications which shall be added to or deducted from the Agreement amount.
- I. **OWNERSHIP OF MATERIAL:** Ownership of all data, material and documentation originated and prepared for the Commonwealth pursuant to the IFB shall belong exclusively to the Commonwealth. Bid records are subject to inspection in accordance with the Virginia Public Procurement Act and the Virginia Freedom of Information Act. **Trade secrets or proprietary information submitted by a Bidder shall not be subject to public disclosure under the Virginia Freedom of Information Act, provided the Bidder invokes the protection of Section 11-52(D) of the Code of Virginia prior to or upon submission of the data or other materials, and must identify the specific data or other materials to be protected and state the reasons why protection is necessary.**
- J. **OBLIGATION OF BIDDER:** By submitting a bid, the Bidder covenants and agrees that he has satisfied himself, from his own investigation of the conditions to be met, that he fully understands his obligation and that he will not make any claim for, or have right to cancellation or relief from the Agreement because of any misunderstanding or lack of information. At the time of the signing of the Agreement, the Lessor shall certify that:

Commonwealth of Virginia – Department of the Treasury  
Financing Under A Master Lease Agreement  
IFB #TB 07-002 Due: January 24, 2007

1. The Lessor has knowledge and experience in financial and business matters that renders it capable of evaluating the merits and risks of investment in the Agreement and has received such information as it has deemed necessary to make such evaluation, and
2. The Lessor is able to bear the economic risk of investment in the Agreement.

The Commonwealth has not prepared an official statement or other offering materials in connection with this Invitation For Bids or the Master Lease Agreement and does not intend to prepare such materials. The Commonwealth shall be under no obligation to provide any legal opinions or other representations, except those described herein. **No Bidder may undertake any public offering of the Agreement or any Appendix thereto or any interest or certificates therein, except as provided in the Agreement.**

**K. RIGHT TO REJECT BIDS AND WAIVE INFORMALITIES:** The Commonwealth reserves the right to reject any or all bids. The Commonwealth also reserves the right to waive any informality. Incomplete bids may be the basis for rejection.

**L. RESPONSIBLE BIDDER:** The Bidder must, in the reasonable judgment of the Commonwealth:

1. Possess the ability, capacity and skill to perform its obligations under the Agreement;
2. Possess the appropriate character, integrity, reputation, judgment and experience, and;
3. Possess sufficient financial resources to perform its obligations under the Agreement.

The Lessor shall provide the Commonwealth such information and certificates as the Commonwealth, upon the advice of the Office of the Attorney General, shall deem sufficient to establish compliance with the above enumerated conditions.

**M. IDENTIFICATION OF BID ENVELOPE:** Each Bidder must submit two (2) original signed Invitations For Bid (which consist of this complete document, including the Bid Forms, and all attachments) and required affidavits and certificates, if any, in a **SEALED** envelope. The name and address of the Bidder must be marked on the outside of the envelope, and the envelope must be clearly marked as "IFB for Master Lease Financing." Late bids will be returned unopened.

**IF BIDS ARE SENT U.S. POSTAL SERVICE REGULAR MAIL, SEND TO:**

IFB for Master Lease Financing, IFB# TB 07-002  
Department of the Treasury  
P.O. Box 1879  
Richmond, VA 23218-1879  
Attention: Kelley S. Denton, Procurement Officer

**IF HAND DELIVERED OR VIA ANY COURIER SERVICE INCLUDING U.S. POSTAL**

Commonwealth of Virginia – Department of the Treasury  
Financing Under A Master Lease Agreement  
IFB #TB 07-002 Due: January 24, 2007

**SERVICE "EXPRESS MAIL", DELIVER TO:**

IFB for Master Lease Financing, IFB# TB 07-002  
Department of the Treasury  
101 North 14th Street, 3rd Floor  
Richmond, VA 23219  
Attention: Kelley S. Denton, Procurement Officer

If a bid is mailed, the Bidder takes the risk that the envelope, even if marked as described above, may be inadvertently opened and the information compromised which may cause the bid to be disqualified. Bids may be hand delivered to the designated location in the office issuing the solicitation.

The Commonwealth will publicly open all bids received on Wednesday, January 24, 2007 at 1:30 p.m.

N. **SETTLEMENT:** On or before February 1, 2007, or on such date as established in writing by the Commonwealth:

1. Lessor and the Commonwealth shall execute and deliver the Master Lease Agreement;
2. Lessor and the Commonwealth shall provide such opinions and certifications as required or contemplated in the Invitation For Bids and the Master Lease Agreement.

O. **REPORTS:** Lessor will provide such reports as mutually agreed to by both parties at no additional cost to the Commonwealth. The Commonwealth may request monthly reports on outstanding principal balances of all Appendices under this Agreement.

P. **DEPARTMENT CONTACT:** The following official will serve as the primary administrative contact for the Lessee:

Leslie M. English  
Public Finance Manager  
Department of the Treasury  
101 North 14th Street, 3rd Floor  
Richmond, VA 23219  
(804) 371-0341  
[leslie.english@trs.virginia.gov](mailto:leslie.english@trs.virginia.gov)

Q. **SMALL BUSINESS SUBCONTRACTING PLAN:** All state agencies are required to monitor the use of Virginia Department of Minority Business Enterprise (DMBE) certified small business participation in its procurement process. All potential bidders are required to complete section A, B or C of the Small Business Subcontracting Plan (Appendix D) to ensure DMBE certified small business participation. Failure to complete Section A, B or C shall result in your bid being declared non-responsive. A bidder's response of not applicable, none or N/A in Section C of the small business subcontracting plan will result in the bid being declared non-responsive if the Bidder is not a DMBE certified small business and does not plan to subcontract part of the work to a DMBE certified small business.

If your company is interested in becoming certified through DMBE, confirming certification status of a firm identifying DMBE certified small businesses, please contact the DMBE certification office at

Commonwealth of Virginia – Department of the Treasury  
Financing Under A Master Lease Agreement  
IFB #TB 07-002 Due: January 24, 2007

804-786-5560 or by visiting <http://www.dmbv.virginia.gov>

## **SECTION V: METHOD OF PAYMENT**

Invoices for Lease Payments shall be submitted by the Lessor directly to the Agency at the Agency Billing Address shown on the Appendix. All invoices shall show the state Contract/Agreement number and the federal employer identification number of the Lessor.

Lease Payments will be made in accordance with the Virginia Prompt Payment Act. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last.

The date of payment shall be the date of postmark in all cases where payment is made by mail or the date of transfer when payment is made electronically.

## **SECTION VI: BID FORMS**

Commonwealth of Virginia – Department of the Treasury  
Financing Under A Master Lease Agreement  
IFB #TB 07-002 Due: January 24, 2007

Bidders wishing to submit a bid in response to this Invitation For Bids shall complete the attached Bid Form along with any other certificates included herein or required by the Commonwealth.

Bidders shall specify on which Index their bid is based (i.e., U. S. Treasury Note or Municipal Market Data (MMD)) and shall state their bids as a percentage of the selected Index. The Index is defined as EITHER (i) the annualized interest rate on either three, five, seven, or ten-year Treasury Notes on a weekly average basis for the week preceding the Acceptance Date as published by the Federal Reserve OR (ii) the Municipal Market Data (MMD) General Obligation Yield on triple-A (pure) bonds for the three, five, seven or ten-year bond on the business day preceding the Acceptance Date as provided by MMD.

**BID FORM**

**COMMONWEALTH OF VIRGINIA TREASURY BOARD  
 MASTER LEASE FINANCING PROGRAM**

**1) Each Bidder must select the Index to be used for the period of the Contract: (SELECT ONE)**

- Treasury Note Index** - the annualized interest rate on either three, five, seven, or ten-year Treasury Notes as reported by the Federal Reserve on a weekly average basis for the week preceding the Acceptance Date. For leases of a three-year term such Index shall be the three-year Treasury Note. For leases of a five-year term such Index shall be the five-year Treasury Note. For leases of a seven-year term such Index shall be the seven-year Treasury Note. For leases of a ten-year term such Index shall be the ten-year Treasury Note.
  
- MMD Index** - the Municipal Market Data (MMD) General Obligation Yield on triple-A (pure) bonds for the three, five, seven or ten-year maturities on the business day preceding the Acceptance Date as published by MMD. For leases of a three-year term, the Index shall be the three-year yield. For leases of a five-year term, the Index shall be the five-year yield. For leases of a seven-year term, the Index shall be the seven-year yield. For leases of a ten-year term, the Index shall be the ten-year yield, all as reported by MMD.

**2) Indicate the Percentage of the Index for each of the lease terms stated below.**

<b>Lease Term</b>	<b>Weight</b>	<b>Percentage of Index*</b>	<b>Treasury Note Index</b>	<b>MMD Index</b>
36 months	45%	_____	3 year	3 year
60 months	45%	_____	5 year	5 year
84 months	10%	_____	7 year	7 year
120 months	100%	_____	10 year	10 year

In compliance with this Invitation For Bids #TB07-002 and to all the conditions imposed herein, the Offeror agrees to furnish the services as indicated in this solicitation.

\*Bids may be rounded no more than four (4) decimal places

Commonwealth of Virginia – Department of the Treasury  
Financing Under A Master Lease Agreement  
IFB #TB 07-002 Due: January 24, 2007

APPENDIX A  
FORM OF COMMONWEALTH OF VIRGINIA CONTRACT

Appendix A represents the proposed Contract which the Commonwealth would expect the Contractor to sign. Please note any suggestions or additions you would like considered.

COMMONWEALTH OF VIRGINIA  
Department of the Treasury  
**FINANCING UNDER A MASTER LEASE AGREEMENT**  
Contract Number **TB 07-002**

This Contract is entered into this \_\_\_ day of \_\_\_\_\_, 2007, by \_\_\_\_\_, hereinafter called the "Contractor", and the Commonwealth of Virginia Department of the Treasury, hereinafter called the "Issuing Agency".

WITNESSETH that the Contractor and the Issuing Agency, in consideration of the mutual covenants, promises, and agreements herein contained, agree as follows:

**SCOPE OF CONTRACT:** The Contractor shall provide the services to the Commonwealth as set forth in the Contract Documents.

**PERIOD OF CONTRACT:** For the twenty-four-month period February 1, 2007 through January 31, 2009 or until a total of \$40,000,000 has been financed, whichever occurs first, with an option to extend the period for an additional six months, or the maximum expenditures an additional \$15,000,000 or both, upon mutual written agreement.

**CONTRACT DOCUMENTS:** The Contract Documents shall consist of:

- (1) this signed Contract;
- (2) The following portions of the Invitation for Bids dated January **XX**, 2007:
  - (a) The Scope of Service
  - (b) The General Terms and Conditions
  - (c) The Special Terms and Conditions, together with any negotiated modifications of those Special Conditions
- (3) The Contractor's Bid dated [**XXXX ##, 20##**]; and
- (4) The executed Master Lease Agreement.

Any contractual claims shall be submitted in accordance with the contractual dispute procedures set forth in the Commonwealth of Virginia's Vendor's Manual.

IN WITNESS WHEREOF the parties have caused this Contract to be duly executed intending to be bound thereby, and certify they are authorized to sign this Contract for the Contractor or the Commonwealth.

**CONTRACTOR**

**ISSUING AGENCY**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)

APPENDIX B  
COMMONWEALTH OF VIRGINIA  
MASTER LEASE AGREEMENT

Appendix B represents the Master Lease Agreement which the Commonwealth would expect the Lessor to sign. Please note any suggestions or additions you would like considered. **The Commonwealth may consider, but is not obligated to accept any such suggestions or additions.**

**MASTER LEASE AGREEMENT**

This MASTER LEASE AGREEMENT dated as of February 1, 2007 is between \_\_\_\_\_ as the lessor hereunder (the "Lessor"), and the Commonwealth of Virginia (the "Commonwealth"), as lessee hereunder by and through the Treasury Board acting on behalf of various Agencies of the Commonwealth (the "Lessee").

RECITALS

Whereas, various agencies and institutions (the "Agencies") of the Commonwealth of Virginia desire to enter into arrangements for the lease purchase of various Equipment and Energy Projects, referred to collectively herein as "Projects", and

Whereas, lessor desires to provide for the financing of such Projects by entering into this Agreement,

NOW, THEREFORE, in consideration of the funds to be paid hereunder and the covenants and agreements contained herein, it is agreed by and between the parties as follows:

ARTICLE 1.

DEFINITIONS

For purposes of this Agreement and in addition to the terms defined elsewhere in this Agreement, the following terms have the meanings given below unless the context clearly requires otherwise:

- 1.1 **Acceptance Certificate:** means the certificate substantially in the form of Schedule 1 of the Appendix.
- 1.2 **Acceptance Date:** means the date on which an Appendix is express mailed via overnight delivery to the Lessor. The Lessee will not date and mail an Appendix to the Lessor more than fourteen calendar days before the Vendor Payment Date unless mutually agreed to by the Lessor and the Lessee.
- 1.3 **Acquisition Period:** means the period commencing upon execution of this Agreement and ending on the earlier of January 31, 2009 or the date when the aggregate amount of equipment leased reaches \$40,000,000, unless this Agreement is extended as provided in Section 3.4. All financing requests received and approved by the Lessor during the Acquisition Period up to the limits of this Agreement, although not actually leased during that period, shall be governed by the terms and conditions of this Agreement as if leased during the Acquisition Period.
- 1.4 **Agency:** means any agency, institution, board or authority of the Commonwealth of Virginia that receives appropriations from the General Assembly of the Commonwealth.

- 1.5 **Agency Representation Certificate:** means the certificate substantially in the form of Schedule 3 of this Appendix.
- 1.6 **Agreement:** means this Master Lease Agreement as the same may be amended and supplemented from time to time in accordance with its terms.
- 1.7 **Appendix:** means the Acceptance Certificate, the Disbursement Authorization Certificate, the Agency Representation Certificate, and the Payment Schedule Certificate, substantially in the form attached hereto.
- 1.8 **Attorney General:** means the Attorney General, Senior Assistant Attorney General or an Assistant Attorney General of the Commonwealth of Virginia.
- 1.9 **Authorized Representative:** when used with respect to Lessee means the Treasurer of the Commonwealth of Virginia or other designee of the Treasury Board.
- 1.10 **Business Day:** means any day other than a Commonwealth holiday, a Saturday, Sunday or day upon which banks in the Commonwealth of Virginia are authorized or required to be closed.
- 1.11 **Disbursement Authorization Certificate:** means the certificate substantially in the form of Schedule 2 of the Appendix.
- 1.12 **Energy Project:** means the equipment or services including improvements or retrofits to electrical, lighting and auxiliary systems, heating ventilating and air conditioning systems, building improvements and professional and nonprofessional services relating to the design, installation, training and monitoring of such equipment or systems, all consistent with the Using Agency's energy efficiency plan developed in accordance with guidelines issued by the Department of Mines, Minerals and Energy and subject to the Lessor's approval.
- 1.13 **Equipment:** means the items of new or reconditioned personal property or such terms as may be permitted by the Code of Virginia leased to Lessee for a term not exceeding the useful life of the item pursuant to this Agreement and listed on each Appendix.
- 1.14 **Escrow Agent:** means a national banking association duly organized, existing and authorized to accept escrow deposits set out under and by virtue of the laws of the United States of America. The Escrow Agent shall be chosen by the Lessor subject to approval by the Lessee, which approval shall not be unreasonably withheld.
- 1.15 **Escrow Agreement:** means a mutually acceptable Agreement between the Lessee, Lessor and the Escrow Agent which sets forth the mutual covenants, agreements, terms and conditions governing the deposit of moneys into an Escrow Fund pursuant to an Escrow Financing.
- 1.16 **Escrow Fee:** means the fee to be paid for the services of an Escrow Agent as established in the Escrow Agreement. The Escrow Fee may be paid from escrow earnings.
- 1.17 **Escrow Financing:** means the financing of Equipment to be purchased over an extended period of time whereby the Lessor provides, in advance of the acquisition of the Equipment, the total amount needed to purchase the Equipment. Such amount shall be deposited in an Escrow Fund to be held in custody of an Escrow Agent. The Lessor, the Lessee, and the Escrow Agent will enter into a mutually acceptable Escrow Agreement prior to commencement of an Escrow Financing. The Lessee agrees to pay the Escrow Fee as defined herein.
- 1.18 **Escrow Fund:** means a special and irrevocable fund to be held in the custody of the Escrow Agent separate and apart from other funds of the Lessor, Lessee or the Escrow Agent.

- 1.19 **Financing Request Certificate:** means the certificate substantially in the form attached hereto.
- 1.20 **Index:** means (one of the following to be determined at the time of award of the Contract)
- (i) the annualized interest rate on either three, five, seven, or ten year Treasury Note as reported by the Federal Reserve on a weekly average basis for the week preceding the Acceptance Date as published by the Federal Reserve. For leases of a three-year term, the Index shall be the three-year Treasury Note as reported by the Federal Reserve. For leases of a five-year term, the Index shall be the five year Treasury Note as reported by the Federal Reserve. For leases of a seven-year term, the Index shall be the seven-year Treasury Note as reported by the Federal Reserve. For leases of a ten-year term, the Index shall be the ten-year Treasury Note as reported by the Federal Reserve OR
  - (ii) the Municipal Market Data (MMD) General Obligation Yield on triple-A (pure) bonds for the three, five, seven, or ten-year maturities on the business day preceding the Acceptance Date as published by Thomson Financial. For leases of a three-year term, the Index shall be the yield on triple-A bonds maturing in three years as reported by MMD. For leases of a five-year term, the Index shall be the yield on triple-A bonds maturing in five years as reported by MMD. For leases of a seven-year term, the Index shall be the yield on triple-A bonds maturing in seven years as reported by MMD. For leases of a ten-year term, the Index shall be the yield on triple-A bonds maturing in ten years as reported by MMD
- 1.21 **Lease Payment:** means the payment(s) from an Agency to the Lessor as established in The Payment Schedule Certificate.
- 1.22 **MELP Rate:** means the rate of interest charged by the Lessor to the Lessee which is determined by multiplying the Index by the percentage bid.
- 1.23 **Payment Schedule Certificate:** means the certificate substantially in the form of Schedule 4 of the Appendix.
- 1.24 **Percentage Bid:** means the percentage bid by the Lessor which is to be applied to the Index in the calculation of the Payments in an Appendix.
- 1.25 **Rate Adjustment:** means concurrent with an extension of this agreement, the Index may be adjusted upon mutual written agreement between the Lessor and Lessee prior to the end of the original Acquisition Period.
- 1.26 **Transaction Documents:** means the Agreement and all attachments and schedules thereto and the Solicitation, Offer and Award.

## ARTICLE 2.

### PURPOSE

- 2.1 Lessor reserves the right to reject for financing those items or Projects which the Lessor determines to (i) be non-essential, (ii) have a financing term exceeding the useful life of the Project, or (iii) represent a completion and/or performance risk which is disproportionate to other Projects. Lessor will review the Financing Request Certificate and provide an approval/disapproval within a reasonable period of time, not to exceed seven (7) business days. Lessor shall, upon request of the Lessee, provide written justification for any disapproved financing requests.
- 2.2 Upon approval of a Financing Request Certificate, Lessor agrees to lease the Project to Lessee upon the execution and delivery by Lessee of an Appendix, and Lessee agrees to lease Project from Lessor for the consideration indicated in an Appendix.

- 2.3 No payments will be due under this Agreement by Lessor until the Lessor has been provided an Appendix signed by an Authorized Representative of the Commonwealth. No Payments will be due from an Agency to a Lessor until Lessor has made payment to the Vendor, or the Agency, or the Escrow Agent, as applicable.

### ARTICLE 3.

#### TERM

- 3.1 Notwithstanding the fact that the term of this Agreement is concurrent with the Acquisition Period and any extension thereof under Section 3.4, the provisions of this Agreement shall continue to apply to each Project financed under this Agreement for the period set forth on the original Equipment Schedule unless earlier terminated or prepaid as provided herein.
- 3.2 A fixed rate of interest will be established on the Acceptance Date for a Project through execution of an Appendix by multiplying the Percentage Bid times the Index.
- 3.3 The term of each Appendix entered into pursuant to this Agreement shall be for a period of three (3), five (5), seven (7), or ten (10) years.
- 3.4 This Agreement may be extended for an additional six (6) month period, or the credit limit for up to an additional \$15,000,000, or both, upon mutual written agreement between the Lessor and Lessee executed prior to the end of the original Acquisition Period.

### ARTICLE 4.

#### PAYMENT

- 4.1 **Amount and Times of Payment to Lessee:** Lessee agrees to pay Lessor or its assign the Lease Payments set forth in an Appendix in equal monthly or semi-annual payments, or otherwise as set forth below. The initial monthly Lease Payment by the Agency shall be due on the first day of the month that is the second month following the Vendor Payment Date. The initial semi-annual Lease Payment by the Agency shall be due on the first day of the month that is six months after the month following the Vendor Payment Date. Initial monthly or semi-annual Lease Payments shall include accrued interest from the Vendor Payment Date. Interest shall be calculated on a 30/360 basis.

Lease Payments may be made, upon mutual agreement between the Lessor and the Lessee on an annual basis. For annual lease payments, the initial Lease Payment by the Agency shall be made on the first day of the month which is twelve months after the month following the month of the Vendor Payment Date as shown on an Appendix. Accrued interest and regular interest shall be calculated as stated herein.

Invoices shall be submitted by the Lessor directly to the Agency at the Agency Billing Address shown on the Appendix with a payment term of not less than 30 days. All invoices shall show the state Contract/Agreement number and the federal employer identification number of the Lessor. Lessor may coordinate an alternative payment method (e.g., EDI or other electronic means) with the consent of the Agency.

All payments will be made in accordance with the Virginia Prompt Payment Act. The date of postmark where payment is made by mail, the date of the express mail package where payment is made by express mail, or the

date of the transfer where payment is made electronically shall be deemed to be the date of payment by the Agency to the Lessor.

Except as provided in Section 4.4, the Agencies shall be required to make Lease Payments and any other payments required hereunder. Notwithstanding any dispute between Lessee and Lessor or any other person, Agencies shall make all Lease Payments and other payments required hereunder when due and shall not assert any right of set-off or counterclaim against its obligation to make such Lease Payments or other payment required under this Agreement.

- 4.2 **Amount and Times of Payment By Lessor:** Payment by Lessor must be made to 1) Agency's Vendor(s), 2) the Agency, where the Agency has made payment directly to the Vendor, or 3) the Escrow Agent in the case of an Escrow Financing, on or before the Vendor Payment Date as set forth in an Appendix. The amount of payment will be stated in an Appendix. Late payment by Lessor may cause liquidated damages to be paid by Lessor to Lessee pursuant to Section 4.8 below, provided such Vendor Payment Date shall not be less than seven (7) calendar days after the Acceptance Date.

The date of postmark where payment is made by mail, the date of the express mail package where payment is made by express mail, or the date of the transfer where payment is made electronically shall be deemed to be the date of payment by the Lessor to the Vendor, the Agency, or the Escrow Agent, as applicable. As evidence of payment, Lessor shall return to Lessee immediately upon payment a signed copy of the Disbursement Authorization Certificate.

Lessee shall provide appropriate documentation evidencing an official intent to reimburse for any Appendix where proceeds will be used to reimburse the Agency for a prior expenditure.

In the case of an Escrow Financing, The Parties hereto and an Escrow Agent shall enter into a mutually acceptable Escrow Agreement. Lessee agrees to pay an Escrow Fee as defined herein. The Escrow Fee may be paid from escrow earnings.

- 4.3 **Maximum Payment:** Except as provided in Sections 5.3 and 7.2, the total charges paid by an Agency shall not exceed the amount of funds calculated on an Appendix.
- 4.4 **Subject to Appropriation:** All funds for Lease Payments are subject to the availability of a legislative appropriation for this purpose. In the event sufficient funds are not appropriated, Lessee will use its best efforts to immediately notify Lessor of such occurrence.

In the event of non-appropriation of funds for any or all of the Projects under this Agreement, the Agreement will terminate on the last day of the fiscal year period for which appropriations have been authorized. Any termination under Section 7.1 will result in the termination of the entire Agreement. Written notice will be provided to the Lessor within thirty days after legislative action is completed.

In the event of a termination of this Agreement for non-appropriation, Lessor shall have the right to repossess the Project and any funds held under any Escrow Agreements without being subject to an action for trespass or conversion or the recovery by the Agency of any sums previously received under this Agreement. The proceeds of any sale or leasing of any Project repossessed pursuant to this Section 4.4 will be applied to the payment of the unpaid balance of the Agencies' obligations under this Agreement.

- 4.5 **Events of Default by Lessee:** The occurrence of any of the following events shall constitute an Event of Default by the Lessee under this Agreement:

- a) The nonpayment by an Agency of any Lease Payment required hereunder, or the default by the Lessee or an Agency in the performance of any of the obligations, covenants, terms and provisions contained or referred to in this Agreement, which nonpayment or default is not cured within thirty (30) days of the receipt of written notice (certified mail, return receipt requested) thereof from Lessor to Lessee and Agency; provided, however, the termination as described in Article 7 shall not constitute a default hereunder and shall not give rise to any of the remedies hereinafter authorized.
- b) Any warranty, representation, or statement of Lessee contained in this Agreement proves to have been false in any material respect when made or furnished.
- c) Loss, theft, substantial damage, destruction, sale, or encumbrance of or to any of the Projects, or the making of any levy, seizure or attachment thereof or thereon provided that the Lessee is not taking steps to replace, repair, or remove any encumbrances from such Projects.

4.6 **Events of Default by Lessor:** The occurrence of any of the following events shall constitute an Event of Default by Lessor under this Agreement:

- a) Late payment by Lessor to Agency's Vendor, or the Agency, or the Escrow Agent, as applicable.
- b) Any warranty, representation, or statement of Lessor contained in this Agreement proves to have been false in any material respect when made or furnished.

4.7 **Remedies of Lessor:** Upon the occurrence of an Event of Default, the Lessor may, at its option, take any one or more of the following actions:

- a) Declare the entire amount of unpaid Lease Payments for the current biennium due under this Agreement to be immediately due and payable, without further notice.
- b) Repossess the Projects without being subject to an action for trespass or conversion or the recovery from Lessor of any sums previously received in this Agreement.
- c) Retain prior payments and all funds held under any Escrow Agreements, and sell or lease the Projects through public or private transaction after giving Lessee reasonable notice with or without having the Projects at any such sale or leasing. Lessor may purchase all or part of the Projects as a result of such transactions. The proceeds of any sale or leasing will be applied to the payment of the unpaid balance of Lessee's obligations under this Agreement. Lessee shall remain liable for any deficiency of payment for the current biennium.
- d) Institute all remedies available to Lessor as allowed by law.
- e) Terminate this Agreement.

Lessor's attempt to exercise any of the remedies set out above entitles Lessee to prepay, without notice, as provided in Section 7.2 herein, notwithstanding any provisions in this Agreement to the contrary.

4.8 **Remedies of Lessee:** Upon the occurrence of an Event of Default by Lessor, the Lessee may, at its option, take any one or more of the following actions:

- a) Should Lessor not make the entire payment on or before the Vendor Payment Date as described in Section 4.2, Lessee may require payment of liquidated damages at the rate of one percent (1%) per day of the principal amount of the equipment purchase as designated in the related Disbursement Authorization

Certificate. The amount of the damages will be paid by Lessor to Lessee.

- b) Institute all remedies available to Lessee as allowed by law.
- c) Terminate this Agreement. Such termination shall not affect Lessee's obligations with respect to any Appendix previously entered into by Lessor and Lessee and pursuant to which any Project shall have been financed by Lessor.

## ARTICLE 5.

### RESPONSIBILITIES OF LESSEE

- 5.1 **Care and Use of Project:** Lessee, at its own expense, shall obtain remedial and preventive maintenance to keep the Project in good operating condition.
- 5.2 **Inspection:** Subject to security regulations, Lessee will allow Lessor to enter the premises where the Project is located during normal business hours for the purposes of inspecting the Project and observing whether Lessee is in compliance with its responsibilities.
- 5.3 **Taxes and Licenses:** The Commonwealth of Virginia is exempt from Federal excise taxes and from all State and Local taxes. In the event that the Project or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, the Commonwealth shall, during the term of this Agreement, pay the amount of all such taxes, assessments and governmental charges then due, subject to the availability of appropriations therefore. The Commonwealth may, at the expense of and in the name of the Commonwealth, in good faith contest any such taxes, assessments and other charges in any reasonable manner which does not adversely affect the right, title and interest of Lessor in and to any Project or its rights or interest under this Lease or subject any portion of any Project to loss or forfeiture, and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest or any appeal therefrom.
- 5.4 **Assignment or Delegation by Lessee:** Lessor agrees that Lessee may, upon written notice, assign all or any part of its rights and obligations under this Agreement or in the Project to another agency of the Commonwealth of Virginia, provided such assignment does not affect the current federal tax status and Lessor has consented in writing to such assignment, provided that Lessor's consent shall not be unreasonably withheld.
- 5.5 **Delivery of Related Documents:**
  - a) For any Project, prior to the Vendor Payment Date, Lessee shall provide:
    - i) A Financing Request Certificate for Lessor's review and approval.
    - ii) An Appendix in substantially the form shown in Attachment A.
    - iii) Financing statements or other documents to evidence Lessor's security interest, provided that such statements shall not impose liabilities and/or responsibilities inconsistent with this Agreement.
    - iv) A copy of IRS Form 8038-G or 8038-GC; original to Internal Revenue Service.
  - b) For each Project, Lessee shall provide upon written request of the Lessor:
    - i) Agency's maintenance Contract on the Project, if applicable.
    - ii) Such other documents at the time of execution as the parties reasonably believe necessary to protect their interests in this Agreement and in the Project, provided that no such document may impose liabilities and/or responsibilities on the Lessor or Lessee inconsistent with this Agreement and no such document is deemed to be incorporated into, nor to amend nor to alter the terms of this Agreement.

- c) Upon the settlement date of the Agreement, a Certificate of Counsel.
- d) Upon settlement of the Agreement and thereafter as changes occur, Lessee will provide listing of Authorized Representatives to Lessor.
- e) Upon settlement date of the Agreement and on the policy renewal date of each year thereafter, Lessee will provide a certificate of insurance or self insurance to Lessor.
- f) Neither the Commonwealth nor any officer or agency of the Commonwealth shall be required to furnish any documents or other assurances for the purpose of enabling or aiding the public sale or offering for limited sale of securities by the Lessor, its assignees or others, including, but not limited to, certificates pertaining to arbitrage or the exemption of interest on such securities from federal, state or local taxation.

5.6 **Liability and Property Insurance:** During the term of this Agreement, the Lessee agrees to pay for and provide, or to cause to be paid for or provided, the following insurance coverages or self-insurance programs with respect thereto:

- a) Insurance in the amount of the full replacement cost of the Project against the risk of any direct physical loss of or damage to the Project. Such insurance shall be in the standard form for such coverage carried by the Commonwealth at the time in use throughout Virginia. The deductible amount shall be the standard deductible amount at the time in use by the Commonwealth throughout Virginia. The proceeds of such insurance coverages shall be applied to the repair or replacement of the Project or the purchase thereof as provided in Section 7.2.
- b) Comprehensive general liability insurance against liability for death or bodily injury and for damage to and loss of the use of Project, arising out of the ownership, maintenance or use of the Project, which insurance coverage shall not be circumscribed by any endorsements limiting the breadth of coverage (limited only as may be provided in the standard form for such coverage at the time in use in Virginia). The proceeds of such insurance coverages shall be applied to satisfaction of the liability.

Each insurance policy or rider or self-insurance program required by this Agreement shall name Lessor as an additional insured party and/or loss payee. Before the expiration of any such policy or rider or self-insurance program, Lessee shall furnish to the Lessor evidence that the policy has been renewed or replaced by another policy conforming to the provisions hereof.

5.7 **Damage to or Destruction of Project:** If after delivery of any Project to Lessee all or any part of the Project is lost, stolen, destroyed or damaged beyond repair, Lessee shall as soon as practicable after such event either: (a) replace the same at Lessee's sole cost and expense with Project of equal or greater value to the Project immediately prior to the time of the loss occurrence, such replacement Project to be subject to Lessor's reasonable approval, whereupon

such replacement Project shall be substituted in this Agreement and other related documents by appropriate endorsement or amendment; or (b) pay the prepayment price as set forth in Section 7.2 hereof and the applicable Appendix. Lessee shall notify Lessor of which course of action it will take within fifteen (15) days after the loss occurrence. If Lessee fails or refuses to notify Lessor within the required period, Lessor may, at its option, declare the applicable prepayment price as set forth in Section 7.2 hereof of the Appendix to which such Project belongs immediately due and payable, and Lessee shall be obligated to pay the same. The net proceeds of all insurance payable with respect to the Project shall be available to Lessee and shall be used to discharge Lessee's obligation under this Section. Upon payment of the prepayment price as set forth in Section 7.2 hereof with respect to any Appendix, this Agreement shall terminate with respect to such Project and Lessee thereupon shall

become entitled to such Project on an AS IS, WHERE IS basis and Lessor makes no warranties or representations of any type as to the Project, except that such Project shall not be subject to any lien or encumbrance created by or arising through Lessor.

- 5.8 **Risk of Loss:** Unless Section 6.9 of this Agreement is applicable, all risk of loss to the Project arising out of the ownership, possession or use of the Project shall be borne by Lessee.
- 5.9 **Budgeting:** The Agency, or assignee pursuant to Section 5.4, shall include in its budget proposals for review and consideration by the Commonwealth in each biennium in which an Appendix is in effect, items for all Lease Payments required under this Agreement in the ensuing biennium.
- 5.10 **Application of Funds:** All funds authorized or appropriated for payments under this Agreement shall be applied by the Agency to such payment requirements.

## ARTICLE 6

### PROJECTS

- 6.1 **Title:** Title to the Project on an Appendix shall pass to the Lessee upon acceptance thereof. Title will revert to Lessor upon termination or the occurrence of an Event of Default pursuant to Section 4.5.a through 4.5.c.
- 6.2 **Security Interest:** The Lessee grants to Lessor and Lessor retains a purchase money security interest in the Project. Lessee will not change or remove any insignia or lettering which Lessor may place on the Project to indicate its interest therein until all Lease Payments are made. Until all Lease Payments are made or prepayment is complete, Lessee shall keep the Project free from any lien, encumbrance or legal process which would conflict with this security interest.
- 6.3 **Filing:** Subject to the provisions of Section 5.5.a.iii, Lessee authorizes Lessor to make Lessor's security interest a matter of public record by filings of any standard documents necessary for that purpose. Lessee agrees to sign or execute such documents to evidence its consent to the filing. Lessee will provide sixty (60) days written notice to Lessor that the Project is being relocated to insure that Lessor may perfect additional filings as necessary.
- 6.4 **Personal Property:** The Project shall remain personal property of the Lessee and shall not be deemed to have become real property regardless of the manner in which it is affixed to real property.
- 6.5 **Alterations, Additions, Attachments:** Lessor hereby agrees to allow the Lessee to add and attach to the Project such additional Project, facilities or fixtures as the Lessee may subsequently acquire (exclusive of repair, service replacement parts, which do not constitute new Projects, etc.) notwithstanding the form of financing that the Lessee might use, which additional Projects, facilities or fixtures shall not be a part of or subject to this Agreement, unless by express written amendment.
- 6.6 **Removal of Alterations, Additions, Attachments:** In the event title to the Project reverts to Lessor, Lessee, at its own expense, will remove all alterations, additions and attachments and repair the Project as necessary so as to return the Project to the condition in which it was furnished, reasonable wear and tear excepted. Lessee will not be responsible for any maintenance or repairs, however, under this Section 6.6 if Project has been under a continuous maintenance agreement since the Acceptance Date.
- 6.7 **Return of Project:** Upon rightful demand of the Lessor for the Project, as specified herein, listed in any attached Appendix, Lessee shall deliver possession of the Project to Lessor in the condition in which the Project

is required to be maintained according to this Agreement. In such event, Lessee will, at its own expense, deliver the Project to Lessor at a location designated by Lessor; such location, however, shall not be more than 100 miles from the Lessee's business location. Lessee will not be responsible for any shipment charges beyond the 100 mile limit.

- 6.8 **Quiet Enjoyment:** The Lessee shall be entitled to possess and use the Project during the term of this Agreement without interruption by the Lessor, provided that the Lessee has duly performed its obligation under this Agreement. Any Project acquired under the terms of this Agreement may be operated at any time at the convenience of the Lessee (exclusive of time required for preventive maintenance, remedial maintenance and/or approved engineering changes). There shall be no restrictions as to consecutive hours, length of personnel shifts, etc., unless such restrictions are specifically incorporated in an Appendix. Lessee may make Project available to other Agencies of the Commonwealth of Virginia or any other users provided that such use is supervised by the Commonwealth, such Project is used for governmental purposes and Lessor has consented in writing to such use by a substitute user, provided that Lessor's consent shall not be unreasonably withheld.
- 6.9 **Liability of Lessor:** Notwithstanding Section 11.2 of this Agreement, in the event that the Lessor is required to perform work at the Lessee's location and such work is performed by Lessor or its agents, the Lessor shall (1) maintain such bodily injury and property damage liability insurance as necessary to protect itself from claims arising out of performance of this Agreement, and (2) indemnify and hold harmless the Commonwealth, its agencies, employees and designated representatives from any and all claims, suits, actions, liabilities, and costs of any kind, including attorney's fees for bodily injury and damage to real or personal property arising from acts or omissions of the Lessor, its agents, officers, employees, subcontractors or assigns.

## ARTICLE 7.

### TERMINATION

- 7.1 **Termination:** This Agreement shall remain in force for the periods set forth in each Appendix, provided, however, the Lessee, through its Authorized Representative, may terminate any Appendix at the end of any biennium, upon thirty (30) days notice subsequent to learning that funds authorized or appropriated to the applicable Agency have been terminated and the Agency is not otherwise able to meet its obligations hereunder.
- 7.2 **Prepayment:** Lessee shall have the right, exercisable as of any date following the execution of an Appendix, to prepay an Appendix at the following prepayment prices, expressed as a percentage of the principal amount outstanding, plus accrued interest to the prepayment date:

<b><u>Prepayment Period</u></b> <b><u>(all months inclusive)</u></b>	<b><u>Prepayment</u></b> <b><u>Prices</u></b>
Vendor Payment Date to 6 months	103%
7 to 12 months	102%
13 to 18 months	101%
over 18 months	100%

#### **Lessee's right hereunder shall be exercised by:**

- a) Agency advising Lessee and Lessor, in writing, of its intention to prepay its obligations hereunder and the effective date of that payment ("Prepayment Date"), such date being the regularly scheduled monthly, semi-

annual, or annual payment date,

- b) Agency paying Lessor the prepayment price as of the Prepayment Date together with interest from the most recent Payment Date to and including the Prepayment Date, and
- c) Upon prepayment, Agency will pay any sums in arrears, if any.

7.3 **Lessee's Rights on Prepayment or Payment in Full:** Upon (1) Lessee's exercise of its right of prepayment in accordance with the preceding subsection or (2) Lessee's having satisfied all of its monetary and other obligations hereunder, Lessor shall deliver to Lessee all documents necessary to evidence the termination of Lessor's interest in the Equipment and to confirm the Project is free and clear of any claim or lien arising through Lessor. The Project will be accepted by Lessee at that time on an AS IS, WHERE IS basis and Lessor makes no warranties or representations of any type as to the Project.

## ARTICLE 8.

### ASSIGNMENT BY LESSOR

- 8.1 **Right of Assignment:** This Agreement shall be binding upon and inure to benefit of the Lessor and Lessee and their respective successors and assigns. This Agreement, Lessor's rights hereunder, or the obligation hereby described are not assignable except as provided in Section 8.2 or transferable except by written mutual agreement of the parties hereto.
- 8.2 **Assignment By Lessor:** Neither the Lessor nor its assignees may, by assignment of this Agreement or otherwise, publicly sell or offer for limited sale securities based on the Commonwealth's obligations under this Agreement without prior written approval of the Lessee. No approval of the Lessee shall be required for the transfer by the Lessor of all of its interest in this Agreement to a partnership or trust for the limited offering of interests therein to qualified institutional buyers or other accredited investors within the meaning of the applicable federal securities laws. The Lessee may require such written assurances, indemnifications, legal opinions, and other measures as it or the Office of the Attorney General may deem necessary to protect the interests of the Commonwealth.

The Lessor may assign the payment obligations of an Agency pursuant to an Appendix to an investor provided that the payments by the Agency will continue to be made to the Lessor. Lessor shall, as agent for Lessee, keep a record of all such assignments in compliance with section 149(a) of the Internal Revenue Code of 1986, as amended.

## ARTICLE 9.

### WARRANTIES AND REPRESENTATIONS

- 9.1 **Warranties and Representations of Lessee:** The Lessee represents and warrants to the Lessor and, so long as this Agreement is in effect or any part of Lessee's obligations to the Lessor remain unfulfilled, shall continue to warrant at all times, that:
- a) Lessee is duly organized and validly existing and has the power and authority to enter into the Transaction Documents to which it is a party and to carry out the terms thereof.

b) This Agreement and all other Transaction Documents and the performance of Lessee's obligations thereunder have been duly and validly authorized and approved under all laws and regulations and procedures applicable to Lessee, the consent of all necessary persons or bodies has been obtained and all of the Transaction Documents executed by Lessee have been duly and validly executed and delivered by Authorized Representatives and constitute legal, valid and binding obligations of Lessee enforceable against Lessee in accordance with their respective terms.

9.2 **Warranties and Representations of Lessor:** Lessor represents and warrants to Lessee and, so long as this Agreement is in effect or any part of Lessor's obligations to Lessee remain unfulfilled, shall continue to warrant at all times that:

- a) Lessor is a corporation or other entity in good standing under the laws of the Commonwealth of Virginia and has the power and authority to enter into the Transaction Documents to which it is a party and to carry out the terms thereof.
- b) The Transaction Documents executed by Lessor have been duly authorized, approved, executed and delivered by its authorized representatives and constitute legal, valid and binding obligations of Lessor enforceable against Lessor in accordance with their respective terms.

## ARTICLE 10.

### GENERAL

- 10.1 **Waiver:** No delay or omission by either party in exercising any right in any of the Transaction Documents shall operate as a waiver of that or any other right and no single or partial exercise of any right shall preclude either party from any or further exercise of any right or remedy.
- 10.2 **Heading:** All section headings contained herein are for clarification and convenience of reference only and are not intended to limit the scope of any provisions of this Agreement.
- 10.3 **Severability:** In the event any portion of this Agreement shall be finally determined by any court of competent jurisdiction to be invalid or unenforceable, such provision shall be stricken and this Agreement, as modified, shall continue in full force and effect.
- 10.4 **Governing Laws:** This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia without regard to the conflict of laws rules of any state.
- 10.5 **Implementation:** This Agreement shall be implemented by its execution or execution of Appendices hereto. For purposes of construing a transaction as an integrated contract and for the purposes of the provisions of Article 8, the following shall be considered a single transaction or legal binding agreement:
  - a) The Agreement, which provides basic terms and conditions.
  - b) An executed Appendix, which provides for the description of the Project to be purchased, the payments from Lessee to Lessor for the purchase of such Project and the prepayment amounts.
- 10.6 **Amendment:** Neither this Agreement nor any of the Transaction Documents may be amended unless the same be in writing, signed by the parties hereto, and approved by the Office of the Attorney General.

- 10.7 **Contractual Records:** All contractual books, records and other documents related to matters under this Agreement shall be made available by Lessor to Lessee and its designated agents for a period of five (5) years after final payment for purposes of audit and examination.
- 10.8 **No Waiver:** Nothing contained in this Agreement shall be deemed or be construed to be an express or implied waiver of the sovereign immunity of the Commonwealth of Virginia or a pledge of the full faith and credit of the Commonwealth.
- 10.9 **Disputes:** Any dispute, claim or cause of action filed by Lessor (or any party making such claim on behalf of or under the rights of Lessor, his agents or any subcontractor) shall be governed by §11-69, 11-70, 11-71, *Code of Virginia* (1950), as amended, and any period of limitation set forth therein.
- 10.10 **Entire Agreement:** This Agreement and the Solicitation, Offer and Award, which are incorporated herein by reference, and the Appendices as may be hereafter executed, constitute the entire Agreement between the parties hereto. All prior negotiations, representations and additional or inconsistent oral or written statements are superseded, null and void. Should there be any contradictions in terms between this Agreement and the Solicitation, Offer and Award (which is incorporated herein), the terms of the Agreement control.
- 10.11 **Counterparts:** This Agreement may be executed in several counterparts, each of which shall be an original, and all of which together shall constitute but one and the same instrument.

#### ARTICLE 11.

##### DISCLAIMER OF WARRANTIES

- 11.1 LESSOR MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, RELATING TO THE EQUIPMENT; AND LESSOR HAS EXPRESSLY MADE NO WARRANTY AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE EQUIPMENT.
- 11.2 Lessor shall not be liable to the Lessee for any liability, loss or damage caused or alleged to be caused, directly or indirectly, by the Project or by any inadequacies thereof or deficiency or defect therein, or by any incident whatsoever in connection therewith. The Lessee shall be entitled to the benefit of any applicable manufacturer's warranties. Lessor agrees to execute and deliver such further instrument as may be necessary, in the reasonable opinion of the Lessee, to enable it to enforce such warranties and obtain the warranties and service furnished for the Project by the manufacturer.

#### ARTICLE 12.

##### SIGNATURES

- 12.1 IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

LESSOR

COMMONWEALTH OF VIRGINIA  
TREASURY BOARD

---

(Signature)

---

(Signature)

---

(Printed Name)

---

(Printed Name)

---

(Title)

---

(Title)

---

(Date)

---

(Date)

APPENDIX NO. \_\_\_\_\_

ACCEPTANCE CERTIFICATE  
(Schedule 1)

**[Contract No. TB07-002]**

The Commonwealth of Virginia, acting by and through \_\_\_\_\_ the (Agency) hereby accepts for purposes of the Master Lease Agreement dated February 1, 2007 (the Agreement) by and between \_\_\_\_\_ and the Commonwealth of Virginia, the Equipment/Project described below, evidencing acceptance pursuant to the Agreement. Pursuant to the Agreement, the undersigned Agency hereby certifies that the Equipment/Project described below (i) has been delivered to the Agency and installed at \_\_\_\_\_ (ii) has been fully and finally accepted by the Agency and (iii) has been found by the Agency to be in good working order. (All capitalized terms in this Appendix have the meanings set forth in the Agreement.)

<u>Quantity</u>	<u>Manufacturer/ Seller</u>	<u>Description</u>	<u>Identification or Serial No.</u>	<u>Cost</u>
-----------------	---------------------------------	--------------------	---	-------------

COMMONWEALTH OF VIRGINIA  
TREASURY BOARD

\_\_\_\_\_  
(Agency Head or Designee)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name - Type or print)

\_\_\_\_\_  
(Title)

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name - Type or Print)

\_\_\_\_\_  
(Title)

Dated: \_\_\_\_\_

APPENDIX NO. \_\_\_\_\_  
DISBURSEMENT AUTHORIZATION CERTIFICATE  
(Schedule 2)

**[Contract No. TB07-002]**

In accordance with the terms of the Agreement dated as of February 1, 2007 by and between \_\_\_\_\_ and the Commonwealth of Virginia by and through the Treasury Board acting on behalf of the Commonwealth, the Commonwealth hereby submits this Disbursement Authorization Certificate to request a disbursement under the Agreement for certain Equipment/Project shown on Schedule 1 of this Appendix. The Commonwealth represents and warrants for all purposes of this Certificate that:

1. The amount of the disbursement pursuant to this Certificate is \$ \_\_\_\_\_. Such disbursement is to be made on or before \_\_\_\_\_ (the "Vendor Payment Date").
  
2. Payment of the disbursement requested hereby is to be made to \_\_\_\_\_ (the vendor, or the Agency in the case of a reimbursement, or the Escrow Agent in the case of an Escrow Financing) at the following address:  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_ (name)  
  
\_\_\_\_\_ (tel. no.)
  
3. Attached hereto is a copy of an executed UCC-1 form or other appropriate financing statement, in proper form for filing, evidencing the Lessor's security interest in the Equipment/Project with respect to the disbursement under this Certificate.
  
4. Attached hereto are vendor invoices (or proof of payment in the case of a reimbursement, or an Escrow Agreement in the case of an Escrow Financing) substantiating this disbursement authorization.

COMMONWEALTH OF VIRGINIA  
TREASURY BOARD

\_\_\_\_\_  
(Agency Head or Designee)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name - Type or print)

\_\_\_\_\_  
(Title)

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name - Type or Print)

\_\_\_\_\_  
(Title)

Dated: \_\_\_\_\_

APPENDIX NO. \_\_\_\_\_

DISBURSEMENT AUTHORIZATION CERTIFICATE  
(Schedule 2 Continued)

**[Contract No. TB07-002]**

5. Lessor hereby certifies that the payment to (the vendor, the Agency in the case of reimbursement or the Escrow Agent in the case of an Escrow Financing) was made on \_\_\_\_\_ and payments shall begin to be made to the Lessor on \_\_\_\_\_ at the following address pursuant to Schedule 4 of this Appendix.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(LESSOR)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name - Type or Print)

\_\_\_\_\_  
(Title)

Dated: \_\_\_\_\_

APPENDIX NO: \_\_\_\_\_  
AGENCY REPRESENTATION CERTIFICATE  
(Schedule 3)

**[Contract No. TB07-002]**

\_\_\_\_\_ (the Agency) represents and warrants to the Lessor and the Lessee that:

1. The Agency is a duly organized and validly existing agency of the Commonwealth of Virginia.
2. The Equipment/Project is of a size, design, capacity and manufacture selected by the Agency and the Agency has selected the Equipment/Project of a design, type and size for the purposes for which the Equipment/Project is intended.
3. The Agency's participation in the Agreement and the performance of the Agency's obligations thereunder have been duly authorized under all laws, regulations and procedures applicable to Agency.
4. The Agency has obtained the consent of all necessary bodies and the Agency has the power to enter into and carry out its obligations under the Agreement.
5. The Agency has complied with all statutory requirements pertaining to the acquisition of the Equipment/Project, including those applicable to capital projects as provided in the *Code of Virginia* and the Appropriation Act.
6. Funds have been specifically provided for lease payments in the Agency's current appropriations for the Equipment/Project and said funds are sufficient to make the payments contemplated under the Agreement through the end of the current biennium.
7. The Agency shall include in its budget proposals for review and consideration by the Commonwealth in each biennium in which this Appendix is in effect, an item for payments required under the Agreement in the ensuing biennium.
8. The Equipment/Project is personal property, has a useful life greater than or equal to the term on an Appendix and will be used for essential governmental purposes.

\_\_\_\_\_  
(Agency Head or Designee)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name - Type or print)

\_\_\_\_\_  
(Title)

Dated: \_\_\_\_\_

APPENDIX NO: \_\_\_\_\_

AGENCY REPRESENTATION CERTIFICATE  
(Schedule 3 Continued)

**[Contract No. TB07-002]**

Agency Contact for this lease:

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

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone: ( ) \_\_\_\_\_

Vendor Contact for this lease:

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

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone: ( ) \_\_\_\_\_

Agency Billing Address for lease payment invoices:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Specific billing reference, if any, (i.e. P.O. #, Contract #, RFP #, etc.)

\_\_\_\_\_

\_\_\_\_\_

APPENDIX NO. \_\_\_\_\_

PAYMENT SCHEDULE CERTIFICATE  
(Schedule 4)

**[Contract No. TB07-002]**

Pursuant to the terms of the Agreement, the Commonwealth requests that the lease purchase of the Equipment/Project with respect to this Appendix in the amount of \$ \_\_\_\_\_ be financed over a \_\_\_\_\_ year period. Based on the Acceptance Date, the Index for this financing is \_\_\_\_\_%. Based on the Index, the interest rate for this financing is \_\_\_\_\_%.

The initial payment for this financing is \$ \_\_\_\_\_, thereafter, the \_\_\_\_\_ payment will be \$ \_\_\_\_\_. The schedule of lease payments for the Equipment with respect to this Appendix is as follows:

**[See attached Debt Service Schedule]**

COMMONWEALTH OF VIRGINIA  
TREASURY BOARD

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name - Type or Print)

\_\_\_\_\_  
(Title)

Dated: \_\_\_\_\_

APPENDIX C  
SPECIMEN CERTIFICATE OF COUNSEL



# COMMONWEALTH of VIRGINIA

Office of the Attorney General  
Richmond 23219

900 East Main SW  
Richmond, Virginia 23219  
804 - 786 w 2071  
804 - 371 - 8946 TDD

## CERTIFICATE OF COUNSEL

This Office serves as counsel to the Treasury Board, Lessee under Master Lease \_\_\_\_\_ dated February 1, 2007 and all subsequent Appendices to be executed thereunder (together, the Agreement) between the Commonwealth of Virginia (the Commonwealth), acting by and through the Treasury Board, and \_\_\_\_\_ (the Agreement).

In our capacity as counsel to the Treasury Board, the Office of the Attorney General has examined the Agreement and performed such other examinations as it deemed appropriate and it has advised the Treasury Board that for the period February 1, \_\_\_\_\_ through January 31, \_\_\_\_\_:

1. The Treasury Board is an agency of the Commonwealth of Virginia and is authorized by the laws of the Commonwealth of Virginia to enter into the transactions contemplated by the Agreement and to carry out its obligations thereunder;

2. The obligations of the various agencies and institutions of the Commonwealth (the Agencies) to make Payments under the Agreement are enforceable only if and to the extent the project financed is within the scope of the Master Lease Agreement that funds for such purposes are appropriated therefor by the General Assembly;

3. No approval, consent or withholding of objection is required from any governmental authority with respect to the entering into or performance by the Treasury Board of the Agreement or the transactions contemplated thereby, or if any such approval is required, it has been obtained;

4. The Agreement has been duly authorized, approved, executed and delivered by and on behalf of Lessee and, except as otherwise provided herein, the Agreement is a legal, valid and binding obligation of Lessee enforceable in accordance with its terms;

5. The Agreement is approved as to form;

6. This Certificate shall not be deemed to confer any authority or obligation upon the Lessee to the Lessor or Lessor's assignees other than that which may exist under the laws of the Commonwealth of Virginia in the absence of this Certificate.

BY Donald Ferguson  
Senior Assistant Attorney General

DATE: January \_\_, \_\_\_\_\_

APPENDIX D  
SMALL BUSINESS SUBCONTRACTING PLAN

**Definitions**

**Small Business:** "Small business " means an independently owned and operated business which, together with affiliates, has 250 or fewer employees, or average annual gross receipts of \$10 million or less averaged over the previous three years. Note: DMBE-certified women- and minority-owned businesses shall also be considered small businesses when they have received DMBE small business certification.

**Women-Owned Business:** Women-owned business means a business concern that is at least 51% owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, or in the case of a corporation, partnership or limited liability company or other entity, at least 51% of the equity ownership interest is owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, and both the management and daily business operations are controlled by one or more women who are citizens of the United States or non-citizens who are in full compliance with the United States immigration law.

**Minority-Owned Business:** Minority-owned business means a business concern that is at least 51% owned by one or more minority individuals or in the case of a corporation, partnership or limited liability company or other entity, at least 51% of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals and both the management and daily business operations are controlled by one or more minority individuals.

**All small businesses must be certified by the Commonwealth of Virginia, Department of Minority Business Enterprise (DMBE) to participate in the SWAM program. Certification applications are available through DMBE online at [www.dmbv.virginia.gov](http://www.dmbv.virginia.gov) (Customer Service).**

**Bidder/Offeror Name:** \_\_\_\_\_

**Preparer Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Instructions**

- A. If you are certified by the Department of Minority Business Enterprise (DMBE) as a small business, complete only Section A of this form. This shall include DMBE-certified women-owned and minority-owned businesses when they have received DMBE small business certification.
- B. If you are not certified by DMBE as a small business and plan to subcontract part of this contract with a DMBE certified business, complete only Section B of this form.
- C. If you are not certified by DMBE as a small business and cannot identify any subcontracting opportunities to subcontract part of this contract with a DMBE-certified business, only provide the information requested in Section C of this form.

**Section A**

If your firm is certified by the Department of Minority Business Enterprise (DMBE), are you certified as a (**check only one below**):

\_\_\_\_\_ Small Business

\_\_\_\_\_ Small and Women-owned Business

\_\_\_\_\_ Small and Minority-owned Business

Certification number: \_\_\_\_\_ Certification date: \_\_\_\_\_

**Section B**

Populate the table below to show your firm's plans for utilization of DMBE-certified small businesses in the performance of this contract. This shall include DMBE-certified women-owned and minority-owned businesses that meet the small business definition and have received the DMBE small business certification. Include plans to utilize small businesses as part of joint ventures, partnerships, subcontractors, suppliers, etc.

**B. Plans for Utilization of DMBE-Certified Small Businesses for this Procurement**

Small Business Name & Address  DMBE Certificate #	Status if Small Business is also: Women (W), Minority (M)	Contact Person, Telephone & Email	Type of Goods and/or Services	Planned Contract Involvement	Planned Annual Contract Dollar Expenditure Amount

<b>Totals \$</b>					

***Section C***

Respond to how your business has met or exceeded at least two of the following indicators within the past 24 months. Your response may include any good faith efforts made regarding this procurement.

***C. Good Faith Effort Indicators by the Bidder/Offeror***

1. Identify areas of work your business has subcontracted to DMBE-certified small businesses for other contracts. Include company names, dates, dollar amounts, and percentages on a per contract basis.
  
2. List research efforts conducted by your business in the past to locate DMBE-certified small businesses by advertising in publications or in the classified section of the newspaper where small businesses are likely to see it. List specific publications and dates.

3. List small business outreach meetings, conferences, or workshops conducted by your firm to locate DMBE-certified small businesses—including the dates, participation numbers, and results.
  
4. Provide documented correspondence (i.e., certified mail, email, receipt of fax transmissions, etc.) to small businesses from the lists provided by DMBE and other outreach agencies and organizations which indicates your solicitation of such for utilization of subcontracting opportunities on other contracts for which your business has competed.
  
5. List areas of work which your business has subcontracted with DMBE-certified small businesses for upcoming contracts—including the name of the business, certification number, dates, dollar amounts, and percentages on a per contract basis.
  
6. Provide documentation of any assistance offered to interested small businesses in obtaining bonds, lines of credit, and/or insurance for any present or past contracts your business has in place.
  
7. Provide documentation of follow-up on initial contacts with DMBE-certified small businesses (e.g., telephone call logs, emails, certified letters, etc.). Be sure to list the small business name and dates of contact.