STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES

Department of Technology, Management, and Budget
320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **2**

to

Contract Number **190000000362**

CONTRACTOR	
	HEWLETT-PACKARD FINANCIAL SERVICES COMPANY
	200 Connell Drive , Suite 500
	Berkeley Heights, NJ 07922
	Kathryn Giordano
	908-288-9507
	kathryn.a.giordano@hpe.com
	CV0063361

STATE			
	Program Manager	Jordan Sherlock	DTMB
		517-897-1973	
		sherlockj@michigan.gov	
	Contract Administrator	Emily Massa	DTMB
		(517) 897-7321	
		massae@michigan.gov	

CONTRACT SUMMARY

MASTER LEASE FOR STATEWIDE FINANCIAL LEASING PREQU

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
February 1, 2019	January 31, 2024	5 - 1 Year	January 31, 2024

PAYMENT TERMS	DELIVERY TIMEFRAME
	N/A

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-Card	☐ PRC	☐ Other	☐ Yes	☒ No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☒	5, 1 - year	☐	N/A	January 31, 2029

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$0.00	$0.00	$0.00

DESCRIPTION

Effective November 2, 2023, the five option years available on this contract are hereby exercised. The revised contract expiration date is January, 31, 2029.

All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement approval.

STATE OF MICHIGAN
CENTRAL PROCUREMENT SERVICES

Department of Technology, Management, and Budget
320 S. WALNUT ST., LANSING, MICHIGAN 48933
P.O. BOX 30026 LANSING, MICHIGAN 48909

CONTRACT CHANGE NOTICE

Change Notice Number **1**

to

Contract Number **190000000362**

CONTRACTOR	
	HEWLETT-PACKARD FINANCIAL SERVICES COMPANY
	200 Connell Drive, Suite 5000
	Berkeley Heights, NJ 07922
	Kathryn Giordano
	908-288-9507
	kathryn.a.giordano@hpe.com
	CV0063361

STATE			
	Program Manager	Jordan Sherlock	DTMB
		517-897-1973	
		sherlockj@michigan.gov	
	Contract Administrator	Emily Fedewa	DTMB
		(517) 897-7321	
		fedewae3@michigan.gov	

CONTRACT SUMMARY

MASTER LEASE FOR STATEWIDE FINANCIAL LEASING PREQU

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
February 1, 2019	January 31, 2024	5 - 1 Year	January 31, 2024

PAYMENT TERMS	DELIVERY TIMEFRAME

ALTERNATE PAYMENT OPTIONS	EXTENDED PURCHASING
☐ P-Card ☐ PRC ☐ Other	☐ Yes ☒ No

MINIMUM DELIVERY REQUIREMENTS

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
☐		☐		N/A

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
$0.00	$0.00	$0.00

DESCRIPTION

Effective February 13th, 2023, the following changes are hereby incorporated into this contract.

1. Please note the Contract Administrator has been changed to Emily Fedewa.

Contact Info:
517-897-7321
fedewae3@michigan.gov

2. The State's Program Manager has been changed to Jordan Sherlock.

Contact Info:
517-897-1973
sherlockj@michigan.gov

3. The Contractor primary contact has changed to Kathryn Giordano.

Contact Info:
908-288-9507
kathryn.a.giordano@hpe.com

All other terms, conditions, specifications and pricing remain the same. Per the contractor and agency agreement, and DTMB Central Procurement approval.

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

Department of Technology Management and Budget
525 W. Allegan St, 1st Floor, Lansing, MI 48933
P.O. Box 30026, Lansing, MI 48909

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **190000000362**
between
THE STATE OF MICHIGAN
and

CONTRACTOR	
	Hewlett-Packard Financial Services Company
	200 Connell Drive, 5th Floor
	Berkeley Heights, NJ 07922
	Ida Bruno-Edelmann
	908-898-4950
	Ida.Bruno-Edelmann@hpe.com
	CV0063361

STATE			
	Program Manager	Lisa Spitzley	DTMB
		517-249-0440	
		SpitzleyL4@michigan.gov	
	Contract Administrator	Lisa Spitzley	DTMB
		517-249-0440	
		SpitzleyL4@michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION: Master Lease for Statewide Financial Leasing Prequalification Program			
INITIAL EFFECTIVE DATE	**INITIAL EXPIRATION DATE**	**INITIAL AVAILABLE OPTIONS**	**EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW**
2/1/2019	1/31/2024	Annual Successive Renewals	
PAYMENT TERMS		**DELIVERY TIMEFRAME**	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			**EXTENDED PURCHASING**
☐ P-card ☐ Payment Request (PRC) ☐ Other			☐ Yes ☒ No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
THIS IS NOT AN ORDER. This Contract Agreement is awarded on the basis of our inquiring RFP No. 190000000197			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION		**$0.00**	

FOR THE CONTRACTOR:

Hewlett-Packard Financial Services Company
Company Name

_____
Authorized Agent Signature

_____
Authorized Agent **(Print or Type)**

_____
Date

FOR THE STATE:

_____
Signature

Lisa Spitzley, Category Analyst
Name & Title

DTMB
Agency

_____
Date

MASTER EQUIPMENT LEASE AGREEMENT

WITH EARLY PURCHASE OPTION

This Master Equipment Lease Agreement with Early Purchase Option (this "**Master Agreement**") is dated _____, ("Effective Date") and entered into between **Hewlett-Packard Financial Services Company** ("**Lessor**") and the State of Michigan, Department of Technology, Management and Budget, an agency of the State of Michigan ("**State**").

WHEREAS, Lessor and the State desire to enter into this Master Agreement to facilitate the execution and performance of individual leases incorporating this Master Agreement under which Lessor will lease Equipment to the State, subject to the terms and conditions of and for the purpose set forth in this Master Agreement;

NOW THEREFORE, in consideration of the above and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereby agree as follows:

1. Definitions.

The following terms will have the meanings indicated below (such meanings to be equally applicable to the singular and plural forms thereof):

"Acceptance Certificate" means a certificate, substantially in the form attached hereto as Exhibit B, which will be executed and delivered to Lessor as evidence of the acceptance of the Equipment by the State.

"Business Day" means a day other than a Saturday, Sunday or State Holiday.

"Concluding Payment" means the payment for a given date equal to the sum of the outstanding principal balance as of that date, plus any unpaid accrued interest as of that date, plus any prepayment premium, plus one dollar ($1.00).

"Commencement Date" is defined in Section 10.

"Default" is defined Section 31.

"DTMB Software" means any software used on the hardware other than software financed or otherwise provided by Lessor, including software owned or under license to the DTMB or the State.

"Early Purchase Option" means the State's option to purchase all of Lessor's right, title and interest in and to, all Equipment leased under any Lease, or any lesser portion thereof specified by the State, as provided in Section 12.

"Equipment" means the items described as Equipment in each Lease, together with any and all additions, modifications, attachments, accessions, substitutions, replacements and parts thereof. All references herein to "Equipment" will (i) include Software unless otherwise expressly provided in the Lease Schedule, but (ii) exclude DTMB Software.

"Equipment Cost" means the amount Lessor pays for the Equipment and any similar costs with respect to the Equipment.

"Event of Default" is defined in Section 31.

"Financing Proposal Response" means Lessor's response to the State's Request for Financing Proposal, submitted by Lessor pursuant to Section 3 and in the form attached hereto as Exhibit D; provided nothing in any Financing Proposal may supplement, amend or otherwise alter the terms of this Master Agreement.

"Fiscal Year" means for each Lease, the fiscal year used by the State. "Beginning Fiscal Year" means the Fiscal Year in which the first Lease payment is due. Any Fiscal Year after the Beginning Fiscal Year is a subsequent or succeeding Fiscal Year.

"Initial Term" is defined in Section 10.

"Lease" means collectively a Lease Schedule together with this Master Agreement, as incorporated in to such Lease Schedule, a Lease Payment Schedule, and an Acceptance Certificate.

"Lease Payments" means the basic lease payments, payable by the State pursuant to the provisions of this Master Agreement, as calculated in accordance with Addendum B to the Lease Schedule and set forth in each Lease. Lease Payments will be payable by the State to the Lessor in the amounts and at the times set forth in the Schedule of Payments. The State will pay Lessor the Lease Payments as set forth on the attached Schedule of Payments within forty-five calendar days following receipt of proper invoices.

"Lease Schedule" means a lease schedule substantially in the form attached hereto as Exhibit A, executed by the State and Lessor. A Lease Schedule will not include terms or conditions other than those provided in or expressly contemplated by this Master Agreement and Exhibit A.

"Lease Term" means the term of a Lease Schedule, which as to all items of Equipment will not exceed the useful life of the item, commencing on the first day when such items are accepted by the State, as evidenced by its execution of an Acceptance Certificate.

"Purchase Agreement" means a purchase contract or order between the State of Michigan and a Vendor for the purchase of Equipment.

"Renewal Term" is defined in Section 10.

"Request for Financing Proposal" means a request submitted by the State to Lessor pursuant to Section 3 and in the form attached hereto as Exhibit C; provided nothing in any Request for Financing Proposal may supplement, amend or otherwise alter the terms of this Master Agreement.

"Schedule of Payments" means the schedule of Lease Payments due under a Lease with respect to the Equipment in the form attached to a Lease Schedule as Addendum B.

"Software" means any computer program described in a Lease Schedule other than DTMB Software, whether in source code, object code, or in any other form, together with all of the State's rights as licensee or otherwise under any agreements with the licensor thereof, and all associated media and supporting documentation.

"State" means the State of Michigan.

"Term" means the term of this Master Agreement as provided Section 10.

"Vendor" as to each item of Equipment means the supplier as defined in the MCL 440.2803(1)(x).

2. General. Lessor and the State may execute Lease Schedules only in accordance with and subject to the terms and conditions of this Master Agreement. Each Lease will incorporate the terms and conditions of this Master Agreement and will, together with this Master Agreement, constitute a separate and distinct Lease. No Leases may be cross-defaulted or cross-collateralized. Anything herein to the contrary notwithstanding, this Master Agreement may not be supplemented, amended or altered in any way without the express written consent of Lessor and the State. Execution of this Agreement does not create an obligation of either party to lease to or from the other.

3. Request for Financing Proposal/Implementation of Leases. If the State desires to lease equipment it will send to Lessor a Request for Financing Proposal, which may be accompanied by: (a) the applicable Purchase Agreement, quote or equivalent setting forth a description of the Equipment, including the cost and Vendor of such Equipment; (b) the desired Lease Term (not to exceed the useful life of the item); and (c) such other material information as Lessor may reasonably request. Lessor acknowledges and agrees that the State is the only entity authorized

to submit a Request for Financing Proposal. Lessor will not rely upon any representation by any other person or entity other than the State whatsoever for such purposes.

Lessor agrees to respond to any Request for Financing Proposal by the designated deadline with an acceptance or rejection.

If Lessor accepts the Request for Financing Proposal, Lessor will prepare a Financing Proposal Response (see attached Exhibit D) including: the proposed interest rate quote effective for 30 days from the Request for Financing Proposal deadline, proposed prepayment premium, and a Schedule of Payments (Amortization Schedule).

The State will attempt to notify Lessor within (5) Business Days of the Request for Financing Proposal Response deadline to respond of its decision to accept the terms of the Financing Proposal Response. Upon acceptance of a Financing Proposal Response, the State will prepare, sign and remit to Lessor a Lease Schedule together with an Equipment Description, Schedule of Payments, IRS Form 8038-G, Opinion of Counsel (see attached Exhibit E), and Signature Authority Policy (see attached Exhibit F) (collectively "Closing Documents"). The Acceptance Certificate will be executed and remitted after acceptance according to the terms of this Master Agreement.

The State reserves the right to request a Financing Proposal Response prior to obtaining a purchase order or quote, as required in the subparagraph a) in the first paragraph of this Section, for evaluating the potential to lease equipment. The State will specify in any such request that no purchase order or quote has been issued and that the request for lease terms is for evaluation purposes until the State issues a purchase order for the equipment, at which time, a formal Request for Financing Proposal will be issued as provided above.

4. <u>Delivery and Installation of Equipment.</u> The State will order the Equipment, cause the Equipment to be delivered and installed at the location agreed upon and pay any and all delivery and installation costs in connection therewith.

5. <u>Acceptance.</u> After delivery and inspection of the Equipment, the State will determine whether the Equipment is acceptable as described in the Purchase Agreement between the Vendor and the State of Michigan. The State will confirm to Lessor its written acceptance of the Equipment by executing a "Certificate of Acceptance." A blank, unexecuted copy of a Certificate of Acceptance is attached as Exhibit B. The "Acceptance Date" in Exhibit B will be the Commencement Date of the Lease as provided in Section 10.

6. **Payment to Vendor**. On or within seven Business Days after its receipt of an executed Acceptance Certificate and Closing Documents, Lessor will pay the Equipment Cost directly to the Vendor or other party to whom payment is due as noted on a proper and valid invoice from Vendor. Lessor will not invoice the State for any Lease Payment, and no Lease Payment will be due, owing or payable with respect to any period prior to the payment in full of the Equipment Cost. Upon request, Lessor will certify to the State that the Equipment Cost of any designated item of Equipment has been paid in full.

7. **State Representations.** The State represents, as of the Commencement Date of this Lease that: (a) the State has the full power and authority to enter into a Lease and to perform all of its obligations; (b) the State has complied with such public bidding requirements that may apply to the applicable Lease and the acquisition by the State of the Equipment; (c) the Equipment will be used by the State solely and exclusively for the purpose of performing essential governmental functions; (d) the equipment is and will remain personal property; (e) during the Lease term, State shall not directly or indirectly, create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Equipment, other than the respective rights of Lessor and Lessee as provided in this Lease.

8. **Lessor Representations.** Lessor represents as of the Commencement Date of this Lease that: (a) Lessor will pay for the Equipment as specified in Section 6; (b) Pursuant to Section 12, Lessor will convey clear title for the Equipment to the State if and when the State exercises the purchase option; (c) Lessor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606; and (d) Lessor or any of its subcontractors, manufacturers, or suppliers does not appear in the register compiled pursuant to 1980 PA 278, as amended, MCL 423.321 *et seq*. (Employers Engaging in Unfair Labor Practices Act). The State may void this Lease if Lessor or any subcontractor, manufacturer, or supplier of Lessor appears in that register. A breach of this Section is a material breach of this Lease.

9. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and Executive Directive 2019-09, Lessor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Master Agreement.

10. Term and Lease Term. The Term of this Master Agreement is effective as of the Effective Date of this Master Agreement and will continue until terminated in accordance herewith. Lessor acknowledges that there are obligations that will continue after all Leases have expired or terminated.

Each Lease Schedule will set forth the Lease Term which will consist of an Initial Term and subsequent Renewal Terms from the Commencement Date until the Lease is otherwise terminated as set forth below. The Lease Term will begin on the Commencement Date. The Commencement Date for the Lease is the date on which the Equipment is accepted by the State in the manner described in Section 5.

The Initial Term is the period from the Commencement Date, until the end of the Beginning Fiscal Year for which funds have been appropriated to make lease payments under this Lease. A Renewal Term is a subsequent Fiscal Year for which funds have been appropriated to make lease payments under the Lease.

The Lease Term may be continued, solely at the option of the State, at the end of the Initial Term or any Renewal Term, for the next succeeding Renewal Term up to the maximum Lease Term set forth in the Lease. At the end of the Initial Term and at the end of each Renewal Term, the Lease Term will be automatically extended upon the successive appropriation by the Michigan State Legislature of amounts sufficient to pay Lease Payments and other amounts payable under this Lease during the next succeeding Fiscal Year, until all Lease Payments payable under this Lease have been paid in full, unless otherwise terminated.

11. Termination of Lease Term. The Lease Term for each item of Equipment will commence as provided in Section 10 and terminate upon the earliest to occur of any of the following events: (a) the termination of the applicable Lease pursuant to Section 19; (b) the State's exercise of the Early Purchase Option as to the Equipment; or (c) the expiration of the Lease Term as specified in the Lease Schedule upon payment of all Lease Payments thereunder.

12. Early Purchase Option. The State reserves the unilateral right to exercise an early purchase option for the Equipment. The State may exercise its right by paying to Lessor a Concluding Payment, based on the payment terms specified in the applicable Lease Payment Schedule. The Concluding Payment for a given date will be defined as the sum of the outstanding principal balance as of that date, plus any unpaid accrued interest as of that date, plus any prepayment premium, plus one dollar ($1.00). Upon receiving payment of the Concluding Payment, Lessor will transfer any and all of its rights, title, and interest to the Equipment without any warranty, express or implied, from Lessor and will covenant to the State that the Equipment is free of any liens, claims or encumbrances arising by, through or under Lessor.

13. <u>Lease Payments</u>. The State will promptly pay Lease Payments to Lessor in the amounts and on the dates more specifically described in the Lease Payment Schedule, exclusively from funds appropriated for lease of the Equipment. Pursuant to 1984 PA 279, MCL 17.51-17.57, the State will pay Lessor a charge on any Lease Payment, which remains unpaid after the date such Lease Payment is due. Lease Payments consist of principal and interest portions. *Lessor and the State understand and intend that the obligation of the State to pay Lease Payments under this Lease will constitute a current expense of the State of Michigan and will not in any way be construed to be a debt or general obligation of the State of Michigan in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the State, including, but not limited to, Const 1963, art 9, §§12, 17, nor will anything contained herein or in a Lease constitute a pledge of the general tax revenues, credit, funds or monies of the State.*

14. <u>Electronic Payment Requirement.</u> Electronic transfer of funds is required for payments on State Contracts. Contractors are required to register with the State electronically at http://www.michigan.gov/sigmavss. As stated in Public Act 431 of 1984, all contracts that the State enters into for the purchase of goods and services will provide that payment will be made by electronic fund transfer (EFT).

15. <u>LEASE PAYMENTS TO BE UNCONDITIONAL</u>. EXCEPT AS PROVIDED IN SECTION 19, AND SUBJECT TO THE STATE'S ACCEPTANCE OF THE EQUIPMENT AS PROVIDED IN SECTION 5, THE OBLIGATIONS OF THE STATE TO MAKE LEASE PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED IN A LEASE WILL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE, FOR ANY REASON, INCLUDING, WITHOUT LIMITATION, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE EQUIPMENT OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES.

16. <u>Continuation of Lease Term by the State.</u> Each Lease will constitute confirmation by the State of its intention to continue to lease the Equipment beyond the Beginning Fiscal Year. Notwithstanding the foregoing, Lessor and the State agree that Section 19 of this Master Agreement will supersede any contrary implication in any Lease, in any agreement or statement by the State, and any contrary provision of law, including without limitation, the Uniform Commercial Code as adopted in the State.

17. <u>Tax Covenant</u>. It is the intention of State and Lessor that the interest portion of the Lease Payments received by Lessor be and remain free from federal income taxation. State covenants that it will not intentionally perform or fail to perform any act or enter into any agreement or use or permit the use of the Equipment or any

portion thereof in a manner that will have the effect of terminating the exemption from federal income taxation of the interest portion of the Lease Payments.

18. IRS Reporting. At Lessor's request, the parties will cooperate to ensure compliance with IRS reporting requirements. State will prepare, sign and provide Lessor with an IRS Form 8038-G, Lessor will provide the State Purchasing Director of the Department of Technology, Management and Budget with a copy and filing date of any IRS Form 8038-G filed with the IRS. However, the parties acknowledge that Lessor has the exclusive responsibility to file IRS Form 8038-G and has exclusive liability for any penalties, costs, damages, or other consequences resulting from Lessor's failure to file.

19. Non-appropriation. This Section applies notwithstanding anything to the contrary in the Master Agreement and any Lease thereunder. The State has an appropriation for the Equipment for the Beginning Fiscal Year, as defined in 1984 PA 431, MCL 18.1491. State agrees and understands that as of the date of execution of each Lease, all payment and performance obligations of the State during Fiscal Years after the Beginning Fiscal Year are subject to the availability and appropriation of sufficient funds therefor. When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal year, the applicable Lease will be terminated.

The State agrees to give Lessor written notice of such termination not more than 30 days after final determination of an event of non-appropriation. The failure of the State to notify Lessor will not create any obligation on the part of the State to make Lease Payments beyond the period for which funds have been appropriated.

If a Lease is terminated pursuant to this Section, the State agrees that the Equipment will be returned to Lessor pursuant to Section 40.B. If any Lease is so terminated, no right of action or damages will accrue to the Lessor or its assignee for the payment of Lease payments, or the performance of any other obligations under this Master Agreement or any Lease thereunder. The State will, however, remain obligated to pay all Lease payments accrued through the end of the then- current Fiscal Year for which funds were appropriated. For avoidance of all doubt and, notwithstanding anything to the contrary contained in this Master Agreement, the termination of a Lease pursuant to this Section will not constitute an Event of Default by the State. The provisions of this Section will remain in full force and effect whether or not the State is in Default.

20. Marking; Inspection. Lessor will have the right to mark or affix a nonpermanent label on the Equipment for purposes of identifying it at a later date. Lessor or its agents may upon 45 days written request, at its Lessor's sole cost and expense, enter into and upon the property of the State for the purpose of inspecting the existence, condition and proper maintenance of the Equipment. Such requests to

enter and inspect the Equipment is limited to once per year during the State's normal business hours and is subject to the State's security policies and procedures.

21. Use; Maintenance. The State will not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by a Lease. The State agrees that it will, at the State's own cost and expense, maintain, preserve and keep the Equipment in good repair and working order.

22. Title to the Equipment. During the Term of this Lease, the State will not acquire title to the Equipment. With the exception for Software, title to the Equipment will be conveyed to the State upon the occurrence of one of the following: (a) the exercise by the State of the Early Purchase Option under Section 12; or (b) the payment by the State of all sums required to be paid under a Lease as specified in the Lease Payment Schedule. Upon the State's exercise of the Early Purchase Option or the State's payment of all sums due under the Lease Payment Schedule, Lessor will transfer free and clear title to the State.

23. Financing Statements. At Lessor's request, the State will join Lessor in executing any necessary or appropriate Financing Statements indicating its obligation under a Lease.

24. Taxes, Other Governmental Charges, and Utility Charges. The parties contemplate that the Equipment will be used for governmental purposes of the State and that the Equipment will therefore be exempt from all property taxes. If the use, possession or acquisition of any Equipment is nevertheless determined to be subject to taxation, the State will pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to such Equipment. The State will pay all utility and other charges incurred in the use and maintenance of the Equipment. The State will pay such taxes or charges as the same may become due.

25. Insurance. The State and DTMB are self-insured for all risk, physical damage, and public liability and will provide proof of such self-insurance in letterform together with a copy of the statute authorizing this form of insurance.

26. Risk of Loss or Damage. The State will assume all risk of loss, theft, damage to, or destruction of the Equipment for any cause ("Loss or Damage") upon acceptance, as described in Section 5. In the event of Loss or Damage to the Equipment, the State will promptly report the same to Lessor and concerned governmental agencies. The State will not be relieved of its obligation to pay Lease Payments or to perform any other obligations under this Lease by reason of any Loss or Damage. In the event of any Loss or Damage, the State will either: (a) promptly replace lost Equipment or promptly repair damaged Equipment and place it in good repair and working condition and continue to make all Lease Payments; or (b) within

sixty (60) Business Days of notifying Lessor that the Equipment will not be repaired, pay Lessor the outstanding principal balance and any unpaid accrued interest as of the payoff date, as described in the Lease Payment Schedule. The State will have the right to retain any residual insurance benefit, which remains after payment to Lessor of the outstanding principal balance and unpaid accrued interest. Notwithstanding any of the foregoing, replaced Equipment shall be of equal or greater value and utility as the original Equipment as of the time of Loss or Damage.

27. DISCLAIMER OF WARRANTIES. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE EQUIPMENT, OR WARRANTY WITH RESPECT THERETO WHETHER EXPRESS OR IMPLIED, AND THE STATE ACCEPTS SUCH EQUIPMENT AS IS.

28. DISCLAIMER OF DAMAGES. IN NO EVENT WILL LESSOR BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF A LEASE OR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE STATE'S USE OF ANY ITEM, PRODUCT OR SERVICE PROVIDED FOR IN THIS LEASE.

29. Vendor's Warranties. Upon execution of this Lease, Lessor irrevocably appoints the State as its agent and attorney-in-fact during this Lease, so long as the State will not be in default under the Lease, to assert from time to time whatever claims and rights, including, but not limited to, warranties, relating to the Equipment that Lessor may have against Vendors. The State's sole remedy for the breach of such warranty, indemnification or representation will be against Vendors of the Equipment, and not against Lessor. Any such matter will not have any effect whatsoever on the rights and obligations of Lessor with respect to this Lease, including the right to receive full and timely payments under this Lease. The State acknowledges that Lessor has not made any representations regarding the existence or availability of warranties made by Vendors.

30. Assignment. Lessor's right, title and interest in and to this Lease, including Lease Payments and any other amounts payable by the State thereunder and all proceeds therefrom, may only be assigned and reassigned to one or more assignees or subassignees by Lessor with the written consent of the State, which will not be delayed or unreasonably withheld. Assignments may include without limitation assignment of all of Lessor's security interest in the Equipment listed in this Lease and all rights in the Lease related to such Equipment. Notwithstanding the above, the State hereby agrees that Lessor may, without the consent of the State, but with notice to the State, sell, dispose of, or assign this Lease through a pool, trust, limited partnership, or other similar entity, whereby one or more interests are created in this Lease, or in the Equipment listed in or the Lease Payments under a Lease. In

accordance with Section 149(a) of the Internal Revenue Code of 1986, as amended, Lessor will keep a record of all such assignments and provide written notice to the State. Lessor agrees to continue servicing the Lease or arrange for a servicer with equal standards of high quality. Lessor also agrees remittance will remain with a single servicer.

None of the State's right, title and interest in, to and under any Lease or any portion of the Equipment listed in each Lease may be assigned, subleased, or encumbered by the State for any reason without obtaining prior written consent of Lessor, except in the event of a legislative mandate or executive order.

31. Events of Default; Default Defined. The following will be "Events of Default" with respect to a Lease and the terms "Event of Default" will mean, whenever used in this Agreement, any one or more of the following events, unless any such event occurs solely by reason of the termination pursuant to Section 11.

A. State Default. Any of the following events will constitute an Event of Default under a Lease: (a) failure by the State to observe and perform any covenant, condition or agreement on its part to be observed or performed, including any payments required to be paid under the Lease, for a period of thirty (30) Business Days after written notice specifying such failure and requesting that it be remedied is given to the State by Lessor; or (b) any representation or warranty made by the State in or pursuant to this Lease proves to be false in any material respect when made and such breach of representation and warranty is not cured within ten (10) Business Days of the State's receipt of written notice of such breach.

B. Lessor Default. Any of the following events will constitute an Event of Default under a Lease: (a) failure by Lessor to, at the request of the State, promptly forward payment to the Vendor for the Equipment after receipt of fully executed documents including a Certificate of Acceptance, pursuant to Section 11; (b) failure by Lessor to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subparagraph (a) above, for a period of thirty (30) Business Days after written notice specifying such failure and requesting that it be remedied is given to Lessor by the State; (c) failure to convey clear title as required under this Lease; or (d) any representation or warranty made by Lessor in or pursuant to this Lease proves to be false in any material respect when made and such breach of representation and warranty is not cured within ten (10) Business Days of Lessor's receipt of written notice of such breach.

32. Lessor's Remedies on Default by the State. Whenever the State defaults, and the default is not cured within the period specified in Section 31.A., Lessor will have the right, at its sole option without any further demand, to take one of the following remedial steps: (a) by written notice to the State, declare all Lease Payments payable to the end of the period for which an appropriation has been made, to be immediately due and payable, or (b) take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Lease or as a secured party in any or all of the Equipment including peaceably obtaining possession of the Equipment.

33. State's Remedies on Default by Lessor. Whenever Lessor defaults and the default is not cured within the period specified in Section 31.B., the State will have the right, at its sole option without any further demand, take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Master Agreement.

34. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor or the State is intended to be exclusive and every such remedy will be cumulative and will be in addition to every other remedy given under this Master Agreement now or hereafter existing at law or in equity.

35. Notices. All notices or other communications under this Master Agreement will be deemed effectively given: (a) when received, if delivered by hand (with written confirmation of receipt); (b) when received, if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail (with confirmation of transmission), if sent during normal business hours of the recipient, and on the next business day, if sent after normal business hours of the recipient; or (d) on the fifth (5th) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

To Lessor: Tom Ackermann, HP Financial Services
224-512-4299
tom.ackermann@hpe.com

To the State: Lisa Spitzley, DTMB
517-249-0440
SpitzleyL4@michigan.gov

36. Indemnification. Lessor does hereby agree to indemnify, defend, and hold the State harmless from and against any and all claims, losses, costs, attorneys' fees, and expenses arising out of or directly related to the breach of Lessor's representations under this Lease.

37. <u>Software Ownership.</u> Software that the State acquires from the Vendor and finances with Lessor remains the property of the licensor. Ownership of the Software is governed by the license agreement between the licensor and the State and is not affected by this Lease.

38. <u>No Cross-Default or Cross-Collateralization.</u> To avoid any doubt as to the intention of the parties, an Event of Default under any applicable Lease by the State will constitute an Event of Default only under such Lease and not under any other Lease. The collateral for any Lease will be limited to the Equipment financed by that Lease.

39. <u>Lessor End-of-Term Obligation.</u> Lessor will provide an end-of-term notice to the State under each Lease not less than one hundred and twenty (120) nor more than one hundred and eighty (180) days before the end of the Lease Term of such Lease. Such notice will state that the State will exercise one of the options available under Section 40 below within sixty (60) days before the expiration of the Lease Term or be required to purchase the Equipment pursuant to Section 40.A. Under no circumstances will any Lessor bill for or receive Lease Payments with respect to any period after expiration of the Lease Term, provided that nothing in this sentence will limit any Lessor's right to pursue remedies for an Event of Default.

40. <u>State End-of-Term Options.</u> At the end of the Lease Term under the applicable Lease, if all Lease payments have been paid and any Event of Default, if any, has been cured, and except for Equipment purchased pursuant to any early purchase option under the Lease, including purchases due to equipment damage, the State may, at its option, exercise one of the options provided in this Section upon not less than 60 days' notice. If the State fails to give notice of its election of either such option to Master Lessors earlier than sixty (60) days before the end of the Lease Term, then the purchase specified in Section 40.A. will be the option elected by the State.

A. Purchase. The State may purchase any or all Equipment leased under such Lease, or any lesser portion thereof, for the nominal amount of one dollar ($1.00). Upon such payment, Lessor will transfer to the State all of Lessor's right and interest in and to the Equipment, free of any lien or claim arising by, through or under Lessor. Lessor hereby agrees to waive the receipt of such $1.00 payment unless Lessor separately invoices the State for such payment.

B. Return. The State may return the Equipment to the Lessor in good condition, less ordinary wear and tear, and otherwise in accordance with this Master Agreement on the following terms and conditions:

i. The State will de-install the Equipment if de-installation is

necessary by causing such Equipment to not be physically attached or connected to any other item of real or personal property, unless such attachment has become part of the Equipment as specified by the terms of the Lease, provided that the State will not be required to remove or transport any item of Equipment.

ii. The State will permanently remove all data, DTMB Software, and any other proprietary information from any Equipment returned to Lessor.

iii. Lessor agrees that should any Equipment under this lease be replaced or substituted under Vendor's warranty, such Equipment is deemed an acceptable replacement for the original in the event of return of Equipment at lease termination.

41. <u>Equipment Modifications.</u> Without the prior written consent of Lessor, which consent will not be unreasonably withheld, the State will not make any alterations, modifications or attachments to the Equipment (other than the Software) which (a) will substantially impair the value of the Equipment, and (b) cannot be removed without materially damaging the functional capabilities or economic value of the Equipment. Notwithstanding the foregoing, the State may at any time install or remove any DTMB Software.

42. <u>Records Retention and Audit.</u> Lessor will retain all its records related to a Lease for a period of three years following the latter of expiration or termination of the Lease or any extension ("Audit Period"), including without limitation, all records involved in Equipment acquisition, Lease origination, invoicing and payment, warranty enforcement, claims or disputes, and any aspect of contract administration. If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Lessor must retain the records until all issues are resolved. Lessor will allow and cooperate in an audit of all the above-referenced records by the State.

43. <u>Binding Effect.</u> This Master Agreement will inure to the benefit of, and will be binding upon, all parties and their respective successors and assigns.

44. <u>Severability.</u> In the event any provision of this Master Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

45. <u>Amendments, Changes and Modifications</u>. This Master Agreement and any Lease hereunder may be amended only by written agreement of the parties.

46. <u>Waiver.</u> Neither Lessor or the State waive any prior or subsequent breach of

the terms of either the Master Agreement or any Lease by making or accepting payments on the applicable Lease, by failing to terminate the Master Agreement or applicable Lease for lack of performance, or by failing to strictly or promptly insist upon any term of the Master Agreement or applicable Lease.

47. Execution in Counterparts and Electronically. This Master Agreement and each Lease Schedule may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument. A scanned electronic copy of any individual executed original signed document will constitute one and the same instrument, thus negating the need to mail or retain any paper copies of the executed original document.

48. Governing Law. This Master Agreement is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Master Agreement must be resolved in the Michigan Court of Claims. Complaints against the State must be initiated in Ingham County, Michigan. Lessor waives any objections, such as lack of personal jurisdiction or forum non conveniens. Lessor must appoint agents in Michigan to receive service of process.

49. Third Party Beneficiary. This Master Agreement and each Lease are made solely and specifically among and for the benefit of the parties hereto and thereto, and their respective successors and assigns, and no other person will have any rights, interest, or claims hereunder or be entitled to any benefits under or on account of this Master Agreement or any Lease as a third party beneficiary or otherwise.

50. Entire Agreement. This Master Agreement, together with the Exhibits attached hereto and other agreements referred to herein, constitutes the entire agreement between the parties. Neither course of dealing nor course of performance will apply to this Master Agreement or to the relationships or agreements contemplated by the Master Agreement. Likewise, usage of trade will not be used to interpret, supplement, or qualify any terms of the Master Agreement, any Lease, or any document related to either of them. Lessor agrees that the State is not a merchant.

51. Construction. References herein to Sections, subsections and clauses refer to this Agreement unless otherwise expressly stated. This Master Agreement supersedes any Request for Financing Proposal, Request for Financing Proposal Response, term sheet and any correspondence or other writing between the parties. This Master Agreement, drafted by the State as a convenience to the parties, has been fully negotiated and will not be construed against either party by reason of draftsmanship. The term "including" and like terms will not be construed as limiting, whether or not so stated. The captions or headings in this Agreement are for

convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

52. Enjoyment of Property. Lessor shall not interfere with State's right to possession and quiet enjoyment of Products during the relevant Lease term, provided no Event of Default has occurred or is continuing.

Lessor and the State have caused this Master Agreement to be executed in their names by their duly authorized representatives as of the date first above written.

Lessor: Hewlett-Packard Financial Services Company

Name: _____ Date: _____
(Signature)

Name: _____
(Print)

Title: _____

STATE: State of Michigan, Department of Technology, Management and Budget

Name: _____ Date: _____
(Signature)

Name: _____
(Print)

Title: _____
Michigan Department of Technology, Management and Budget

EXHIBIT A to the Master Agreement

[FORM OF LEASE SCHEDULE]

LEASE SCHEUDLE

LEASE SCHEDULE to Master Equipment Lease with Early Purchase Option dated _____ between _____and the State of Michigan.

Lease Schedule No. _____

LESSOR: [Lessor's Name]
ADDRESS: [Lessor's Address & Contact Info]

STATE: State of Michigan, Department of Technology, Management and Budget
ADDRESS: [DTMB Address & Contact Info]

This Lease Schedule, together with the Master Agreement as so incorporated is a "Lease" as defined in the Master Agreement. Lessor hereby agrees to lease to the State, and the State hereby agrees to lease from Lessor, the Equipment upon the terms and conditions of this Lease. All capitalized terms not herein defined will have the meaning set forth in said Master Agreement and all terms and conditions of the Master Agreement are incorporated herein and made a part hereof. The State and Lessor agree that this Lease Schedule and the Master Agreement as incorporated into this Lease Schedule constitute a Lease. To the extent of direct conflict between the terms of this Lease Schedule and the express terms of the Master Agreement, the Master Agreement will prevail.

Lessor and the State hereby represent that each of their representations set forth in the Master Agreement are true and correct as though made on the Commencement Date under this Lease Schedule.

Equipment Description. See Equipment Description Addendum A attached hereto and made a part hereof.

Together with any and all additions, modifications, attachments, accessions, substitutions, replacements and parts thereof, unless the context otherwise specifically requires, all references herein to "Equipment" will mean and include Software.

The Equipment is essential to and will be used only for the purpose of performing one or more governmental functions of the State consistent with the scope of the State's authority and will not be used in a private trade or business of any person or entity.

Payment Terms: See Schedule of Payments Addendum B attached hereto and made a part hereof. All Lease Payment periods will begin on the Commencement Date. All monthly Lease Payments will be due in arrears beginning one month from the Commencement Date and monthly thereafter. All annual Lease Payments will be due in advance on the first day of the month after the Lease Term commences.

See Schedule of Payments
Lease payment:
Lease term:
Interest Rate:
End-of-Lease Purchase Option Price: $1.00

Miscellaneous. The terms and conditions of this Lease (including those of the Master Agreement) will apply notwithstanding any additional or different terms and conditions in any other document, including without limitation, (a) a purchase order or other instrument submitted by the State(b) any invoice or other document submitted by Lessor, or (c) any privacy policy, terms of use, or end user agreement. Unless expressly incorporated into this Lease, the terms and conditions of all such documents will be void and of no effect.

Lessor and the State have caused this Lease to be executed in their names by their duly authorized representatives as of the date first above written.

Lessor: XXXXXXXXXXXXXXXX

Name: _____ Date: _____
(Signature)
Name: _____
(Print)
Title: _____

STATE: State of Michigan, Department of Technology, Management and Budget

Name: _____ Date: _____
(Signature)
Name: _____
(Print)
Title: _____
Michigan Department of Technology, Management and Budget

Addendum A to Lease Schedule No. _____

EQUIPMENT DESCRIPTION

One hundred percent of the financing costs will be used to acquire assets that will be capitalized.

The Equipment will be new unless otherwise stated in the Lease or the Description of Equipment below.

The following items of Equipment are hereby included under this Equipment Description Addendum to the Lease Schedule:

DESCRIPTION OF EQUIPMENT

Qty	Model	Description
XX	XXXXX	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

Addendum B to Lease Schedule No. _____

SCHEDULE OF PAYMENTS

Compound Period: Monthly

Amount Financed: $_____

Interest Rate: X.XXXX%

Total Cost: $ _____

Prepayment premium (if any) $ _____

CASH FLOW DATA

	Event	Date	Amount	Number	Period	End Date
1	Loan	XX/XX/XX	$XXXXXXX	1		
2	Payment	XX/XX/XX	$XXXXX	XX	Mon/Ann	XX/XX/XX

AMORTIZATION SCHEDULE

	Date	Funding	Payment	Interest	Principal	Balance
Loan	XX/XX/XX	$XXXXXX				
1			$XXXXXX	$XXXXXX	$XXXXXX	$XXXXXX
2			$XXXXXX	$XXXXXX	$XXXXXX	$XXXXXX
3			$XXXXXX	$XXXXXX	$XXXXXX	$XXXXXX
4			$XXXXXX	$XXXXXX	$XXXXXX	$XXXXXX
5			$XXXXXX	$XXXXXX	$XXXXXX	$XXXXXX
6			$XXXXXX	$XXXXXX	$XXXXXX	$XXXXXX
7			$XXXXXX	$XXXXXX	$XXXXXX	$XXXXXX
8			$XXXXXX	$XXXXXX	$XXXXXX	$XXXXXX
9			$XXXXXX	$XXXXXX	$XXXXXX	$XXXXXX
10			$XXXXXX	$XXXXXX	$XXXXXX	$XXXXXX
11			$XXXXXX	$XXXXXX	$XXXXXX	$XXXXXX
12			$XXXXXX	$XXXXXX	$XXXXXX	($0.00)
	Grand Totals:		$XXXXXX	$XXXXXX	$XXXXXX	

Exhibit B to the Master Agreement

CERTIFICATE OF ACCEPTANCE

RE: The Equipment (as such term is defined in the Master Agreement) described in the Equipment Description Addendum A ("Addendum") to Lease Schedule No. ____, dated XXXX XX, XXXX which together with the incorporated Master Equipment Lease Agreement with Early Purchase Option ("Lease") dated as of XXXX XX, XXXX, between XXXXXXXXXXXXXXXX as Lessor, and State of Michigan, Department of Technology, Management and Budget, as the State.

In accordance with the terms of the Lease, the undersigned State hereby certifies and represents to, and agrees with Lessor as follows:

(1) All of the Equipment listed in the above-referenced Addendum has been delivered, installed, and accepted on the date hereof.

(2) The State has conducted such inspection and/or testing of the Equipment listed in the Addendum, as it deems necessary and appropriate pursuant to Section 5 of the Master Agreement, and hereby acknowledges that it accepts the Equipment for all purposes.

(3) The State is self-insured as provided in Section 25 of the Lease.

(4) No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as defined in the Lease) exists at the date hereof.

STATE: State of Michigan, Department of Technology, Management and Budget

By: _____

Name: _____
(Print)

Title: _____

Acceptance Date: _____

EXHIBIT C to the Master Agreement

REQUEST FOR FINANCING PROPOSAL

DATE: _____

DEADLINE TO RESPOND: _____

THE MAXIMUM AMOUNT OF FINANCING REQUESTED IS: $ _____,

AMOUNT OF FINANCING: Equipment Cost $ _____

FINANCING TERM REQUESTED (_____ Months)

PAYMENT INTERVAL (annual or monthly) _____

VENDOR: _____

Equipment description: _____

NOTE: Per Section 3 of the Master Agreement, Lessor agrees to respond to any Request for Financing Proposal by the designated deadline with an acceptance or rejection.

If Lessor accepts the Request for Financing Proposal, Lessor will prepare a Financing Proposal Response (see attached Exhibit D) including: the proposed interest rate quote effective for 30 days from the Request for Financing Proposal deadline, proposed prepayment premium, and a Schedule of Payments (Amortization Schedule).

EXHIBIT D to the Master Agreement

FINANCING PROPOSAL RESPONSE

DATE:

Proposed interest rate: _____

Proposed prepayment premium: _____

Interest rate quote will be effective for 30 days from the Deadline to Respond as stated in the Request for Financing Proposal.

Required attachments:

1. Proposed Addendum B to Lease Schedule - Schedule of Payments (Amortization Schedule)

EXHIBIT E to the Master Agreement

VALIDITY AND TAX OPINION COMBINED

STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL

P.O. BOX 30754
LANSING, MICHIGAN 48909

DANA NESSEL
ATTORNEY GENERAL

[Date]

Vendor name
Attn:
Address

Re: Lease Schedule No. _____ to Master Equipment Lease with Early Purchase Option dated _____ (the "Lease").

Ladies and Gentlemen:

I am Legal Counsel for State of Michigan, Department of Technology, Management and Budget, an agency of the State of Michigan ("Lessee"), and I am familiar with the above-referenced Lease by and between [Name of Lessor], as Lessor, and Lessee. Capitalized terms which are not defined herein shall have the meanings given these terms in the Lease. Based on my examination of the Lease, the information statement(s) required for purposes of Section 149(e) of the Internal Revenue Code of 1986, as amended (the "Code") and such other documents, records and papers as I deemed to be relevant and necessary as the basis for my opinion set forth below, it is my opinion that:

1. Lessee is an agency or a political subdivision of the State of Michigan ("State") and is duly organized, existing and operating under the constitution and laws of the State. Lessee has the authority to enter into and to carry out its obligations under the Master Agreement and Lease Schedule.

2. Lessee's obligation(s) under the Lease is a state or local bond within the meaning of Section 103 of the Code.

3. Each of the Closing Documents has been duly authorized, signed and delivered by Lessee and constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except to the extent limited by applicable local, State and federal laws affecting remedies and by bankruptcy, reorganization or other laws of general application related to or affecting the enforcement of creditors' rights.

4. There are no pending actions or proceedings before any court or administrative agency, to the best of my knowledge or belief, that could have a material adverse effect on Lessee's ability to fulfill its obligations under the Lease..

5. The entering into and performance of the Lease is not contrary to and does not violate any judgment, order, law or regulation or constitute a default by Lessee under any other agreement or instrument.

6. The Equipment is tangible personal property and, when subject to use by Lessee, will not be or become a fixture or real property under the laws of the State where the Equipment is being used by Lessee.

7. With respect to the Lease, Lessee has fully complied with all applicable law governing open meetings, public bidding and appropriations required in connection with the Lease and the acquisition of the Equipment.

8. Lessee shall be the only entity to possess the Equipment during the Term.

9. The Lease does not constitute, and is not expected to become, an arbitrage bond within the meaning of Section 148 of the Code or a private activity bond within the meaning of Section 141 of the Code.

This opinion may be relied upon by Lessor and its purchasers and assigns pursuant to the Lease and may be relied upon by special tax counsel if one is retained to render an opinion as to the exemption from federal income taxation of the interest component of payments to be made by Lessee pursuant to the Agreement.

I express no opinion as to any other federal or state tax matters arising from the receipt of such interest portion or otherwise arising with respect to your execution of the Lease, your rights under the Lease or your disposition of those rights under the Lease.

In giving the foregoing opinion with respect to the treatment of the interest portion of each payment of Lease Payments and the status of the Lease under the tax laws, I have assumed and relied upon compliance by the Lessee with certain covenants and the accuracy, which I have not independently verified, of the Lessee's representations and certifications, contained in the Lease and related documents. The accuracy of those representations and certifications and the Lessee's compliance with those covenants may be necessary for the interest portion of each payment of Lease Payments to be and to remain excluded from gross income for federal income tax purposes and for other tax effects stated above. Failure to comply with certain

requirements subsequent to execution of the Lease could cause the interest portion of each payment of Lease Payments to be included in gross income for federal income tax purposes retroactively to the date of execution of the Lease.

I express no opinion as to compliance by you with state or federal securities laws and regulations applicable to disposition of your rights under the Lease to any investor.

Sincerely,

[Name]
Assistant Attorney General

LB/bb
cc: [Name]

[Tracer Line]

SIGNATURE AUTHORITY POLICY

Signature Authority for Central Procurement Staff
Effective, March 14, 2018

Title	Level	Bid Tab Approval	Signature Authority
Chief Procurement Officer		Discretionary	Discretionary
Director of Sourcing Operations		>$25,000,000	>$25,000,000
Category Director	17	$0 – $25,000,000	Up to $25,000,000
Category Manager	15		Up to $10,000,000
Category Specialist	14		Up to $7,000,000
Category Specialist	13		Up to $5,000,000
Sr. Category Analyst	12		Up to $3,000,000
Category Analyst	9-11		Up to $1,000,000

- Staff on a Performance Improvement Plan or Probationary Period have Signature Authority at the discretion of the direct reports' Manager (e.g., $0.00 or up to their level maximum). The Probationary Period is no more than 12 months.
- Category Director must sign all State Administrative Board Bid Tabs and Contract Change Recommendations
- Signature Authority is per transaction

STATE OF MICHIGAN

Contract No. 190000000362
Financial Leasing Prequalification Program

SCHEDULE A
STATEMENT OF WORK

1. Project Request
This is a Contract issued by the State of Michigan (State) Department of Technology, Management and Budget (DTMB) soliciting qualified Contractors to participate in the Financial Leasing Prequalification Program.

2. BACKGROUND
Pursuant to Public Act (PA) 431 of 1984 ("The Management and Budget Act"), DTMB is the only agency authorized to enter into lease agreements on behalf of the State of Michigan (State). No individual, employee or agent of the State has authority to bind the State without proper authorization.

The State must purchase up-to-date Equipment to operate efficiently and ensure compliance with Federal and State guidelines related to encryption and data security. Additionally, the increase in data-driven projects by various State agencies has increased the demand for extra storage. However, there are times when agencies cannot purchase Equipment outright, thus the need for lease purchases, spreading the cost over a fixed period of time and allowing agencies to reach their business goals and needs in a cost-effective manner.

Historically, lease purchase agreements were established on an as-needed basis, which proved both time consuming and expensive. Therefore, the State has decided to establish a prequalification program to significantly reduce the time and costs associated with securing financing for equipment and software.

3. SCOPE
Contractors will provide financial leasing services in agreement with the Master Equipment Lease Agreement With Early Purchase Option ("Master Agreement") required to participate in the prequalification program. This is a prequalification program where a lease purchase is requested at the agency level and approved by DTMB. Under the State's program, only Equipment is leasable; installation and training are excluded. Due to the specialized nature of this program, the resulting Contract(s) will not be made available to MiDEAL and Extended Purchasing Program members.

4. REQUIREMENTS
Contractor must provide deliverables, services and staff, and otherwise do all things necessary for or incidental to providing services in compliance with the Master Agreement.

a. **Pre-Qualified Contractors**
The State reserves the right to establish a prequalified Contractor pool through this RFP, and update the pool as deemed necessary by the State. This effort may entail re-soliciting qualified Contractors by issuing an RFP on an annual basis, at a minimum.

b. **Tier II Process**
The State will issue a Request for Financing Proposal to the prequalified Contractor pool as detailed in Section 3. Request for Financing Proposal/Implementation of Leases of the Master Agreement. Once a need for Equipment is determined. The State will provide the Contractor with the following information when requesting services:
    a. Description of Equipment;
    b. Applicable Purchase Order (PO), Delivery Order (DO), Quote, Leasable Invoice, etc.;
    c. Desired lease term not to exceed the useful life of the Equipment; and,

d. Other reasonably requested material information necessary to fulfill the State's need.

The State will source Equipment utilizing existing State contracts for Equipment prior to issuing a Request for Financing Proposal. The State will issue a PO/DO for leasable Equipment which allows the Equipment contractor ("Vendor") to create a leasable invoice and send goods directly to the State agency. The PO/DO and leasable invoice is used to commence the Tier II Process, competitively bidding the financing to the prequalification pool. The State will complete the Tier II Process before the State's payment due date to the equipment contractor.

The State will make an award recommendation to the prequalified Contractor with the lowest interest rate, obtain State Administrative Board approval and establish a standalone lease purchase Contract for the leasable items. Upon execution of the lease purchase Contract, the State will cancel the PO/DO with the Vendor and issue a PO/DO to the awarded leasing Contractor. Payment in whole for the leasable Equipment is made to the Vendor by the leasing Contractor. The State will then begin monthly or annual payments to the leasing Contractor according to the financing terms established in the standalone leasing Contract.

NOTE: Every Contract established through the Tier II Process will be subject to the terms of the Master Agreement. The State reserves the right to issue a Request for Financing Proposal prior to obtaining a PO/DO or Quote to utilize the prequalification program to determine the benefits versus costs of leasing equipment.

c. Contractor will provide financial leasing options at a fixed interest rate, amortized monthly or annually, over a leasing term specified by the State, not to exceed the useful life of the item.

d. Contractor will provide financial leasing options on lease amounts greater than or equal to $500,000.00 over a leasing term specified by the State, not to exceed the useful life of the item.

5. Acceptance

5.1. Acceptance, Inspection and Testing

The State will follow Section 5. Acceptance of the Master Agreement to determine acceptance of the lease purchase Contract.

6. Staffing

6.1. Contractor Representative

The Contractor must appoint an individual, specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Master Agreement and/or any lease purchase Contracts. (the "Contractor Representative").

The Contractor must notify the Contract Administrator at least 10 calendar days before removing or assigning a new Contractor Representative.

6.2. Customer Service Toll-Free Number

The Contractor must specify its toll-free number for the State to make contact with the Contractor Representative. The Contractor Representative must be available for calls during the hours of 8:00 a.m. to 5:00 p.m. EST.

7. Ordering

7.1. Authorizing Document

The appropriate authorizing document for the Contract will be a Master Agreement and purchase order or delivery order release.