Presenters

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Director, Debt Administration and Compliance
*Capital Markets Finance - UCOP*

Kathleen Quenneville
Principal Counsel
*Office of General Counsel - UCOP*
Agenda

• Master Lease Purchase Agreement for Equipment Financing
  • Background
  • Old Agreement
  • New Agreement
  • Overview of new template documents
  • Where to find documents
  • BUS-43 changes

• New Program - Equipment Maintenance
• Questions
MASTER LEASE PURCHASE AGREEMENT

For Equipment Financing
Background

University Master Lease Purchase Agreement for capital equipment financing in existence since early 1990s

Developed by UCOP Procurement and hosted on its website and also incorporated in BUS-43

These documents are for financing of capital equipment lease purchases only

These documents do not cover operating leases
Old Master Lease  Purchase Agreement

<table>
<thead>
<tr>
<th>What you need to know</th>
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<tbody>
<tr>
<td>• UCOP mandate to use the Agreement without any modification</td>
</tr>
<tr>
<td>• Interest rate approval is needed from Capital Markets Finance for all transactions over $50K</td>
</tr>
<tr>
<td>• Although primarily for capital equipment financing, this agreement was also used for maintenance financing and for equipment purchased prior with campus cash</td>
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<td>• Lessors expressed need for updated agreement</td>
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## New Master Lease Purchase Agreement

### What is the same

<table>
<thead>
<tr>
<th>Item</th>
<th>Details</th>
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<tbody>
<tr>
<td>Good for both taxable and tax-exempt transactions</td>
<td></td>
</tr>
<tr>
<td>Most of the agreement terms remain the same (e.g. ability to do</td>
<td></td>
</tr>
<tr>
<td>progress payments)</td>
<td></td>
</tr>
<tr>
<td>Capital Markets Finance documents remain unchanged</td>
<td></td>
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<tr>
<td>Amendments to Master Lease Purchase Agreement need the approval</td>
<td></td>
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<tr>
<td>of Capital Markets Finance</td>
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</table>

### What has changed

<table>
<thead>
<tr>
<th>Item</th>
<th>Details</th>
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<tbody>
<tr>
<td>Updated language to reflect current reality</td>
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</tr>
<tr>
<td>T&amp;Cs are no longer embedded in Agreement; are an attachment that</td>
<td>Most recent version of T&amp;Cs of Purchase is attached to Master Lease</td>
</tr>
<tr>
<td>may be updated more easily.</td>
<td>Lease Purchase Agreement. See Annotated T&amp;Cs of Purchase if lessor</td>
</tr>
<tr>
<td></td>
<td>requests amendments to T&amp;Cs</td>
</tr>
<tr>
<td>New amendment form to extend the lease term</td>
<td></td>
</tr>
<tr>
<td>New tax representation form for all tax-exempt transactions</td>
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</tbody>
</table>
New Templates – PDF Documents

http://www.ucop.edu/procurement-services/policies-forms/index.html

Master Lease Purchase Agreement
Revised 11.16.16

Terms and Conditions of Purchase
Revised 7.7.16

Attachment C: [Attach most recent version]
New Templates – Word Documents

To be completed:

- Attachment A - Form of Property Schedule
- Attachment A - Exhibit 1: Form of Payment Schedule
- Attachment A - Exhibit 2: Form of Opinion of Counsel
- Attachment A - Exhibit 3: Form of Certificate of Signing Authority
- Attachment A - Exhibit 4: Form of Certificate of Final Acceptance
- Attachment B - Form of Amendment

Attach B if applicable
Supporting Documents for Capital Markets Finance

Available online:

- **Exhibit D** - Approval of Interest Rate/Factor Form
- **Tax Form 8038-G**, Return for Tax-Exempt Governmental Obligations

Contact Pikka Sodhi for:

- IRS Declaration
- Prepayment Form
- Tax Representation Form
Where to find documents

http://www.ucop.edu/procurement-services/policies-forms/index.html
Procurement Training Website

Contact Andrea.Tung@ucop.edu for Username & PW
BUS-43 Changes

Lease Purchase provisions in Policy haven’t been changed in quite some time

BUS-43 will be updated to coordinate with current lease purchase practices
Clarification on 8038-G Form

- The University **should not** be filing the 8038-G form for any transaction that is not tax exempt in nature.
- 8038-G forms should only be filed if the issuer (in this case, the University) is certain that the transaction is tax exempt.
- If the Lessors are still insisting on the 8038-G form for taxable leases, please have them contact Pikka.Sodhi@ucop.edu or 510-987-9779
EQUIPMENT MAINTENANCE

New Program in Procurement
OP is launching a new program managed by Procurement Services to cover equipment maintenance agreements within our UC self-insurance program (replacing the existing offering from 3rd party provider Remi)

Contact Chris Cioni: 510-987-0497 Christopher.Cioni@ucop.edu
## Equipment Maintenance

Review alternatives below prior to executing documents providing equipment maintenance or servicing by Lessor or its designee:

| Lessors frequently offer maintenance for equipment included in the lease | UC templates do not include provisions for equipment maintenance. Lessor may offer its own document for that purpose. | Lessors typically charge 10% of capital expenditure annually for maintenance agreement |
**Equipment Maintenance Savings**

Substantial savings are attained in three ways:

| Retain insurance premium bundled within traditional service agreements | Obtain service from non-OEM providers at rates 25% lower than OEM | Negotiate systemwide OEM participation in UC program for complex equipment |
Questions

Use Chat box to ask question or press *7 to ask verbally
Contacts

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Thank You