

## Chicago Public Schools Sample Leasing Terms and Conditions

In addition to the general and specific terms and conditions, the following terms shall apply to leasing of desktops, laptops, and related services and/or products described in this RFP ("Equipment"):

- a.) Execution of Schedule: Each Schedule and the terms and provisions of the Master Lease Contract which are incorporated by reference into such Schedule shall constitute a separate and independent lease and installment purchase of the Equipment therein described and referred to herein as a "Lease." Lessor and the Lessee mutually agree that the only separate Lease(s) that Lessor will enter into with the Lessee shall be as attached hereto substantially in the form of Exhibit A-1 for tax exempt leases and Exhibit A-2 for fair market value leases. Within ten (10) business days of receiving an order from the Lessee to lease Equipment, Lessor shall provide the Lessee the applicable Leases to be signed by an authorized representative of the Lessee. If the Board accepts the Equipment and the applicable Leases provided to the Lessee are accurate, , the Lessee shall return the Leases in a timely manner to the Lessor for countersignature. If the information on the applicable Lease is inaccurate, Lessor shall correct the information on the applicable Lease as directed by the Lessee before the Lessee signs the applicable Lease. Any opinions of counsel requested by Lessor in accordance with subsection (d) will be provided to Lessor after the Lessee receives fully executed originals of the applicable Leases.
  
- b.) Term: The Master Lease Contract shall be for a period of three years commencing and ending on the dates described in the approved Board report ("Master Lease Term"), unless terminated sooner as provided in the Master Lease Contract. Lessee shall have the right to extend the Master Lease Contract for two (2) additional one (1) year periods under the same terms, and conditions, price will be negotiated at the time of the extension.. The Commencement Date of each Lease is the date when interest starts to accrue under each Lease. Interest on the Lease shall not accrue until the Board has accepted the Equipment as described in subsection (c) below. The Lease shall continue for the period described in the applicable Schedule unless the Lease is terminated as provided in the Contract. Leases and Purchase Orders ("PO(s)") may be executed pursuant to the Master Lease Contract during the above-mentioned Master Lease Term. However, the terms and conditions of the Master Lease Contract will be extended and continue in full force and effect so long as any lease and/or PO pursuant hereto that was so duly and fully executed within the Master Lease Term shall remain in effect, for the sole purpose of effectuating such Lease and/or POs, even though the time period of such a lease may extend beyond the Master Term above. Any extension period of the Master Lease Contract in order to run concurrently with any Lease and/or PO shall be referred to as the "Extended Master Lease Term."
  
- c.) Acceptance:: When the Equipment is delivered to its final destination at one of Lessee's facilities, Lessee shall promptly inspect the Equipment and, if it determines in good faith that the Equipment does not conform to the specifications referred to in the Lessee's purchase order or the Contract, or that the Equipment does not function properly or is otherwise not acceptable, the Lessee shall notify the Lessor promptly in writing that the Equipment is rejected and the Equipment shall be returned to the supplier. If Lessee determines that the Equipment is acceptable and the lease documentation is accurate, the Lessee shall execute a certificate of acceptance substantially in the

form of Exhibit B (Exhibit B will negotiated by the parties). Within 30 days after Lessee's delivery to Lessor of a properly completed and executed acceptance certificate and all other documentation reasonably necessary to establish Lessee's acceptance of such Equipment under the related Lease and Lessor's acceptance of such acceptance certificate, Lessor shall pay the Vendor, as described below in subsection (h), for the Equipment and Lessee shall begin to make rental payments to the Lessor as described in the Lease.

- d.) Opinions of Counsel: Opinions of counsel shall be provided to Lessor upon Lessor's reasonable request and substantially in the form attached as Attachment I. Lessor agrees that it will not request opinions of counsel more than on a quarterly basis unless otherwise agreed to by the parties in writing. The opinions of counsel as described in Attachment I related to the Master Lease Contract shall be provided by the Board's General Counsel or his designee to the Lessor.
- e.) Authorization: Any and all leases under the Master Lease Contract require a PO issued by procurement in order to be valid, and Lessor will not enter into any transaction under this Master Lease Contract, nor perform any services, nor provide any Equipment, nor provide any other items, nor receive any compensation whatsoever for any transaction without a PO.
- f.) Rent: The Maximum Compensation, including any reimbursable expenses, payable to Lessor for the Leases during the Master Lease Term and any Extended Master Lease Term shall not exceed that certain sum authorized by the Lessee, pursuant to the applicable Board report approving of the Master Agreement. There shall be no reimbursable expenses payable to Lessor unless specifically set out in the Master Lease Contract. As rent ("Rent") for the Equipment under any Lease, Lessee agrees to pay the amounts specified in the applicable Schedule on the due dates specified in the applicable Schedule. Leasing Rates shall be as described in Exhibit D (to be negotiated by the parties). Lessee shall have the right to inspect the Equipment and shall have no obligation to pay for Equipment that does not conform to the specifications referred to in the Lessee's purchase order and/or the Master Lease Contract, that does not function properly or is otherwise not acceptable as described in subsection (c). Lessee may make pre-payments hereunder at Lessee's discretion. There shall be no pre-payment penalty.
- g.) Transfer of Equipment: Upon the Lessee fulfilling its obligations under a lease purchase arrangement, Lessor shall transfer all of its interest in such Equipment and provide Lessee with a warranty that it has good and clear title to the Equipment being leased hereunder, free and clear of all liens and encumbrances.
- h.) Assignment of Manufacturer Warranties: All guarantees and warranties required, including any manufacturer's warranties, shall be furnished by Lessor and shall be delivered to the Lessee, upon request by the Lessee. Lessor hereby irrevocably appoints Lessee as its agent and attorney-in-fact during each Lease Term to assert from time to time whatever claims and rights related to the Equipment that Lessor may have against Vendor. The term "Vendor" means any supplier or manufacturer of the Equipment as well as the agents or dealers of the manufacturer or supplier

from who Lessor purchased or is purchasing such equipment. Lessor shall provide the Lessee with original product warranty, service and product information and product recall notices.

- i.) Authority: Lessor represents and warrants that it has the lawful right, power and authority to lease the Equipment under this Agreement.
- j.) Return of Malfunctioning Equipment: An event of loss will occur if the equipment malfunctions in the Board's opinion and may be returned under warranty. Lessor shall provide a replacement immediately to the Lessee upon the return of the malfunctioning equipment to the Lessor, at Lessor's expense.
- k.) Insurance: Lessee represents that it is self-insured in the amounts required by applicable law.
- l.) Tax-Exempt Leasing: If the Lessee chooses the option of entering into a tax exempt leasing arrangement with the Lessor, Lessor represents and warrants that it shall provide the Board with a tax exempt lease rate based on the Board's status as a government entity and compliance with this Section. Lessor will provide the necessary information to the Lessee for the 8038-G or 8038-GC tax documents no later than thirty (30) days before the IRS filing deadline as described in the Internal Revenue Service Code. At the Lessee's discretion, either the Lessor or the Lessee shall timely file the tax documents with the IRS. If the Lessor files the tax documents as requested by the Lessee, Lessor shall provide Lessee evidence of the tax filing with the IRS.
- m.) Liability: The Lessee shall not be responsible for the following:
  - i. Any liability or costs arising after the Equipment has been returned;
  - ii. Any liability resulting from the Lessor's own negligence or misconduct or with respect to any lien which the Lessee is not responsible to remove under the Master Lease Contract;
    - 1. Any expense or liability resulting from Lessor's breach of the agreement;
    - 2. Additional taxes, penalties or interest resulting from Lessor's negligence.
    - 3. Any brokerage fees or Lessor's normal operating costs and any costs which are already factored into the cost base used by Lessor to calculate the rent.
- n.) Assignment of a Security Interest: Lessor may with the prior written consent of the Board and subject to the rights of the Board hereunder, transfer, assign, reassign or grant a security interest in any Equipment, the Master Lease Contract, any Schedule, or any rights hereunder or thereunder (including any Rent or other monies and benefits due or to become due hereunder), in whole or in part. In such an event, the assignment shall not relieve Lessor of any of its obligations hereunder. If Lessee completes payment for any Equipment leased under this Master Lease Contract, the Lessor or its assigns shall take any necessary steps to terminate any security interest in the said Equipment.
- o.) Liens: Lessee agrees to make commercially reasonable efforts to keep the Equipment free and clear of any liens (except Lessor's lien). In the event the Equipment has a lien, Lessee shall have the right to control any legal proceeding to remove a lien and will not be deemed in default while those

proceedings are in progress. Lessee will not be responsible for removing any "inchoate" liens before the liens are filed.

- p.) Exceptions to Lessee's Obligations under the Lease: Lessee's obligations to perform all obligations of the lease shall not be unconditional in the event that
- 1) Lessor never makes payment for the Equipment;
  - 2) Lessor breaches the Lessee's right of quiet enjoyment; or
  - 3) Lessor is in default under the Master Lease Contract.
- q.) Maintenance and Alterations: Lessee agrees to maintain the Equipment in good operating condition and appearance (ordinary wear and tear excepted). Lessee agrees to maintain the equipment either through self-maintenance or by having the equipment taken care of by a qualified maintenance organization approved by the Lessee. Lessee should be permitted to make any alterations or attachments that may be removed without material damage to the Equipment, so long as Lessee repairs any damage caused by attachment or removal. Any additional software installed on the Equipment by the Lessee shall not be considered an addition. The Lessee is permitted to install additional software to the equipment
- r.) Use and Location: Lessee agrees to give Lessor two (2) business days prior written notice before removing any Equipment to a different location. Lessee may relocate the Equipment anywhere in the Chicago area. Lessor has the right to inspect the Equipment during normal business hours anytime after delivery or relocation of the Equipment upon three (3) business days prior notice. During the inspection, Lessor will not disrupt the use of the Equipment by running any test program, disconnecting the Equipment or otherwise interfering with the continued use.
- s.) Return of the Equipment: Unless Lessee exercises a purchase or renewal option, Lessor at its own expense shall pick up the equipment at its location.