

J.P.Morgan

COST PROPOSAL

JPMorgan Chase Bank, N.A.

**Submission to
The State of West Virginia
Purchasing Division**

Solicitation No. CRFQ 0209 FAR1700000001

(General Equipment Tax-Exempt Lease)

October 26, 2016

10/25/16 08:59:38
WV Purchasing Division

Relationship Contact:

George Sesock, Executive Director
Relationship Executive
JPMorgan Chase Bank, N.A.
50 South Main St, Floor 03, Akron OH 44308
Telephone: 330-972-1762
george.f.sesock@jpmorgan.com

Leasing Contact:

Michael Lucas, Executive Director
Senior Territory Manager
JPMorgan Chase Bank, N.A.
10 South Dearborn St, 22nd FL, Chicago, IL 60603
Telephone: 312-732-7333
michael.j.lucas@jpmorgan.com

J. P. Morgan Equipment Finance
1111 Polaris Parkway
Floor 3-A
Columbus, Ohio 43240

Mike Lucas
Executive Director
Tel: 312-732-7333
michael.j.lucas@jpmorgan.com

October 24, 2016

Linda B. Harper, Senior Buyer
Department of Administration, Purchasing Division
2109 Washington Street E
Charleston, WV 25305-0130

Dear Ms. Harper:

J. P. Morgan Equipment Finance "EF" is pleased to submit the following term financing proposal for your review and consideration. Your approval and acceptance of this proposal will constitute Lessee's application to Lessor. This letter is a proposal only and is contingent upon the Lessee's compliance with the requirements of the Internal Revenue Code of 1986 ("Code"), as amended, and all applicable state laws related to Lessee's ability to enter into a tax-exempt lease-purchase financing for the intended purposes. Upon your approval, this proposal will constitute Lessee's application to Lessor. This is for discussion purposes only and the terms and provisions are subject, among other things, to approval in accordance with Lessor's internal procedures, as well as certain additional conditions as set forth below.

Program Summary

We propose a \$25 million lease line to finance the capital expenditures for the State of West Virginia in response to the RFQ for the Central Master Agreement. Takedowns will occur as requested by the State, and all schedules will have a fixed rate, with terms of three to seven years. The Lessor shall have the right to accept or reject a lease schedule. Please see the included Summary of Terms and Conditions for more details.

Please feel free to contact me at 312-732-7333 if you have any questions, or would like to discuss this proposal in greater detail. Upon receipt of the accepted proposal, we will promptly begin securing the required information and documentation, so we may be in a position to finalize this transaction within your timeline. Thank you for the opportunity. We truly appreciate it.

Sincerely,



Michael J. Lucas
Executive Director

State of West Virginia

Accepted Date: _____

By: _____

CC: George Sesock, Chase Government Banker

Title: _____

SUMMARY OF TERMS & CONDITIONS

TRANSACTION SUMMARY

Type of Transaction: This proposal is for a lease line, with associated schedules as fixed-rate, fully amortizing tax-exempt lease-purchase agreements. All lease schedules will be subject to review and approval by Lessor.

Lessor: JPMorgan Chase Bank, N.A. or any affiliate of JPMorgan Chase Bank, N.A., its successors and/or assigns (“JPMorgan Chase”/“Lessor”/ or “Bank”)

Lessee: State of West Virginia

Estimated Lease Line Amount: \$25,000,000

Minimum Schedule Size: \$100,000

Location of Equipment: West Virginia

Use of Proceeds: Equipment: Essential use equipment consisting of IT equipment and titled rolling stock.

Expected Financing Term: The initial term of this lease line is expected to be one year, with the possibility of renewal for two additional terms of one year each, upon mutual agreement of both parties.

TRANSACTION DETAILS

Payments: Lessee will be required to make consecutive monthly payments of principal and interest, each in arrears, beginning the first day of the month following the month in which the lease schedule is effective. Alternative payment schedules are available upon request.

Rate: Interest rates for each schedule will be calculated the week preceding the date of execution of an appendix using the following formula:

$$\text{Rate} = [\text{Weekly Average Interest Rate Swap} * .67] + \text{Spread}$$

- Interest Rate Swaps are published in the Wall Street Journal Key Interest Rates: Weekly Snapshot.
- The swap rate is based upon the amortization of the equipment
- Blended rates and amortization schedules can be created to accommodate different useful lives of assets on one combined schedule.

Equipment Amortization	Applicable Swap Rate
3 Year Equipment	2 Year Interest Swap Rate
4 Year Equipment	2 Year Interest Swap Rate
5 Year Equipment	3 Year Interest Swap Rate
7 Year Equipment	4 Year Interest Swap Rate

See Exhibit A Attached for Pricing

Non-Bank Qualified: This proposal assumes that Lessee will issue more than \$10 million in tax-exempt obligations this calendar year and that the Lessee will not designate this lease as a “qualified” tax-exempt obligation.

Prepayment: Any lease schedule may be prepaid, in whole or in part, without penalty after the 12th month. During the first 12 months prepayment will be subject to a breakfunding, reinvestment premium.

Security: Lessee will grant Lessor a first priority security interest in the financed equipment.

Disbursement of Proceeds: Lessor will fund directly to vendor or reimburse the Lessee, unless an escrow account is used.

Escrow Account: Upon acceptance of our bid, JPMorgan Chase Bank, NA reserves the right to review and negotiate the escrow agreement and approve Lessee’s proposed Escrow Agent. Lessor typically utilizes Deutsche Bank National Trust which charges a \$1,500 fee for each escrow account. All escrow fees will be paid by Lessee.

Tax Opinion: Lessor does not require tax opinions

Legal Opinion: Lessor will require an opinion letter for every lease schedule

EXPENSES AND FEES

Lessee shall be responsible for all out-of-pocket expenses, including, but not limited to, Lessor’s outside counsel, other attorney fees, search and registrations, and appraisals. *Documentation fees will not be charged on any transaction, and no additional expenses are anticipated at this time.*

OTHER TERMS

Documentation: Lessor shall use the documentation provided with the RFQ. Exceptions to the documents are listed below. The Lessee shall be responsible for its own expenses related to review of the lease documents and delivery of legal/validity opinion to the Lessor.

Documentation Exceptions: The Lessor and Lessee shall agree to reasonably negotiate specific terms to the Master Lease Purchase Financing Agreement, detailed in the attached exceptions list.

Reporting Requirements: Lessee shall deliver audited annual financial statements within 180 days of end of each fiscal year.

Events of Default: The Events of Default will be standard and customary for transactions of this nature.

Maintenance and Insurance: All maintenance and insurance are the responsibility of Lessee.

Representation and Warrants: Usual representations and warranties in connection with the financing, including without limitation, absence of material adverse change, absence of material litigation, absence of Default or potential default and continued accuracy of representations.

Conditions Precedent: Usual and customary conditions related to the issuance of the Tax-Exempt financing, including acceptable legal documentation and standard approvals from the City, State and local officials, as may be required.

Governing Law: All aspects of the financing being discussed including this Proposal and any loan documents would be governed by the laws of the State of West Virginia.

Proposal Only: This proposal is not a commitment to undertake this financing. A commitment can be issued only after full credit and economic review and subsequent approval by the appropriate officers of JPMorgan Chase Bank, NA or any affiliate of JPMorgan Chase Bank, NA, its successors and/or assigns. A commitment shall not be binding on Lessor unless it is in writing and signed by Lessor and accepted by Lessee. Lessor will have the sole right of assignability of this proposal or any lease between Lessee and Lessor.

Expiration Date: This proposal will expire unless Lessee acknowledges its acceptance by signing and returning a copy of this proposal to Lessor by December 24, 2016.

Confidentiality: J.P. Morgan confirms that it will not use confidential information obtained from you by virtue of the potential transaction contemplated by this proposal or our other relationships with you in connection with the performance by J.P. Morgan of such services for other companies. You also acknowledge that J.P. Morgan will not use in connection with the potential transaction contemplated by this preliminary proposal, or furnish to you, confidential information obtained from other companies.

Municipal Advisor Disclosures and Disclaimers: The Lessee acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Lessee and the Bank, (ii) in connection with such transaction, the Bank is acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the Lessee, (iii) the Bank is relying on the Bank exemption in the Municipal Advisor Rules, (iv) the Bank has not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Lessee with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising the Lessee on other matters), (v) the Bank has financial and other interests that differ from those of the Borrower, and (vi) the Lessee has consulted with its own financial, legal, accounting, tax, and other advisors, as applicable, to the extent it deemed appropriate.

EXHIBIT A

**PRICING PAGE
Vendor Bid Evaluation Only**

NO ALTERATIONS TO THIS SPREADSHEET WILL BE ACCPTED

VENDOR NAM JPMorgan Chase Bank, N.A.

Vendor must insert values for all four terms in Columns D and E even if that value is zero.

Spreadsheet is set to perform calculations automatically, but vendor must ensure that spreadsheet accurately calculates desired interest rate in column F prior to bid submission.

A	B	C	D	E	F	G	H
Term (YRS)	H.15 Swap Index Years	H.15 Swap Rate (From Attachment L Week Ending 9/16/2016)	Less Discount Premium (Expressed as Percentage)	Plus Fixed Spread/Base Points (Expressed as Percentage Point Increase)	Interest Rate (Percent Per Year)	Estimated Principal (for Evaluation Only)	Annual Interest Charges
3	2	1.0200	0.6700	0.8366	1.5200	\$2,679,118.52	\$40,722.60
4	2	1.0200	0.6700	0.9166	1.6000	\$16,672,670.00	\$266,762.72
5	3	1.0800	0.6700	0.9764	1.7000	\$733,291.00	\$12,465.95
7	4	1.1500	0.6700	1.1095	1.8800	\$1,780,846.00	\$33,479.90
						Total Annual Interest	\$353,431.17

J.P.Morgan

TECHNICAL PROPOSAL

JPMorgan Chase Bank, N.A.

**Submission to
The State of West Virginia
Purchasing Division**

Solicitation No. CRFQ 0209 FAR1700000001

(General Equipment Tax-Exempt Lease)

October 26, 2016

Relationship Contact:

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50 South Main St, Floor 03, Akron OH 44308
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michael.j.lucas@jpmorgan.com



Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

State of West Virginia
 Request for Quotation
 14 - Financial

Proc Folder: 257810

Doc Description: Statewide Contract for Financing Services

Proc Type: Statewide MA (Open End)

Date Issued	Solicitation Closes	Solicitation No	Version
2016-09-28	2016-10-26 13:30:00	CRFQ 0209 FAR1700000001	1

BID RECEIVING LOCATION

BID CLERK
 DEPARTMENT OF ADMINISTRATION
 PURCHASING DIVISION
 2019 WASHINGTON ST E
 CHARLESTON WV 25305
 US

VENDOR

Vendor Name, Address and Telephone Number:

JPMorgan Chase Bank, N.A.
 1111 Polaris Parkway, Floor 3-A
 Columbus, OH 43240
 312 732 7333

FOR INFORMATION CONTACT THE BUYER

Linda Harper
 (304) 558-0468
 linda.b.harper@wv.gov

Signature X

FEIN # 13-4994650

DATE October 24, 2016

All offers subject to all terms and conditions contained in this solicitation



Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

State of West Virginia
 Request for Quotation
 14 - Financial

Proc Folder: 257810

Doc Description: Addendum # 1 - Statewide Contract for Financing Services

Proc Type: Statewide MA (Open End)

Date Issued	Solicitation Closes	Solicitation No	Version
2016-09-30	2016-10-26 13:30:00	CRFQ 0209 FAR1700000001	2

BID RECEIVING LOCATION

BID CLERK
 DEPARTMENT OF ADMINISTRATION
 PURCHASING DIVISION
 2019 WASHINGTON ST E
 CHARLESTON WV 25305
 US

VENDOR

Vendor Name, Address and Telephone Number:

JPMorgan Chase Bank, N.A.
 1111 Polaris parkway, Floor 3-A
 Columbus, OH 43240
 312 732 7333

FOR INFORMATION CONTACT THE BUYER

Linda Harper
 (304) 558-0468
 linda.b.harper@wv.gov

Signature X

FEIN # 13-4994650

DATE October 24, 2016

All offers subject to all terms and conditions contained in this solicitation



Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

State of West Virginia
 Request for Quotation
 14 - Financial

Proc Folder: 257810

Doc Description: Addendum # 2 - Statewide Contract for Financing Services

Proc Type: Statewide MA (Open End)

Date Issued	Solicitation Closes	Solicitation No	Version
2016-10-13	2016-10-26 13:30:00	CRFQ 0209 FAR1700000001	3

BID RECEIVING LOCATION

BID CLERK
 DEPARTMENT OF ADMINISTRATION
 PURCHASING DIVISION
 2019 WASHINGTON ST E
 CHARLESTON WV 25305
 US

VENDOR

Vendor Name, Address and Telephone Number:

JPMorgan Chase Bank, N.A.
 1111 Polaris Parkway, Floor 3A
 Columbus, OH 43240
 312 732 7333

FOR INFORMATION CONTACT THE BUYER

Linda Harper
 (304) 558-0468
 linda.b.harper@wv.gov

Signature X

FEIN # 13-4994650

DATE October 26, 2016

All offers subject to all terms and conditions contained in this solicitation

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: FAR1700000001

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:

(Check the box next to each addendum received)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Addendum No. 1 | <input type="checkbox"/> Addendum No. 6 |
| <input checked="" type="checkbox"/> Addendum No. 2 | <input type="checkbox"/> Addendum No. 7 |
| <input type="checkbox"/> Addendum No. 3 | <input type="checkbox"/> Addendum No. 8 |
| <input type="checkbox"/> Addendum No. 4 | <input type="checkbox"/> Addendum No. 9 |
| <input type="checkbox"/> Addendum No. 5 | <input type="checkbox"/> Addendum No. 10 |

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

JPMorgan Chase Bank, N.A.

Company

Maria / Kim

Authorized Signature

October 24, 2016

Date

NOTE: This addendum acknowledgment should be submitted with the bid to expedite document processing.

Revised 6/8/2012

REQUEST FOR QUOTATION

Financing Services for equipment and other capital
financing needs of various State agencies in the form of a Master Lease Purchase Agreement

8.1.4. Failure to remedy deficient performance upon request.

8.2. The following remedies shall be available to Agency upon default.

8.2.1. Immediate cancellation of the Contract.

8.2.2. Immediate cancellation of one or more release orders issued under this Contract.

8.2.3. Any other remedies available in law or equity.

9. MISCELLANEOUS:

9.1. **Contract Manager:** During its performance of this Contract, Vendor must designate and maintain a primary contract manager responsible for overseeing Vendor's responsibilities under this Contract. The Contract manager must be available during normal business hours to address any customer service or other issues related to this Contract. Vendor should list its Contract manager and his or her contact information below.

Contract Manager: Michael J. Lucas

Telephone Number: 312/732 7333

Fax Number: 312/732 2291

Email Address: michael.j.lucas@jpmorgan.com

STATE OF WEST VIRGINIA
Purchasing Division
PURCHASING AFFIDAVIT

MANDATE: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

*to her knowledge, information and belief

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: JPMorgan Chase Bank, N.A.

Authorized Signature: *Maureen D. DiStefano* Date: October 20, 2016

State of ILLINOIS

County of Cook, to-wit:

Taken, subscribed, and sworn to before me this 20th day of October, 2016.

My Commission expires February 14, 2020.

AFFIX SEAL HERE

NOTARY PUBLIC

Victoria Duckett

Purchasing Affidavit (Revised 08/01/2015)



EXHIBIT NO. 1

Exceptions List

Attached to RFQ Proposal Number # FAR1700000001 Bid
Submitted by JPMorgan Chase Bank, NA ("Lessor")
for the State of West Virginia ("Lessee") Purchasing Division
Dated October 26, 2016

1. With regard to the Lease Purchase Agreement Section 13. Taxes and Other Charges.

In Section 13 of the Lease Purchase Agreement, Lessor will require the incorporation of a provision providing that Lessee will be responsible for the payment of taxes (other than taxes based on the income of the Lessor) relating to any equipment or its ownership, leasing, rental, sale, purchase, possession or use, or upon any lease/rental payments under the Lease Purchase Agreement, whether such tax is a state, local or federal tax.

2. With regard to the Lease Purchase Agreement Section 14. Assignment.

JPMorgan Chase Bank, N.A. typically assigns its rights (as a matter of internal procedure) to JPMorgan Chase & Co. on the day of closing; accordingly, Lessor requests the incorporation of a statement in Section 14 of the Lease Purchase Agreement permitting such assignment.

Our preference is that Lessor receives an assignment of the guaranty as well.

3. With regard to the Lease Purchase Agreement Section 17. Option to Purchase.

In Section 17 of the Lease Purchase Agreement, Lessor will require incorporation of a break-funding (i.e. prepayment penalty) during the first 12 months.

4. With regard to the Lease Purchase Agreement Section 18 (a). Event of Default.

In Section 18 (a), Lessor will require a 10-day grace period instead of a 45-day grace period for late lease payments.

5. With regard to the Lease Purchase Agreement Section 18. Event of Default.

In Section 18, Lessor will require the incorporation of the additional event of default that no material adverse change shall have occurred in the financial condition of Lessee or any Supplier.

6. With regard to the Lease Purchase Agreement Section 19. Remedies on Default.

In Section 19, Lessor will require the incorporation of two additional remedies: (i) the ability to exercise any other right, remedy or privilege under applicable law or take court action at law or in equity and (ii) payment of reasonable attorney's fees.

7. With regard to the Lease Purchase Agreement Section 21. Escrow Agent.

Upon acceptance of our bid, JPMorgan Chase Bank, NA reserves the right to review and negotiate the escrow agreement.

8. With regard to Issues of Waiver of Jury Trial.

All parties to this lease waive all rights to trial by jury in any action, proceeding or counterclaim brought by any party against any other party on any matter whatsoever arising out of, in connection with or in any way related to this lease.

9. With regard to Issues of Anti-Corruption Laws and Sanctions.

The Lease shall contain representations and warranties regarding anti-corruption laws and sanctions, including that (1) Lessee has implemented and maintains policies and procedures designed to ensure compliance by the Lessee, its officers, employees and agents with such anti-corruption laws and applicable sanctions in all material respects, (2) Lessee, and to the knowledge of Lessee, its officers and employees or any agents, are in compliance with anti-corruption laws and applicable sanctions, (3) None of Lessee, or to the knowledge of Lessee, its officers or employees, or any agent that will act in capacity with the Lease is a sanctioned person, (4) the advance under the Lease will not violate anti-corruption laws or applicable sanctions.

10. Upon award, additional documents and attachments provided by Lessee remain subject to review and approval by JPMorgan Chase Bank N.A.