

NO. 45**MASTER LEASE OPERATING PROCEDURES****45-1.0 Background.**

- (a) Master Lease Agreement No. 07082A-1 was awarded to Grant Capital Management, Inc., previously known as "First Municipal Credit Corporation" (hereinafter "Leasing Company"), 10420 Little Patuxent Parkway, Suite 490, Columbia, MD 21044, on 14 August 2007.
- (b) Under the Master Lease Agreement, there are potentially two financing vehicles: an Operating Lease and a Capital Lease. The procedures set forth herein address Operating Lease procedures for City of Richmond Agencies/Departments using this procurement vehicle.

45-2.0 Definitions. As used herein,

45-2-1 "*Individual lease agreement*" means the specific lease transaction entered into under the Master Lease Agreement for specific project requirements or like, life-cycle equipment.

45-2.2 "*Using Agency*" means any Department, Agency, bureau, board, commission, court, city jail or jail forum, or other unit in the city government requiring goods or services.

45-3.0 General.

- (a) The policies and procedures set forth herein apply only to those Using Agencies who have been specifically authorized by the Chief Financial Officer and the Director of Procurement Services to use the Master Lease Agreement. No other City entity is authorized to enter into an individual lease under the Master Lease Agreement in the absence of such specific authorization.
- (b) There are three parties involved in any Operating Lease transaction: the City of Richmond, the Leasing Company, and the Financial Institution. The vendor providing the goods or services is paid by the Leasing Company using a Price Agreement (PG) entered into the Advantage Financial System by Procurement Services as an individual, sequentially-numbered lease under the Master Lease.
- (c) Under the terms of the Master Operating Lease Agreement, the Leasing Company negotiates an agreement with a Financial Institution on the behalf of the City for the specific requirement at hand (e.g., desktop computers, etc.). The term (period) of the individual lease agreement is predetermined by the City and the Leasing Company. The Leasing Company negotiates a favorable interest rate that prevails throughout the term of the specific individual lease agreement.
- (d) The total of all payments made under an Operating Lease cannot exceed 90% of the products market value. The Financial Institution owns title to the product acquired

- (d) Procurement may bundle several quotes/bids related to a single project.
- (e) Procurement Services develops and issues the appropriate solicitation vehicle. For example:
 - (1) Sole Source/Single Available Source - Unique, copy written, or existing product.
 - (2) Invitation for Bids (IFB)/Request for Quotes (RFQ) - Exact Specifications where cost/price is the prevailing factor.
 - (3) Request for Proposals (RFP) - Product specifications or other aspects of product details require external expertise.
- (f) The numbering convention for Operating Lease solicitations shall be as follows:
 - (1) The solicitation number is the Operating Lease Number (07082A-1) followed by a sequential number based upon the number of the preceding Operating Lease transaction (i.e., -001, -002, -003,, etc.). For example, Solicitation RFP 07082A-1-001. Solicitation IFB 07082A-1-002, etc.
 - (2) The number assigned above is also the number assigned to the individual lease agreement that will result from the solicitation.
- (g) Receipt of Proposals or Bids. Normal procurement operating procedures will be followed for receiving bids or proposals.
- (h) Evaluations of Proposals or Bids. Normal procurement operating procedures will be followed for bid opening and/or proposal evaluation.
- (i) Award to Vendor. Award will be made in accordance with the provisions stated in the solicitation.
- (j) Since a Purchase Order will ***not*** be issued to the vendor, Procurement Services will issue a Letter of Commitment to the Vendor. Some vendors may have internal commitment documents requiring signature by City officials. These documents must be reviewed by the City's Legal Counsel prior to signature.

45-6.0 Lease Agreement Phase.

- (a) Procurement Services shall forward original copies of all agreements, final quotes, and other relevant award documents to the Leasing Company. Procurement Services assigns a lease number (the previously assigned solicitation number (see § 45-5.0(f)(1)) to the proposed lease and indicates any special terms required such as lease term, invoicing schedule, Using Agency, and ***proposed*** equipment return procedures

replace the leased items identified in the equipment loss. Upon receiving and paying for the replacement items, the City will transfer ownership to the Financial Institution and modify the individual lease document to include the replacement items' serial numbers and nomenclature.

- (b) The Using Agency is responsible for accurately tracking and maintaining all products/equipment. This includes establishing and maintaining a list of serial numbers, quantities, peripherals, software, etc., in a database identifying the pertinent sublease.
- (c) The Using Agency shall formally receive and inspect all items and shall sign acceptance/receipt documents in accordance with the individual lease agreement. Copies of such documents shall be retained in Using Agency files. Originals shall be forwarded to Procurement Services.
- (d) Procurement Services shall retain a copy of the acceptance/receipt documents and forward the originals to the Leasing Company. **SUPPLIER INVOICES CANNOT BE PAID WITHOUT THESE ORIGINAL DOCUMENTS.**
- (e) The Leasing Company will invoice the Using Agency directly in accordance with the terms and conditions of the leasing agreement.
- (f) Upon notice of lease termination, the Using Agency shall coordinate with Procurement Services, the Leasing Company, and all contractual parties for the return of all equipment, peripherals, licenses, etc.
- (g) Procurement Services is responsible for closeout of all lease agreements.

45-8.0 Reporting. The Department of Procurement Services shall report to the Chief Financial Officer on an annual fiscal year basis the activity conducted under the Master Operating Lease for the preceding fiscal year. As a minimum, the report shall include the individual Operating Lease number under the Master Lease, the number and type of items leased, the lease value and monthly payment amount, and the Using Agency.