

## How to Use the Tax Exempt Lease Purchase (TELP) Statewide Contract PRF54

<b>Contract #:</b> PRF54	<b>Contract Duration:</b> Through October 19, 2017
<b>MMARS #:</b> PRF54*	<b>Options to Renew:</b> 3 one-year options
<b>Contract Manager:</b>	Sorraia Tavares - 617-720-3304 - <a href="mailto:Sorraia.Tavares@state.ma.us">Sorraia.Tavares@state.ma.us</a>
<b>This contract contains:</b>	Supplier Diversity Program Plan (SDP)
<b>UNSPSC:</b>	82-12-15
<b>Last change date:</b>	November 23, 2016

### Contract Summary

This contract is for the acquisition of Tax-Exempt Lease Purchase (TELP) financing by Commonwealth Departments and other Eligible Entities (as approved by OSD or ANF) for information technology, telecommunications, motor vehicles, office automation equipment, photo copy or duplication equipment and other procurements authorized by OSD or ANF with a total value per TELP schedule of \$100,000 or more.<sup>1</sup> Each Commonwealth Agency and eligible entity is responsible for executing their own TELP forms and paying its own invoices for TELP financing acquired from this Statewide Contract. Sub

### Benefits and Cost Savings

- This contract contains a list of contractors vetted through the procurement process.
- A TELP acquisition allows an Eligible Entity to purchase the commodity and finance the cost of the commodity over time.
- Commonwealth TELP payments are based on a level payment structure and made on a fixed schedule in arrears.
- A “Request for Quotation” (“RFQ”) process is utilized for each TELP request in order to secure fixed quotes from and ensure competition among the TELP Financing Contractors/Lessors for each Eligible Entity’s defined TELP need.

<sup>1</sup> This contract is not intended at this time to include energy savings performance contracts with energy services companies (ESCO), but may be re-opened at any time to include additional types or categories of TELPS.



- The Commonwealth TELP Financing Contractors will provide the Commonwealth with a fixed schedule of billing statements detailing contract payment amounts individualized by each TELP agreement.
- The Executive Office for Administration and Finance (ANF) has contracted with outside counsel for the provision of an “Opinion of Counsel” and completion of an IRS 8038 form, which are requirements for each TELP financing schedule. **ANF will charge back the fee for Executive Agencies;** Other Eligible Entities will be allowed to use this contract at their own expense.
- The TELP contractor (financier) gets the benefit of the Commonwealth’s tax exempt status and therefore can offer better financing rates to departments.
- A Department makes TELP payments (principal and interest costs only) periodically (monthly, quarterly, or semi-annually) spreading the acquisition cost over a longer period of time (24, 36, 48, 60 or more months), depending on the type of commodity, its useful life and the total cost.
- For these three payment selection options , CTR has established recurring payment schedules as follows: **TEMO (Monthly) - payment is selected at the end of the month, TELP (Quarterly) - payment is selected quarterly - end of September, end of December, end of March and end of June, TESA (Semi-Annual) - payments are selected at the end of January and the end of June. These are the schedules that must be used.**
- The following standardized documents are available for use by all Eligible Entities that acquire TELP financing pursuant to this Statewide Contract:
  - ○ TELP General Terms and Conditions;
  - ○ TELP FORM 1 – Tax Exempt Lease Purchase (TELP) Quote Form; and
  - ○ TELP FORM 2: Equipment Listing, Essential Use Certification, Certificate of Appropriation and Equipment Acceptance Certificate.

## Who Can Use This Contract?

**Applicable Procurement Law:** MGL c. 7, § 22; c. 30, § 51, § 52; 801 CMR 21.00

**Eligible Entities** – include the following public entities of the Commonwealth of Massachusetts, which are eligible to obtain tax exempt lease financing under IRS rules:

- Executive, Legislative and Judicial Branches, including all Departments and elected offices therein
- Other entities when designated in writing by the State Purchasing Agent (will be done on a case by case basis; requests must be sent to the State Purchasing Agent at [purchasing.agent@massmail.state.ma.us](mailto:purchasing.agent@massmail.state.ma.us)).

**Eligibility Requirements:** See the “Eligibility for TELP Financing” section of the TELP General Terms and Conditions. (See “Summary of Where to Obtain Important Contract Information” to locate this document).



## Pricing and Purchase Options

- **Contract Threshold Value:** This contract may only be used for the acquisition of Tax-Exempt Lease Purchase (TELP) financing by Eligible Entities for information technology, telecommunications, motor vehicles, office automation equipment, photo copy or duplication equipment and other procurements authorized by OSD or ANF with a total value per TELP schedule of **\$100,000 or more**. TELP financing for the acquisition of vehicles for use by Executive Branch Agencies must be coordinated by OSD's Office of Vehicle Management.
- **Pricing Information:** Eligible Entities are required to seek quotes from Contractors on this Statewide Contract by referencing Statewide Contract PRF54 and utilizing the Tax-Exempt Lease Purchase Quote Form.
- **Prompt Payment Discount (PPD)** is not applicable to this Statewide Contract.

## How to Secure TELP Financing<sup>2</sup>

Contractor Engagement: Eligible Entities seeking to engage TELP Contractors must follow the applicable TELP Acquisition Process as set forth below. Commonwealth Departments must also follow the TELP sections of the "Fixed Assets – Acquisition Policy".

- All anticipated TELP purchases by Commonwealth Departments must be reviewed and approved in advance by the Commonwealth Department's Budget Analyst in the Executive Office for Administration and Finance (ANF). Departments must submit a request on Department letterhead from the Department Chief Financial Officer to ANF's Capital Group and the Department's ANF Budget Analyst, outlining the type, quantity and anticipated value of the commodity(ies) including the sources of funding (appropriation and object class/code) identified for all future TELP payments.
- Commodities and equipment (that the Eligible Entity would like to TELP finance) must be procured in accordance with the procurement regulations, policies and procedures applicable to the Eligible Entity (801 CMR 21.00 for Executive Departments). The Eligible Entity may select the commodity either from a current Statewide Contract (Executive Departments are required to use Statewide Contracts) or from a Commonwealth Department contract, which is available for use by other entities.
- Once the commodities are selected, the Eligible Entity must first obtain quotes from TELP Contractors on this Statewide Contract by filling out and following the instructions on the TELP FORM 1 (Tax Exempt Lease Purchase (TELP) Quote Form) and submitting this form to all TELP Statewide Contractors (See Vendor List and Contact Information below in this document).

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<sup>2</sup>See also the "Tax-Exempt Lease Purchase (TELP) Process and Certifications" section and the "TELP Financing Request Process" section of the TELP General Terms and Conditions for more detailed instructions. (See "Summary of Where to Obtain Important Contract Information" to locate this document).



- Once a Quote has been accepted from a Contractor (after following the prior step), the Eligible Entity must fill out and have an Authorized Signatory of the Eligible Entity and an Authorized Signatory of the Financing/Budget Authority (For State Agencies, the Financing/Budget Authority is the Executive Office for Administration and Finance (ANF)) execute only the following sections of the TELP FORM 2:
  - Section I - TELP EQUIPMENT LISTING,
  - Section II - ESSENTIAL USE CERTIFICATION, and
  - Section III - CERTIFICATE OF APPROPRIATION.
- Eligible Entities must also secure an “Opinion of Counsel” letter, which must include a completed IRS Form 8038G (<http://www.irs.gov/pub/irs-pdf/i8038g.pdf>). For Commonwealth Departments, when approval is provided by the Financing/Budget Authority (ANF) on the TELP FORM 2, ANF will also provide an “Opinion of Counsel” letter with a completed IRS Form 8038G.
- The TELP arrangement is finalized upon the Department’s acceptance of the commodity(ies) and completion of **Section IV, EQUIPMENT ACCEPTANCE CERTIFICATE, of the TELP FORM 2.**

## Additional Information

- Maintenance, personnel or other costs that may not be financed and should be invoiced and paid separately from TELP payments.
- TELP payments are unconditional and an Eligible Entity may not terminate a TELP arrangement except for nonappropriation of funds, which is not overspending of a budget, but usually occurs only when an Eligible Entity is dissolved or has its funding cut severely.
- TELP payments must be made on time in order to avoid adverse consequences to the Eligible Entity’s financial status.
- For MMARS Accounting Systems Users Only: Commonwealth Departments must make TELP payments through the MMARS Recurring Payment System; for additional information on Recurring Payments, consult with the State Comptroller’s Office Recurring Payment Option (RPO) Job Aid, entitled “Create an Encumbrance for Non-Reconciling Recurring Contracts” and which can be found on their intranet site at:  
[http://ctrpartnernet.ctr.state.ma.us:1645/New/HowTo/JobAids%20-%203.9/JobAidsDownloads/EC\\_J22.docx](http://ctrpartnernet.ctr.state.ma.us:1645/New/HowTo/JobAids%20-%203.9/JobAidsDownloads/EC_J22.docx)
- Eligible Entities gain possession and use of the commodity immediately and the title remains with the TELP contractor until all TELP payments have been made at which time title will transfer to the Eligible Entity.



## Vendor Contact Information

Vendor Name	Contact Name	Phone Number	Email
Santander Bank, N.A.	Bruce Block	480-477-7896	bblock@santander.us
TD Equipment Finance, Inc.	David Mullen	401-455-2921	david.mullen@td.com
Chase Equipment Finance	Michael J. Lucas	313-732-7222	michael.j.lucas@chase.com

## Summary of Where to Obtain Important Contract Information

To obtain more in depth contract information (including electronic versions of this document and its attachments), please go to the COMMBUYS ([www.commbuys.com](http://www.commbuys.com)) website

Click on “Advance Search” icon on the upper right hand corner of the page

- Document Type: Drop down selection “Contract/Blankets” this should bring you to the Search Page
- In the “Contract/Blanket Description” enter as a keyword “PRF54”
- In “Header Major Status” below select dropdown: Sent (3PS) and then click on “find it” and then
- Click on the link that says: Master Blanket Purchase Order PO-14-1080-OSD01-OSD10-00000001389