



University of Connecticut
*Office of the Executive Vice President
for Administration and Chief Financial Officer*

Richard D. Gray
*Executive Vice President
for Administration
and Chief Financial Officer*

June 26, 2013

TO: Members of the Board of Trustees

FROM: Richard D. Gray
Executive Vice President for Administration and Chief Financial Officer

RE: Master Lease Agreement Between Banc of America Public Capital Corp and the University of Connecticut including the UConn Health Center

RECOMMENDATION:

That the Board of Trustees approve the Master Lease Agreement between the University of Connecticut (including the University of Connecticut Health Center) and Banc of America Public Capital Corp and authorize the Executive Vice President for Administration and Chief Financial Officer, or his designee, to execute such Master Lease Agreement and to enter into each underlying lease. The Master Lease Agreement provides for up to \$50 million in principal of tax-exempt lease financings.

BACKGROUND:

The Connecticut General Statutes, including UCONN 2000, allow the University to enter into certain lease financings. The proposed Master Lease Agreement will provide for up to \$50 million of principal for tax-exempt lease financings. The Master Lease Agreement has an initial term of two years with renewal options for three additional one-year terms. Each underlying lease's principal amount and interest rate will be set at the time of borrowing. The leases entered into pursuant to the Master Lease Agreement shall be subject to annual appropriation. The Board of Trustees' approval is contingent on the approval of the Master Lease Agreement by the Health Center's Board of Directors, expected on or about June 17, 2013.

Procurement Services solicited Request for Proposals for a Master Lease Agreement during early 2013. Two responses were received and an evaluation committee ranked Banc of America Public Capital Corp first. Many factors were considered.

An Equal Opportunity Employer

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This recommendation, if approved, acts as the Board of Trustees' resolution authorizing the Master Lease Agreement in the maximum principal amount of \$50 million and authorizes the Executive Vice President for Administration and Chief Financial Officer, or his designee, to execute such Master Lease Agreement and to enter into each underlying lease. If approved, this resolution will form part of the filing request for approval by the Office of the State Treasurer pursuant to Section 3-20d of the Connecticut General Statutes.

MASTER LEASE AGREEMENT

Between
The University of Connecticut
And
Banc of America Public Capital Corp

THIS MASTER LEASE AGREEMENT (“Agreement”), dated as of June , 2013, is made and entered into by and between *Banc of America Public Capital Corp.*, a corporation duly organized and existing under the laws of the state of *Kansas*, as Lessor (“Lessor”), whose business address is as shown on the execution page hereof; and *The University of Connecticut*, a body politic and corporate and an instrumentality and agency of the State, as lessee (“Lessee”), whose address is as shown on the execution page hereof.

In consideration of the mutual covenants herein contained, the parties hereto recite and agree as follows:

ARTICLE I: DEFINITIONS AND SCHEDULES

Section 1.1 Definitions- The following terms have the meanings specified below unless the context clearly requires otherwise.

Agreement: This Master Lease Agreement and all Equipment Schedules hereto.

Agreement Date: The Date so designated on the execution page hereof.

Contractor: Each of the manufacturers or vendors from whom Lessee has ordered or with whom Lessee has contracted for the manufacture, delivery and/or installation of the Equipment.

Equipment: All items of personal property described in Equipment Schedules and subject to this Agreement.

Equipment Group: The Equipment listed in a single Section 14.1 Schedule of Equipment.

Equipment Schedule: A schedule consisting of the separate but like numbered pages of Section 14.1 Schedule of Equipment and Section 14.2 Payment Schedule which have been completed with respect to Equipment Group and executed by Lessor and Lessee.

Events of Default: Those events described in Section 12.1.

Final Acceptance Date: The date designated in each Equipment Schedule as the last date on which Lessee may submit a Certificate of Acceptance to Lessor for the Equipment Group described in such Equipment Schedule.

Fiscal Year: The 12-month fiscal period of Lessee which commences in every year and ends in every year on the dates shown on the execution page hereof.

Funding Date: With respect to each Lease, the date Lessor makes payment to the Contractor(s) for the purchase price of the related Equipment Group.

Independent Counsel: An attorney duly admitted to the practice of law before the highest court of the State.

Interest Rate: The interest rate as calculated pursuant to Section 14.2 Payment Schedule, and used to calculate the portion of any Rental Payment designated as and comprising interest as shown in any Equipment Schedule.

Interest: The portion of any Rental Payment designated as and comprising interest as shown in any Equipment Schedule.

Lease: With respect to each Equipment Group, this Agreement and the Equipment Schedule relating thereto, which shall constitute a separate contract relating to such Equipment Group. This Agreement contains the general terms and conditions with respect to each Lease. Lessor may assign its rights under various Leases to different assignees in accordance with Section 11.1 herein. Each such assignee has the rights only in the Lease it owns; a Non-Appropriation or Event of Default under a Lease owned by Lessor or an assignee does not affect any of the Leases not owned by Lessor or by such assignee.

Lease Date: The date so designated in each Equipment Schedule.

Lease Term: With respect to any Equipment Group, the period during which the related Lease is in effect as specified in Section 4.1.

Lessee: *The University of Connecticut.*

Lessor: *Banc of America Public Capital Corp* and for the purpose of determining the ownership of a Lease, shall include Lessor, *Banc of America Public Capital Corp.*, together with any successors and assigns.

Lien: Any mortgage, security interest, lease, lien, pledge, encumbrance or claim of any kind.

Net Proceeds: Any insurance proceeds or condemnation awards paid with respect to any Equipment remaining after payment therefrom of all expenses incurred in the collection thereof.

Non-Appropriation: The failure of Lessee or Lessee's governing body to appropriate money for any Fiscal Year of Lessee sufficient for the continued performance by Lessee of all of Lessee's obligations under a Lease, as evidenced by the passage of a resolution by the University of Connecticut Board of Trustees specifically prohibiting Lessee from performing its obligations under this Agreement with respect to any Equipment, and from using any moneys to pay any Rental Payments due under this Agreement for a designated Fiscal Year and all subsequent Fiscal Years.

Payment Date: The date upon which any Rental Payment is due and payable as provided in any Section 14.1 Schedule of Equipment and Section 14.2 Payment Schedule.

Principal: The portion of any Rental Payment designated as principal as shown in any Equipment Schedule.

Prepayment Price: With respect to any Equipment Group, as of the Payment Dates specified in the Equipment Schedule relating thereto, the amount so designated and set forth opposite each such date in such Equipment Schedule. The Prepayment Price shall be the remaining outstanding Principal balance of the Lease. There are no additional fees and no prepayment penalties.

Rental Payment: With respect to any Equipment Group, the payment due from Lessee to Lessor on each Payment Date during the Lease Term as shown in the Equipment Schedule relating thereto.

Specifications: The bid specifications and/or purchase order pursuant to which Lessee has ordered any Equipment from a Contractor.

State: The State of Connecticut.

State and Federal Law or Laws: The Constitution and any law of the State and any charter, ordinance, rule or regulation of any agency or political subdivision of the State; and any law of the United States, and any rule or regulation of any federal agency.

Section 1.2 Schedules and Forms – The following schedules are provided in the sections as set forth below.

Section 14.1 Schedule of Equipment and Section 14.2 Payment Schedule: Form of schedule executed by Lessor and Lessee describing any Equipment Group and setting forth the Rental Payments, Interest Rates, Interest, Principal, Payment Date and Prepayment Prices. Lessee hereby authorizes Lessor to insert the serial or other identifying numbers relating to the Equipment Group when available.

Section 14.3 Form of Certificate of Acceptance:

Section 14.4 Form of Opinion of Independent Counsel of Lessee:

ARTICLE II: REPRESENTATION, WARRANTIES AND COVENANTS

Section 2.1 Representations, Warranties and Covenants of Lessee- Lessee represents and warrants and covenants as follows:

- a) Lessee is an agency of the State, duly organized and existing under the Constitution and laws of the State, and is authorized under the Constitution and laws of the State to enter into this Agreement, each Lease and the transactions contemplated hereby and thereby, and to perform all of its obligations under this Agreement and each Lease. The exact name of the Lessee is set forth in the preamble of this Agreement and on the execution page hereof.
- b) The execution and delivery of this Agreement and each Lease by the officer of Lessee executing such documents has been duly authorized by a duly adopted resolution of Lessee's governing body, or by other appropriate official action, and such action is in compliance with all public bidding and other State and Federal Laws applicable to this Agreement, each Lease and the acquisition and financing of the Equipment by Lessee. All requirements have been met and procedures have occurred in order to ensure the enforceability of this Agreement and each Lease against Lessee.
- c) Lessee will use the Equipment only to perform essential governmental or proprietary functions of Lessee within the scope of Lessee's authority. Lessee will not permit the Equipment to be used in or for any private commercial activity.
- d) Lessee will take no action that would cause the Interest portion of the Rental Payment to become includable in gross income of the recipient for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulations promulgated there under (the "Regulations"), and Lessee will take and will cause its officers, employees and agents to take all affirmative actions legally within its power necessary to ensure that the Interest portion of the Rental Payments does not become includable in gross income of the recipient for federal income tax purposes under the Code and Regulations; all as amended from time to time (including, without limitations, the calculation and payment of any rebate required to preserve such exclusion).
- e) Lessee will submit to the Secretary of the Treasury information reporting statements and other information relating to each Lease at the times and in the forms required by the Code and the Regulations; and if applicable, Lessee will cause a resolution to be adopted by its governing body with respect to this Agreement and each Lease.
- f) There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of Lessee's knowledge, threatened against or affecting Lessee, challenging Lessee's authority to enter into this Agreement or any Lease or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of this Agreement or any Lease hereunder or any other

transaction of the Lessee which is similar hereto, or the exclusion of the Interest from gross income for federal tax purposes under the Code, or would materially and adversely affect any of the transactions contemplated by this Agreement or any Lease, including but not limited to, Lessee's acquisition of Equipment.

- g) No event or condition that constitutes, or with the giving of notice or lapse of time or both would constitute, an Event of Default exists at the date hereof.
- h) Lessee has complied with such public bidding requirements as may be applicable to this Agreement and each Lease and the acquisition by Lessee of the Equipment as provided in each Lease.
- i) Lessee reasonably expects that it will not sell or otherwise dispose of all or part of an Equipment Group during the related Lease Term.
- j) Within seven (7) business days of complete delivery, installation and acceptance of any Equipment Group, Lessee will inspect such Equipment and if it meets Lessee's specifications, provide to Lessor a completed and executed Certificate of Acceptance relating thereto in the form set forth in Section 14.3; and upon execution of this Agreement and each Equipment Schedule.
- k) At the time of the initial funding, Lessee will provide to Lessor an opinion of its Independent Counsel in the form set forth in Section 14.4 .
- l) Lessee acknowledges that (i) under Article XII of this Agreement, upon an Event of Default of Lessee, Lessor or the assignee, if any, of the related Lease may elect to terminate the Lease as to which the Event of Default has occurred and each Lease hereunder that is owned by entity that owns the Lease as to which the Event of Default occurred and (ii) upon a Non-Appropriation by Lessee relating to any Lease or any Equipment, the related Lease shall terminate and each Lease hereunder that is owned by the same entity that owns the Lease as to which the Non-Appropriation relates shall also terminate and Lessee is required upon the occurrence of (i) or (ii) to deliver all Equipment subject to the affected Leases as instructed by Lessor or the respective assignee under Section 12.3 hereof.

ARTICLE III: LEASE OF EQUIPMENT

Section 3.1 Acquisition of Equipment- Lessee shall advise Lessor of its desire to lease equipment, the equipment cost, the Contractor of the equipment, expected delivery date, the intended location of the equipment, the applicable Payment Schedule and the desired lease terms for such equipment. By execution hereof, Lessor has made no commitment to lease any equipment to Lessee. Nothing herein shall obligate Lessor to lease any equipment to Lessee until Lessor has executed an Equipment Schedule relating thereto. If Lessor, in its sole discretion, determines the proposed equipment may be subject to a Lease hereunder, Lessor shall furnish to Lessee a proposed Equipment Schedule relating to the Equipment Group completed insofar as possible. Lessee shall order the Equipment Group from the appropriate Contractor or Contractors. In no event shall Lessee enter into any contract with any Contractor or issue a purchase order which references Lessor. Lessor shall have no obligation to make any payment to a Contractor or reimburse Lessee for any payment it made to a Contractor for an Equipment Group until five (5) business days after Lessor has received all of the following in form and substance satisfactory to Lessor (provided, however, Lessor shall make no payment to a Contractor for any Equipment for which Lessor did not receive a Certificate of Acceptance prior to the Final Acceptance Date): (a) an Equipment Schedule executed by Lessor and Lessee; (b) a Certificate of Acceptance (c) a resolution or evidence of other official action taken by or on behalf of the Lessee to authorize the acquisition of the Equipment Group on the terms provided in Section 14.1 and 14.2; (d) evidence of insurance with respect to the Equipment Group in compliance with Article VI of this Agreement (e) Lessee's purchase order, Contractor Invoice(s) and/or bill of sale relating to the Equipment Group and if such invoices have been paid by Lessee, evidence of payment thereof and, if applicable, evidence of official intent to reimburse such payment as required by the Regulations; (f) as applicable, financing statements executed by Lessee as debtor and/or the original certificate of title or

manufacturer's certificate of origin and title application if any of the Equipment Group is subject to certificate of title laws; (g) a completed and executed Form 8038-G or -GC or evidence of filing thereof with the Secretary or Treasury (Lessor shall provide to Lessee an executable version of IRS Form 8038-G or 8038-GC, and the associated amortization schedule used in determining the yield); and (i) any other documents or items required by Lessor.

Section 3.2 Lease: Enjoyment Inspection- Lessor hereby leases to Lessee each Equipment Group made subject to an Equipment Schedule hereto, and Lessee hereby leases from Lessor such Equipment Group, upon the terms and conditions set forth herein and in the related Equipment Schedule. During the Lease Term, Lessee shall peaceably and quietly have and hold and enjoy the Equipment Group, except as expressly set forth in this Agreement. Lessee agrees that Lessor and its agents shall have the right at all reasonable times to examine and inspect the Equipment, and Lessor and its agents shall have such rights of access to the Equipment as may be reasonably necessary to cause the proper maintenance of the Equipment in the event of failure by Lessee to perform its obligations hereunder. Notwithstanding the designation of *Banc of America Public Capital Corp* as Lessor, *Banc of America Public Capital Corp* does not own the Equipment and by this Agreement and each Lease is merely financing the acquisition thereof for Lessee. Lessor has not been in the chain of title of the Equipment, does not operate, control or have possession of the Equipment and has no control over the Lessee or the Lessee's operation, use, storage or maintenance of the Equipment. Lessee is solely responsible for the selection of the Equipment, and the manufacturer and vendor thereof, and is solely responsible for the use, maintenance, operation and storage of the Equipment.

ARTICLE IV: TERM/TERMINATION

Section 4.1 Term - Subject to the provisions of Sections 4.2 and 13.19, this Agreement shall be in effect from the Agreement Date until the earliest of (a) the date when an aggregate \$50 Million in Leases has been funded under this Agreement or (b) June 30, 2015 (the "Master Termination Date") unless Lessee and Lessor have mutually agreed in writing to extend the Master Termination Date for a maximum of three (3) one (1) year terms to a final Master Termination Date ending not later than June 30, 2018 provided, however, no Equipment Schedules shall be executed after any Non- Appropriation or Event of Default. Each Lease with respect to any Equipment Group shall be in effect for a Lease Term commencing upon the Lease Date and ending as provided in Section 4.5.

Section 4.2 Termination by Lessee for Non-Appropriation - In the sole event of Non-Appropriation, the Lease as to which the Non-Appropriation has occurred shall terminate, in whole, but not in part, as to all Equipment subject to the affected Lease effective upon the last day of the Fiscal Year for which funds were appropriated, in the manner and subject to the terms specified in this Article. Lessee may effect such termination by giving Lessor or the affected assignee a written notice of termination and by paying any Rental Payments and other amounts which are due and have not been paid at or before the end of its then current Fiscal Year. Lessee shall endeavor to give notice of such termination not less than one hundred twenty (120) days prior to the end of the Fiscal Year for which appropriations were made, and shall notify Lessor or the affected assignee of any anticipated termination. In the event of termination of this Agreement as provided in this Section, Lessee shall comply with the instructions received from Lessor or the affected assignee in accordance with Section 12.3.

Section 4.3 Intent To Continue Lease Term Appropriations- Lessee presently intends to continue each Lease hereunder for its entire Lease Term and to pay all Rental Payments relating thereto. The person or entity in charge of preparing Lessee's budget will include in the budget request for each Fiscal Year the Rental Payments to become due in such Fiscal Year, and will use all reasonable and lawful means available to secure the appropriation of money for such Fiscal Year sufficient to pay all Rental Payments coming due therein. The parties acknowledge that appropriation for Rental Payments is a governmental function which Lessee cannot contractually commit itself in advance to perform and this Agreement does not constitute such a commitment. However, Lessee reasonably believes that moneys in an amount sufficient to make all Rental Payments can and will lawfully be appropriated and made available to permit Lessee's continued utilization of the Equipment in the performance of its essential functions during the applicable Lease Terms.

Section 4.4 Effect of Termination- Upon termination of a Lease as provided in this Article Lessee shall not be responsible for the payment of any additional Rental Payments coming due in succeeding Fiscal Years, but if Lessee has not complied with the instructions received from Lessor in accordance with Section 12.3, the termination shall nevertheless be effective and Lessee shall be subject to a claim pursuant to Chapter 53 of the Connecticut General Statutes for the payment of damages in an amount equal to the amount of the Rental Payments that would thereafter have come due if such Lease had not been terminated and which are attributable to the number of days after which Lessee fails to comply with Lessor's instructions and for any other loss suffered by Lessor as a result of Lessee's failure to take such actions as required.

Section 4.5 Termination of Lease Term- The Lease Term with respect to any Lease will terminate upon the occurrence of the first of the following events: (a) the termination of a Lease by Lessee in accordance with Section 4.2; (b) the payment of the Prepayment Price by Lessee pursuant to Article X; (c) an Event of Default by Lessee and Lessor's or the assignee's election to terminate such Lease pursuant to Article XII; (d) the payment by Lessee of all Rental Payments and all other amounts authorized or required to be paid by Lessee pursuant to such Lease or (e) Non-appropriation.

Section 4.6. Event of Taxability. Upon the occurrence of an Event of Taxability, the interest component shall be at a Taxable Rate retroactive to the date as of which the interest component is determined by the Internal Revenue Service to be includible in the gross income of the owner or owners thereof for federal income tax purposes, and Lessee will pay such additional amount as will result in the owner receiving the interest component at the Taxable Rate identified in the related Lease.

For purposes of this Section, "*Event of Taxability*" means a determination that the interest component is includible for federal income tax purposes in the gross income of the owner thereof due to Lessee's action or failure to take any action.

Article V: RENTAL PAYMENTS

Section 5.1 Rental Payments- Lessee agrees to pay Rental Payments with respect to the Lease of any Equipment Group during the related Lease Term in the amounts and on the dates specified in the Equipment Schedule relating thereto. A portion of each Rental Payment is paid as and represents the payment of Interest as set forth in the Equipment Schedule of each Lease and the first Rental Payment will include interest accruing from the Funding Date. Lessor is authorized to insert the due date of the first Rental Payment on the Equipment Schedule. Lessee shall pay Lessor a charge on any Rental Payment not paid on the date such payment is due at a rate equal to the applicable rate of Interest set forth in the applicable Payment Schedule plus 5% per annum or the maximum amount permitted by law, whichever is less, from such date. All Rental Payments shall be paid to Lessor or to such assignee to which Lessor has assigned each Rental Payments as specified in Article XI, at such place as Lessor or such assignee may from time to time designate by written notice to Lessee. Lessee shall pay the Rental Payments, exclusively from moneys legally available therefore, in lawful money of the United States of America.

Section 5.2 Current Expense- The obligations of Lessee, including its obligation to pay the Rental Payments due in any Fiscal Year of a Lease Term, shall constitute a current expense of Lessee for such Fiscal Year and shall not constitute an indebtedness of Lessee within the meaning of the Constitution and laws of the State. Nothing herein shall constitute a pledge by Lessee of any taxes or other moneys (other than moneys lawfully appropriated from time to time by or for the benefit of Lessee for this Agreement and the Net Proceeds of the Equipment) to the payment of any Rental Payment or other amount coming due hereunder.

Section 5.3 Rental Payments to Be Unconditional- Except as provided in Section 4.2, the obligation of Lessee to make Rental Payments or any other payments required hereunder shall be absolute and unconditional in all events. Notwithstanding any dispute between Lessee and Lessor or between Lessee and Contractor or any other person, Lessee shall make all Rental Payments and other payments required hereunder when due and shall not withhold any Rental Payment or other payment pending final resolution

of such dispute nor shall Lessee assert any right of set-off or counterclaim against its obligation to make Rental Payments or other payments required hereunder. Lessee's obligation to make Rental Payments or other payments shall not be abated through accident, unforeseen circumstances, failure of the Equipment to perform as desired, damage or destruction to the Equipment, loss of possession of the Equipment or obsolescence of the Equipment.

Section 5.4. Prepayment and Refinancing - The Lessee shall have the option to prepay amounts due under any Lease at par on any date after one-half (1/2) of the applicable Lease Term has expired. Upon request of the Lessee, Lessor will agree to refinance one or more Leases aggregating at least \$500,000 in principal amount provided that the remaining Lease Term is at least two years. Any such refinancing shall be for the remaining Lease Term and the Interest Rate for such refinancing shall be determined as of the time of such refinancing in accordance with the applicable Payment Schedule set forth in Section 14.2 hereof and otherwise shall be in accordance with the provisions of this Agreement.

ARTICLE VI: INSURANCE AND RISK OF LOSS

Section 6.1 Liability and Property Insurance- Lessee shall, at its own expense, procure and maintain continuously in effect during each Lease Term: (a) public liability insurance for personal injuries, death or damage to or loss of property arising out of or in any way relating to the Equipment sufficient to protect Lessor from liability in all events, with a coverage limit of not less than \$1,000,000.00 per occurrence unless a different coverage minimum with respect to particular Equipment is required by Lessor and specified in the related Equipment Schedule, and (b) insurance against such hazards as Lessor may require, including, but not limited to, all-risk casualty and property insurance, in an amount equal to the greater of the full replacement cost of the Equipment with new equipment having substantially similar Specifications or the applicable Prepayment Price of each Equipment Group.

Section 6.2 Workers' Compensation Insurance- If required by State Law, Lessee shall carry workers' compensation insurance covering all employees on, in, near or about the Equipment, and upon request, shall furnish to Lessor certificates evidencing such coverage throughout the Lease Term.

Section 6.3 Requirements for All Insurance- All insurance policies required by this Article shall be taken out and maintained with insurance companies acceptable to Lessor, and shall contain a provision that the insurer shall not cancel or revise coverage there under without giving written notice to the insured parties at least thirty (30) days before the cancellation or revision becomes effective. No insurance shall be subject to any co-insurance clause. Each insurance policy required by this Article shall name Lessor as an additional insured party and loss payee without regard to any breach of warranty or other act or omission of Lessee and shall include a lenders loss payable endorsement for the benefit of Lessor. Prior to the delivery of Equipment, Lessee shall deposit with Lessor evidence satisfactory to Lessor of such insurance and, prior to the expiration thereof, shall provide Lessor evidence of all renewals or replacements thereof.

Section 6.4 Risk of Loss- As between Lessor and Lessee, Lessee assumes all risks and liabilities from any cause whatsoever, whether or not covered by insurance, for loss or damage to any Equipment and for injury to or death of any person or damage to any property, whether such injury or death be with respect to agents or employees of Lessee or of third parties, and whether such property damage be to Lessee's property or the property of others. Whether or not covered by Insurance, Lessee hereby assumes responsibility for all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses of whatsoever kind and nature resulting from the acts or omissions of the Lessee or its employees that arise out of this Agreement, the transactions contemplated hereby and the Equipment, including but not limited to, (a) the selection, manufacture, purchase, acceptance or rejection of Equipment or the ownership of the Equipment (b) the delivery, lease, possession, maintenance, use, condition, return or operation of the Equipment (c) the condition of the Equipment sold or otherwise disposed of after possession by Lessee, (d) the conduct of Lessee, its officers, employees and agents, (e) a breach of Lessee of any of its covenants or obligations hereunder and (f) any claim, loss, cost or expense involving alleged damage to the environment relating to the Equipment, including, but not limited to investigation, removal, cleanup and remedial costs. This provision shall survive the termination of this Agreement.

Section 6.5 Damage to or Destruction of Equipment- Lessee shall provide a complete written report to Lessor immediately upon any theft damage or destruction of any Equipment and of any accident involving any Equipment. If all or any part of the Equipment is lost, stolen, destroyed or damaged beyond repair (Damaged Equipment), Lessee shall as soon as practicable after such event either (a) replace the same at Lessee's sole cost and expense with equipment having substantially similar specifications and of equal or greater value to the Damaged Equipment immediately prior to the time of the loss occurrence, such replacement equipment to be subject to Lessor's approval, whereupon such replacement equipment shall be substituted in the applicable Lease and the other related documents by appropriate endorsement or amendment or (b) pay the applicable Prepayment Price of the Damaged Equipment determined as set forth in the related Equipment Schedule. Lessee shall notify Lessor of which course of action it will take within fifteen (15) days after the loss occurrence. If, within forty-five (45) days of the loss documents (a) Lessee fails to notify Lessor, (b) Lessee and Lessor fail to execute on amendment to the applicable Equipment Schedule to delete the Damaged Equipment and add the replacement equipment or (c) Lessee has failed to pay the applicable Prepayment Price, then Lessor may, at its sole discretion, declare the applicable Prepayment Price of the Damaged Equipment, to be immediately due and payable, and Lessee is required to pay the same. The Net Proceeds of insurance with respect to the Damaged Equipment shall be made available by Lessor to be applied to discharge Lessee's obligation under this Section. The payment of the Prepayment Price and the termination of Lessor's interest in the Damaged Equipment is subject to the terms of Section 10.3 hereof.

ARTICLE VII; OTHER OBLIGATIONS OF LESSEE

Section 7.1 Use; Permits- Lessee shall exercise due care in the installation, use, operation and maintenance of the Equipment, and shall not install, use, operate or maintain the Equipment improperly, carelessly or for a purpose or in a manner contrary to that contemplated by this Agreement, Lessee shall operate and maintain the Equipment fully in accordance with any Insurance policy provision, applicable prevailing industry standards and, if applicable, the manufacturer's specifications therefore, Lessee shall obtain all permits and licenses necessary for the installation, operation, possession and use of the Equipment. Lessee shall comply with all State and Federal Laws applicable to the installation, use, possession and operation of the Equipment and if compliance with any such State and Federal Law requires changes or additions to be made to the Equipment such changes or additions shall be made by Lessee at its expense.

Section 7.2 Maintenance of Equipment by Lessee- Lessee shall keep the Equipment at the address specified in the respective Equipment Schedule and shall notify Lessor in writing prior to moving the Equipment to another address. Lessee shall, at its own expense, maintain, preserve and keep the Equipment in good repair, working order and condition, and shall from time to time make all repairs and replacements necessary to keep the Equipment in such condition, and in compliance with State and Federal Laws, ordinary wear and tear excepted. Lessee shall maintain Equipment in a condition suitable for certification by the manufacturer thereof (if certification is available). At Lessee's own cost and expense, Lessee will satisfy the specific maintenance provisions, if any, set forth in an Equipment Schedule with respect to the Equipment Group described therein. In the event that any part or accessories forming part of any item or items of Equipment become worn out, lost, destroyed, damaged beyond repair or otherwise rendered unfit for use, Lessee, at its own expense and expeditiously, will replace or cause the replacement of such parts or accessories by replacement parts or accessories free and clear of all liens and encumbrances and with a value and utility at least equal to that of the parts or accessories being replaced (assuming that such replaced parts and accessories were otherwise in good working order and repair). All such replacement parts and accessories shall be deemed to be incorporated immediately into and to constitute an integral portion of the Equipment and, as such, shall be subject to the terms of this Agreement. Lessor shall have no responsibility for any of these repairs or replacements.

Section 7.3 Taxes; Other Governmental charges and Utility Charges- Except as expressly limited by this Section, Lessee shall pay all taxes and other charges of any kind which are at any time lawfully assessed or levied against or with respect to the Equipment, the Rental Payments or any part thereof, or which become due during the Lease Term, whether assessed against Lessee or Lessor. Lessee shall also pay when due all utilities and other charge incurred in the operation, maintenance, use, occupancy and upkeep

of the Equipment and all special assessments and charges lawfully made by any governmental body that may be secured by a lien on the Equipment provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years. Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term as and when the same became due, Lessee shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate, or other similar tax payable by Lessor, its successors or assigns, unless such tax is made in lieu or as a substitute for any tax, assessment or charge which is the obligation of Lessee under this Section.

Section 7.4. Advances. In the event Lessee shall fail to keep the Equipment in good repair and working order, Lessor may, but shall be under no obligation to, maintain and repair the Equipment and pay the cost thereof. All amounts so advanced by Lessor shall constitute additional rent for the then current Lease Term and Lessee covenants and agrees to pay such amounts so advanced by Lessor with interest thereon from the due date until paid at a rate equal to the applicable rate of Interest set forth in the applicable Payment Schedule plus 5% per annum or the maximum amount permitted by law, whichever is less.

ARTICLE VIII: TITLE; SECURITY INTEREST; LIENS

Section 8.1 Title - During the Lease Term, legal title to and ownership of all Equipment and any and all repairs, replacements, substitutions and modifications thereto shall be in Lessee and Lessee shall take all actions necessary to vest such title and ownership in Lessee.

Section 8.2 Security Interest - Lessee grants to Lessor a continuing, first priority security interest in and to the Equipment, all repairs, replacements, substitutions and modifications thereto or thereof and all proceeds of the foregoing in order to secure Lessee's payment of all Rental Payments and the performance of all other obligations to be performed by Lessee. Lessee will join with Lessor in executing such financing statements or other documents and will perform such acts as Lessor may request to establish and maintain a valid first Lien and perfected security interest in the Equipment. Lessee authorizes Lessor to file a financing statement and amendments thereto describing the Equipment and containing any other information required by the State's Uniform Commercial Code. If requested by Lessor, Lessee shall obtain a landlord and/or mortgagee's consent and waiver with respect to the Equipment. If requested by Lessor, Lessee shall conspicuously mark the Equipment with appropriate lettering, labels or tags, and maintain such markings during the Lease Term, so as clearly to disclose Lessor's security interest in the Equipment. Lessee shall deliver or cause to be delivered to Lessor the original certificates on title relating to all vehicular Equipment. Upon termination of a Lease with respect to any Equipment Group through exercise of Lessee's option to prepay pursuant to Article X or through payment by Lessee of all Rental Payments and other amounts relating thereto, Lessor's security interest in such Equipment Group shall terminate, and Lessor shall execute and deliver to Lessee such document as Lessee may reasonably request to evidence the termination of Lessor's security interest in such Equipment Group. Under no circumstances may a lien be placed on real estate owned by Lessee as collateral for Lessee's obligations under any Lease hereunder.

Section 8.3 Liens- During the Lease Term, Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Equipment (together, "Liens"), other than the respective rights of Lessor and Lessee as herein provided. Except as expressly provided in Section 7.3 and this Article, Lessee shall promptly, at its own expense, take such action as may be necessary duly to discharge or remove any such Lien. Lessee shall reimburse Lessor for any expenses incurred by Lessor to discharge or remove any Lien.

Section 8.4 Modification of Equipment- Lessee will not, without the prior written consent of Lessor, affix or install any accessory equipment or device on any of the Equipment if such addition will change or impair the originally intended functions, value or use of the Equipment

Section 8.5 Personal Property- The Equipment is and shall at all times be and remain personal property and not fixtures.

ARTICLE IX WARRANTIES

Section 9.1 Selection of Equipment- The Equipment and the Contractor have been selected by Lessee, and Lessor shall have no responsibility in connection with the selection of the Equipment, the ordering of the Equipment, its suitability for the use intended by Lessee, the acceptance by the Contractor or its sales representative of the order submitted, or any delay or failure by the Contractor or its sales representative to manufacture deliver or install the Equipment for use by Lessee.

Section 9.2 Contractor's Warranty- Lessor hereby assigns to Lessee for and during the related Lease Term, all of its interest, if any, in all Contractor's warranty guarantees and patent indemnity protection, express or implied, issued on or applicable to an Equipment Group, and Lessee may obtain the customary services furnished in connection with such warranties and guarantees at Lessee's expense. Lessor has no obligation to enforce any Contractor's warranties or obligations on behalf of itself or Lessee.

Section 9.3 Disclaimer of Warranties- LESSEE ACKNOWLEDGES THAT IT SELECTED THE EQUIPMENT WITHOUT ASSISTANCE OF LESSOR, ITS AGENTS OR EMPLOYEES. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE OF THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE EQUIPMENT. IN NO EVENT SHALL LESSOR BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES.

ARTICLE X: OPTION TO PREPAY

Section 10.1 When Available- Provided there has been no Non-Appropriation or Event of Default, Lessee shall have the option to prepay its obligations under any Lease on any Payment Date for the then applicable Prepayment Price set forth in the Equipment Schedule relating thereto.

Section 10.2 Exercise of Option -Lessee shall give notice to Lessor of its intention to exercise its option with respect to any Lease not less than thirty (30) days prior to the Payment Date on which the option will be exercised and shall deposit with Lessor on the date of exercise an amount equal to all Rental Payments and any other amounts then due or past due under the related Lease (Including the Rental Payment due on the Payment Date on which the option is exercised) and the applicable Prepayment Price set forth in the related Equipment Schedule.

Section 10.3 Release of Lessor's Interest- On receipt of the Prepayment Price in good funds with respect to any Equipment Group, the Lease with respect to such Equipment Group shall terminate and Lessee shall become entitled to such Equipment Group AS IS, WHERE IS, WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE, except that such Equipment Group shall not be subject to any lien or encumbrance created by or arising through Lessor.

ARTICLE XI: ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Section 11.1 Assignment by Lessor- All of Lessor's right, title and/or interest in and to this Agreement or any Lease hereunder, including, but not limited to, the Rental Payments and other amounts payable by Lessee and Lessor's interest in the Equipment, may be assigned and reassigned in whole or in part to one or more assignees or subassignees by Lessor at any time, with the consent of Lessee which consent shall not be unreasonably withheld. Notwithstanding the prior sentence, without the consent of Lessee, Lessor may assign this Agreement or any Lease to an affiliate of Lessor or to a trust to which a pool of similarly

structured obligations is assigned provided, in the latter case, (i) the transaction is accomplished pursuant to a private placement without the use of an offering document which includes the name of Lessee in the caption thereof or on the front cover thereof and (ii) Lessor or its parent continues to service the Lease after the sale to the trust. Lessor shall keep a complete and accurate record of all such assignments; provided, however, in the event Lessor assigns its interest in this Agreement or in a Lease to an affiliate of Lessor, Lessor shall maintain a record of such assignment for the benefit of Lessee.

Section 11.2- Assignment, and Subleasing by Lessee- Neither this Agreement nor any Lease hereunder or any Equipment may be sold, assigned, subleased, transferred, pledged or mortgaged by Lessee.

ARTICLE XII: EVENTS OF DEFAULT AND REMEDIES

Section 12.1 Events of Default Defined- The following are Events of Default under a Lease;

(a) Failure by Lessee to pay any Rental Payment or other payment required to be paid when due and the continuation of said failure for a period of ten (10) days (other than by reason of Non-Appropriation) after written notice by the Lessor to the Lessee of such failure.

(b) Failure by Lessee to maintain insurance as required by Article VI.

(c) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in Clause (a) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected.

(d) The determination by Lessor that any representation or warranty made by Lessee in this Agreement was untrue in any material respect upon execution of this Agreement or any Equipment Schedule.

(e) The filing of a petition in bankruptcy by or against Lessee, or failure by Lessee promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of Lessee to carry on its governmental functions or assignment by Lessee for the benefit of creditors, or the entry by Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of any adjustment of indebtedness of Lessee, or the dissolution or liquidation of Lessee.

(f) Any default occurs under any other agreement for borrowed money, lease financing of property or otherwise receiving credit under which Lessee is an obligor under which there is outstanding, owing or committed an aggregate amount of at least 10% of Lessee's aggregate current long- and short-term indebtedness, if such default consists of (i) the failure to pay any indebtedness when due or (ii) the failure to perform any other obligation thereunder and gives the holder of the indebtedness the right to accelerate the indebtedness.

Section 12.2 Remedies on Default- Whenever any Event of Default shall have occurred, Lessor shall have the right, at its option and without any further demand or notice, to take one or any combination of the following remedial steps;

(a) Lessor or its assignee, with or without terminating any Lease may declare all Rental Payments due or to become due during the Fiscal Year in effect when the default occurs to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and

payable with respect to the Lease as to which the Event of Default occurred (the "Affected Leases").

(b) Lessor or its assignee with or without terminating any Lease, may enter the premises where the Equipment subject to the Affected Leases is kept and disable such Equipment so as to prevent further use thereof by Lessee and/or may repossess any or all of the Equipment subject to the Affected Leases by giving Lessee written notice to deliver the Equipment in the manner provided in Section 12.3; or in the event Lessee fails to do so within ten (10) days after receipt of such notice. Lessor or its assignee may enter upon Lessee's premises where the Equipment subject to the Affected Leases is kept and take possession of such Equipment and charge Lessee for costs incurred in repossessing the Equipment. Lessee hereby expressly waives any damages occasioned by such repossession. If the Equipment or any portion of it has been destroyed or damaged beyond repair, Lessee shall pay the applicable Prepayment Price of the damaged or destroyed Equipment as set forth in the Equipment Schedule relating thereto to Lessor. Notwithstanding the fact that Lessor or its assignee has taken possession of the Equipment Lessee shall continue to be responsible for the Rental Payments due with respect thereto during the Fiscal Year then in effect.

(c) If Lessor or its assignee terminates any Affected Lease and, in its discretion, takes possession and disposes of the related Equipment or any portion thereof. Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs incurred in securing possession of such Equipment (ii) all expenses incurred in completing the disposition: (iii) any sales or transfer taxes: (iv) the applicable Prepayment Prices of the Equipment Groups subject to the Affected Leases; and (v) the balance of any Rental Payments owed by Lessee pursuant to the Affected Leases during the Fiscal Year then in effect. Any disposition proceeds remaining after the requirements of Clauses (i), (ii) (iii), (iv) and (v) have been met shall be paid to Lessee.

(d) Lessor or its assignee may take any other remedy available, at law or in equity, with respect to such Event of Default including those requiring Lessee to perform any of its obligations or to pay any moneys due and payable to Lessor or its assignee and Lessee shall pay the reasonable expenses incurred by Lessor or its assignee in enforcing any remedy hereunder.

Section 12.3 Return of Equipment; Release of Lessee's Interest- Upon termination of any Lease hereunder prior to the payment of all Rental Payments or the applicable Prepayment Price in accordance with each Equipment Schedule, Lessee shall promptly, but in any event within ten (10) days after such termination, at its own cost and expense: (a) perform any testing and repairs required to place the Equipment in the condition required by Article VII; (b) if deinstallation, disassembly or crating is required, cause the Equipment to be deinstalled, disassembled and crated by an authorized manufacturer representative or such other service person as is satisfactory to Lessor and (c) return the Equipment to a location specified by Lessor, freight and insurance prepaid by Lessee. If Lessee refuses to return the Equipment in the manner designated, Lessor may repossess the Equipment and charge to Lessee the costs of such repossession. Upon termination of this Lease in accordance with Article IV or Article XII hereof, at the election of Lessor and upon Lessor's written notice to Lessee, full and unencumbered legal title and ownership of the Equipment shall pass to Lessor, Lessee shall have no further interest therein and Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of legal title and ownership to Lessor and termination of Lessee's interest in the Equipment.

Section 12.4 No Remedy Exclusive- No remedy conferred upon or reserved to Lessor by this Article is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right and power may be exercised from time to time and as often as may be deemed expedient by Lessor.

Section 12.5 Late Charge- Whenever any Event of Default under Section 12.1 Clause (a) shall have happened and be continuing, Lessor shall have the right, at its option and without any further demand or

notice, to require a late payment charge accruing from the tenth (10th) day after the Payment Date until the payment is made equal to the lesser of five cents (\$.05) per dollar of the delinquent amount or the lawful maximum, and Lessee shall be obligated to pay the same immediately upon receipt of Lessor's written invoice therefore provided, however, that this Section shall not be applicable if or to the extent that the application thereof would affect the validity of this Agreement.

ARTICLE XIII: OTHER PROVISIONS

Section 13.1 Notice- All notices, certificates, legal opinions or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or deposited in the United States mail in registered form with postage fully prepaid to the addresses specified on the execution page hereof provided that Lessor and Lessee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates, legal opinions or other communications will be sent.

Section 13.2 Financial Information- Lessee will provide Lessor with current financial statements, budgets, proof of appropriation for the ensuing Fiscal Year and such other financial information relating to the ability of Lessee to continue this Agreement and any Lease as may be requested by Lessor. Lessee agrees to provide Lessor, without need for further request: (i) annual financial statements within 270 days of the end of each fiscal year of the Lessee and (ii) each annual budget for the Lessee within 90 days after approval by the Lessee.

Section 13.3 Binding Effect -This Agreement and each Lease hereunder shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 13.4 Severability- In the event any provision of this Agreement or any Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.5 Entire Agreement, Amendments, Changes and Modifications - This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous writings, understandings, agreements, solicitation documents and representations, express or implied. This Agreement may be amended or modified only by written documents duly authorized, executed and delivered by Lessor and Lessee and approved by the Office of the Attorney General.

Section 13.6 Captions- The Captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions, Articles, Sections or Clauses hereof.

Section 13.7 Further Assurances and Corrective Instruments- Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Equipment hereby leased or intended so to be, or for otherwise carrying out the expressed intention of this Agreement.

Section 13.8 Execution in Counterparts- This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument, provided there shall be only one fully executed original of this Agreement and each Equipment Schedule.

Section 13.9 Applicable Law- This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.

Section 13.10 Financing Statement- A carbon, photographic or other reproduction of this Agreement is sufficient as a financing statement in the State to perfect the security interests granted to Lessor.

Section 13.11 Usury- It Is the intention of the parties hereto to comply with any applicable usury laws: accordingly, it is agreed that notwithstanding any provisions to the contrary herein or in any Equipment Schedule in no event shall this Agreement or any Lease hereunder require the payment or permit the collection of interest or any amount in the nature of Interest or Fees in excess of the maximum amount permitted by applicable law. Any such excess Interest or fees shall first be applied to reduce Principal, and when no Principal remains, refunded to Lessee. In determining whether the Interest paid or payable exceeds the highest lawful rate, the total amount of Interest shall be spread through the applicable Lease Term so that the Interest is uniform through such term.

Section 13.12 Lessee's Performance- Time is of the essence. Lessor's failure at any time to require strict performance by Lessee of any of Lessee's obligations shall not waive or diminish Lessor's rights thereafter to demand strict compliance by Lessee.

Section 13.13 Statutory Authority. Connecticut General Statute §§ 10a-104, 10a-108, 4a-52a, and 10a-151b provide the Lessee with authority to enter into contracts in the pursuit of its mission.

Section 13.14 Claims - The Lessor agrees that the sole and exclusive means for the presentation of any claim against the State of Connecticut or the Lessee arising from this Agreement shall be in accordance with Chapter 53 of the Connecticut General Statutes (Claims Against the State) and the Lessor further agrees not to initiate any legal proceedings in any state or federal court in addition to, or in lieu of, said Chapter 53 proceedings.

Section 13.15 Insurance - The Lessor agrees that while performing Services specified in this agreement s/he shall carry sufficient insurance (liability and/or other) as applicable according to the nature of the service to be performed so as to "save harmless" the State of Connecticut from any insurable cause whatsoever. If requested, certificates of such insurance shall be filed with the contracting State agency prior to the performance of Services. Subject to the foregoing, the Lessee acknowledges that, other than such insurance as the Lessor may maintain in the ordinary course of its business activities, no additional insurance is required to be obtained by the Lessor in connection with the performance of its activities as Lessor under this Agreement.

Section 13.16 Non-discrimination - Commission on Human Rights and Opportunities; (ii) "Contract" and "contract" include any extension or modification of the Contract or contract; (iii) "Contractor" and "contractor" include any successors or assigns of the Lessor; (iv) "Gender identity or expression" means a person's gender-related identity, appearance or behavior, whether or not that gender-related identity, appearance or behavior is different from that traditionally associated with the person's physiology or assigned sex at birth, which gender-related identity can be shown by providing evidence including, but not limited to, medical history, care or treatment of the gender-related identity, consistent and uniform assertion of the gender-related identity or any other evidence that the gender-related identity is sincerely held, part of a person's core identity or not being asserted for an improper purpose; (v) "good faith" means that degree of diligence which a reasonable person would exercise in the performance of legal duties and obligations; (vi) "good faith efforts" shall include, but not be limited to, those reasonable initial efforts necessary to comply with statutory or regulatory requirements and additional or substituted efforts when it is determined that such initial efforts will not be sufficient to comply with such requirements; (vii) "marital status" means being single, married as recognized by the State of Connecticut, widowed, separated or divorced; (viii) "mental disability" means one or more mental disorders, as defined in the most recent edition of the American Psychiatric Association's "Diagnostic and Statistical Manual of Mental Disorders", or a record of or regarding a person as having one or more such disorders; (ix) "minority business enterprise" means any small contractor or supplier of materials fifty-one percent or more of the capital stock, if any, or assets of which is owned by a person or persons: (1) who are active in the daily affairs of the enterprise, (2) who have the power to direct the management and policies of the enterprise, and (3) who are members of a minority, as such term is defined in subsection (a) of Connecticut General Statutes § 32-9n; and (x) "public works contract" means any agreement between any individual, firm or corporation and the State or any political subdivision of the State other than a municipality for construction, rehabilitation, conversion, extension, demolition or repair of a public building, highway or other changes or improvements in real

property, or which is financed in whole or in part by the State, including, but not limited to, matching expenditures, grants, loans, insurance or guarantees.

For purposes of this Section, the terms "Contract" and "contract" do not include a contract where each contractor is (1) a political subdivision of the state, including, but not limited to, a municipality, (2) a quasi-public agency, as defined in Conn. Gen. Stat. Section 1-120, (3) any other state, including but not limited to any federally recognized Indian tribal governments, as defined in Conn. Gen. Stat. Section 1-267, (4) the federal government, (5) a foreign government, or (6) an agency of a subdivision, agency, state or government described in the immediately preceding enumerated items (1), (2), (3), (4) or (5).

(b) (1) The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, mental retardation, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by such Contractor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut; and the Contractor further agrees to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, mental retardation, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by the Contractor that such disability prevents performance of the work involved; (2) the Contractor agrees, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Commission; (3) the Contractor agrees to provide each labor union or representative of workers with which the Contractor has a collective bargaining Agreement or other contract or understanding and each vendor with which the Contractor has a contract or understanding, a notice to be provided by the Commission, advising the labor union or workers' representative of the Contractor's commitments under this section and to post copies of the notice in conspicuous places available to employees and applicants for employment; (4) the Contractor agrees to comply with each provision of this Section and Connecticut General Statutes §§ 46a-68e and 46a-68f and with each regulation or relevant order issued by said Commission pursuant to Connecticut General Statutes §§ 46a-56, 46a-68e and 46a-68f; and (5) the Contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Contractor as relate to the provisions of this Section and Connecticut General Statutes § 46a-56. If the contract is a public works contract, the Contractor agrees and warrants that he will make good faith efforts to employ minority business enterprises as subcontractors and suppliers of materials on such public works projects.

(c) Determination of the Contractor's good faith efforts shall include, but shall not be limited to, the following factors: The Contractor's employment and subcontracting policies, patterns and practices; affirmative advertising, recruitment and training; technical assistance activities and such other reasonable activities or efforts as the Commission may prescribe that are designed to ensure the participation of minority business enterprises in public works projects.

(d) The Contractor shall develop and maintain adequate documentation, in a manner prescribed by the Commission, of its good faith efforts.

(e) The Contractor shall include the provisions of subsection (b) of this Section in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the State and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the Commission. The Contractor shall take such action with respect to any such subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with Connecticut General Statutes §46a-56; provided if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Commission, the Contractor may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the State and the State may so enter.

(f) The Contractor agrees to comply with the regulations referred to in this Section as they exist on the date of this Contract and as they may be adopted or amended from time to time during the term of this Contract and any amendments thereto.

(g) (1) The Contractor agrees and warrants that in the performance of the Contract such Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or the State of Connecticut, and that employees are treated when employed without regard to their sexual orientation; (2) the Contractor agrees to provide each labor union or representative of workers with which such Contractor has a collective bargaining Agreement or other contract or understanding and each vendor with which such Contractor has a contract or understanding, a notice to be provided by the Commission on Human Rights and Opportunities advising the labor union or workers' representative of the Contractor's commitments under this section, and to post copies of the notice in conspicuous places available to employees and applicants for employment; (3) the Contractor agrees to comply with each provision of this section and with each regulation or relevant order issued by said Commission pursuant to Connecticut General Statutes § 46a-56; and (4) the Contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the Commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Contractor which relate to the provisions of this Section and Connecticut General Statutes § 46a-56.

(h) The Contractor shall include the provisions of the foregoing paragraph in every subcontract or purchase order entered into in order to fulfill any obligation of a contract with the State and such provisions shall be binding on a subcontractor, vendor or manufacturer unless exempted by regulations or orders of the Commission. The Contractor shall take such action with respect to any such subcontract or purchase order as the Commission may direct as a means of enforcing such provisions including sanctions for noncompliance in accordance with Connecticut General Statutes § 46a-56; provided, if such Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Commission, the Contractor may request the State of Connecticut to enter into any such litigation or negotiation prior thereto to protect the interests of the State and the State may so enter.

Section 13.17 Executive Orders - The Contract is subject to the provisions of Executive Order No. Three of Governor Thomas J. Meskill, promulgated June 16, 1971, concerning labor employment practices, Executive Order No. Seventeen of Governor Thomas J. Meskill, promulgated February 15, 1973, concerning the listing of employment openings and Executive Order No. Sixteen of Governor John G. Rowland promulgated August 4, 1999, concerning violence in the workplace, all of which are incorporated into and are made a part of the Contract as if they had been fully set forth in it. At the Lessor's request, the Client Agency shall provide a copy of these orders to the Lessor. The Contract may also be subject to Executive Order No. 7C of Governor M. Jodi Rell, promulgated July 13, 2006, concerning contracting reforms and Executive Order No. 14 of Governor M. Jodi Rell, promulgated April 17, 2006, concerning procurement of cleaning products and services, in accordance with their respective terms and conditions.

Section 13.18 Campaign Contribution Restrictions - Campaign Contribution Restrictions. For all State contracts as defined in Public Act 10-1 having a value in a calendar year of \$50,000 or more or a combination or series of such agreements or contracts having a value of \$100,000 or more, the authorized signatory to this Agreement expressly acknowledges receipt of the State Elections Enforcement Commission's notice advising state contractors of state campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice attached hereto as Exhibit A.

Section 13.19 Termination for Cause by Lessee - In addition to the rights and duties set forth in Section 4.2, the Lessee may terminate this Agreement for cause by providing a Notice to Cure to the Lessor citing the instances of noncompliance with this Agreement. The Lessor shall have ten (10) days to reply to the Notice to Cure and indicate why this Agreement should not be terminated and recommend remedies to be taken.

(a) If the Lessor and the Lessee reach an agreed upon solution, the Lessor shall then have thirty (30) days after such agreement is reached to cure the noncompliance cited in the Notice to Cure.

- (b) If a mutually agreed upon solution cannot be reached within ten (10) days after receipt of Notice to Cure by Lessor, the Lessee reserves the right to terminate this Agreement, upon thirty (30) days written notice to Lessor .
- (c) If the mutually agreed upon solution is not implemented within thirty (30) days from the date of agreement, the Lessee reserves the right to terminate this Agreement upon thirty (30) days written notice to Lessor .
- (d) In the event of termination of this Agreement pursuant to this Section, both parties shall retain their respective rights and duties under any existing Leases created hereunder and all Equipment Schedules and Payment Schedules relating to such existing Leases shall remain in full force and effect.

Section 13.20 Termination for Convenience by Lessee

- (a) The Lessee may terminate performance of work under this Agreement in whole or in part whenever, if for any reason the Lessee shall determine that such termination is in the best interest of the Lessee and/or the State of Connecticut.
- (b) This Agreement shall remain in full force and effect for the entire term of the contract period stated in Section 4.1 unless cancelled by the Lessee, by providing the Lessor sixty (60) days written notice of such intention. If the Lessee elects to terminate this Agreement pursuant to this provision, the Contract Administrator and/or designee shall notify the Lessor by certified mail, return receipt requested. Termination shall be effective as of the close of business on the date specified in the notice.
- (c) In the event of termination of this Agreement pursuant to this Section, both parties shall retain their respective rights and duties under any existing Leases created hereunder and all Equipment Schedules and Payment Schedules relating to such existing Leases shall remain in full force and effect.

Section 13.21 Force Majeure - If the performance of obligations under this Agreement is rendered impossible or hazardous or is otherwise prevented or impaired due to illness, accident, Act(s) of God, riots, strikes, labor difficulties, epidemics, earthquakes, and/or any other cause or event, similar or dissimilar, beyond the control of the Lessor, then each party's obligations to the other under this Agreement shall be excused and, except as otherwise set forth below, neither party shall have any liability to the other under or in connection with this Agreement; provided, however, that in the event of the occurrence of a force majeure event as provided in this Section, both parties shall retain their respective rights and duties under any existing Leases created hereunder and all Equipment Schedules and Payment Schedules relating to such existing Leases shall remain in full force and effect .

Section 13.22 Whistleblowing. This Contract may be subject to the provisions of §4-61dd of the Connecticut General Statutes. In accordance with this statute, if an officer, employee or appointing authority of the Lessor takes or threatens to take any personnel action against any employee of the Lessor in retaliation for such employee's disclosure of information to any employee of the contracting state or quasi-public agency or the Auditors of Public Accounts or the Attorney General under the provisions of subsection (a) of such statute, the Lessor shall be liable for a civil penalty of not more than five thousand dollars for each offense, up to a maximum of twenty per cent of the value of this Contract. Each violation shall be a separate and distinct offense and in the case of a continuing violation, each calendar day's continuance of the violation shall be deemed to be a separate and distinct offense. The State may request that the Attorney General bring a civil action in the Superior Court for the Judicial District of Hartford to seek imposition and recovery of such civil penalty. In accordance with subsection (f) of such statute, each large state contractor, as defined in the statute, shall post a notice of the provisions of the statute relating to large state contractors in a conspicuous place which is readily available for viewing by the employees of the Lessor.

Section 13.23. Indemnification: The Lessor shall indemnify and hold harmless the State of Connecticut, including any agency or official of the State of Connecticut from, and against all costs, claims, damages, or expenses, including reasonable attorney's fees, arising from its negligent acts or omissions in connection with the performance of this Agreement.

Section 13.24 Additional Required Lessor Signature Authority, Affidavits and Certifications.

- (a) The individual signing this Agreement on behalf of the Lessor certifies that s/he has full authority to execute the same on behalf of the Lessor and that this Agreement has been duly authorized, executed and delivered by the Lessor and is binding upon the Lessor in accordance with its terms. The Lessor shall provide a Corporate Resolution or other signature authority documentation certifying that the individual executing this Agreement has been authorized by the governing body of the Lessor to sign on behalf of the Lessor. Sample forms can be found at:

<http://www.contracts.uconn.edu/corpres.html>

- (b) The Lessee, as an agency of the State of Connecticut, requires that notarized Gift and Campaign Contribution Certificates (Office of Policy and Management "OPM" Form 1) and Consulting Agreement Affidavits (OPM Form 5) accompany all State contracts/agreements with a value of \$50,000 or more in a calendar or fiscal year. [Form 1 is also used with a multi-year contract to update the initial certification on an annual basis.] The State also requires an Affirmation of Receipt of State Ethics Laws Summary (OPM Form 6) which must accompany large State construction or procurement contracts with a value of \$500,000 or more. Pursuant to Conn. Gen. Stat. § 4-252(c)(1), these documents must be executed by the official who is authorized to execute the contract/agreement on behalf of the Lessor. Ethics Affidavits and Certifications can be found at:

<http://www.ct.gov/opm/cwp/view.asp?a=2982&q=386038>

- (c) An executed Nondiscrimination Certification must also be provided by the Lessor at the time of contract execution for all contracts/agreements with corporations and other entities, regardless of type, term, cost or value. The Certification requires the signer to disclose his/her title and certify that the Lessor has in place a properly-adopted policy, which supports the nondiscrimination requirements of Connecticut law. This Certification is required for all original contracts/agreements as well as amendments. The Nondiscrimination Certification form can be found at:

http://www.ct.gov/opm/cwp/view.asp?a=2982&q=390928&opmNav_GID=1806

ARTICLE XIV: SCHEDULES

Section 14.1 Schedule of Equipment - The Schedule of Equipment relating to each Lease shall be substantially in the following form:

EQUIPMENT SCHEDULE NO.

The following Equipment comprises an Equipment Group which is the subject of the Master Lease Agreement dated as of June __, 2013 (the "Agreement"), between the undersigned Lessor and Lessee. The Agreement is incorporated herein in its entirety, and Lessee hereby reaffirms all of its representations and warranties contained in the Agreement. Lessee warrants that no Non-Appropriation and no Event of Default or any event which, with the passage of time or the giving notice, would constitute a default has occurred under the Agreement.

Lease Date: _____

EQUIPMENT GROUP

The Equipment Group is located at the following address. Prior to relocation of the Equipment Group or portion thereof during the Lease Term, Lessee will provide written notice to Lessor.

Insurance Requirements:

- Public Liability; \$ _____ total liability per occurrence
- Casualty and Property Damage: an amount equal to greater of Prepayment Price or full replacement cost of the Equipment.

Maintenance Requirements:

<u>Quantity</u>	<u>Cost per Unit</u>	<u>Description</u>
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- If serial numbers are not available at the date of signing this form, Lessee hereby authorizes Lessor to insert the serial number when available and Lessor shall provide Lessee with a copy of the completed form.

RENTAL PAYMENTS Annual Interest Percentage Rate: %

Lessee will make ___ Rental Payments in the principal amount of \$_____ as set forth in the Payment Schedule. The first payment is due on _____ and subsequent payments are due on like date thereafter.

The University of Connecticut, Lessee

Banc of America Public Capital Corp, Lessor

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attachment: Section 14.2 Payment Schedule

Section 14.2 Payment Schedule – The Payment Schedule relating to each Lease shall be in substantially the following form:

PAYMENT SCHEDULE

Funding Date:

Interest Rate:*

<u>Payment Number</u>	<u>Payment Date</u>	<u>Total Payment</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Prepayment Price***</u>
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* Interest Rates are to be calculated, rounded to four decimal places, from the applicable term section of the following table using the most recent Federal Reserve Publication H.15 (519), index based formula using the Interest Rate Swaps H. 15 data percentage rates as a basis to show the calculation of the interest rate being offered for each lease term.

BAPCC Pricing (UCONN)

A. Term (Months)	Percentage of Index	Index	Date of Federal Reserve Publication H.15 (519)	Index Rate as of H.15 Date	Interest Rate as Calculated
24	0.65% of 1-yr Swap + .71%	1 year swap	H.15 (519) Date	0.32%	0.92%
36	0.65% of 2-yr Swap + .75%	2 year swap	H.15 (519) Date	0.35%	0.98%
48	0.65% of 2-yr Swap + .81%	2 year swap	H.15 (519) Date	0.35%	1.04%
60	0.65% of 3-yr Swap + .84%	3 year swap	H.15 (519) Date	0.42%	1.11%

BAPCC Pricing (UCHC)

A. Term (Months)	Percentage of Index	Index	Date of Federal Reserve Publication H.15 (519)	Index Rate as of H.15 Date	Interest Rate as Calculated
24	0.65% of 1-yr Swap + 1.57%	1 year swap	H.15 (519) Date	0.32%	1.78%
36	0.65% of 2-yr Swap + 1.62%	2 year swap	H.15 (519) Date	0.35%	1.85%
48	0.65% of 2-yr Swap + 1.70 %	2 year swap	H.15 (519) Date	0.35%	1.93%
60	0.65% of 3-yr Swap + 1.75%	3 year swap	H.15 (519) Date	0.42%	2.02%

Notes:

The rate will be fixed five (5) days prior to the day funds are drawn down via direct payment to the vendor by the lessor. This will be done by applying the Interest Rate as calculated by the most recent published H.15 Federal Reserve Statistical Release prior to the draw.

For each lease the Lessor shall provide to the Lessee an executable version of IRS Form 8038-G or 8038-GC, and the associated amortization schedule used in determining the yield.

** After payment of Rental Payment due on such date

THE UNIVERSITY OF CONNECTICUT
Lessee

BANC OF AMERICA PUBLIC CAPITAL CORP
Lessor

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

14.3 - Form of Certificate of Acceptance - The Certificate of Acceptance for each Equipment Group shall be in substantially the following form:

CERTIFICATE OF ACCEPTANCE

The undersigned, as Lessee under the Master Lease Agreement by and between Banc of America Public Capital Corp as Lessor, and Lessee dated as of _____, 201__, acknowledges receipt in good condition of the Equipment described in Equipment Schedule No. __, dated _____ (together with the Master Lease Agreement, the "Agreement"), this ____ day of _____, and certifies that the Lessee has fully and satisfactorily performed all of its covenants and obligations required under the Agreement.

Lessee confirms that it will make rental payments in accordance with the terms of the Agreement.

LESSEE: THE UNIVERSITY OF CONNECTICUT

By: _____

Title: _____

14.4 - Form of Opinion of Independent Counsel of Lessee - The opinion of Independent Counsel relating to the initial Lease shall be in substantially the following form: **[TO BE SUBMITTED ON ATTORNEY'S LETTERHEAD]**

[Closing Date]

[Name of Lessor] [Address of Lessor]

Re: Equipment Schedule No. _ to Master Lease Agreement dated as of _____, 20_, between

_____, as Lessor (the "Lessor"), and
_____, as Lessee (the "Lessee").

Ladies and Gentlemen:

As legal counsel for the Lessee, I have examined (a) an executed counterpart of a certain Master Lease Agreement, dated as of _____, 20_, and Equipment Schedules thereto between Lessor and Lessee (the "Agreement") and Equipment Schedule No. __, between Lessor and Lessee (the "Schedule"), which, among other things, provides for the lease with option to purchase by the Lessee of certain property listed in the Schedule (the "Equipment"), (b) an executed counterpart of the resolutions of Lessee which, among other things, authorizes Lessee to execute the Agreement and the Schedule and (c) such other opinions, documents and matters of law as I have deemed necessary in connection with the following opinions.

Based on the foregoing, I am of the following opinions:

(1) Lessee is a body politic and corporate constituting a public instrumentality and agency of the State of Connecticut, duly organized and existing under the laws of the State.

(2) Lessee has the requisite power and authority to lease the Equipment with an option to purchase and to execute and deliver the Agreement and the Schedule and to perform its obligations under the Agreement and the Schedule.

(3) The Agreement, the Schedule and the other documents either attached thereto or required therein have been duly authorized, approved and executed by and on behalf of Lessee and the Agreement and the Schedule are valid and binding obligations of Lessee enforceable in accordance with their terms.

(4) The authorization, approval and execution of the Agreement and the Schedule and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all open meeting laws, public bidding laws and all, other applicable state or federal laws.

(5) To our knowledge, based upon inquiry of appropriate officers of the Lessee, but without having undertaken independent investigation, there is no proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would adversely affect the transactions contemplated by the Agreement or the Equipment Schedule or the interest of Lessor or its assigns, as the case may be, in the Equipment.

(6) Based upon our review of the Tax Certificate and Compliance Agreement and certain other certificates received from officials of the Lessee in connection with the Agreement all dated as of _____, as to which we have undertaken no independent verification, and assuming the accuracy of and continuing compliance with such certificates, under existing statutes, regulations, published ruling and judicial decisions, the portion of payments identified as the interest component of the rents (as set forth in the Payment Schedule attached to the Agreement as Exhibit _____) will not be includable in gross income of the recipients thereof for the purpose of federal income taxation.

We have not been asked to opine, and hereby expressly decline to opine, with respect to other matters not expressly addressed herein, including without limitation, the status under federal and state securities law of any certificate of participation or other interest of any investor in the Agreement.

All capitalized terms herein shall have the same meanings as in the foregoing Agreement unless otherwise provided herein. Lessor, its successors and assigns, are entitled to rely on this opinion.

Printed Name: _____ Dated: _____

Address: _____ Signature: _____

Telephone No.: _____

-- REMAINDER OF PAGE LEFT INTENTIONALLY BLANK --

EXECUTION PAGE FOLLOWS

EXECUTION PAGE OF MASTER LEASE AGREEMENT

Agreement Dated as of: June ____, 2013

Fiscal Year Commencement Date: July 1st

Fiscal Year end Date: June 30th

IN WITNESS WHEREOF Lessor has caused this Agreement to be executed in its corporate name by its duly authorized officer, and Lessee has caused this Agreement to be executed in its name by its duly authorized officer.

THE UNIVERSITY OF CONNECTICUT
Lessee

**BANC OF AMERICA PUBLIC
CAPITAL CORP**
Lessor

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Address: _____

Address: _____

Attention:
Telephone:
Facsimile:

Attention:
Telephone:
Facsimile:

ATTORNEY GENERAL Approval

By: _____

Title: _____

Date: _____

EXHIBIT A

SEEC FORM 11

CONNECTICUT STATE ELECTIONS ENFORCEMENT COMMISSION
Rev. 1/11

**NOTICE TO EXECUTIVE BRANCH STATE
CONTRACTORS AND PROSPECTIVE STATE
CONTRACTORS OF CAMPAIGN CONTRIBUTION AND
SOLICITATION LIMITATIONS**

This notice is provided under the authority of Connecticut General Statutes §9-612(g)(2), as amended by P.A. 10-1, and is for the purpose of informing state contractors and prospective state contractors of the following law (*italicized words are defined on the reverse side of this page*).

**CAMPAIGN CONTRIBUTION AND SOLICITATION
LIMITATIONS**

No state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor, with regard to a state contract or state contract solicitation with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall make a contribution to (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee (which includes town committees).

In addition, no holder or principal of a holder of a valid prequalification certificate, shall make a contribution to (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of State senator or State representative, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee.

On and after January 1, 2011, no state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor, with regard to a state contract or state contract solicitation with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall **knowingly solicit** contributions from the state contractor's or prospective state contractor's employees or from a *subcontractor or principals of the subcontractor* on behalf of (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee.

DUTY TO INFORM

State contractors and prospective state contractors are required to inform their principals of the above prohibitions, as applicable, and the possible penalties and other consequences of any violation thereof.

PENALTIES FOR VIOLATIONS

Contributions or solicitations of contributions made in violation of the above prohibitions may result in the following civil and criminal penalties:

Civil penalties—Up to \$2,000 or twice the amount of the prohibited contribution, whichever is greater, against a principal or a contractor. Any state contractor or prospective state contractor which fails to make reasonable efforts to comply with the provisions requiring notice to its principals of these prohibitions and the possible consequences of their violations may also be subject to civil penalties of up to \$2,000 or twice the amount of the prohibited contributions made by their principals.

Criminal penalties—Any knowing and willful violation of the prohibition is a Class D felony, which may subject the violator to imprisonment of not more than 5 years, or not more than \$5,000 in fines, or both.

CONTRACT CONSEQUENCES

In the case of a state contractor, contributions made or solicited in violation of the above prohibitions may result in the contract being voided.

In the case of a prospective state contractor, contributions made or solicited in violation of the above prohibitions shall result in the contract described in the state contract solicitation not being awarded to the prospective state contractor, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

The State shall not award any other state contract to anyone found in violation of the above prohibitions for a period of one year after the election for which such contribution is made or solicited, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

Additional information may be found on the website of the State Elections Enforcement Commission, www.ct.gov/seec. Click on the link to “Lobbyist/Contractor Limitations.”

DEFINITIONS

“State contractor” means a person, business entity or nonprofit organization that enters into a state contract. Such person, business entity or nonprofit organization shall be deemed to be a state contractor until December thirty-first of the year in which such contract terminates. “State contractor” does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

“Prospective state contractor” means a person, business entity or nonprofit organization that (i) submits a response to a state contract solicitation by the state, a state agency or a quasi-public agency, or a proposal in response to a request for proposals by the state, a state agency or a quasi-public agency, until the contract has been entered into, or (ii) holds a valid prequalification certificate issued by the Commissioner of Administrative Services under section 4a-100. “Prospective state contractor” does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

“Principal of a state contractor or prospective state contractor” means (i) any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a state contractor or prospective state contractor, which is a business entity, except for an individual who is a member of the board of directors of a nonprofit organization, (ii) an individual who is employed by a state contractor or prospective state contractor, which is a business entity, as president, treasurer or executive vice president, (iii) an individual who is the chief executive officer of a state contractor or prospective state contractor, which is not a business entity, or if a state contractor or prospective state contractor has no such officer, then the officer who duly possesses comparable powers and duties, (iv) an officer or an employee of any state contractor or prospective state contractor who has *managerial or discretionary responsibilities with respect to a state contract*, (v) the spouse or a *dependent child* who is eighteen years of age or older of an individual described in this subparagraph, or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the state contractor or prospective state contractor.

“State contract” means an agreement or contract with the state or any state agency or any quasi-public agency, let through a procurement process or otherwise, having a value of fifty thousand dollars or more, or a combination or series of such agreements or contracts having a value of one hundred thousand dollars or more in a calendar year, for (i) the rendition of services, (ii) the furnishing of any goods, material, supplies, equipment or any items of any kind, (iii) the construction, alteration or repair of any public building or public work, (iv) the acquisition, sale or lease of any land or building, (v) a licensing arrangement, or (vi) a grant, loan or loan guarantee. “State contract” does not include any agreement or contract with the state, any state agency or any quasi-public agency that is exclusively federally funded, an education loan, a loan to an individual for other than commercial purposes or any agreement or contract between the state or any state agency and the United States Department of the Navy or the United States Department of Defense.

“State contract solicitation” means a request by a state agency or quasi-public agency, in whatever form issued, including, but not limited to, an invitation to bid, request for proposals, request for information or request for quotes, inviting bids, quotes or other types of submittals, through a competitive procurement process or another process authorized by law waiving competitive procurement.

“Managerial or discretionary responsibilities with respect to a state contract” means having direct, extensive and substantive responsibilities with respect to the negotiation of the state contract and not peripheral, clerical or ministerial responsibilities.

“Dependent child” means a child residing in an individual’s household who may legally be claimed as a dependent on the federal income tax of such individual.

“Solicit” means (A) requesting that a contribution be made, (B) participating in any fund-raising activities for a candidate committee, exploratory committee, political committee or party committee, including, but not limited to, forwarding tickets to potential contributors, receiving contributions for transmission to any such committee or bundling contributions, (C) serving as chairperson, treasurer or deputy treasurer of any such committee, or (D) establishing a political committee for the sole purpose of soliciting or receiving contributions for any committee. Solicit does not include: (i) making a contribution that is otherwise permitted by Chapter 155 of the Connecticut General Statutes; (ii) informing any person of a position taken by a candidate for public office or a public official, (iii) notifying the person of any activities of, or contact information for, any candidate for public office; or (iv) serving as a member in any party committee or as an officer of such committee that is not otherwise prohibited in this section.

“Subcontractor” means any person, business entity or nonprofit organization that contracts to perform part or all of the obligations of a state contractor's state contract. Such person, business entity or nonprofit organization shall be deemed to be a subcontractor until December thirty first of the year in which the subcontract terminates.

“Subcontractor” does not include (i) a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or (ii) an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

“Principal of a subcontractor” means (i) any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a subcontractor, which is a business entity, except for an individual who is a member of the board of directors of a nonprofit organization, (ii) an individual who is employed by a subcontractor, which is a business entity, as president, treasurer or executive vice president, (iii) an individual who is the chief executive officer of a subcontractor, which is not a business entity, or if a subcontractor has no such officer, then the officer who duly possesses comparable powers and duties, (iv) an officer or an employee of any subcontractor who has managerial or discretionary responsibilities with respect to a subcontract with a state contractor, (v) the spouse or a dependent child who is eighteen years of age or older of an individual described in this subparagraph, or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the subcontractor.