

Lender Qualifications

Thank you for your interest in participating in GS \$Mart[®], or Energy \$Mart, the State of California's efficient, electronic financial market. To apply for participation as a lender, you must submit a qualifications proposal as described below to:

DGS Procurement Division
ATTN: GS \$Mart[®] Administrator

MAILING ADDRESS:
DGS Procurement Division
P.O. Box 989052
Mail Stop 207
West Sacramento, CA 95798-9052

PHYSICAL ADDRESS:
(for overnights and meetings)
707 3rd Street
Mail Stop 207
West Sacramento, CA 95605

Fax: (916) 376-6249

[\\$Mart Manager](#)

Upon completion of the evaluation by the GS \$Mart[®] Administrator, you will be notified of the results. If you are found to be qualified for participation in GS \$Mart[®], you will be sent further instructions regarding the rate quoting process and financing plans. Only DGS Procurement Division approved financing plans will be allowed to be included in state installment purchase orders and lease contracts where the purchase price at the end of all lease payments is nominal. Operating (true) leases and rental agreements are not currently addressed in GS \$Mart[®]. They may in the future.

Qualifications Proposal

The first step in qualifying for the GS \$Mart[®] program is to review the State's [Terms and Conditions](#) for GS \$Mart[®]. Any installment purchase contract with the State under this program will be completed with the standard Terms and Conditions except for special cases where the contract needs to be enhanced for particular assets such as, but not limited to, software or aircraft. In responding to a Request for Quote for the Marketplace Administrator the approved Lender agrees to the Terms and Conditions of GS \$Mart and the selection of the Lender as the State's designated Lender for the specific contract, as well as the incorporation of their payment schedule into the contract for which they responded.

Given the arcane nature of state government financing and the close relationship to tax and securities laws and regulations, the State of California (State) is interested in doing business with lenders with impeccable credentials that have the requisite knowledge of legal requirements for processing State lease purchases, a proven performance track record, and the capability to perform in the anticipated time frames. Capability includes, but is not limited to, personnel in the numbers and with the skills required, equipment of appropriate type and in sufficient quantity, financial resources sufficient to fund contracts, and experience in similar endeavors.

The State may request any additional information from any available source which it deems necessary to determine the applicant's qualifications. If the available information is insufficient to satisfy the State as to the applicant's qualifications, the State may disqualify the lender from

further participation at that time. The State's determination of the applicant's qualifications to participate in GS \$Mart[®] is final.

NOTE: If any of the submitted information is identified by the applicant as confidential, it shall be treated as such by the State and returned when the applicant's qualifications has been assessed. Should the State disagree with the confidential classification of the information, the applicant will be notified immediately and given the option of changing its confidential designation or having it returned without evaluation by the State.

In its qualifications proposal, each applicant shall:

1. Supply an **organization chart** reflecting management and other office staff that would be involved in financing state contracts and purchase orders. The reporting hierarchy must be identified. Any affiliations and relationships with other parties proposed to be involved with the lender should be described.
2. Provide a **short narrative** describing its technical expertise, staff to support paperwork and marketing requirements, and office equipment and facilities to support fax, phone and other computer links. Also, provide **resumes** for all employees proposed to be involved, including complete employment history.
3. Submit **evidence of services provided over the last three years** in the area of tax-exempt and taxable lease purchase agreements to large organizations similar in scope to the type of contracts typically used by the State of California. The applicant needs to enumerate such transactions and separate them into three groups: (1) \$100,000 to \$1,000,000; (2) \$1,000,000 to \$5,000,000; and (3) over \$5,000,000. Each grouping should be organized to identify pertinent customer and agreement information to allow the State to identify if the transaction is of the type anticipated by the State of California.
4. Submit **audited financial statements for a minimum of the last two 2 years** or other certified financial statements to demonstrate the required resources are in fact available. The applicant must also be ready to produce any other substantiating evidence deemed necessary for the State to determine the financial abilities of the applicant, including, but not limited to, types and amounts of insurance carried.
5. Provide a **minimum of three (3) customer references** of financing agreements similar in scope to those described in Bullet 3 above. Each reference must include contact information to include the name, address, telephone number and contact person of each supplier and buyer, the amount and a narrative description of the agreement. Each reference contact must agree to verify the facts as you have described in your qualifications documentation concerning your agreement with their firm.
6. Provide a **minimum of three (3) agreements with suppliers** where the lender acted as a financing partner to the supplier (prime contractor). The applicant must state that it accepts full responsibility for all required performance as identified in the financial plans offered, within the time frames specified.
7. Provide **evidence of affiliation or membership in an association or organization** such as the *Association for Governmental Leasing & Finance, Equipment Leasing Association of America*, or similar organization to substantiate the applicants position in the financial community.
8. Provide a copy of either a **Certificate of Qualification (if company headquarters are located inside California)** or a **Statement and Designation by a Foreign Corporation (if company headquarters are located outside of California)** and a Certificate of Good Standing from the State in which the Company's headquarters are located.
9. **Certify under penalty of perjury that the lender has not been debarred from doing business** by any governmental jurisdiction, especially the California Secretary of State, the federal government, or California municipal agencies.
10. Have a **good or better financial rating by Dunn and Bradstreet**. A reputable bank reference providing evidence of a long term relationship exhibiting a sound financial status with this firm for the last five years may be offered as a substitute.

11. Certify under penalty of perjury whether during the last 20 years the lender, or its officers, has been the **subject of a Securities and Exchange Commission, Internal Revenue Service, or other tax authority investigation**, or subject to any criminal or civil proceeding or investigation or sanctioned by any regulatory or judicial body, providing details as to each such investigation or proceeding. All participating lenders agree to notify the Department of General Services Procurement Division immediately of the commencement of any new investigation or proceeding concerning their firm or its officers.
12. Provide **commitment to work with the State** in continuous improvement and sharing innovative process changes as the lending industry changes. The lender should explain its level of understanding and commitment to continuous improvement (e.g. of concepts such as TQM, Excellence, Quality, Quality Circles, Business Process Reengineering, Business Process Improvement, Customer Service, etc.)
13. Provide a **plan for adequate support** on an on-going basis. Support may be needed to create, maintain, and improve Internet Web site functions to facilitate quick closings. It is envisioned that electronic payment schedules, standard closing documents, and approved terms and conditions would be readily available for the shopper to download and include in the financed contract or purchase order upon award. Additionally, lender contacts should be available for support during normal State business hours.
14. Provide basic marketing services to State agencies for the purpose of garnering business, and regular attendance at the annual roundtable discussion.
15. Sign and submit the **Confidentiality Statement (Exhibit A)**. Any lender engaging in services to the State may be exposed to confidential information. Hence, it agrees to exercise all security precautions such information demands and provide written instruction to its employees concerning the safeguarding of such information.
16. Agree that under penalty of perjury under the laws of the State of California, by submitting a qualifications proposal, **it will comply with the requirements of the Drug-Free Workplace Act of 1990** (Government Code Section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:
 - a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
 - b. Establish a Drug-Free Awareness Program to inform employees about:
 - i. The dangers of drug abuse in the workplace;
 - ii. The person's or organization's policy of maintaining a drug-free workplace;
 - iii. Any available counseling, rehabilitation, and employee assistance programs; and
 - iv. Penalties that may be imposed upon employees for drug abuse violations.
 - c. Every employee who works on a financed contract will:
 - i. Receive a copy of the company's drug-free workplace policy statement; and
 - ii. Agree to abide by the terms of the company's statement as a condition of participation in GS \$Mart®.
17. Complete to the extent possible and sign the attached **Standard Form 204 (Vendor Data Record)**. The State of California uses this form to collect payee information for the preparation of the IRS Form 1099 for payments made via contracts. Various state agencies may require a similarly completed Vendor Data Record for each financed contract or purchase order.

Re-qualification Process

Come June 15, 2000, a re-qualification process will be activated for all Lenders participating in the GS \$Mart® program. On this date, and every subsequent two years hence (i.e., June 15,

2002; June 15, 2004), Lenders must re-qualify to continue their participation. There will be two categories for re-qualification:

- **Inactive Lender** - Lender who has not conducted business with the State of California via the GS \$Mart[®] program. The Lender must complete the Qualification Process in its entirety and resubmit for approval.
- **Active Lender** - Lender who has conducted business with the State of California via the GS \$Mart[®] program. Re-qualification will coincide with the current Lender Qualifications Proposal and will consist of the following:

- 1) **Organization Chart** - Update if changes have occurred
- 2) **Electronic Commerce** - List what improvements have been made since last qualification period
- 3) **Technical Expertise Narrative** - Update if changes have occurred
- 4) **Services Provided** - *Not Applicable*
- 5) **Audited Financial Statements** - *Resubmit as required in this section*
- 6) **Customer References** - *Not Applicable*
- 7) **Partnering Agreements** - *Not Applicable*
- 8) **Membership Affiliation** - *Update if changes have occurred*
- 9) **Business License** - *Resubmit current or renewed license*
- 10) **Debarment** - *Update if changes have occurred*
- 11) **Financial Ratings** - *Resubmit*
- 12) **SEC, IRS or other Investigations** - *Update if changes have occurred*
- 13) **Commitment to Work with State** - *List what improvements have been made since last qualification period*
- 14) **Confidentiality Statement** - *Update if changes have occurred*
- 15) **Drug-free Workplace Act** - *Update if changes have occurred*
- 16) **Vendor Data Record** - *Update if changes have occurred*
- 17) **Additional Forms** - *Not Applicable*

Exhibit A

Confidentiality Statement

As an authorized representative and/or corporate officer of the company named below, I warrant my company and its employees will not disclose any documents, diagrams, information and information storage media made available to use by the State in conjunction with their participation in GS \$Mart[®] and any contract arising therefrom. I warrant that only those employees who are authorized and required to use such materials will have access to them.

I further warrant that all materials provided by the State will be returned promptly after use and that all copies or derivations of the materials will be physically and/or electronically destroyed. I will include with the returned materials, a letter attesting to the complete return of materials and documenting the destruction of copies and derivations. Failure to so comply will subject this company to liability, both criminal and civil, including all damages to the State and third parties. I authorize the State to inspect and verify the above.

I warrant that if my company is selected to participate in GS \$Mart[®], it will not enter into any agreements or discussions with a third party concerning such materials prior to receiving written confirmation from the State that such third party has an agreement with the State similar in nature to this one.

(Signature of representative)

(Typed name or representative)

(Typed name of company)

(Date Signed)

[Payee Data Record – Std. 204](#)