

ACTION ITEM

Date: August 24, 2015

To: Raymond E. Lechner, Ph.D.
Superintendent

From: Gail F. Buscemi
Business Manager

Subject: Approval Capital Equipment Lease/Purchase Agreement

Proposed Action by Board of Education

Motion to authorize the Superintendent to approve written terms and conditions for the Master Lease Agreement with American Capital Financial Services, Inc. for an amount not to exceed \$587,130 payable in three annual installments, and with Heartland Business Systems for the technology upgrade work in consultation with the District's legal counsel.

Background

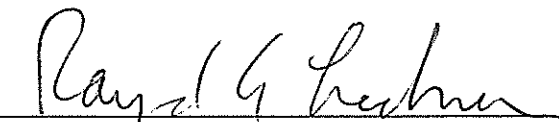
In order to maintain reliable hardware requirements of Wilmette Public Schools District's technology infrastructure, a substantial investment was required by the District. The District 39's technology staff considered multiple vendors with different solutions. While budgetary requirements called for a multi-year approach, instructional needs leaned toward a front loaded purchase and implementation.

After exploring several financing options, the Administration and the Technology Department worked together to negotiate the attached three-year, lease/purchase agreement with American Capital Financial Services, Inc. at a 1.666% interest rate. According to the terms and conditions of the proposed lease/purchase agreement, Wilmette Public Schools takes full, unencumbered ownership of all equipment at the end of the three year period. The Technology department anticipates a life cycle substantially in excess of 3 years for the equipment procured through this agreement.

The Administration recommends approval of the lease/purchase agreement contained herein as written.

Attachment

**Recommended for presentation
to the Board of Education**



Raymond E. Lechner, Ph.D.
Superintendent

American Capital Financial Services, Inc.

Agreement No. 2015349216

MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT is entered into and effective this 4th day of August, 2015, between American Capital Financial Services, Inc., an Illinois corporation having an address at 2015 Ogden Avenue, #400, Lisle, Illinois 60532 ("Lessor") and Wilmette Public School District 39, a(n) Illinois school district having its chief executive offices at 615 Locust Road, Wilmette, IL 60091 ("Lessee").

1. LEASE

Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the equipment described in one or more Schedules entered into by Lessee and accepted by Lessor concurrently with the execution of this Master Lease Agreement by the parties or subsequent thereto. Each Schedule shall constitute a separate lease on the terms herein and therein set forth, and shall be deemed to incorporate this Master Lease Agreement by reference. The term "Lease" as used herein shall refer to an individual Schedule entered into pursuant to this Master Lease Agreement. To the fullest extent possible each Schedule entered into under this Master Lease Agreement shall be construed to be consistent with the terms and conditions of this Master Lease Agreement. However, in the event that the terms or conditions of any Schedule is stated to supersede the terms and conditions of this Master Lease Agreement or can not be interpreted consistently with the terms and conditions of this Master Lease Agreement, the superseding terms or conditions or inconsistent terms or conditions of such Schedule shall govern but all other terms and conditions of this Master Lease Agreement shall be deemed to remain in full force and effect. Each Schedule shall constitute a separate, distinct, and independent lease and contractual obligation of Lessee. All of the items of equipment on a Schedule shall be referred to collectively as the "Equipment" and separately as a "Unit" or "Item." The mere execution of this Master Lease Agreement shall not obligate Lessee to lease any item of Equipment from Lessor or Lessor to lease any item of Equipment to Lessee. Such obligation shall only be evidenced by a Schedule duly executed by Lessor and Lessee. A Schedule signed by Lessee constitutes an irrevocable offer by Lessee to lease from Lessor the Equipment set forth on such Schedule on the terms and conditions set forth in the Master Lease Agreement and such Schedule and such offer shall be deemed irrevocable until and unless rejected by Lessor but shall not be binding upon Lessor until and unless such Schedule is accepted by an officer of Lessor as evidenced by such officer's signature on such Schedule.

2. TERM

(a) Each Lease shall include an "Installation Term" and a "Base Term." The **Installation Term** for each Item shall commence on its "Installation Date" and end on the last day of the month immediately preceding the "Base Term Commencement Date." If the Item is to be self-installed by Lessee, its "Installation Date" shall be the date of its delivery to Lessee. If the Item is to be installed by a third party, its **Installation Date** shall be the date on which the third party responsible for installing the Item certifies that the Item has been installed and placed in good working order. The "Base Term Commencement Date" shall be the first day of the calendar month following the Installation Date of the last Item to be installed. As specified in the applicable Schedule, The "Rental Payment Period" may be: i) "Monthly" consisting of full calendar months; ii) "Quarterly" consisting of three (3) full calendar months; iii) **Semi-Annual** consisting of six (6) full calendar months or iv) "Annual" consisting of twelve (12) full calendar months. The rent for a Rental Payment Period shall be referred to as the "Base Periodic Rent." The Rental Payment Period shall always commence of the first day of a calendar month. The Base Term shall commence on the Base Term Commencement Date and continue thereafter for the number of Rental Payment Periods set

forth in the applicable Schedule. Unless otherwise specified in the applicable Schedule, the Lease term shall continue after the expiration of the Base Term until and unless terminated as provided herein. As to any Item to be installed by a third party, notwithstanding the fact that its Installation Term may begin after delivery of the Item to Lessee, all obligations of Lessee under the Lease, other than the obligation to pay rent, shall commence upon the delivery of the Item to Lessee.

(b) A Lease may be terminated as of the last day of the last month of the Base Term or the last day of any Rental Payment Period thereafter, by written notice given by either party to the other not more than nine months nor less than six months prior to the date of termination designated in such notice which date must be the last day of a calendar month. If the Lease is not so terminated at the end of the Base Term and other rental amounts are not specified in the applicable Schedule or mutually agreed upon by the parties in writing, the Base Periodic Rent specified in the applicable Schedule shall continue to be due and payable by Lessee until the Lease is terminated in accordance with the terms hereof and the applicable Schedule. Any notice of termination given may not be revoked without the written consent of the other party. Lessee hereby grants Lessor a right of first refusal for the financing of the equipment, which Lessee is obtaining to replace the Equipment to be terminated.

3. RENTAL PAYMENTS

(a) As rent for each item of Equipment, Lessee shall pay Lessor the sum of (i) Base Periodic Rent as set forth in the applicable Schedule per Rental Payment Period in immediately available funds in advance on the Base Term Commencement Date and on the first day of each Rental Payment Period thereafter so long as the Lease has not been terminated in accordance with its terms, and (ii) on the Base Term Commencement Date, an amount equal to the "**Daily Rental Rate**" for each Item times the number of days occurring in the Installation Term. For purposes of this Lease, the **Daily Rental Rate** for an item of Equipment shall be determined by dividing the Base Periodic Rent by: i) thirty (30) if the Rental Payment Period is Monthly; ii) ninety (90) if the Rental Payment Period is Quarterly; (iii) one hundred and eighty (180) if the Rental Payment Period is semi-annual and iv) three hundred and sixty (360) if the Rental Payment Period is Annual.

(b) Any payment due under the Lease which is past due for more than five (5) days shall be subject to a late charge of the lesser of one and a half percent (1.5%) a month compounded monthly or the highest rate permitted by law for the date such payment was due to the date it is received in immediately available funds by Lessor. The provisions of this Section 3(b) shall not diminish or impair the rights of Lessor set forth in Section 16 below but shall be in addition thereto, and the acceptance by Lessor of any sums called for by this Section 3(b) shall not constitute a waiver by Lessor of any event of default.

4. TAXES

During the term of each Lease, Lessee shall be responsible for and promptly report, file, pay and indemnify, and hold Lessor harmless with respect to any and all Taxes, as hereinafter defined. The term "Taxes" as used herein shall mean all taxes, fees and assessments, of any nature whatsoever, assessed or levied by any foreign, federal, state or local

government or taxing authority, and/or any penalties, fines or interest thereon, which are imposed during the term of the Lease against or upon the Equipment, its use, operation, or ownership, the Lease or the rentals or receipts due under the Lease, or penalties arising from the failure to file a return with respect to the Equipment or Lease, but shall not include any federal or state taxes based upon or measured by the net income of the Lessor. Lessee will, upon request by Lessor, submit to Lessor written evidence of Lessee's payment of all Taxes due hereunder. To the extent permitted by law, Lessee shall be agent for Lessor in the filing and payment of Taxes; if such agency is not permitted under law, and Lessee so notifies Lessor thereof in writing, Lessor shall file such tax returns relating to such Taxes and Lessor shall remit the amount thereof, and Lessee shall simultaneously reimburse Lessor promptly upon demand for the amount of such Taxes.

5. NET LEASE

Each Lease is a net lease, it being the intention of the parties that all costs, expenses and liability associated with the Equipment, its leasing purchase, the Lease, and the titling, financing, and documentation of the foregoing shall be borne by Lessee unless expressly agreed to the contrary in the Lease. Lessee's duty to pay all obligations hereunder, including but not limited to rent, shall be absolute and unconditional and shall not be subject to any abatement, deferment, reduction, setoff, defense, counterclaim or recoupment for any reason whatsoever and such agreement is for the benefit of Lessor and its assignees. Except as may be otherwise expressly provided herein, the Lease shall not terminate, nor shall such obligations of Lessee be affected, by reason of any defect in or damage to, or any loss or destruction of, or obsolescence of, the Equipment or any Unit thereof from any cause whatsoever, or the interference with the use thereof by any private person, corporation or governmental authority, or as a result of any war, riot, insurrection or Act of God. It is the express intention of Lessor and Lessee that all rent and other sums payable by Lessee hereunder shall be, and continue to be, payable in all events throughout the term hereof. The Lease shall be binding upon the Lessee, its successors and assignees and shall inure to the benefit of Lessor and its successors and assignees, and all references to Lessor shall include such successors and assignees.

6. INSTALLATION, RETURN, AND USE OF EQUIPMENT

- (a) Upon delivery of the Equipment to Lessee, Lessee shall pay all transportation, installation, rigging, packing, insurance and any other charges relating to the Equipment including, but not limited to all charges relating to the procurement, delivery, installation and documenting of the Equipment and the Lease. In the case of a sale and leaseback transaction, Lessee shall, upon the request of Lessor, certify the date the Equipment was first put into use. Lessee will provide the required electric current and other environmental requirements specified by the manufacturer of the Equipment and use and maintain the Equipment in a manner that will not void the manufacturer's warranties or any applicable maintenance agreements. No accessories or attachments may be used by Lessee to operate any Unit unless the same meets the specifications of the manufacturer. Lessee agrees that it will not use or install, or permit the use or installation of the Equipment until it has executed and delivered all documents required to be executed and delivered pertaining to the Equipment, taken all other actions required by the Lease and the Lessor to commence using the Equipment and obtained all required consents of the Lessor.
- (b) Subject to Lessee's compliance with the terms of the lease Lessee shall, at all times during the term of the Lease, be entitled to unlimited use of the Equipment. Lessee will at all times keep the Equipment in its sole possession and control. The Equipment shall not be moved from the location stated in the Lease without the prior written consent of Lessor and in no event shall the Equipment be moved outside the continental United States. Any time during the term of the Lease and upon the written request of Lessor,

Lessee shall at Lessee's sole expense certify to Lessor (i) the location of the Equipment, (ii) the serial numbers, features, additions to or other characteristics of the Equipment and (iii) eligibility of the Equipment for standard maintenance. Lessee will comply with all laws, regulations, and ordinances, and all applicable requirements of the manufacturer of the Equipment, which apply to the physical possession, use, operation, condition, and maintenance of the Equipment. Lessee agrees to obtain all permits and licenses necessary for the operation of the Equipment.

- (c) Provided Lessee shall have first obtained the prior written consent of Lessor, Lessee may, at its own expense, make alterations in or add attachments including upgrades to the Equipment, provided such alterations, attachments or upgrades do not decrease the value of the Equipment or interfere with the normal and satisfactory operation or maintenance of the Equipment or with Lessee's ability to obtain and maintain the maintenance contract required by Section 7 hereof. During the term of the Lease and provided Lessee is not in default, all such alterations, attachments, or upgrades shall be the property of Lessee. No liens, encumbrances or interest may be granted by Lessee in such attachments, alterations or upgrades which would impair Lessor's rights, title and interest in the Equipment. Provided the attachment, alteration or upgrade is easily removable, then at the option of Lessee (provided Lessee is not in default and upon Lessor's consent), Lessee shall, prior to the termination of the Lease and at its sole expense, remove such alterations, attachments or upgrades and restore the Equipment to its original condition and, if it fails to do so, such alteration, attachment or upgrade shall become the property of the Lessor.
- (d) Lessee shall, at the termination of the Lease, at its sole expense, de-install, pack and return the Equipment to Lessor at such location within the continental United States as shall be designated by Lessor, subject to the requirements of Sections 6 (c) and 7, in the same operating order, repair, condition and appearance as of the Installation Date, reasonable wear and tear excepted, with all current engineering changes prescribed by the manufacturer or a maintenance contractor approved by Lessor ("Maintenance Organization") incorporated therein. Lessee shall execute a certificate with respect to the de-installation of any Equipment or Items thereof, which shall describe the de-installed Equipment or Items thereof according to quantity, machine description and serial number and shall certify that Lessee has performed all of its obligations as provided herein. Until the return of the Equipment to Lessor in the condition required by the Lease, Lessee shall be obligated to pay the Base Periodic Rent and all other sums due hereunder. Upon redelivery to Lessor, Lessee shall arrange and pay for such repairs (if any) as are necessary for the manufacturer or Maintenance Organization to accept the Equipment under a maintenance contract as its then standard rates.

7. MAINTENANCE AND REPAIRS

During the term of the Lease, Lessee shall, at its sole expense, keep the Equipment in good working order, repair, appearance and condition and make all necessary additions, adjustments and repairs thereto and replacements thereof necessary to keep the Equipment in good working order, within manufacturer warranty specifications and acceptable for applicable maintenance programs, all of which additions, adjustments, repairs and replacements shall become the property of Lessor. Lessee shall not use or permit the Equipment to be used for any purpose for which, in the opinion of the manufacturer or Maintenance Organization, the Equipment is not designed or intended or which would void the manufacturer's warranties or applicable maintenance agreements. Without limiting the generality of the foregoing, and except as the same may be covered by warranties, if any, issued by the manufacturer of the Equipment, Lessee shall, during the term of this Lease, maintain in full force and effect a maintenance contract with the manufacturer or

Maintenance Organization covering the Equipment. Lessee shall furnish Lessor with a copy of such maintenance contract (or warranty) or supplements thereto upon request.

8. OWNERSHIP, LIENS AND INSPECTIONS

- (a) Lessee shall affix and maintain tags, decals or plates to the Equipment indicating ownership and title to the Equipment in Lessor (or its assignees) and Lessee shall not permit the removal or concealment of such tags. Lessee shall keep the Equipment free from any marking or labeling which might be interpreted as a claim of ownership thereof by Lessee or any party other than Lessor or its assignees. Upon reasonable notice to Lessee, Lessor, its agents and assignees shall have free access to the Equipment at reasonable times for the purpose of inspection and for any other purposes contemplated by the Lease, subject to the reasonable security requirements of Lessee.
- (b) Lessee shall execute and immediately deliver such instruments, including Uniform Commercial Code financing statements, as are required by Lessor to be filed to evidence Lessor's interest in the Equipment or the Lease. Lessor may by written notice to Lessee indicate that the ownership interest in the Equipment is held by a party other than Lessor. Lessor and Lessee hereby agree, and Lessee hereby represents for the benefit of Lessor and its assignees, that the Lease is intended to be a "true lease" as the term is commonly used in the applicable Uniform Commercial Code and the Internal Revenue Code, as amended. Lessee agrees that it will not directly or indirectly take any action or file any returns or other documents inconsistent with the foregoing. Lessee has no interest in the Equipment except as expressly set forth in the Lease, and that interest is a leasehold interest. Lessee represents and warrants that the description of the Equipment as set forth on each document executed by Lessee in connection with each Schedule is true, complete and accurate including features, models and serial numbers.
- (c) Lessee shall keep the Lease and the Equipment free and clear of all liens, levies, charges, encumbrances and claims (collectively "Liens"), including, without limitation, any Liens of the holders of any interest in the real estate on which the Equipment is located or of any personal property to which it is connected, and will, prior to installation of the Equipment or at any time upon Lessor's request, obtain and deliver to Lessor a waiver of any such Liens as to the Equipment in recordable form. It is expressly understood that all of the Equipment shall be and remain personal property, notwithstanding the manner in which the same may be attached or affixed to realty, and Lessee shall do all acts and enter into all agreements necessary to assure Lessor that the Equipment remains personal property and that the respective interests of Lessor and its assignees are protected and preserved. Lessee shall not permit any Equipment to be installed in or with, or used, stored or maintained with, any personal property in such manner or under such circumstances that any Equipment might be or become an accession to or confused with such other personal property. Lessee shall not permit any Equipment to be installed in or on, or used, stored or maintained with, any real property in such a manner or under such circumstances that any person might acquire any rights in any Equipment by reason of such Equipment being deemed to be real property or a fixture thereon.
- (d) Lessee shall not assign the Lease or any of its rights hereunder or sublease any of the Equipment or grant any rights to the Equipment without the prior written consent of Lessor. No permitted assignment or sublease shall relieve Lessee of any of its obligations hereunder and Lessee agrees to pay all costs and expenses Lessor may incur in connection with such sublease or assignment. Lessee hereby grants to Lessor the right of first refusal on any sublease or grant of Lessee's rights to the Equipment except as expressly set forth herein, Lessee may not assign, transfer, sublease, hypothecate or otherwise convey any of its rights or obligations in and under any Lease.

9. DISCLAIMER OF WARRANTIES

- (a) LESSEE IS SOLELY RESPONSIBLE FOR THE SELECTION OF VENDORS AND EQUIPMENT AND DETERMINING THEIR SUITABILITY. BY PROVIDING A DELIVERY CERTIFICATE, LESSEE WARRANTS THAT AS OF THE DATE OF THE DELIVERY CERTIFICATE IT HAS INSPECTED AND ACCEPTED THE EQUIPMENT AND THAT LESSOR HAS MADE NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE CONDITION OR PERFORMANCE OF THE EQUIPMENT, ITS MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR WITH RESPECT TO PATENT INFRINGEMENTS OR THE LIKE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE EQUIPMENT IS LEASED "AS IS," AND LESSOR SPECIFICALLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED. LESSOR SHALL HAVE NO LIABILITY TO LESSEE FOR ANY CLAIM, LOSS OR DAMAGE OF ANY KIND OR NATURE WHATSOEVER INCLUDING THE ACTIVE OR PASSIVE NEGLIGENCE OR STRICT LIABILITY OF LESSOR, NOR SHALL THERE BE ANY ABATEMENT OF RENTAL FOR ANY REASON INCLUDING CLAIMS ARISING OUT OF OR IN CONNECTION WITH (i) THE DEFICIENCY OR INADEQUACY OF THE EQUIPMENT FOR ANY PURPOSE, WHETHER OR NOT KNOWN OR DISCLOSED TO LESSOR, (ii) ANY DEFICIENCY OR DEFECT IN THE EQUIPMENT, (iii) THE USE OR PERFORMANCE OF THE EQUIPMENT, OR (iv) ANY LOSS OF BUSINESS OR OTHER CONSEQUENTIAL, INCIDENTAL OR INDIRECT LOSS OR DAMAGE, WHETHER OR NOT RESULTING FROM ANY OF THE FOREGOING. LESSEE ACKNOWLEDGES AND CONFIRMS THAT IT HAS SELECTED THE EQUIPMENT IN ITS SOLE DISCRETION, AND THAT PRIOR TO THE EXECUTION OF ANY SCHEDULE, IT SHALL HAVE EITHER HAVE ENTERED INTO AND ASSIGNED TO LESSOR THE CONTRACT(S) PURSUANT TO WHICH THE EQUIPMENT SUBJECT TO SUCH SCHEDULE IS BEING ACQUIRED OR SHALL HAVE RECEIVED A COPY OF EACH SUCH CONTRACT. IT IS THE AGREEMENT AND INTENTION OF THE PARTIES THAT THIS LEASE IS A FINANCE LEASE WITHIN THE MEANING OF ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE.
- (b) For the term hereof, Lessor assigns to Lessee (to the extent possible), and Lessee may have the benefit of, any and all manufacturer's warranties, service agreements and patent indemnities, if any, with respect to the Equipment; provided, however, that Lessee's sole remedy for the breach of any such warranty, indemnification or service agreement shall be against the manufacturer and not against Lessor, nor shall any such breach have any effect whatsoever on the rights and obligations of either party with respect to the Lease.

10. ASSIGNMENT

- (a) Lessor may assign to a successor lessor, lender or purchaser, and Lessee hereby consents to the assignment of, all or any part of the Lessor's right, title and interest in and to the Lease and the Equipment. In the event that Lessor transfers or assigns, or retransfers or reassigns, to a third party (the "Assignee") all or part of Lessor's interest in the Lease, the Equipment and/or any or sums payable hereunder, whether as collateral security for any loans or advances made or to be made to Lessor by such Assignee or otherwise. Lessee, upon receipt of notice of any such transfer or assignment and instructions from Lessor, shall, if so instructed pay and perform its obligations hereunder to Assignee (or to any other party designated by Assignee). Lessee's obligations hereunder with respect to Assignee shall be absolute and unconditional and not be subject to any abatement, reduction, recoupment, defense, offset or counterclaim for any reason, alleged or proven, including, but not limited to, defect in the Equipment, the condition, design, operation or fitness for use

thereof or any loss or destruction or obsolescence of the Equipment or any part thereof, the prohibition of or other restrictions against Lessee's use of the Equipment, the interference with such use by any person or entity, any failure by Lessor to perform any of its obligations herein contained, any insolvency or bankruptcy of Lessor, or for any other cause, whether similar or dissimilar to the foregoing Upon transfer or assignment, Lessee shall, promptly upon request of Lessor, submit to Lessor such documents and certificates as may be reasonably required by Assignee to secure and/or complete such transfer or assignment, including but not limited to the documents set forth in Section 15(c).

- (b) In the event of any such assignment or transfer, Lessee shall:
- (1) send to Assignee as well as Lessor copies of any notices which are required hereunder to be sent to Lessor;
 - (2) not permit the Lease to be amended, modified or terminated without the prior written consent of the Assignee;
 - (3) not look to Assignee to perform any of Lessor's obligations hereunder; and
 - (4) acknowledge the reliance of Assignee upon Lessee's covenants, warranties and representations herein, and shall, if requested, restate directly to Assignee such representations, warranties and covenants and shall make such other representations, warranties and covenants to Assignee as may be reasonably required to give effect to the assignment.
- (c) Anything herein to the contrary notwithstanding, Lessor shall not make an assignment or transfer to any Assignee who shall not agree that, so long as Lessee is not in default hereunder, including but not limited to, a default in the payment of rent to Assignee pursuant to a notice of assignment, such Assignee shall take no action to interfere with Lessee's quiet enjoyment and use of the Equipment in accordance with the terms of the Lease.
- (d) Lessee shall not assign or sublease its rights under any Lease without the express written consent of Lessor, which consent may be withheld at Lessor's sole discretion. Any attempt by Lessee to assign or sublease its rights or any Equipment subject to any Lease without Lessor's prior written consent shall be void and of no force or effect.

11. QUIET ENJOYMENT

Lessor covenants that so long as Lessee is in compliance with all of the terms and conditions of all of its Leases, Lessee will quietly possess the Equipment subject to and in accordance with the provisions of each applicable Lease.

12. INDEMNIFICATION

- (a) Lessee hereby agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless Lessor and its respective agents, successors and assignees, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, or expenses (including legal fees and expenses) of any kind and nature whatsoever which may be imposed upon, incurred by or asserted against Lessor or its respective agents, successors, or assignees, in any way relating to or arising out of (i) the Lease or any document contemplated hereby, (ii) the performance or enforcement of any of the terms hereof, (iii) the manufacture, purchase, acceptance, rejection, return, ownership, lease, disposition, installation, delivery, possession, use, condition or operation of the Equipment, or any accident in connection therewith (including, without limitation, those claims based on latent and other defects, whether or not discoverable, or claims based on strict liability in tort, or any claim for patent, trademark or copyright infringement). At the request of Lessor, Lessee shall undertake to defend, at Lessee's expense, Lessor and its assignees, in any claim, action or suit covered by this indemnification.
- (b) All of Lessor's rights and benefits arising from the indemnities

contained in Section 12(a) shall survive the expiration or other termination of the Lease and such indemnities are expressly made for the benefit of, and shall be enforceable by Lessor, its agents, successors and assignees.

13. INSURANCE

During the term of the Lease and thereafter until the Equipment is returned to Lessor or otherwise disposed of by Lessor, Lessee, at its own expense, shall insure the Equipment against all risks for not less than the "Stipulated Loss Value" as defined below. For purposes of this Lease the term "**Stipulated Loss Value**" shall mean, as to each Item of Equipment, the sum of the remaining payments to be made for such item of Equipment during the balance of the then current term of the applicable Lease Schedule multiplied by one hundred and twenty-five percent (125 %), but in no event less than the then current fair market value of the item of Equipment. Such insurance shall be with insurers acceptable to Lessor, and shall maintain a loss payable endorsement in favor of Lessor and its assignees affording to Lessor such additional protection as Lessor shall reasonably require. Lessee shall also maintain comprehensive public liability insurance in an amount, on terms and with an insurer satisfactory to Lessor, naming Lessor and its assignees as additional insured. All such insurance shall provide that it may not be terminated, canceled or altered without at least 30 days' prior written notice to Lessor and its assignees. Coverage afforded to Lessor shall not be rescinded, impaired, or invalidated by any act or neglect of Lessee. Lessee hereby waives, on Lessee's behalf and on behalf of any insurance carriers of Lessee, any claim, which Lessee might otherwise have against Lessor from any risk required to be insured against by Lessee hereunder. Lessee hereby irrevocably appoints Lessor as its attorney in fact with full power to negotiate, prosecute, settle and/or compromise all claims or actions under or pursuant to said insurance policies, and to execute in the name of Lessee any proofs of claim or loss, and to endorse the name of Lessee on any settlement, draft or check. Lessee agrees to supply to Lessor, upon its request evidence of insurance as required herein. THE PROCEEDS OF ANY FIRE, EXTENDED COVERAGE, THEFT OR OTHER INSURANCE PROVIDING COVERAGE OF RISK OF LOSS OR DAMAGE TO THE EQUIPMENT SHALL BE PAYABLE SOLELY TO LESSOR, AND SHALL BE CREDITED BY LESSOR TO THE PAYMENT OF THE OBLIGATIONS OF LESSEE HEREUNDER. If Lessee shall have made payment to Lessor of the Stipulated Loss Value consequent to the destruction of an Item, Lessor shall remit to Lessee any such insurance proceeds relating to such Item up to an amount equal to the Stipulated Loss Value for such Item.

14. RISK OF LOSS, IRREPARABLE DAMAGE

- (a) Lessee hereby assumes and shall bear the entire risk or loss and damage, whether or not insured against, of the Equipment from any and every cause whatsoever as of the date the Equipment is delivered to Lessee. No loss or damage to the Equipment or any part thereof shall impair any obligation of Lessee under the Lease, which shall continue in full force and effect.
- (b) In the event of loss or damage of any kind to any Item, Lessee shall use all reasonable efforts to place the Item in good repair, condition and working order to the satisfaction of Lessor within 90 days of such loss or damage, unless the manufacturer determines that such Item has been irreparably damaged, in which case Lessee shall, within 10 days of the manufacturer's determination of irreparable loss, make its election to either pay Lessor the Stipulated Loss Value for the irreparably damaged Item or replace the irreparably damaged Item, all as hereinafter provided. To the extent that the Item is damaged but not irreparably damaged and Lessee is entitled, pursuant to the insurance coverage, to obtain proceeds from such insurance for the repair of the Item, Lessee may arrange for the disbursement of such proceeds to pay the cost of repair, provided,

however, no disbursement shall occur until Lessee has the written consent of Lessor therefore.

- (c) In the event that Lessee elects to pay Lessor the Stipulated Loss Value for the irreparably damaged Item, Lessee shall (i) pay such amount (computed as of the first day of the Periodic Payment Period following the determination of the irreparable damage by the manufacturer) to Lessor on the first day of the Periodic Payment Period following the election by Lessee as provided in (b) above, (ii) pay all Base Periodic Rent for the Equipment up to the date that the Stipulated Loss Value is paid to Lessor; and (iii) arrange, with the consent of Lessor, for the disposition of the irreparably damaged Item with the insurance company paying the proceeds relating to the irreparably damaged Item.
- (d) In the event Lessee elects to replace the irreparably damaged Item, Lessee shall continue all payments under the Lease without interruption, as if no such damage, loss or destruction had occurred, and shall replace such irreparably damaged Item, as provided herein, paying all such costs associated therewith. Lessee shall within 20 days following the date of determination of irreparable damage by the manufacturer, effect the replacement by replacing the irreparably damaged Item with replacement equipment (as hereinafter defined), so that Lessor has good and valid title thereto. The "Replacement Item" or "Replacement Equipment" shall have a fair market value at the time of such replacement equal to the then fair market value of the Equipment or Items thereof for which replacement is made, and anticipated to have fair market value at the expiration of the Base Term equal to the fair market value which the Equipment or Items thereof for which replacement is made would have had at the end of the Base Term, and be the same type and of at least equal capacity to the Equipment for which the replacement is being made. Upon delivery, such Replacement Equipment shall become subject to all of terms and conditions of the Lease. Lessee shall execute all such documents necessary to effect the foregoing.
- (e) Lessee shall reimburse Lessor for any net loss, recapture or unavailability of any depreciation or accelerated cost recovery deductions plus taxes due as a result of such recapture, loss or unavailability arising out of or related to the destruction and replacement of the Equipment ("Indemnification Amount"). The Indemnification Amount shall be payable no later than the date of installation of and payment for the Replacement Equipment. Provided that if Lessee has paid the Stipulated Loss Value for the irreparably damaged Item, no payment of an Indemnification Amount will be required.
- (f) For the purpose of the Lease, the term "fair market value" shall mean the price that would be obtained in an arm's-length transaction between an informed and willing buyer-user under no compulsion to buy or lease and an informed and willing seller-lessor under no compulsion to sell or lease. If Lessor and Lessee are unable to agree upon fair market value, such value shall be determined, as Lessee's expense, in accordance with the foregoing definition, by three independent appraisers, one to be appointed by Lessee, one to be appointed by Lessor and the third to be appointed by the first two appraisers.

15. REPRESENTATIONS AND WARRANTIES OF LESSEE, FINANCIAL STATEMENTS

- (a) Lessee represents and warrants to Lessor and its assignees (i) that the execution and performance of the Lease was duly authorized and that upon execution hereof by Lessee and Lessor, the Lease will be in full force and effect and constitute a valid obligation binding upon and enforceable against Lessee in accordance with its terms; (ii) the Equipment covered by the Lease is accurately described in the Lease and all documents relating thereto; (iii) that

Lessee is in good standing in its jurisdiction of incorporation and in any jurisdiction(s) in which any of the Equipment is to be located; (iv) that no consent or approval of, giving of notice to, registration with, or taking of any other action in respect of, any state, federal or other government authority or agency is required with respect to the execution, delivery and performance by the Lessee of the Lease or, if any such approval, notice, registration or action is required, it has been obtained; (v) that the entering into and performance of the Lease will not violate any judgment, order, law or regulation applicable to Lessee or any provision of Lessee's Articles of Incorporation or By-Laws or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or upon the Equipment pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound; (vi) there are no actions, suits or proceedings pending, or to the knowledge of Lessee, threatened, before any court or administrative agency, arbitrator or governmental body which will, if determined adversely to Lessee, materially adversely affect its ability to perform its obligations under the Lease or any related agreement to which it is a party; (vii) that aside from the Lease there are no additional agreements between Lessee and Lessor relating to the Equipment; (viii) that any and all financial statements and other information with respect to Lessee supplied to Lessor at the time of execution of the Lease and any amendments hereto, are true and complete. The foregoing representations and warranties shall survive the execution and delivery of the Lease and any amendments hereto and shall upon the written request of Lessor, be made to Lessor's assignees; and (ix) Lessee is an organization of the type set forth in the Schedule, is organized in the state identified in the Schedule and such state has assigned Lessee the corporate file or other identification number set forth in the Schedule.

- (b) Prior to and during the term of the Lease, Lessee will furnish Lessor, when reasonably available, with Lessee's audited financial statements. If Lessee is a subsidiary of another company, Lessee shall supply such parent's financials and guarantees as are acceptable to Lessor. Lessee shall also provide Lessor with such other statements concerning the Lease and the condition of the Equipment as Lessor may from time to time reasonably request.
- (c) Upon Lessor's request, Lessee shall, with respect to each Lease, deliver to Lessor (i) a certificate of the secretary or assistant secretary of Lessee referring to the resolutions (specific or general) authorizing the transactions contemplated herein; (ii) an incumbency certificate certifying that the person signing the Lease holds the office he purports to hold and has authority to sign on behalf of Lessee; (iii) an opinion of Lessee's counsel with respect to the representations in Section 15(a) (i) through (vii) above; (iv) an agreement with Lessor's assignee with regard to any assignment as referred to in Section 10; (v) the purchase documents if Lessee has sold or assigned its interest in the Equipment to Lessor; (vi) an insurance certificate pursuant to Section 14 hereof; and (vii) a delivery certificate in a form acceptable to Lessor and duly executed by Lessee. Failure by Lessee to deliver any of these documents when due shall operate at Lessor's option, to continue the Installation Term for the Lease, thereby delaying the Base Term Commencement Date thereof, to increase the Base Periodic Rent to recover costs incurred by Lessor consequent to the delay, or to terminate the Lease as provided in Section 16.

16. DEFAULT, REMEDIES

- (a) **Time is of the essence** in all Leases entered into under this Master Lease Agreement.
- (b) The following shall be deemed events of default under the Lease:
 - (1) Lessee fails to pay any installments of rent or other charge within five (5) days of the written notice thereof from Lessor; or

- (2) Except as expressly permitted herein, Lessee attempts to remove, sell, encumber, or sublease or fails to insure (pursuant to Section 14 hereof) any of the Equipment, or fails to deliver documents required of Lessee under the Lease; or
 - (3) Any representation or warranty made by Lessee (or on its behalf) in the Lease or any document supplied in connection therewith is misleading or inaccurate in any material respect; or
 - (4) Lessee fails to observe or perform any of the other obligations required to be observed or performed by Lessee hereunder within 30 days of Lessee's first knowledge thereof; or
 - (5) Lessee (or for purposes of this subsection, any guarantor of any of Lessee's obligations hereunder) ceases doing business as a going concern; makes an assignment for the benefit of creditors; admits in writing its inability to pay its debts as they become due; files a voluntary petition in bankruptcy; is adjudicated a bankrupt or an insolvent; files a petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation or files an answer admitting or fails to deny the material allegations of a petition filed against it in any such proceeding; consents to or acquiesces in the appointment of a trustee, receiver, or liquidator for it or of all or any substantial part of its assets or properties, or if it or its trustee, receiver, liquidator or shareholders shall take any action to effect its dissolution or liquidation; or
 - (6) If within 30 days after commencement of any proceedings against Lessee seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceedings shall not have been dismissed, or if within 30 days after the appointment (with or without Lessee's consent) of any trustee, receiver or liquidator of it or of all or any substantial part of its assets and properties, such appointment shall not be vacated.
- (c) Upon the happening of any event of default, Lessor may declare the Lessee in default and such declaration shall apply to all Leases between Lessor and Lessee except as specifically excepted therefrom by Lessor in such declaration. Lessee hereby authorizes Lessor at any time thereafter to enter any premises where the Equipment may be and take possession thereof. Lessee shall, without further demand, forthwith pay Lessor an amount which is equal to any unpaid amount due on or before Lessor declared the Lease to be in default, plus as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the Stipulated Loss Value for the Equipment computed as of the date Lessor declares the Lease in default, together with interest, as provided herein, plus all attorney and court costs incurred by Lessor relating to the enforcement of its rights under the Lease. In the event of default, at the request of Lessor and to the extent requested by Lessor, Lessee shall immediately comply with the provisions of Section 6(d) of this Master Lease Agreement. Lessor may sell the Equipment at private or public sale, in bulk or in parcels, with or without notice, without having the Equipment present at the place of sale; or Lessor may lease, otherwise dispose of or keep idle all or part of the Equipment, subject however, to any obligation to mitigate damages imposed by law; and Lessor may use Lessee's premises for any or all of the foregoing. The proceeds of sale, lease or other disposition, if any, of the Equipment shall be applied (1) to all Lessor's costs, charges and expenses incurred in taking, removing, holding, repairing and selling, leasing or otherwise disposing of the Equipment including attorney fees; then (2) to the extent not previously paid by Lessee, to pay Lessor the Stipulated Loss Value for the Equipment and all other sums owed by Lessee under the Lease, including any unpaid rent and indemnities then

remaining unpaid hereunder; then (3) to reimburse to Lessee any such sums previously paid by Lessee as liquidated damages; (4) any surplus shall be retained by Lessor. Lessee shall pay deficiency in (1) and (2) forthwith. The exercise of any of the foregoing remedies by Lessor shall not constitute a termination of the Lease unless Lessor so notifies Lessee in writing. Lessor may also proceed by appropriate court action, either at law or in equity to enforce performance by Lessee of the applicable covenants of the Lease or to recover damages for the breach hereof.

- (d) The waiver by Lessor of any breach of any obligation of Lessee shall not be deemed a waiver of any future breach of the same or any other obligation. The subsequent acceptance of rental payments hereunder by Lessor shall not be deemed a waiver of any such prior existing breach at the time of acceptance of such rental payments. The rights afforded Lessor under Section 16 shall be cumulative and concurrent and shall be in addition to every other right or remedy provided for herein or now or hereafter existing in law (including all the rights of a secured party under the Uniform Commercial Code) or in equity and Lessor's exercise or attempted exercise of such rights or remedies shall not preclude the simultaneous or later exercise of any or all other rights or remedies. Lessee shall reimburse Lessor and its assignees for all costs and expenses (including reasonable attorney fees) incurred by Lessor and its assignees in enforcing any such rights.
- (e) In the event Lessee shall fail to perform any of its obligations hereunder, then Lessor, in addition to all of its rights and remedies hereunder, may perform the same, but shall not be obligated to do so, at the cost and expense of Lessee. In any such event, Lessee shall promptly reimburse Lessor for any such costs and expenses incurred by Lessor.

17. GENERAL

- (a) Each Lease (including this Master Lease Agreement as incorporated therein, the applicable Schedule and all documents executed pursuant thereto) shall be deemed to have been made and delivered in the State of Illinois and shall be governed in all respects by the laws of such state, exclusive of its choice of law rules. Any and all court proceedings arising from or relating in any manner to any Lease shall be brought in, and only in, a United States Federal Court having jurisdiction in DuPage County, Illinois or an Illinois state court sitting in DuPage County, Illinois. Each party hereby consents to the exercise of jurisdiction by such courts and irrevocably waives any objection that such party may now or later have based on venue or forum non convenience with respect to any action initiated in such courts. In the event that Lessor commences any proceedings for nonpayment of rent or other charges due hereunder, Lessee will not interpose any counterclaim of any nature or description in any such proceedings. This shall not, however, be construed as a waiver of Lessee's rights to assert such claims in any separate action brought by Lessee.
- (b) Each Schedule (including this Master Lease Agreement) constitutes the entire and only agreement between Lessee and Lessor with respect to the Equipment subject thereto and other subject matter thereof. The covenants, conditions, terms and provisions thereof may not be waived or modified orally and shall supersede all previous proposals, both oral and written, negotiations, representations, commitments, writings or agreements or any other communication between the parties. A Lease may not be amended or discharged except by a subsequent written agreement entered into by duly authorized representatives of Lessor and Lessee.
- (c) All notices, covenants or requests desired or required to be given hereunder shall be in writing and shall be delivered in person or sent by registered or certified prepaid mail, return receipt requested, or by courier service to the address of the other party set forth on the first page hereof or to such other address as such party shall

- have designated by proper notice.
- (d) Each Lease may be executed in one or more counterparts, each of which shall be deemed an original, but there shall be a single executed original of each Lease which shall be marked "Original" (and for the purposes hereof shall be referred to as the "Original"); all other counterparts shall be marked "Duplicate." To the extent, if any, that a Lease constitutes chattel paper (as such term as defined in the Uniform Commercial Code) no security interest in the Lease may be created through the transfer or possession of any counterpart other than the Original.
 - (e) Section headings are for convenience only and shall not be construed as part of the Lease. All consents required to be obtained in the Lease shall be submitted in writing, setting forth such facts as Lessor may require.
 - (f) The prevailing party in a lawsuit shall be entitled also to recover all attorney, court and related legal expenses.
 - (g) If any term or provision of this Agreement shall be found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, the same shall not effect the other terms or provisions hereof or the whole of this Master Lease Agreement, but such term or provision shall be deemed modified to the extent

- necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the parties herein set forth.
- (h) Lessee shall comply with all laws, regulations and orders of any governmental agency, which relate to the installation, use, possession or operation of the Equipment.
 - (i) Lessor may upon written notice to Lessee inform Lessee that certain items supplied to Lessee are leased to Lessor and are supplied to Lessee hereunder as a sublease. Lessee agrees to execute and deliver such acknowledgements and assignments in connection therewith as are reasonably required.
 - (j) The obligations of Lessor hereunder shall be suspended to the extent that is hindered or prevented from complying therewith because of labor disturbances, including strikes and lockouts, Acts of God, fires, storms, accident, failure to deliver any Unit of Equipment, governmental regulations or interference or any cause whatsoever not within the sole control of Lessor.

IN WITNESS WHEREOF, the parties have executed this Master Lease Agreement on the date first above written.

LESSOR:
American Capital Financial Services, Inc.

LESSEE:
Wilmette Public School District 39

BY: _____
PRINT NAME: _____
TITLE: _____

BY: _____
PRINT NAME: _____
TITLE: _____

American Capital Financial Services, Inc.

*Schedule A Ref. No. 2015349216 pursuant to Master Lease Agreement No. 215349216
between American Capital Financial Services, Inc. ("Lessor") and
Wilmette Public School District 39 ("Lessee")
Dated August 4, 2015 ("Master Lease")*

This is Counterpart # 1 of 2 serially numbered, manually executed counterparts. To the extent that this document constitutes chattel paper under the Uniform Commercial Code, no security interest in this document may be created through the transfer and possession of any counterpart other than Counterpart # 1.

THIS SCHEDULE IS EXECUTED PURSUANT TO THE TERMS OF THE ABOVE REFERENCED MASTER LEASE, THE TERMS AND CONDITIONS OF WHICH ARE DEEMED INCORPORATED HEREIN BY REFERENCE. LESSEE HEREBY AGREES TO LEASE THE BELOW-DESCRIBED EQUIPMENT (HEREINAFTER CALLED THE "EQUIPMENT") FROM LESSOR, ITS SUCCESSORS OR ASSIGNEES. LESSOR, UPON ACCEPTING THIS LEASE, AGREES TO LEASE THE EQUIPMENT TO LESSEE ON THE TERMS SET FORTH IN THIS SCHEDULE.

THIS EQUIPMENT SCHEDULE, INCLUDING THE TERMS AND CONDITIONS OF THE MASTER LEASE INCORPORATED HEREIN BY REFERENCE, SHALL BE DEEMED A SEPARATE INSTRUMENT OF LEASE.

EXECUTION OF THIS SCHEDULE BY LESSEE CONSTITUTES A WARRANTY BY LESSEE AS TO THE ACCURACY OF THE EQUIPMENT DESCRIPTION BELOW INCLUDING QUANTITY, MANUFACTURER, MACHINE, MODEL/FEATURE, SERIAL NUMBERS (IF EXISTENT) AND DESCRIPTION.

1. Equipment:

<u>Qty</u>	<u>Manufacturer</u>	<u>Model/ Feature</u>	<u>Serial Number</u>	<u>Description</u>	<u>Base Periodic Rent per item</u>	<u>Total Base Periodic Rent</u>
1				Palo Alto Firewall		\$39,224.00
1				Cisco Wireless		27,334.00
1				Cisco Network		86,978.00
1				APS UPS		6,780.00
1				Cabling & Fiber Testing		11,674.00
1				HBS Installation		23,720.00

TOTAL BASE PERIOD RENT

\$195,710.00

2. **Equipment Location:** 615 Locust Road
Wilmette, IL 60091

3. **Rental Payment Period:** annual

4. **Base Term:** 3 annual **Rental Payment Periods (total of 36 months)**

5. **Payments:** All payment required hereunder must be received on or before the payment due date by the party and at the address designed below in immediately available funds or to such other party and address as directed by Lessor or its assignee in writing (which writing Lessee may absolutely rely upon):

American Capital Financial Services, Inc.
2015 Ogden Avenue, Suite #400
Lisle, IL 60532

6. **Organizational Information of Lessee:**

Type of entity: School District
State of Organization: IL
Federal Tax ID Number: 36-6004267

7 **Additional Provisions:** If there are no Additional Provisions to the Lease please check here:
If there are Additional Provisions including amendments to the Master Lease Agreement as related to this Schedule, please attach and/or describe here:

(a) Lessee will provide an Opinion of Counsel letter satisfactory to Lessor.

(b) Notwithstanding any provisions of the Master Lease Agreement to the contrary and provided Lessee has not been in default on any of the terms and conditions of this lease, Lessee may exercise the option to purchase all of the equipment in this Schedule A for \$1.00 by giving written notice of such election not less than 60 days prior to the lease termination date. Upon exercising this option, Lessee shall be relieved of it's obligation under Sec, 6(d) of the Lease to return the equipment.

- (c) Notwithstanding the terms and conditions in the Master Lease Agreement dated August 4, 2015, rental payments will be made annually beginning with the first annual payment due upon Commencement, the second annual payment due on or before August 5, 2016 and the third annual payment due on or before August 5, 2017 for the term of this Schedule A.
- (d) Lessee shall not be required to provide Lessor with the right of first refusal for this Schedule A, as described in Paragraph 2b of the Master Lease Agreement.
- (e) Any delinquent payment under this lease shall be assessed an interest penalty as provided in the Illinois Local Government Prompt Payment Act, or the maximum amount allowed under law. This shall be in lieu of any other penalty or interest on late payments set forth in the Master Lease.
- (f) As of the date of execution of Schedule A there are no tax amounts owed by the Lessee for this lease transaction. Should the law change during the course of the agreement, Lessor reserves the right to charge Lessee for any applicable taxes.
- (g) Lessor and Lessee hereby agree that the transaction covered by Schedule A is not a true lease, as referenced in Section 8b of the Master Lease Agreement, but is intended to constitute a financing lease within the meaning of the Internal Revenue Code.
- (h) Lessor and Lessee hereby agree to change the County of litigation from DuPage County to Lake County as referenced in Section 17 of the Master Lease Agreement.
- (i) As required by the *Criminal Code*, 720 ILCS 5/33E-11, by executing this Agreement, Lessor certifies that it is not barred from contracting with any unit of State or local government as a result of a violation of any criminal statute including, but not limited to, the bid rigging (Section 33E-3) or bid rotating (Section 33E-4) provisions of the *Criminal Code*. Lessor agrees that if this certification is false, the Lessee may declare the Agreement void. Lessor further certifies that it will provide a drug free workplace as required by the *Illinois Drug Free Workplace Act*, 30 ILCS 580/1 *et seq.* If applicable, Lessor shall collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with the provisions of the *Illinois Use Tax Act*, 35 ILCS 105/1 *et seq.*, regardless of whether Lessor is a "retailer maintaining a place of business within this State" as defined in Section 2 of the *Use Tax Act*. To the extent applicable, the Lessor agrees to comply with the *Illinois Human Rights Act*, 775 ILCS 5/1-101 *et seq.* and the provision of sexual harassment policies and procedures pursuant to Section 2-105 of that Act, including the regulations attached hereto as Exhibit A.
- (j) The Lessee hereby designates this Lease under Schedule B as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the *Internal Revenue Code* (the "Code"). In compliance with Section 265(b)(3)(D) of the Code, the Lessee hereby represents that the Lessee will not designate more than \$10,000,000 of obligations in the calendar year during which Schedule A is executed and delivered as "qualified tax-exempt obligations," and further represents that the Lessee (including all subordinate entities within the meaning of Section 265(b)(3)(E) of

the Code) reasonably anticipates not to issue in the calendar year during which Schedule B executed and delivered, obligations bearing interest exempt from federal income taxation under Section 103 of the Code (other than "private activity bonds" as defined in Section 141 of the Code) in an amount greater than \$10,000,000.

- (k) The provisions in Section 2(a), Term, of the Master Lease are revised for the Lease under Schedule B as follows: 1) the Base Term shall commence on the first day of the month following installation of the final Item, as evidenced by the final, executed Delivery and Acceptance Certificate, and shall continue thereafter for the number of Rental Payment Periods set forth in this Schedule A, 2) the "Rental Payment Periods" shall be Annual, consisting of twelve (12) full calendar months and shall always start on the first day of a calendar month, and 3) the rent for a Rental Payment Period shall be referred to as the "Base Periodic Rent", and 4) the Lease shall terminate after the expiration of the Base Term.
- (l) The provisions in Section 3(a) of the Master Lease are revised for the Lease under Schedule B as follows. As rent for each item of Equipment, Lessee shall pay Lessor the Base Periodic Rent as set forth in Schedule A in immediately available funds on the Base Term Commencement Date and on the first day of each Rental Payment Period thereafter so long as the Lease has not been terminated in accordance with its terms. No other rent payments, including, but not limited to other rent payments outlined in Section 3(a) of the Master Lease, shall be made.
- (m) Section 13 of the Master Lease is revised for the Lease under Schedule A as follows: Lessee shall retain all insurance proceeds or condemnation awards paid to it as a result of damage or destruction to the Equipment which is in excess of the required rental payments or Stipulated Loss Value, whichever is less.
- (n) Section 16(c) of the Master Lease is revised for the Lease under Schedule A to allow Lessee thirty (30) days after notice to remedy a default. Also, neither the Lessor nor the Lessee will be entitled to recover attorney, court or related legal expenses as would otherwise be provided in Section 17(f) of the Master Lease.
- (o) The Lessee hereby gives notice that it will elect to purchase all of the equipment under Schedule A for \$1.00 upon the end of the Term of the Lease.
- (p) In the event of a conflict between the terms and conditions of this Schedule A and those of the Master Lease, the terms and conditions herein shall govern. All other provisions of the Master Lease not otherwise modified herein shall remain in full force and effect.

(q) Paragraph 7, 3rd sentence in the Master Lease Agreement is revised to allow the District to maintain the equipment with its own personnel, as the District has employees in house who are fully capable and certified to maintain the equipment.

(r) Paragraph 8(a), 1st sentence in the Master Lease Agreement is deleted. The District is allowed to affix its own tags to the equipment.

(s) APPROPRIATIONS AND ESSENTIAL USE. Lessee reasonably believes that sufficient funds can be obtained to make all Rental Payments during the Lease Term. Lessee hereby covenants that it shall do all things lawfully within its power to obtain funds from which the Rental Payments may be made, including making provisions for such payments, to the extent necessary, in each budget submitted for the purpose of obtaining funding, using its bona fide best efforts to have such portion of the budget approved. It is Lessee's intent to make the Rental Payments for the full Lease Term if funds are legally available therefore and in that regard Lessee represents that: (a) the use of the equipment is essential to its proper, efficient and economic functioning or to the services that it provides to its citizens; (b) Lessee has an immediate need for and expects to make immediate use of substantially all the Equipment, which need is not temporary or expected to diminish in the foreseeable future; and (c) the Equipment shall be used by the Lessee only for the purpose of performing one or more of its governmental or proprietary functions consistent with the permissible scope of its authority.

NONAPPROPRIATION OF FUNDS. In the event no funds or insufficient funds are appropriated and budgeted for the acquisition, retention or operation of the Equipment in any fiscal period in which the Rental Payments for the Equipment are due under this Lease, then Lessee shall, not less than ninety (90) days prior to the end of such applicable fiscal period, in writing, notify Lessor and any Assignee of such occurrence. This Lease shall thereafter terminate and be rendered null and void on the last day of the fiscal period for which appropriations were made without penalty, liability or expense to the Lessee of any kind, except as to (i) the portions of the Rental Payments herein agreed upon for which funds shall have been appropriated and budgeted or are otherwise available and (ii) Lessee's other obligations and liabilities under this Lease relating to, accruing or arising prior to such termination. Lessee's obligations to pay further Monthly Rent for such Equipment shall cease. In the event of such termination, Lessee agrees to peaceably surrender possession of the Equipment to Lessor or its Assignee on the date of such termination, packed for shipment in accordance with manufacturer's specifications and eligible for manufacturer's maintenance, and freight prepaid and insured to any location in the continental United States designated by Lessor, all at Lessee's expense. Lessor or its Assignee may exercise all available legal and equitable rights and remedies in retaking possession of the Equipment.

Notwithstanding the foregoing, Lessee agrees (a) that if this Lease is terminated in accordance with the preceding paragraph, Lessee shall not purchase, lease or rent equipment which performs the same functions as, or functions taking the place of, those performed by the Equipment, and shall not permit such functions to be performed by its own employees or by any agency or entity affiliated with or hired by Lessee for the balance of the fiscal period in which such termination occurs or the next succeeding fiscal period thereafter; and (b) that it shall not, during the Lease Term, give priority in the application of funds to any other functionally similar equipment.

THIS SCHEDULE TOGETHER WITH THE MASTER LEASE AND ANY ADDITIONAL PROVISION(S) REFERRED TO IN SECTION 7 HEREIN ABOVE CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE PARTIES AS TO THE LEASE AND EQUIPMENT. THIS LEASE CONSTITUTES AN OFFER BY LESSEE TO LEASE FROM LESSOR AND SUCH OFFER MAY NOT BE REVOKED EXCEPT BY THE WRITTEN CONSENT OF LESSOR. THIS LEASE SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY LESSOR ONLY UPON ITS EXECUTION HEREOF IN ITS OFFICE IN ILLINOIS.

LESSOR:

American Capital Financial Services, Inc.

By: _____
Print Name: _____
Title: _____
Date: _____

LESSEE:

Wilmette Public School District 39

By: _____
Print Name: _____
Title: _____
Date: _____

CONTRACT FOR NETWORK UPGRADE WORK

THIS CONTRACT is made and entered this ____ day of ____, 2015, between the Board of Education of Wilmette Public Schools District No. 39, Cook County, Illinois (“District”), and Heartland Consultants, Inc. (d/b/a Heartland Business Systems, Inc.) (“Contractor” or “HBS”).

WITNESSETH:

WHEREAS, the District and HBS wish to enter a Contract for supply and installation of network upgrades in the District as indicated in the Statement of Work (“SOW”) attached hereto as **Exhibit A** and the Quote attached as **Exhibit B**; and

WHEREAS, the District is financing the Contract Sum through a lease purchase agreement with American Capital Financial Services, Inc. (“Lessor”); and

WHEREAS, the District is authorized under 105 ILCS 5/10-20.21 to award without bidding purchases and contracts for the use, purchase, delivery, movement, or installation of data processing equipment, software, or services and telecommunications and interconnect equipment, software, and services.

NOW THEREFORE, in consideration of the mutual promises herein set forth and other good and valuable consideration which is hereby acknowledged by the parties, it is agreed as follows:

1. THE WORK

The Contractor shall perform the following work (“Work”) in a good workmanlike manner in accordance with the terms and conditions contained in this Contract and **Exhibit A**. This Contract and its Exhibits constitute the entire understanding of the Contractor and the District with respect to the Work. To the extent any provisions of the Exhibits conflict with this Contract, this Contract shall control.

2. CONTRACT SUM

The Contractor shall be paid the contract sum of Five Hundred Seventy Seven Thousand Three Hundred Seventy Two and 88/100 Dollars (\$577,372.88) (“Contract Sum”) as stated in **Exhibits A and B**. No change in the Work shall be a basis for an addition to the Contract Sum or time of performance unless authorized by the District by written change order. Upon completion of the Work, the Contractor shall submit for District’s approval a certificate of completion. In addition to any documentation required in Exhibits A or B or by Lessor, Contractor’s certificate of completion shall include copies of all applicable manufacturer’s warranties and product and user manuals and other documentation to enable the District to use the Work properly. Contractor’s certificate of completion shall further include a sworn statement showing the amount due Contractor supported by detailed time cards and invoices for materials and

equipment, together with a list of all subcontractors, suppliers, and materialmen, if any, who have been engaged in connection with the Work, and showing the amounts due and the amounts remaining to be paid to said subcontractors, suppliers, and materialmen. The Contractor also shall deliver to the District with its certificate of completion, lien waivers, covering amounts then due to any person or persons performing Work or supplying materials or equipment in connection with the Work. The District shall approve or reject the Contractor's certificate of completion and documentation within ____ days of receipt. If the Contractor's certificate of completion is rejected, the Contractor shall correct any defective Work rejected by District and resubmit a certificate of completion and all required documentation for District's approval.

Upon District's approval of Contractor's certificate of completion, District shall immediately deliver to Lessor an acceptable delivery and acceptance certificate, and Contractor may submit its proposed invoice directly to Lessor or Lessor's designee for payment of the Contract Sum. The District shall not otherwise be liable for payment of the Contract Sum. However, to the extent District agrees to make any payment, whether due to a change order or otherwise, payments shall be made in accordance with the Illinois *Local Government Prompt Payment Act*, 50 ILCS 505/1 *et seq.* **TO THE EXTENT APPLICABLE, THE LAW REQUIRES THAT THE CONTRACTOR SHALL SUBMIT A SWORN STATEMENT OF PERSONS FURNISHING MATERIALS AND LABOR BEFORE ANY PAYMENTS ARE REQUIRED TO BE MADE TO THE CONTRACTOR (770 ILCS 60/5).**

3. CHANGE ORDERS

Change orders must be approved in writing by the District. In accordance with the *Criminal Code*, 720 ILCS 5/33 E-9, if a change order or series of change orders authorizes or necessitates an increase *or* decrease in either the cost of the contract by \$10,000 or more, *or* the time of completion of the Work by 30 days or more, such changes may be made only upon the written authorization of the Board of Education of the District, signed by the Board President and Board Secretary, pursuant to the written determination of the District or designee that:

1. the circumstances necessitating the change were not reasonably foreseeable at the time the contract was signed; or
2. the change is germane to the original contract as signed; or
3. the change order is in the best interest of the District and is authorized by law.

4. TIME OF COMMENCEMENT AND COMPLETION

The Work to be performed under this Contract shall begin _____ and shall be finally completed _____ ("Completion Date"). The Contractor agrees that time is of the essence of this Contract. The Contractor shall not be entitled to payment or compensation for any alleged damages, costs or expenses whatsoever in ensuring timely completion of the Work, including, but not limited to, costs of acceleration, arising in any manner because of hindrance or delay, from any cause whatsoever, whether such hindrances or delay be reasonable, foreseeable

or avoidable. The Contractor shall not be entitled to any damages for any delay caused by District or otherwise, whether foreseeable or not, with the District's discretionary extension of the time of completion being the only available remedy. The District may, upon seven (7) days written notice to the Contractor, terminate the Contract between the District and Contractor without cause.

5. INSURANCE

A. Form and Limits of Coverage

The Contractor shall purchase and maintain, at its own expense, Workers Compensation insurance for not less than the limits of liability under applicable federal and state statutory requirements. The Contractor shall also maintain insurance coverage under a comprehensive general liability policy, on an occurrence basis, with limits of not less than \$1,000,000, per occurrence and in the aggregate, and naming the District, its individual board members, employees and agents as additional insureds on the commercial general liability insurance. The commercial general liability insurance shall include all major divisions of coverage and including:

1. Commercial Liability, including Premises Operations, with X, C and U coverage as applicable.
2. Independent Contractor's Protective.
3. Products and Completed Operations.
4. Personal Injury Liability with Employment Exclusion deleted.
5. Contractual, including specified provision for Contractor's obligation under paragraph 6.
6. District, non-owned and hired motor vehicles.
7. Broad Form Property damage including Completed Operations, and property damage liability insurance with X, C and U coverage.

The policy shall cover the Contractor's contribution and indemnification obligations as contained in this Contract, and shall have such necessary amendments to provide coverage for tort liability and other claims imposed and/or arising under this Contract as well as otherwise imposed by law. The Contractor shall require that every subcontractor of any tier obtain insurance of the same character as the Contractor, naming the District, its individual board members, employees and agents as additional insureds. All insurance required of the Contractor and all subcontractors shall state that the coverage afforded to the District shall be primary insurance of the District with respect to claims arising out of operations performed by or on District's behalf, and, if the District has other insurance which is applicable to the loss, it shall be on an excess or contingent basis.

B. Other Insurance Requirements

The Contractor shall deliver to District prior to commencing the Work, certificates of insurance (ACORD Form 27 or other form acceptable to District) evidencing the required insurance coverage of Contractor and each subcontractor. The certificates required to be provided under this Paragraph shall contain a clause stating that the policies will not be canceled or reduced without thirty (30) days prior written notice to the District. District shall not waive any rights of subrogation. The Contractor shall provide and maintain insurance in the amounts outlined with companies acceptable to the District, for a minimum of two (2) years after final completion of the Project. Under no circumstances shall the District be deemed to have waived any of the insurance requirements of this Contract by any action or omission. Liability of the Contractor and Subcontractors is not limited by purchase of insurance. Upon request, the Contractor shall provide the District with a copy of all insurance policies, and endorsements thereto, required by this Contract.

6. INDEMNIFICATION

The Contractor agrees to indemnify and hold harmless the District, its individual Board members, agents, and employees (“Indemnitees”), from and against all claims for death or injury to persons or property, and for any other claims, losses or damages, including claims of District, third parties, and Contractor’s or any subcontractor’s employees, for any damages, losses, and expenses, including attorneys’ fees, arising out of, relating to or connected with the performance of the Work under this Contract, including, but not limited to, losses or damages for Contractor delay, improperly timed activities or defective work. Contractor and each subcontractor agree to assume the entire liability for all personal injury claims suffered by its own employees allegedly injured on the Project; waive any limitation of liability defense based upon the *Workers’ Compensation Act*, court interpretations of said Act or otherwise; and agree to contribute to, indemnify and defend Indemnitees from and against all such loss, expense, damage or injury, including reasonable attorneys’ fees, that the Indemnitees may sustain as a result of such claims, except to the extent that Illinois law prohibits indemnity for the Indemnitees’ own negligence. Contractor shall cause this indemnification requirement to be incorporated into all subcontractor contracts.

7. COMPLIANCE WITH LAWS

The Contractor shall perform its Work in compliance with all applicable laws, ordinances rules, regulations and codes, including but not limited to the *Illinois Prevailing Wage Act*, 820 ILCS 130/1 *et seq.* To the extent applicable, the Contractor shall pay not less than the prevailing rate of to all laborers, workers and mechanics performing work under this Contract. Moreover, the Contractor shall ensure that each subcontract it awards shall contain specific language therein requiring each subcontractor to pay not less than the prevailing wage to all applicable laborers, workers and mechanics performing work for the project contemplated under this Contract. Pursuant to Section 5 of the *Illinois Prevailing Wage Act*, 820 ILCS 130/5, the Contractor and each subcontractor shall submit monthly, in person, by mail, or electronically a certified payroll

to the District and a statement signed by the Contractor or subcontractor which avers that: (i) such records are true and accurate; (ii) the hourly rate paid to each worker is not less than the general prevailing rate of hourly wages required by this Act; and (iii) the Contractor or subcontractor is aware that filing a certified payroll that he or she knows to be false is a Class B misdemeanor. As required by law, the current prevailing rates are attached hereto as **Exhibit C**; however, the prevailing rates of wages are revised by the Department of Labor and are available on the Department's official website, and Contractor shall be responsible for ensuring that any revised prevailing rates are paid as applicable. The Contractor shall obtain necessary permits and licenses and consult with applicable governmental authorities as appropriate to ensure that the Work complies with all applicable laws. The Contractor agrees to fully comply with all requirements of federal and state law, including, but not limited to, the requirements of the *Illinois Human Rights Act*, 775 ILCS 5/1-101 *et seq.* and the provision of sexual harassment policies and procedures pursuant to Section 2-105 of that Act, including the regulations attached hereto as **Exhibit D**. The Contractor further agrees to comply with all federal Equal Employment Opportunity Laws, including, but not limited to, the *Americans With Disabilities Act*, 42 U.S.C. Section 12101 *et seq.*, and rules and regulations promulgated thereunder. The *Illinois Employment of Illinois Workers on Public Works Act*, 30 ILCS 570/0.01 *et seq.*, and the *Steel Products Procurement Act*, 30 ILCS 565/1 *et seq.*, shall prevail on this project to the extent such Acts are applicable and enforceable. The Contractor understands that smoking is prohibited on school district property pursuant to State and federal law. Contractor acknowledges that, under Illinois law, the presence of sex offenders is prohibited on school district property except in limited circumstances with notice to and approval of District. Contractor represents and warrants that none of its employees that will work on the Project has been convicted of any prohibited offense stated in Section 10-21.9 of the *School Code* (105 ILCS 5/10-21.9). All employees of the Contractor performing Work under this Contract who have direct, daily contact with pupils of any school in the school district must submit to a criminal background investigation in accordance with 105 ILCS 5/10-21.9. To the extent that any employee of the Contractor is prohibited from being present on the District's property, the District shall promptly remove such person.

8. ASSIGNMENT

The Contractor shall not assign this Contract without the prior written consent of the District. All Contractor's subcontracts shall be in writing, and shall be assignable by the Contractor to the District.

9. DISTRICT SHALL NOT WAIVE ANY RIGHTS BY CERTIFYING ANY PAYMENT

Notwithstanding any other provision in this Contract or its Exhibits, the District shall not, in any manner, be deemed or intended to have waived any claim by certifying a final payment or a progress pay of any amount.

10. WARRANTIES

The Contractor shall supervise and direct the Work using the Contractor's best skill and attention. The Contractor shall be solely responsible for and have charge and control of means, methods, techniques, sequences, and procedures for coordinating all portions of the Work. The Contractor warrants to the District that materials and equipment furnished under the Contract will be of good quality and new, unless otherwise required or permitted by this Contract or its Exhibits and that the Work will be performed in a workmanlike manner and be free from faults and defects and in conformance with this Contract and its Exhibits. This warranty shall not be restricted by the limitations of any manufacturer's warranty. In the event that any testing or inspection of the Work or any part thereof reveals defects in materials or workmanship, then the Contractor shall remedy such defects and shall bear all costs and expenses associated with such testing and, if necessary, all of the costs and expenses associated with such testing which is related to determining whether such defects have been properly remedied.

Title to the goods herein described shall not pass until said goods have actually been received by the District or its consignee, notwithstanding any agreement to the contrary, including, but not limited to, any agreement to pay freight, express, or other transportation or insurance charges. Risk of loss prior to such actual receipt by the District or its consignee shall be borne by the Contractor.

The Contractor makes the following warranties to the District and users of the goods herein described: (a) it will, at the date of delivery, have good title to any and all goods supplied hereunder, and said goods will be free and clear of any and all liens and encumbrances; (b) any and all goods supplied hereunder will be of merchantable quality; (c) any and all goods supplied hereunder will be fit for the particular use intended, will be free from defects, whether patent or latent, in material or workmanship, and will be in full conformity with the specifications contained herein. The Contractor agrees that the foregoing warranties shall survive acceptance of the goods, and that said warranties shall be in addition to any warranties of additional scope given to the District by the Contractor. The Contractor shall, at its sole cost and expense, promptly repair or replace to the District's complete satisfaction all goods/services received for a period of one (1) year from date of acceptance, unless the specifications require a greater warranty period.

The Contractor shall indemnify and hold harmless the District, its successors, employees, agents, assigns, and users of the goods herein described against any and all loss, damage, or injury arising out of a claim or suit for alleged infringement or any letters patent granted by the United States or any foreign government relating to the goods herein described. The Contractor agrees that it will assume, upon request, the defense of any and all such suits and pay all costs and expenses incidental thereto.

11. CERTIFICATIONS

The Contractor hereby certifies that its officers, employees, and agents are not barred from bidding and entering into an agreement with the District as a result of a violation of the Bid

Rigging or Bid Rotating provisions of the Public Contracts Section of the Illinois *Criminal Code* (720 ILCS 5/33E-3, 33E-4) or otherwise under the Illinois *School Code* (105 ILCS 5/10-20.21). The Contractor acknowledges that the District may declare this Contract void if it finds this certification is false. The Contractor also certifies that it and all its affiliates will collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with the provisions of the Illinois *Use Tax Act* (35 ILCS 105/1 *et seq.*) regardless of whether the Contractor or its affiliate is a “retailer maintaining a place of business within this State” as defined in Section 2 of the *Use Tax Act* (35 ILCS 105/2). The Contractor further certifies that it will provide a drug free workplace as required by the Illinois *Drug Free Workplace Act* (30 ILCS 580/1 *et seq.*).

12. AUTHORITY TO EXECUTE

Each of the parties executing this Contract represent and warrant that they have the proper and necessary authority to execute this Contract and to bind their representative entities.

13. GOVERNING LAW

This Contract shall be governed by the laws of the state of Illinois.

14. SEVERABILITY CLAUSE

If any provision of this Contract is held invalid, such invalidity shall not affect the other provisions of this Contract which may be given effect without the invalid provision.

THIS CONTRACT is entered into as of the day and year first above written.

DISTRICT

**BOARD OF EDUCATION OF
WILMETTE PUBLIC SCHOOLS
DISTRICT NO. 39,
COOK COUNTY, ILLINOIS**

**BY: _____
ITS: **PRESIDENT****

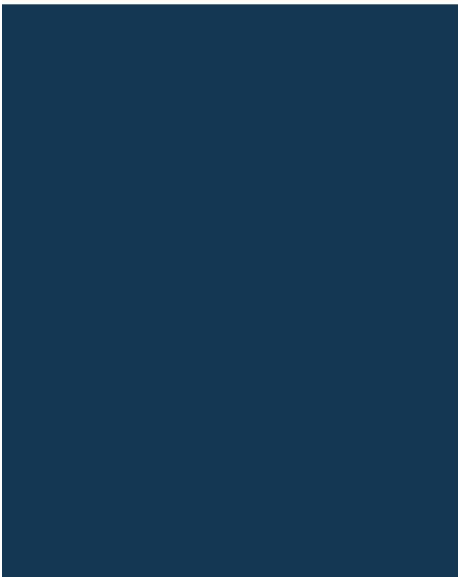
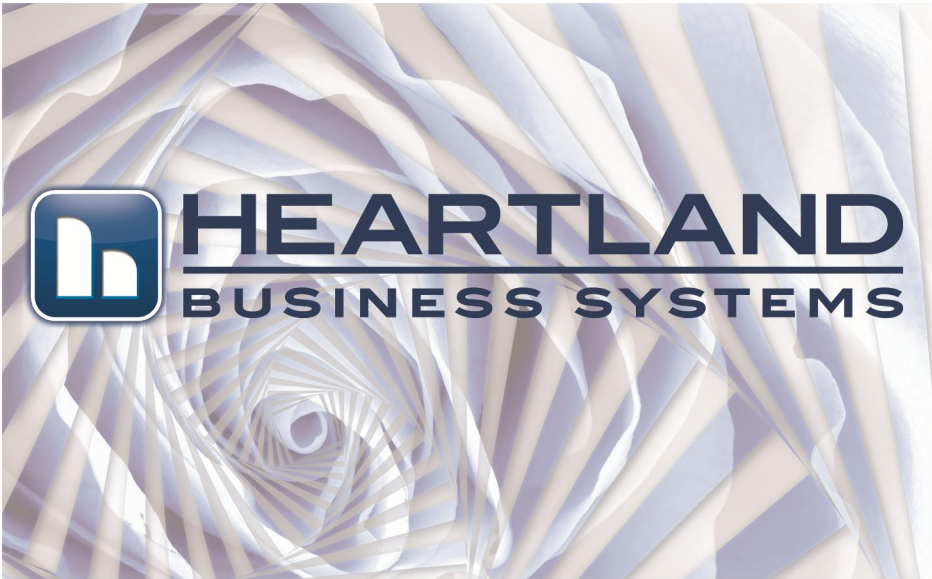
CONTRACTOR

**HEARTLAND CONSULTANTS,
INC.**

**BY: _____
ITS: _____**

ATTEST:

**BY: _____
ITS: **SECRETARY****



Cisco Wired/Wireless Refresh
Statement of Work
Wilmette School District 39

Presented by
Heartland Business Systems

August 19, 2015

**APPLETON
MADISON
MILWAUKEE
CHICAGO**





Contact Information

Wilmette School District 39

PROJECT SPONSOR

Nick Korzeniowski
Network Manager
Wilmette Public Schools 39
c. 847-651-0884
e. korzenin@wilmette39.org

Heartland Business Systems

SALESPERSON

Ken Methling
Direct: 312-833-3500
kmethling@hbs.net

Presales ENGINEER

Pete Koulouris
Enterprise Solutions Architect
224-301-6131
pkoulouris@hbs.net



Date	Version	Change Made	Changed by
June 17, 2014	Draft	Initial Draft	Pete Koulouris
August 13, 2015	Draft		
August 17, 2015	Draft	HLERK attorney revisions	Steve Richart

Document Revision History



Table of Contents

- Initiation..... 5
 - Purpose of Document 5
 - Executive Project Overview 5
- Scope 6
- Locations..... 6
 - Work Breakdown Structure (WBS) 6
 - Detailed WBS 6
 - Out of Scope 8
 - Change Control 8
- Time 8
- Cost 8
- Stakeholders 8
- Project Close 9
 - Next Steps 9
- Change Control Form (Appendix B) 11

Initiation

Heartland Business Systems (HBS) employees will work with you to identify, define, unify, and coordinate from project inception to project close. We want this project to be a success for you; both short term and long term. Our team and process work together to complete the project on time, within budget, and within scope.

Purpose of Document

This Statement of Work (SOW) describes the professional services to be provided by HBS for Wilmette School District 39. It describes the high level work breakdown, deliverables, as well as the approval and change control process. This SOW aims to deliver outcomes that are realistic and attainable.

Executive Project Overview

The purpose of this project is to assist Wilmette School District 39 I.T. department in expanding the district's Cisco wired/wireless infrastructure. Including the installation of:

Dual Core Switches (6880) (MEC)

Core Switches (3850) (JrHigh)

27 Access switches (2960x) (MEC-JrHigh)

60 Access Points to support a high density model (2702) (JrHigh)

WLC (5520) (MEC)

60 Access Points migrated to new WLC (Highcrest)

Palo Alto (5050) (MEC)



Scope

Heartland Business Systems works to ensure that the project includes the work required and only the work required, to successfully complete the project. In scope and out of scope are detailed to confirm all project components and work being completed.

Locations

Mikaelian Education Center (MEC)

615 Locust Road
Wilmette, Illinois 60091-1968

JR High

620 Locust Road
Wilmette, IL 60091

Highcrest

569 Hunter Road,
Wilmette, IL 60091

Work Breakdown Structure (WBS)

The objectives of this project are to provide Wilmette School District 39 with the following:

- Implement
- Coordinate
- Deploy

Detailed WBS

Below is a detailed work breakdown structure for the key phases in this project; this breakdown is being included to ensure knowledge and expectations are communicated between engineering resources and management teams prior to the execution of the project work.

<p>MEC Wired - Wireless</p> <ol style="list-style-type: none"> 1. The current wired configuration will be reviewed by a HBS Engineer. 2. Review MDF/IDF locations. 3. Install Cisco wireless controller and licensing 4. Update Wireless software, basic configuration 5. Review Dynamic routing 6. Review SNMP v3 Configuration 7. Review QoS requirements 8. Design and discovery session of VLAN, IP Subnet addressing and SSID 9. Deployment: <ul style="list-style-type: none"> • Unpack, configure, rack and test Chassis switches • Configuration and design include Security Subnet strategy 	
---	--

<p>VLAN strategy IP addressing strategy SSID strategy Configure QoS</p> <p>10. Install dual core switches (6880) 11. Install access switches (4) 2960x 12. Integrate MEC Core Switch installation with district wide network. 13. Cutover current end devices to new network hardware 14. Provide Documentation.</p> <p>JR High Wired-Wireless</p> <p>15. The current wired configuration will be reviewed by a HBS Engineer. 16. Review MDF/IDF locations. 17. Update Wireless configuration 18. Review Dynamic routing 19. Review SNMP v3 Configuration 20. Review QoS requirements 21. Design and discovery session of VLAN, IP Subnet addressing and SSID 22. Deployment:</p> <ul style="list-style-type: none"> • Unpack, configure, rack and test Chassis switches • Configuration and design include: <ul style="list-style-type: none"> Security Subnet strategy VLAN strategy IP addressing strategy SSID strategy Configure QoS <p>23. Install dual core 3850 24. Install access switches (22) 2960x 25. Assist in testing Wireless connectivity. 26. Cutover current end devices to new network hardware. 27. Provide Documentation</p> <p>MEC Security</p> <p>1. The current firewall configuration will be reviewed by a HBS Engineer. 2. Review current firewall rules. 3. Identify and delete any unused rules. 4. Review current URL filtering rules 5. Unpack, rack and power up Palo Alto firewall. 6. Configure rules 7. Configure filtering rules 8. Configure basic VPN access 9. Provide documentation</p> <p>Highcrest</p>	
---	--



1. HBS engineer will migrate, existing Access Points to new Wireless Controllers located at MEC.	
2. Provide Documentation	
TOTAL	

Please note that this estimate is based upon HBS’s professional experience and information gathered within the scope process. No guarantee is given that the actual work will match the estimated hours. Client will only be billed for actual hours worked unless a flat service fee has been agreed upon and noted in this statement of work. If work has begun and it appears to the HBS consultant that the work cannot be completed in the time frame estimated, you will be notified by the project manager or account manager who will coordinate necessary actions to remediate.

Refer to the final invoice for details regarding accounting related to your project.

Out of Scope

The following areas are considered out-of-scope for this project:

- Any Deviation of WBS.

Change Control

All items agreed upon throughout this document are considered “in-scope”. Additional items beyond the statement of work are considered “out-of-scope” and are subject to an hourly charge agreed upon. Heartland Business Systems will exercise change control to activities or tasks that will affect the project both technically and financially.

Time

We want to work towards scheduling all necessary resources and timely completion of the project. HBS will work with you to detail all time constraints and outline the best approach to completion based upon a mutually agreed upon schedule.

Cost

HBS will make all efforts to value engineer this project to maximize staffing resources, pricing, and physical & virtual components. We will work with you to plan, budget and control project costs.

Stakeholders

HBS knows that stakeholders can make or break any project. It is the responsibility of Wilmette School District 39 to notify everyone that is involved and affected by this project. Clear and concise communication will lead to a successful project and more engaged stakeholders.



To ensure success we need all stakeholders who have the organizational authority to allocate resources and set priorities for their own organizations in support of a change.

A key component to every project is identifying a Project Sponsor. This individual is responsible for clarifying business strategies and priorities, guarantees financial support, and has the authority to make project decisions. The project sponsor for this project:

Nick Korzeniowski

Project Close

The project will be considered complete, when any of the following are met:

- All of the service deliverables identified within this SOW have been completed, delivered and accepted or deemed accepted, including approved Change Request Forms;
- The fee provisions of the Work Order have been met; or
- This agreement is terminated pursuant to the provisions of the agreement.

Next Steps

Upon approval, Heartland Business Systems will introduce the assigned project manager and lead engineer(s). The project manager will ensure a smooth project initiation and manage all deliverables through project close.

Accepted by: _____	Accepted by: _____
Title: _____	Title: Project Manager
Date: _____	Date: September, 2015

**Project Risks and Assumptions (Appendix A)**

If in the event an unplanned or unexpected technical issue occurs, Heartland Business Systems will follow all proper procedures in order to resolve the issue. The client will be alerted immediately of the unplanned issue and will be a part of all decision making related to additional cost of the project.

HBS will work to inspect the accomplished work to ensure it's aligned with the agreed upon project scope.



Change Control Form (Appendix B)

Project Name:	
Change Request #:	

General Information (completed by requester)

Change Request Submitted by:	
Date Submitted:	
Submitter Phone # and email:	
Person Requesting Change:	
Date Requested:	
Requester Phone and email:	
Related Change Request Numbers:	

Proposed Change (completed by requester)

Title of Change:	
Description of Change:	
Reason for Change:	
Requested Completion Date:	

Project Manager Review (completed by Project Manager)

Hardware Required for Change:	
Software Required for Change:	
Action Required for Change:	
Timeline Impact:	
Cost Impact:	
Resource Impact:	
Quality Impact:	
Overall Impact:	



STATEMENT OF WORK

Project Manager Recommendation:	Approved	Denied	Approved with Specific Conditions
If Approved with Specific Conditions, List Conditions:			
If Denied, List Reasons for Denial:			
PM Comments:			
Project Manager:			
Project Manager Signature:			
Date Signed:			

Approvals

This Change Request is approved and the Project Manager is authorized to adjust timelines, costs and resources as noted above.

Customer <i>(completed by the client)</i>	
Change Approved by:	
Date:	
Signature:	
Change Approved by:	
Date:	
Signature:	

Work Record (completed by Project Manager)

Change Assigned To:	
Date:	
Estimated date of Completion:	
Actual Date Completed:	
Actual Hours for Completion:	
Description of Action Taken <i>(Please attach any documents required to support this change)</i>	
Work Completion Certified by:	
Date:	
Signature:	

Post-Change (completed by Project Manager)

Actual Hardware Required:	
Actual Software Required:	
Actual Action Required:	
Actual Timeline Impact:	
Actual Cost Impact:	
Actual Resource Impact:	
Actual Quality Impact:	



STATEMENT OF WORK

Actual Overall Impact:		
Post-Change PM Comments:		
Post-Change PM Checklist:	() Timeline adjusted	() Timeline not adjusted
	() Financials adjusted	() Financials not adjusted
	() Resources adjusted	() Resources not adjusted
Date Filed as Complete:		

[311584_1.DOCX](#)

Wilmette 39 - Summary

	Equipment Costs	Vendor Support		Discount	Total Cost
Palo Alto - Firewall					\$115,703.68
Cisco Wireless	\$ 79,953.75	\$ 5,678.40	\$ 85,632.15	\$(5,000.00)	\$ 80,632.15
Cisco Network	\$ 256,122.25	\$ 5,448.80	\$261,571.05	\$(5,000.00)	\$256,571.05
APC UPS	\$ 20,000.00				\$ 20,000.00
Cabling Option 2 - CAT6 and Fiber Testing					\$ 34,466.00
HBS Installation			\$ 75,000.00	\$(5,000.00)	\$ 70,000.00
TOTAL	\$ 356,076.00	\$ 11,127.20			\$577,372.88

Cook County Prevailing Wage for July 2015

Trade Name	RG	TYP	C	Base	FRMAN	M-F>8	OSA	OSH	H/W	Pensn	Vac	Trng	
ASBESTOS ABT-GEN	ALL			39.400	39.950	1.5	1.5	2.0	13.98	10.72	0.000	0.500	
ASBESTOS ABT-MEC	BLD			36.340	38.840	1.5	1.5	2.0	11.47	10.96	0.000	0.720	
BOILERMAKER	BLD			47.070	51.300	2.0	2.0	2.0	6.970	18.13	0.000	0.400	
BRICK MASON	BLD			43.780	48.160	1.5	1.5	2.0	10.05	14.43	0.000	1.030	
CARPENTER	ALL			44.350	46.350	1.5	1.5	2.0	11.79	16.39	0.000	0.630	
CEMENT MASON	ALL			43.750	45.750	2.0	1.5	2.0	13.05	14.45	0.000	0.480	
CERAMIC TILE FNSHER	BLD			36.810	0.000	1.5	1.5	2.0	10.55	9.230	0.000	0.770	
COMM. ELECT.	BLD			40.000	42.800	1.5	1.5	2.0	8.670	12.57	1.100	0.750	
ELECTRIC PWR EQMT OP	ALL			46.100	51.100	1.5	1.5	2.0	10.76	14.87	0.000	0.460	
ELECTRIC PWR GRNDMAN	ALL			37.050	52.500	1.5	2.0	2.0	8.630	12.28	0.000	0.370	
ELECTRIC PWR LINEMAN	ALL			47.500	52.500	1.5	2.0	1.5	11.06	15.75	0.000	0.480	
ELECTRICIAN	ALL			45.000	48.000	1.5	1.5	2.0	13.83	15.27	0.000	1.000	
ELEVATOR CONSTRUCTOR	BLD			50.800	57.150	2.0	2.0	2.0	13.57	14.21	4.060	0.600	
FENCE ERECTOR	ALL			37.340	39.340	1.5	1.5	2.0	13.05	12.06	0.000	0.300	
GLAZIER	BLD			40.500	42.000	1.5	2.0	2.0	13.14	16.99	0.000	0.940	
HT/FROST INSULATOR	BLD			48.450	50.950	1.5	1.5	2.0	11.47	12.16	0.000	0.720	
IRON WORKER	ALL			44.200	46.200	2.0	2.0	2.0	13.65	21.14	0.000	0.350	
LABORER	ALL			39.200	39.950	1.5	1.5	2.0	13.98	10.72	0.000	0.500	
LATHER	ALL			44.350	46.350	1.5	1.5	2.0	13.29	16.39	0.000	0.630	
MACHINIST	BLD			45.350	47.850	1.5	1.5	2.0	7.260	8.950	1.850	0.000	
MARBLE FINISHERS	ALL			32.400	34.320	1.5	1.5	2.0	10.05	13.75	0.000	0.620	
MARBLE MASON	BLD			43.030	47.330	1.5	1.5	2.0	10.05	14.10	0.000	0.780	
MATERIAL TESTER I	ALL			29.200	0.000	1.5	1.5	2.0	13.98	10.72	0.000	0.500	
MATERIALS TESTER II	ALL			34.200	0.000	1.5	1.5	2.0	13.98	10.72	0.000	0.500	
MILLWRIGHT	ALL			44.350	46.350	1.5	1.5	2.0	13.29	16.39	0.000	0.630	
OPERATING ENGINEER	BLD 1			48.100	52.100	2.0	2.0	2.0	17.55	12.65	1.900	1.250	
OPERATING ENGINEER	BLD 2			46.800	52.100	2.0	2.0	2.0	17.55	12.65	1.900	1.250	
OPERATING ENGINEER	BLD 3			44.250	52.100	2.0	2.0	2.0	17.55	12.65	1.900	1.250	
OPERATING ENGINEER	BLD 4			42.500	52.100	2.0	2.0	2.0	17.55	12.65	1.900	1.250	
OPERATING ENGINEER	BLD 5			51.850	52.100	2.0	2.0	2.0	17.55	12.65	1.900	1.250	
OPERATING ENGINEER	BLD 6			49.100	52.100	2.0	2.0	2.0	17.55	12.65	1.900	1.250	
OPERATING ENGINEER	BLD 7			51.100	52.100	2.0	2.0	2.0	17.55	12.65	1.900	1.250	
OPERATING ENGINEER	FLT 1			53.600	53.600	1.5	1.5	2.0	17.10	11.80	1.900	1.250	
OPERATING ENGINEER	FLT 2			52.100	53.600	1.5	1.5	2.0	17.10	11.05	1.900	1.250	
OPERATING ENGINEER	FLT 3			46.400	53.600	1.5	1.5	2.0	17.10	11.80	1.900	1.250	
OPERATING ENGINEER	FLT 4			38.550	53.600	1.5	1.5	2.0	17.10	11.80	1.900	1.250	
OPERATING ENGINEER	FLT 5			55.100	53.600	1.5	1.5	2.0	17.10	11.80	1.900	1.250	
OPERATING ENGINEER	FLT 6			35.000	35.000	1.5	1.5	2.0	16.60	11.05	1.900	1.250	
OPERATING ENGINEER	HWY 1			46.300	50.300	1.5	1.5	2.0	17.55	12.65	1.900	1.250	
OPERATING ENGINEER	HWY 2			45.750	50.300	1.5	1.5	2.0	17.55	12.65	1.900	1.250	
OPERATING ENGINEER	HWY 3			43.700	50.300	1.5	1.5	2.0	17.55	12.65	1.900	1.250	
OPERATING ENGINEER	HWY 4			42.300	50.300	1.5	1.5	2.0	17.55	12.65	1.900	1.250	
OPERATING ENGINEER	HWY 5			41.100	50.300	1.5	1.5	2.0	17.55	12.65	1.900	1.250	
OPERATING ENGINEER	HWY 6			49.300	50.300	1.5	1.5	2.0	17.55	12.65	1.900	1.250	
OPERATING ENGINEER	HWY 7			47.300	50.300	1.5	1.5	2.0	17.55	12.65	1.900	1.250	
ORNAMNTL IRON WORKER	ALL			45.000	47.500	2.0	2.0	2.0	13.55	17.94	0.000	0.650	
PAINTER	ALL			41.750	46.500	1.5	1.5	1.5	11.50	11.10	0.000	0.770	
PAINTER SIGNS	BLD			33.920	38.090	1.5	1.5	1.5	2.600	2.710	0.000	0.000	
PILEDRIVER	ALL			44.350	46.350	1.5	1.5	2.0	13.29	16.39	0.000	0.630	
PIPEFITTER	BLD			46.000	49.000	1.5	1.5	2.0	9.000	15.85	0.000	1.780	
PLASTERER	BLD			43.430	46.040	1.5	1.5	2.0	13.05	14.43	0.000	1.020	
PLUMBER	BLD			46.650	48.650	1.5	1.5	2.0	13.18	11.46	0.000	0.880	
ROOFER	BLD			41.000	44.000	1.5	1.5	2.0	8.280	10.54	0.000	0.530	
SHEETMETAL WORKER	BLD			42.230	45.610	1.5	1.5	2.0	10.53	20.68	0.000	0.720	
SIGN HANGER	BLD			31.310	33.810	1.5	1.5	2.0	4.850	3.280	0.000	0.000	
SPRINKLER FITTER	BLD			49.200	51.200	1.5	1.5	2.0	11.75	9.650	0.000	0.550	
STEEL ERECTOR	ALL			42.070	44.070	2.0	2.0	2.0	13.45	19.59	0.000	0.350	
STONE MASON	BLD			43.780	48.160	1.5	1.5	2.0	10.05	14.43	0.000	1.030	
SURVEY WORKER	->NOT IN EFFECT			ALL	37.000	37.750	1.5	1.5	2.0	12.97	9.930	0.000	0.500
TERRAZZO FINISHER	BLD			38.040	0.000	1.5	1.5	2.0	10.55	11.22	0.000	0.720	
TERRAZZO MASON	BLD			41.880	44.880	1.5	1.5	2.0	10.55	12.51	0.000	0.940	
TILE MASON	BLD			43.840	47.840	1.5	1.5	2.0	10.55	11.40	0.000	0.990	
TRAFFIC SAFETY WRKR	HWY			32.750	34.350	1.5	1.5	2.0	6.550	6.450	0.000	0.500	
TRUCK DRIVER	E ALL 1			35.480	35.680	1.5	1.5	2.0	8.350	10.50	0.000	0.150	
TRUCK DRIVER	E ALL 2			34.100	34.500	1.5	1.5	2.0	8.150	8.500	0.000	0.150	
TRUCK DRIVER	E ALL 3			34.300	34.500	1.5	1.5	2.0	8.150	8.500	0.000	0.150	
TRUCK DRIVER	E ALL 4			34.500	34.500	1.5	1.5	2.0	8.150	8.500	0.000	0.150	
TRUCK DRIVER	W ALL 1			35.600	35.800	1.5	1.5	1.5	8.250	9.140	0.000	0.150	
TRUCK DRIVER	W ALL 2			32.700	33.100	1.5	1.5	2.0	6.500	4.350	0.000	0.000	
TRUCK DRIVER	W ALL 3			32.900	33.100	1.5	1.5	2.0	6.500	4.350	0.000	0.000	
TRUCK DRIVER	W ALL 4			33.100	33.100	1.5	1.5	2.0	6.500	4.350	0.000	0.000	
TUCKPOINTER	BLD			43.800	44.800	1.5	1.5	2.0	8.280	13.49	0.000	0.670	

ILLINOIS HUMAN RIGHTS ACT REGULATIONS

[NOTE: Illinois law requires that this statement be included in all Illinois public contracts (See 44 Ill. Adm. Code 750.10)]

The Contractor agrees to fully comply with the requirements of the *Illinois Human Rights Act*, 775 ILCS 5/1-101 *et. seq.*, including, but not limited to, the provision of sexual harassment policies and procedures pursuant to Section 2-105 of the Act. The Contractor further agrees to comply with all federal Equal Employment Opportunity Laws, including, but not limited to, the *Americans With Disabilities Act*, 42 U.S.C. Section 12101 *et. seq.*, and rules and regulations promulgated thereunder. The following provisions are included in this Contract pursuant to the requirements of the regulations of the Illinois Department of Human Rights, Title 44, Part 750, of the Illinois Administrative Code, and Contractor shall be required to comply with these provisions only if and to the extent they are applicable under the law. As required by Illinois law, in the event of the Contractor's non-compliance with the provisions of this Equal Employment Opportunity Clause, the *Illinois Human Rights Act* or the Rules and Regulations of the Illinois Department of Human Rights ("Department"), the Contractor may be declared ineligible for future contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations, and the contract may be canceled or voided in whole or in part, and such other sanctions or penalties may be imposed or remedies invoked as provided by statute or regulations. During the performance of this contract, the Contractor agrees as follows:

- A. That it will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, marital status, national origin or ancestry, age, citizenship status, physical or mental handicap or disability unrelated to ability, military status or an unfavorable discharge from military service, or arrest record status; and further that it will examine all job classifications to determine if minority persons or women are underutilized and will take appropriate affirmative action to rectify any such underutilization.
- B. That, if it hires additional employees in order to perform this contract or any portion thereof, it will determine the availability (in accordance with the Department's Rules) of minorities and women in the area(s) from which it may reasonably recruit and it will hire for each job classification for which employees are hired in such a way that minorities and women are not underutilized.
- C. That, in all solicitations or advertisements for employees placed by it or on its behalf, it will state that all applicants will be afforded equal opportunity without discrimination because of race, color, religion, sex, sexual orientation, marital status, national origin or ancestry, age, citizenship status, physical or mental handicap or disability unrelated to ability, military status or an unfavorable discharge from military service, or arrest record status.
- D. That it will send to each labor organization or representative of workers with which it has or is bound by a collective bargaining or other agreement or understanding, a notice advising such labor organization or representative of the Contractor's obligation under the *Illinois Human Rights Act* and the Department's Rules. If any such labor organization or representative fails or refuses to cooperate with the Contractor in its efforts to comply with such Act and Rules, the Contractor will promptly so notify the Department and the contracting agency and will recruit employees from other sources when necessary to fulfill its obligation thereunder.
- E. That it will submit reports as required by the Department's Rules, furnish all relevant information as may from time to time be requested by the Department or the contracting agency, and in all respects comply with the *Illinois Human Rights Act* and the Department's Rules.
- F. That it will permit access to all relevant books, records, accounts and work sites by personnel of the contracting agency and the Department for purposes of investigation to ascertain compliance with *Illinois Human Rights Act* and the Department's Rules.
- G. That it will include verbatim or by reference the provisions of this clause in every subcontract it awards under which any portion of the contract obligations are undertaken or assumed, so that such provisions will be binding upon such subcontractor. In the same manner as with other provisions of this contract, the Contractor will be liable for compliance with applicable provisions of this clause by such subcontractors; and further it will promptly notify the contracting agency and the Department in the event any subcontractor fails or refuses to comply therewith. In addition, the Contractor will not utilize any subcontractor declared by the Illinois Human Rights Commission to be ineligible for contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations.