COMMONWEALTH OF VIRGINIA

STANDARD CONTRACT

Contract Number: UCP-TP-002-15

This contract entered into this 27th day of April 2015 by KPMG LLP hereinafter called the "Contractor" and Commonwealth of Virginia, Virginia Polytechnic Institute and State University called "Virginia Tech."

WITNESSETH that the Contractor and Virginia Tech, in consideration of the mutual covenants, promises and agreements herein contained, agree as follows:

SCOPE OF CONTRACT: The Contractor shall provide the Tax Consulting Services to Virginia Tech as set forth in the Contract Documents.


COMPENSATION AND METHOD OF PAYMENT: The Contractor shall be paid by Virginia Tech in accordance with the Contract Documents.

CONTRACT DOCUMENTS: The Contract Documents shall consist of this signed contract, Request for Proposal (RFP) number 0036939 dated December 17, 2014, the proposal submitted by the Contractor dated January 30, 2015, Virginia Tech's letter dated April 3, 2015 and the Contractor's response dated April 23, 2015, all of which Contract Documents are incorporated herein.

In WITNESS WHEREOF, the parties have caused this Contract to be duly executed intending to be bound thereby.

Contractor
By: [Signature] Donald E. Rich, Jr.
   Name and Title Partner

Virginia Tech
By: [Signature] Kimberly Dulaney
   Name and Title Assistant Director and Contracts Manager
Virginia Tech

Request for Proposal #0036939

for

Tax Consulting Services

December 17, 2014
RFP 0036939

GENERAL INFORMATION FORM

1. **QUESTIONS:** All inquiries for information regarding this solicitation should be directed to: Kimberly Dulaney, CPSM, CUPO, Phone: (540) 231-8543, e-mail: kdulane@vt.edu.

2. **DUE DATE:** Sealed Proposals will be received until Friday, January 30, 2015 at 3:00 PM. Failure to submit proposals to the correct location by the designated date and hour will result in disqualification.

3. **ADDRESS:** Proposals should be mailed or hand delivered to: Virginia Polytechnic Institute and State University (Virginia Tech), Procurement Department (MC 0333) North End Center, Suite 2100, Virginia Tech, 300 Turner Street NW, Blacksburg, Virginia 24061. Reference the Opening Date and Hour, and RFP Number in the lower left corner of the return envelope or package.

4. **TYPE OF BUSINESS:** (Please check all applicable classifications). If your classification is certified by the Virginia Department of Minority Business Enterprise, provide your certification number: _________. For certification assistance, please visit: http://www.dmbe.state.va.us/swamcert.html.

   | Large |
   | Small business – An independently owned and operated business which, together with affiliates, has 250 or fewer employees or average annual gross receipts of $10 million or less averaged over the previous three years. Department of Minority Business Enterprise (DMBE) certified women-owned and minority-owned business shall also be considered small business when they have received DMBE small business certification. |
   | Women-owned business – A business concern that is at least 51% owned by one or more women who are U.S. citizens or legal resident aliens, or in the case of a corporation, partnership, or limited liability company or other entity, at least 51% of the equity ownership is owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with the United States immigration law, and both the management and daily business operations are controlled by one or more women who are U.S. citizens or legal resident aliens. |
   | Minority-owned business – A business concern that is at least 51% owned by one or more minority individuals (see Section 2.2-1401, Code of Virginia) or in the case of a corporation, partnership, or limited liability company or other entity, at least 51% of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals and both the management and daily business operations are controlled by one or more minority individuals. |

5. **COMPANY INFORMATION/SIGNATURE:** In compliance with this Request For Proposal and to all the conditions imposed therein and hereby incorporated by reference, the undersigned offers and agrees to furnish the services in accordance with the attached signed proposal and as mutually agreed upon by subsequent negotiation.

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10/14/2014
I. PURPOSE:

The purpose of this Request for Proposal (RFP) is to solicit sealed proposals to establish a contract through competitive negotiations for tax consulting services by Virginia Polytechnic Institute and State University (Virginia Tech), an agency of the Commonwealth of Virginia.

II. CONTRACT PERIOD:

The term of this contract is for three year(s), or as negotiated. There will be an option for four successive one year renewals, or as negotiated.

III. BACKGROUND:

College and universities are constantly challenged in areas of taxation related to payroll, fringe benefits, non-resident aliens, and unrelated business income. Staff members stay current with the issues through periodicals and list serves on an ongoing basis. However, these sources impart only enough knowledge to raise awareness of potential problems and possible solutions. They make no attempt to be exhaustive. It is best for decisions, especially related to tax matters, to be made based on thorough research as well as on experience. This contract seeks to augment university knowledge by contracting with a vendor to provide expert tax advice and consulting research.

IV. EVA BUSINESS-TO-GOVERNMENT ELECTRONIC PROCUREMENT SYSTEM:

The eVA Internet electronic procurement solution streamlines and automates government purchasing activities within the Commonwealth of Virginia. Virginia Tech, and other state agencies and institutions, have been directed by the Governor to maximize the use of this system in the procurement of goods and services. We are, therefore, requesting that your firm register as a trading partner within the eVA system.

There are registration fees and transaction fees involved with the use of eVA. These fees must be considered in the provision of quotes, bids and price proposals offered to Virginia Tech. Failure to register within the eVA system may result in the quote, bid or proposal from your firm being rejected and the award made to another vendor who is registered in the eVA system.

Registration in the eVA system is accomplished on-line. Your firm must provide the necessary information. Please visit the eVA website portal at http://www.eva.virginia.gov/pages/eva-registration-buyer-vendor.htm and register both with eVA and Ariba. This process needs to be completed before Virginia Tech can issue your firm a Purchase Order or contract. If your firm conducts business from multiple geographic locations, please register these locations in your initial registration.

For registration and technical assistance, reference the eVA website at: eVACustomerCare@dgs.virginia.gov, or call 866-289-7367 or 804-371-2525.

V. CONTRACT PARTICIPATION:

It is the intent of this solicitation and resulting contract to allow for cooperative procurement. Accordingly, any public body, public or private health or educational institutions, or Virginia Tech’s affiliated corporations and/or partnerships may access any resulting contract if authorized by the contractor.

Participation in this cooperative procurement is strictly voluntary. If authorized by the Contractor, the resultant contract may be extended to the entities indicated above to purchase at contract prices in accordance with contract terms. The Contractor shall notify Virginia Tech in writing of any such entities accessing the contract. No modification of this contract or execution of a separate contract is required to participate. The Contractor will provide semi-annual usage reports for all entities accessing the Contract. Participating entities shall place their own orders directly with the Contractor.
Contractor and shall fully and independently administer their use of the contract to include contractual disputes, invoicing and payments without direct administration from Virginia Tech. Virginia Tech shall not be held liable for any costs or damages incurred by any other participating entity as a result of any authorization by the Contractor to extend the contract. It is understood and agreed that Virginia Tech is not responsible for the acts or omissions of any entity, and will not be considered in default of the contract no matter the circumstances.

Use of this contract does not preclude any participating entity from using other contracts or competitive processes as the need may be.

VI. STATEMENT OF NEEDS:

A. The contractor should provide service in the following areas. This listing is intended to be illustrative and not all inclusive:

1. Guidance on federal and state tax impact on employees and students regarding changes in applicable federal and state tax laws.

2. Guidance on issues relating to taxability and reporting of gifts to the college/university and potential gifts from donors.

3. Tax research and consultation of matters potentially affecting the college/university such as unrelated business income tax, payroll, non-resident aliens and fringe benefits.

4. Other tax research and consultation including financial and tax planning service, as such matters may occur from time to time.

B. The contractor will be notified when services are required, and the contractor shall submit for approval the number of hours and the levels of consultants involved to address the issues.

VII. PROPOSAL PREPARATION AND SUBMISSION:

A. General Requirements

1. RFP Response: In order to be considered for selection, Offerors must submit a complete response to this RFP. One (1) original and Five (5) copies of each proposal must be submitted to:

   Procurement Department (MC 0333)
   North End Center, Suite 2100, Virginia Tech
   300 Turner Street NW
   Blacksburg, Virginia 24061

   Reference the Opening Date and Hour, and RFP Number in the lower left hand corner of the return envelope or package.

   No other distribution of the proposals shall be made by the Offeror.

2. Proposal Preparation:

   a. Proposals shall be signed by an authorized representative of the Offeror. All information requested should be submitted. Failure to submit all information requested may result in Virginia Tech requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. Proposals which are substantially incomplete or lack key information may be rejected by Virginia Tech at its discretion. Mandatory requirements are those required by law or regulation or are such that they cannot be waived and are not subject to negotiation.

   b. Proposals should be prepared simply and economically providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content.
c. Proposals should be organized in the order in which the requirements are presented in the RFP. All pages of the proposal should be numbered. Each paragraph in the proposal should reference the paragraph number of the corresponding section of the RFP. It is also helpful to cite the paragraph number, subletter, and repeat the text of the requirement as it appears in the RFP. If a response covers more than one page, the paragraph number and subletter should be repeated at the top of the next page. The proposal should contain a table of contents which cross references the RFP requirements. Information which the offeror desires to present that does not fall within any of the requirements of the RFP should be inserted at an appropriate place or be attached at the end of the proposal and designated as additional material. Proposals that are not organized in this manner risk elimination from consideration if the evaluators are unable to find where the RFP requirements are specifically addressed.

d. Each copy of the proposal should be bound in a single volume where practical. All documentation submitted with the proposal should be bound in that single volume.

e. Ownership of all data, material and documentation originated and prepared for Virginia Tech pursuant to the RFP shall belong exclusively to Virginia Tech and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act. However, to prevent disclosure the Offeror must invoke the protections of Section 2.2-4342F of the Code of Virginia, in writing, either before or at the time the data or other materials is submitted. The written request must specifically identify the data or other materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and may result in rejection of the proposal.

3. Oral Presentation: Offerors who submit a proposal in response to this RFP may be required to give an oral presentation of their proposal to Virginia Tech. This will provide an opportunity for the Offeror to clarify or elaborate on the proposal but will in no way change the original proposal. Virginia Tech will schedule the time and location of these presentations. Oral presentations are an option of Virginia Tech and may not be conducted. Therefore, proposals should be complete.

B. Specific Requirements

Proposals should be as thorough and detailed as possible so that Virginia Tech may properly evaluate your capabilities to provide the required services. Offerors are required to submit the following information/items as a complete proposal:

1. Professional Qualifications and Experiences:

   The name(s), qualifications and experience of person(s) who will provide the services. Identify the individual(s) who will serve as the primary contract for the university.

2. Plan for Providing Services:

   Plan for providing services including a description of the offeror’s experience and qualifications for providing tax consulting services.

3. References:

   A minimum of three (3) references from colleges/universities where similar tax consulting services have been provided or are currently being provided. Please include name and telephone number of a contact person at the reference site.

4. Small, Women-owned and Minority-owned Business (SWAM) Utilization:

   If your business can not be classified as Small, Women-owned, or Minority-owned, describe your plan for utilizing SWAM businesses if awarded a contract. Describe your ability to provide statistical reporting on actual SWAM subcontracting when requested. If your firm or any business that you plan to subcontract with
can be classified as SWAM, but has not been certified by the Virginia Department of Minority Business Enterprise, it is expected that the certification process will be initiated no later than the time of the award.

5. The return of the General Information Form and addenda, if any, signed and filled out as required.

VIII. SELECTION CRITERIA AND AWARD:

A. Selection Criteria

Proposals will be evaluated by Virginia Tech using the following:

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<td>1. Professional Qualifications and Experience</td>
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<td>2. Plan for Providing Services</td>
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<td>3. References</td>
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<td>4. SWAM Utilization</td>
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B. Award

Virginia Tech shall engage in individual discussions with two or more offerors deemed fully qualified, responsible and suitable on the basis of initial responses and with emphasis on professional competence, to provide the required services. Repetitive informal interviews shall be permissible. Such offerors shall be encouraged to elaborate on their qualifications and performance data or staff expertise pertinent to the proposed project, as well as alternate concepts. At the discussion stage Virginia Tech may discuss nonbinding estimates of total project costs, including, but not limited to, life-cycle costing, and, where appropriate, nonbinding estimates of price for services. Proprietary information from competing offerors shall not be disclosed to the public or to competitors. At the conclusion of the informal interviews, on the basis of evaluation factors published in the Request for Proposal and all information developed in the selection process to this point, Virginia Tech shall select, in the order of preference, two or more offerors whose professional qualifications and proposed services are deemed most meritorious. Negotiations shall then be conducted, beginning with the offeror ranked first. If a contract satisfactory and advantageous to Virginia Tech can be negotiated at a price considered fair and reasonable, the award shall be made to that offeror. Otherwise, negotiations with the offeror ranked first shall be formally terminated and negotiations conducted with the offeror ranked second, and so on, until such a contract can be negotiated at fair and reasonable price. Should Virginia Tech determine in writing and in its sole discretion that only one offeror is fully qualified, or that one offeror is clearly more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that offeror.

IX. INVOICES:

Invoices for goods or services provided under any contract resulting from this solicitation shall be submitted to:

Virginia Polytechnic Institute and State University
Accounts Payable
North End Center, Suite 3300, Virginia Tech
300 Turner Street NW
Blacksburg, Virginia 24061

X. METHOD OF PAYMENT:

Virginia Tech will authorize payment to the contractor as negotiated in any resulting contract from the aforementioned Request for Proposal.
Payment can be expedited through the use of the Wells One AP Control Payment System. Virginia Tech strongly encourages participation in this program. For more information on this program please refer to Virginia Tech’s Procurement website: [http://www.procurement.vt.edu/Vendor/WellsOne.html](http://www.procurement.vt.edu/Vendor/WellsOne.html) or contact the person in Procurement Department identified in the RFP.

XI. ADDENDUM:

Any **ADDENDUM** issued for this solicitation may be accessed at [http://www.procurement.vt.edu/html/docs/bids.php](http://www.procurement.vt.edu/html/docs/bids.php). Since a paper copy of the addendum will not be mailed to you, we encourage you to check the web site regularly.

XII. CONTRACT ADMINISTRATION:

A. Wendell Vest, Associate Controller, at Virginia Tech or his designee, shall be identified as the Contract Administrator and shall use all powers under the contract to enforce its faithful performance.

B. The Contract Administrator, or his designee, shall determine the amount, quantity, acceptability, fitness of all aspects of the services and shall decide all other questions in connection with the services. The Contract Administrator, or his/her designee, shall not have authority to approve changes in the services which alter the concept or which call for an extension of time for this contract. Any modifications made must be authorized by the Virginia Tech Procurement Department through a written amendment to the contract.

XIII. COMMUNICATIONS:

Communications regarding this Request for Proposals (RFP) shall be formal from the date of issue for this RFP, until either a Contractor has been selected or the Procurement Department rejects all proposals. Formal communications will be directed to the Procurement Department. Informal communications, including but not limited to request for information, comments or speculations regarding this RFP to any University employee other than a Procurement Department representative may result in the offending Offeror’s proposal being rejected.

XIV. TERMS AND CONDITIONS:

This solicitation and any resulting contract/purchase order shall be governed by the attached terms and conditions.

XV. ATTACHMENTS:

Attachment A - Terms and Conditions
Attachment B - Standard Contract Form
ATTACHMENT A

TERMS AND CONDITIONS

RFP General Terms and Conditions


Special Terms and Conditions

1. AUDIT: The Contractor hereby agrees to retain all books, records, and other documents relative to this contract for five (5) years after final payment, or until audited by the Commonwealth of Virginia, whichever is sooner. Virginia Tech, its authorized agents, and/or the State auditors shall have full access and the right to examine any of said materials during said period.

2. AVAILABILITY OF FUNDS: It is understood and agreed between the parties herein that Virginia Tech shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.

3. CANCELLATION OF CONTRACT: Virginia Tech reserves the right to cancel and terminate any resulting contract, in part or in whole, without penalty, upon 60 days written notice to the Contractor. In the event the initial contract period is for more than 12 months, the resulting contract may be terminated by either party, without penalty, after the initial 12 months of the contract period upon 60 days written notice to the other party. Any contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation.

4. CONTRACT DOCUMENTS: The contract entered into by the parties shall consist of the Request for Proposal including all modifications thereof, the proposal submitted by the Contractor, the written results of negotiations, the Commonwealth Standard Contract Form, all of which shall be referred to collectively as the Contract Documents.

5. INSURANCE:
   By signing and submitting a proposal under this solicitation, the Offeror certifies that if awarded the contract, it will have the following insurance coverages at the time the work commences. Additionally, it will maintain these during the entire term of the contract and that all insurance coverages will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission. During the period of the contract, Virginia Tech reserves the right to require the Contractor to furnish certificates of insurance for the coverage required.

   INSURANCE COVERAGES AND LIMITS REQUIRED:
   A. Worker's Compensation - Statutory requirements and benefits.
   B. Employers Liability - $100,000.00
   C. General Liability - $500,000.00 combined single limit. Virginia Tech and the Commonwealth of Virginia shall be named as an additional insured with respect to goods/services being procured. This coverage is to include Premises/Operations Liability, Products and Completed Operations Coverage, Independent Contractor's Liability, Owner's and Contractor's Protective Liability and Personal Injury Liability.
   D. Automobile Liability - $500,000.00
   E. Professional Liability to include errors and omissions - $500,000.00 per occurrence.

   The contractor agrees to be responsible for, indemnify, defend and hold harmless Virginia Tech, its officers, agents and employees from the payment of all sums of money by reason of any claim against them arising out of any and all occurrences resulting in bodily or mental injury or property damage that may happen to occur in connection with and during the performance of the contract, including but not limited to claims under the Worker's Compensation Act. The contractor agrees that it will, at all times, after the completion of the work, be responsible for, indemnify, defend and hold harmless Virginia Tech, its officers, agents and employees from all liabilities resulting from bodily or mental injury or property damage directly or indirectly arising out of the performance or nonperformance of the contract.

6. NOTICES: Any notices to be given by either party to the other pursuant to any contract resulting from this solicitation shall be in writing, hand delivered or mailed to the address of the respective party at the following address:

   If to Contractor: Address Shown On RFP Cover Page
   Attention: Name Of Person Signing RFP

   If to Virginia Tech:
7. **SEVERAL LIABILITY:** Virginia Tech will be severally liable to the extent of its purchases made against any contract resulting from this solicitation. Applicable entities described herein will be severally liable to the extent of their purchases made against any contract resulting from this solicitation.
ATTACHMENT B

Standard Contract form for reference only
Offerors do not need to fill in this form

COMMONWEALTH OF VIRGINIA
STANDARD CONTRACT

Contract Number: ____________________________

This contract entered into this ___ day of ______ 20__, by ______________________, hereinafter called the
"Contractor" and Commonwealth of Virginia, Virginia Polytechnic Institute and State University called "Virginia Tech".

WITNESSETH that the Contractor and Virginia Tech, in consideration of the mutual covenants, promises and agreements herein
contained, agrees as follows:

SCOPE OF CONTRACT: The Contractor shall provide the __________ to Virginia Tech as set forth in the Contract
Documents.

PERIOD OF CONTRACT: From ______________________ through _____________________.

COMPENSATION AND METHOD OF PAYMENT: The Contractor shall be paid by Virginia Tech in accordance with the
contract documents.

CONTRACT DOCUMENT: The contract documents shall consist of this signed contract, Request For Proposal Number
________ dated ________, together with all written modifications thereof and the proposal submitted by the Contractor
dated ______ and the Contractor's letter dated __________, all of which contract documents are incorporated herein.

In WITNESS WHEREOF, the parties have caused this Contract to be duly executed intending to be bound thereby.

Contractor: Virginia Tech

By: ____________________________ By: ____________________________

Title: ____________________________ Title: ____________________________
Virginia Polytechnic Institute and State University

Proposal to Provide Professional Tax Consulting Services by KPMG LLP
RFP # 0036939
Opening Date/Hour January 30, 2015
3:00 p.m.
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SECTION VII.B.1 – PROFESSIONAL QUALIFICATIONS AND EXPERIENCES:

1. The name(s), qualifications and experience of person(s) who will provide the services. Identify the individual(s) who will serve as the primary contract for the university.

DONALD E. (DEE) RICH, JR. will serve as KPMG’s primary contact for the University.

Background
Dee is a partner in KPMG’s Greensboro office. He started as an audit associate with KPMG in 1981, and as an audit manager transferred into KPMG’s tax department in 1986. He was admitted to the partnership in 1995, and presently leads KPMG’s Development and Exempt Organizations (DEO) tax practice in the southeastern U.S. He also is KPMG’s Higher Education National Sector leader for the DEO tax practice.

Professional and Industry Experience
Dee acts as tax advisor to more than 30 colleges and universities and numerous healthcare and other exempt organizations. He and the team of managers and staff that work with him complete hundreds of Forms 990 each year, and the related Forms 990-T. Dee is also familiar with the taxability of fringe benefits and related payroll tax matters frequently offered by exempt organizations. Dee has assisted numerous organizations undergoing Internal Revenue Services (IRS) exams, and has worked with those organizations in the appeals and settlement process.

Dee has experience with the numerous foreign reporting responsibilities borne by exempt organization investors (Forms 926, 8865, 5471). He has conducted unrelated business income tax reviews and tax penalty exposure reviews, and has advised clients on joint venture concerns, overseas operations issues, nonresident alien questions, and state and federal examinations.

Publications and Speaking Engagements
Dee is a frequent speaker on exempt organization tax matters at industry forums, conferences and associated meetings.

SHAWN M. HUTCHINSON, tax manager in the Greensboro office, will assist Dee in providing services to the University.

Background
SECTION VII.B.1 – PROFESSIONAL QUALIFICATIONS AND EXPERIENCES (CONTINUED):

Professional and Industry Experience
Shawn acts as a tax advisor to several hospitals, pensions, colleges, universities and other tax-exempt organizations in the Southeast. He also serves a number of North Carolina based global manufacturing clients. Shawn assists in the preparation of Forms 990 and 990-T for his exempt clients and Forms 1120 for his taxable clients. Shawn also assists with the foreign reporting responsibilities of those entities choosing to directly or indirectly invest abroad (Forms 926, 5471, 5472, 8865, 8621, etc.)

Typical deliverables include estimates, extensions, federal returns, foreign reporting, and state returns. Additional deliverables include research memorandums and correspondence with the IRS and state taxing authorities. Shawn also assists with ASC 740 tax provision reviews.

RICHARD A. SPEIZMAN is one of KPMG’s professional practice partners and presently serves as the Firm’s technical resource partner for exempt organization tax matters in our Washington National Tax office.

Professional and Industry Experience
Mr. Speizman has over twenty-five years of experience consulting with tax-exempt organizations on tax issues. His experience includes analysis and planning of reorganizations, joint ventures, affiliations, investments and other types of transactions; diagnosis and resolution of tax issues, individually, and in the context of large scale tax evaluations and corporate compliance programs; evaluation and development of tax policies, procedures and controls; representation before the IRS with respect to coordinated (CEP) exams and other tax matters; preparation of IRS determination, technical advice and private letter ruling requests; due diligence reviews; assistance with grant-making programs; leadership of industry coalitions; and consulting on tax legislative and regulatory developments.

Clients have included health care providers, managed care entities, retirement and low-income housing providers, educational institutions, scientific research organizations, museums and other cultural institutions, religious organizations, athletic organizations, charities, private foundations, social welfare organizations, trade associations, social clubs, fraternities and sororities, tax-exempt financial institutions, pension funds, voluntary employees’ beneficiary associations, governmental entities, and their managers and advisors.

Publications and Speaking Engagements
Mr. Speizman has written articles for publications such as hfm, The Exempt Organization Tax Review, Valuation Strategies, Philanthropy, Tax Notes, NACUBO BUSINESS OFFICER, American Bankers Association Employee Benefits Quarterly, and The Tax Advisor.
RFP # 0036939
SECTION VII.B.1 – PROFESSIONAL QUALIFICATIONS AND EXPERIENCES (CONTINUED):


ALEXANDRA O. MITCHELL is a senior manager in our Washington National Tax office.

Background
Ms. Mitchell is a Senior Manager in the Exempt Organizations group of KPMG’s Washington National Tax office with more than seven years of experience in tax planning and compliance for tax-exempt organizations.

Professional and Industry Experience
Ms. Mitchell primarily serves as a technical resource to KPMG’s domestic and international operating offices on tax matters relating to tax-exempt organizations and charitable contributions. Her experience includes transactional analysis and planning for tax-exempt organizations and their donors. She has represented tax-exempt organizations before the IRS with respect to IRS examinations and requests for IRS recognition of tax-exempt status. She also has advised clients with respect to legislative and regulatory matters.

Ms. Mitchell has provided assistance to educational institutions, museums and other cultural institutions, religious organizations, athletic organizations, charities, private foundations, social welfare organizations, trade associations, social clubs, political action committees, governmental entities, and their managers, advisors, and contributors. In addition, she regularly advises individuals, partnerships, and corporations on charitable contributions.

Prior to joining KPMG in January 2011, Ms. Mitchell was a tax associate at two large international law firms, advising clients on a variety of tax issues, with a focus on issues pertaining to securing and maintaining tax-exempt status.

Publications and Speaking Engagements
RFP # 0036939
SECTION VII.B.2 – PLAN FOR PROVIDING SERVICES:

2. Plan for providing services including a description of the offeror's experience and qualifications for providing tax consulting services.

General Qualifications

Tax-exempt status brings obvious benefits, as well as significant challenges. There are many ever-changing rules to follow. Similar challenges apply to funders of charitable programs.

These challenges are becoming even more complex due to globalization, healthcare reform, and technological innovation, as well as increased legislative scrutiny and enforcement activity by the Internal Revenue Service (IRS), state, local, and foreign taxing authorities. These challenges are fueling the transformation of tax-exempt business processes in the United States and around the world and will likely continue for generations.

KPMG LLP's Development and Exempt Organizations (DEO) practice can help tax-exempt organizations and their for-profit affiliates manage tax risks, capitalize on opportunities, and navigate these changing times – both at home and abroad. Our professionals support our clients' priorities across the exempt healthcare, higher education, development and government, non-governmental organizations (NGOs), and commercial sectors.

Our DEO professionals understand the rules and regulations that apply to tax-exempt organizations, such as: intermediate sanctions and self-dealing, lobbying and political activities, unrelated business activities, tax-sheltered annuities, payroll and excise taxes, information reporting, tax-exempt bonds, charitable gifts, grant-making, and more. And beyond the tax rules, our DEO professionals understand the business opportunities and challenges faced in an increasingly complex environment: transparency, governance, accountability, risk management, domestic and international operations, monitoring and evaluation, virtual workforce, strategy, and project oversight, to name just a few.

Tax-exempt status is a valuable benefit, but it comes with specific requirements and attendant tax consequences which can be costly to the unwary. As institutions, tax-exempt organizations are quite different from for-profit businesses. Their missions and cultures are different, and they also answer to different constituencies. While tax-exempt organizations are subject to many of the same rules that apply to all taxpayers, they must comply with the myriad special tax rules that govern tax-exempt status, private inurement, substantial private benefit, excess benefit transactions, lobbying and political activities, unrelated business income, tax-exempt bonds, charitable gifts, prohibited tax shelter transactions and many more.
In addition to the general exemptions from certain federal, state, and local taxes, organizations, like the University, can benefit from the lower-cost financing associated with tax-exempt bonds and from the ability to solicit and accept tax deductible charitable contributions. However, the many rules and regulations that govern this sector make compliance difficult because they are potentially onerous, sometimes counterintuitive, subject to frequent change, and often uncertain as to their application. With public scrutiny and government enforcement activity at unprecedented levels, the University needs a trusted tax advisor like KPMG to provide timely tax advice.

Higher Education Insight and Industry Participation

KPMG has nurtured a culture of thought leadership and knowledge sharing that benefits clients and our own professionals alike. Providing new information and perspective is a vital part of our role in serving higher education clients. KPMG is committed to the development and dissemination of knowledge that advances the business of higher education through our own research and through strong relationships with the National Association of College and University Business Officers (NACUBO), the Association of American Medical Colleges (AAMC), GASB, FASB, AICPA, and local organizations.

Legislation Watch

KPMG has extensive experience with government agencies and programs such as GAO and OMB, and Federal granting agencies, including the Department of Health and Human Services (DHHS) and the Department of Education. We maintain a vigilant eye over matters that may affect higher education nationally, such as issuance of proposed regulations, judicial interpretation of existing regulations, and IRS positions on key topics. In particular, we focus on White House proposals regarding funding higher education, unrelated business income, Title IV reauthorization, fund-raising, employee benefits, and other matters of concern to our college and university clients.

Virginia Tech Specific Plan

KPMG will estimate the fees necessary to perform any research and consulting services requested by the University. These services will typically be based on a negotiated hourly rate for the individuals performing the services; however, depending on the type of project, complexity of the issues and the estimated time to complete the project, a capped fee may provide a more economical approach. For each discrete research project, KPMG must determine of the proper level of personnel to perform the services. Depending on the complexity of the issue, we may involve our technical resources in Washington, D.C.

KPMG considers the opportunity to continue serving as tax advisor to the University and its sister institutions an honor and a privilege. We believe that KPMG not only possesses unmatched technical expertise and the human capital resources to provide a high level of service to the University, but also provides unparalleled insight into the tax realm of higher education institutions due to the depth and breadth of our existing client base.
RFP # 0036939

SECTION VII.B.3 – REFERENCES:

3. A minimum of three (3) references from colleges/universities where similar tax consulting services have been provided or are currently being provided. Please include name and telephone number of a contact person at the reference site.

**Duke University**
David Shumate, Executive Vice President, DUMAC, LLC
919-668-9911

**University of North Carolina at Chapel Hill**
Dennis Press, University Controller
919-962-7007

**East Carolina University**
Sherrilyn Johnson, Director of Institutional Trust Funds/Foundations
252-737-1137

**University of Miami**
Ana Clark Pañeda, Associate Controller
305-284-4877

**University of Virginia**
William Define, Director of Tax Compliance & Operational Contracts
434-243-5592
RFP # 0036939
SECTION VII.B.4 – SMALL, WOMEN-OWNED AND MINORITY-OWNED BUSINESS (SWAM) UTILIZATION:

4. If your business can not be classified as Small, Women-owned, or Minority-owned, describe your plan for utilizing SWAM businesses if awarded a contract. Describe your ability to provide statistical reporting on actual SWAM subcontracting when requested. If your firm or any business that you plan to subcontract with can be classified as SWAM, but has not been certified by the Virginia Department of Minority Business Enterprise, it is expected that the certification process will be initiated no later than the time of the award.

While KPMG, LLP cannot be classified as a SW AM business, the firm definitely has a commitment to and embraces diversity. We believe in fostering an environment of inclusion that encourages partners and employees to be successful. By valuing our differences we build upon our individual, team, and firm strengths. Our aim is to enhance the firm's work environment by valuing our differences and including them in what we do. By leveraging, valuing, and encouraging diversity of thought, perspective, and approach, we can create an open and inclusive work environment to allow for the expression and exchange of ideas and meet business and personal objectives and growth.

While it is not anticipated that subcontractors would be utilized if awarded this contract, KPMG as a firm is committed to supplier diversity. Equal opportunity is given to minority-owned, women-owned, veteran-owned, and special disabled-veteran-owned businesses to join our supplier base by competing and participating in the purchasing process. In this regard, KPMG is the only Big Four firm that supports Women Business Enterprise National Council (WBENC), a national organization dedicated to the advancement of women-owned businesses (WBEs). KPMG makes an annual contribution of nearly $40,000 to support the group's mission through sponsorships and events. Additionally, KPMG has participated in several events with WBEs in which our purchasing team members network with WBEs as potential vendors. KPMG is also a member of the National Minority Supplier Development Council, Inc.

KPMG has a full-time manager within our procurement team who is dedicated to supplier diversity. As part of our supplier diversity program, the firm undertakes several activities including:

- First-Tier Measurement - tracking KPMG's spending with diverse suppliers
- Second-Tier Measurement - tracking KPMG's suppliers' spending with diverse businesses, by means of a quarterly reporting Web site into which we invite selected suppliers to report on a voluntary basis
- Reporting - responding to a growing number of requests for Supplier Diversity reporting from our clients, and responding to RFP inquiries relating to Supplier Diversity
- Inclusion - seeking opportunities to invite diverse businesses to compete in the purchasing process
- Outreach - increasing our internal stakeholders' and buyers' awareness of the abilities of diverse suppliers, and externally through our national and local memberships in diverse business advocacy organizations including:
  - NMSDC - National Minority Supplier Development Council
  - WBENC - Women's Business Enterprise National Council
  - NGLCC - National Gay and Lesbian Chamber of Commerce
  - USPAACC - The U.S. Pan Asian American Chamber of Commerce
RFP # 0036939
SECTION VII.B.4 – SMALL, WOMEN-OWNED AND MINORITY-OWNED BUSINESS (SWAM) UTILIZATION (CONTINUED):

Our activities with these groups include participation in certification committees, procurement councils, and boards of directors. In addition, KPMG regularly attends and sponsors a number of business fairs, conferences, and other diversity events.
RFP # 0036939

SECTION VII.B.5 – GENERAL INFORMATION FORM:

5. The return of the General Information Form and addenda, if any, signed and filled out as required.

The General Information Form is enclosed as the final page of this proposal. This document has been completed and signed as requested. Except for the requested modifications outlined below, the Terms and Conditions as set forth in Attachment A are acceptable. As requested in Attachment A, KPMG LLP (KPMG) will participate in the eVA Internet e-procurement solution. (Due to prior existing contract, KPMG is already registered within the eVA system.) Upon award of the contract, KPMG will sign the standard contract provided in Attachment B.
RFP # 0036939
ATTACHMENT A – MODIFICATIONS TO GENERAL AND SPECIAL TERMS AND CONDITIONS:

KPMG has made the following adjustments and additions to the RFP General Terms and Conditions and the Special Terms and Conditions sections of Attachment A. Abbreviated explanations for these suggested changes are noted parenthetically after each noted General Terms and Conditions change and summarily for the Special Terms and Conditions.

RFP General Terms and Conditions

Section 5. Changes to Contract, Paragraph B.3 – remove from the RFP Terms and Conditions. (KPMG believes that this section is not applicable as the RPF is not requesting a cost based arrangement; our fees will be based on hours at agreed upon rates.)

Section 9. Conflict of Interest – modified as follows:

9. CONFLICT OF INTEREST: Virginia Tech is a public university, subject to the laws of the Commonwealth of Virginia. Among these is the State and Local Government Conflict of Interests Act (The Act). The Act can be accessed via http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+2.2-3100. You may wish to consult the provisions of The Act before submitting a response to the Request for Proposal. Additionally, by submitting a proposal or by entering into any resulting contract, the offeror certifies that it has not knowingly failed to comply with the provisions of The Act as to this RPF. (Given the broad nature of this Act, KPMG will make all reasonable efforts to comply.)

Section 19. Indemnification – modified as follows:

19. INDEMNIFICATION: Contractor agrees to indemnify, defend and hold harmless Virginia Tech and the Commonwealth of Virginia and their officers, agents, and employees from any claims, damages and actions of any kind or nature whether at law or in equity, for death, bodily injury and damage to tangible property, arising from or caused by the use of any materials, goods, or equipment of any kind or nature, furnished by the contractor/any services of any kind or nature furnished by the contractor, provided that such liability is not attributable to the negligence of Virginia Tech or failure of Virginia Tech to use the materials, goods, or equipment in the manner already and permanently described by the contractor on the materials, goods or equipment delivered. (KPMG would limit indemnification to these set claims.)
Special Terms and Conditions

KPMG would request the modification to the Special Terms and Conditions and additions to the Special Terms and Conditions, which are consistent with KPMG contracts with state and local governments generally.

Section 5. Insurance, Paragraph E – modified as follows:

E. Professional Liability to include errors and omissions - $500,000.00 per claim. The contractor agrees to be responsible for, indemnify, defend and hold harmless Virginia Tech, its officers, agents and employees from the payment of all sums of money by reason of any claim against them arising out of any and all occurrences resulting in death, bodily injury or tangible property damage that may happen to occur in connection with and during the performance of the contract, including but not limited to claims under the Worker's Compensation Act. The contractor agrees that it will, at all times, after the completion of the work, be responsible for, indemnify, defend and hold harmless Virginia Tech, its officers, agents and employees from all liabilities resulting from death, bodily injury or tangible property damage directly or indirectly arising out of the performance or nonperformance of the contract.

Section 8. Additional Terms – added to Attachment A

8. ADDITIONAL TERMS

A. Limitation of Liability. Notwithstanding anything else in this contract (including its attachments) to the contrary, the liability of the Contractor on account of any actions, damages, claims, liabilities, costs, expenses or losses in any way arising out of or relating to the services performed under the Contract shall be limited to the amount of fees paid or owing to Contractor under the Contract. In no event shall Contractor be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). This section shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

B. Management Decisions. The Virginia Tech acknowledges and agrees that Contractor's services may include advice and recommendations; but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, the Virginia Tech. The Contractor will not perform management functions or make management decisions for the Virginia Tech.

C. Third Party Usage. Any advice, recommendations, information, deliverables or other work product provided to the Virginia Tech under this Contract is for the sole use of the Virginia Tech, and is not intended to be, and may not be, relied upon by any third party, and all advice, recommendations, information, deliverables, or other work product may be marked to so indicate. Except for disclosures that are required by law or that are expressly permitted by this Contract, the Virginia Tech will not disclose or permit access to such advice, recommendations, information, deliverables, or other work product to any third party without the Contractor's prior written consent.
D. California Accountancy Act. For engagements where services will be provided by the Contractor through offices located in California, the Virginia Tech acknowledges that certain of Contractor's personnel who may be considered "owners" under the California Accountancy Act and implementing regulations (California Business and Professions Code section 5079(a); 16 Cal. Code Regs. sections 51 and 51.1) and who may provide services in connection with this engagement, may not be licensed as certified public accountants under the laws of any of the various localities.

E. Electronic Communications. Contractor may communicate with the Virginia Tech by electronic mail or otherwise transmit documents in electronic form during the course of this engagement. The Virginia Tech accepts the inherent risks of these forms of communication (including the security risks of interception of or unauthorized access to such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices). The Virginia Tech agrees that the final hardcopy version of a document, including a deliverable, or other written communication that Contractor transmits to the Virginia Tech shall supersede any previous versions transmitted electronically by Contractor to the Virginia Tech unless no such hard copy is transmitted.

F. Active Spreadsheets and Electronic Files. Contractor may use models, electronic files, and spreadsheets with embedded macros created by Contractor to assist Contractor in providing the services under the Contract. If the Virginia Tech requests a working copy of any such model, electronic file or spreadsheet, Contractor may, at its discretion, make such item available to the Virginia Tech for the Virginia Tech's internal use only and such item shall be considered a deliverable (subject to the requirements herein); provided that the Virginia Tech is responsible for obtaining the right to use any third party products necessary to use or operate such item.

G. Use of Vendors. The Virginia Tech acknowledges that in connection with the performance of services under the Contract, Contractor may use the services of KPMG controlled entities and/or KPMG member firms to complete the services required by this contract. The Virginia Tech also acknowledges that in connection with the performance of services under the Contract, Contractor uses vendors within and without the United States to provide at Contractor's direction administrative and clerical services to Contractor. These vendors may in the performance of such services have limited access to information, including but not limited to confidential information, received by Contractor from or at the request or direction of the Virginia Tech. Contractor represents to the Virginia Tech that each such vendor has agreed to conditions of confidentiality with respect to the Virginia Tech's information to the same or similar extent as Contractor has agreed to pursuant this Contract. Contractor will have full responsibility to cause these vendors to comply with such conditions of confidentiality and Contractor shall be responsible for any consequences of their failure to comply. Accordingly, the Virginia Tech consents to Contractor disclosure to a vendor and the use by such vendor of data and information, including but not limited to confidential information, received from or at the request or direction of the Virginia Tech for the purposes set forth herein.
H. **Volume Rebates.** Where Contractor is reimbursed for expenses, Contractor's policy is to bill clients the amount incurred at the time the good or service is purchased. If Contractor subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, Contractor does not credit such payment to its clients. Instead, Contractor applies such payments to reduce its overhead costs, which costs are taken into account in determining Contractor's standard billing rates and certain transaction charges that may be charged to clients.

I. **Virginia Tech Vendors and Conflicts.** The Virginia Tech is aware that Contractor may be providing assurance, tax and/or advisory services to other actual or potential vendors of the Virginia Tech. Contractor will perform an internal search for any potential client conflicts relating to any of the Virginia Tech's vendors identified by the Virginia Tech as having a role in connection with Contractor's performance of this Contract. The Virginia Tech hereby agrees that a vendor's status as a Contractor client does not impact Contractor's engagement to perform this Contract. Contractor will advise the Virginia Tech of any conflicts of interest that could prevent it from performing the Contract. However, Contractor is a large firm that is engaged by new clients on a daily basis and as a result it cannot guarantee that, following its conflict search, an engagement for any other related party will not be accepted somewhere else in Contractor's firm. Should any new information come to Contractor's attention, Contractor will promptly inform the Virginia Tech. Contractor shall perform this Contract in accordance with applicable professional standards.

J. **Ownership of Materials.** The Contractor retains all ownership rights in any proprietary methodologies, methods, processes, or procedures of the Contractor that pre-exist or were developed outside the scope of this Contract. If any such property of Contractor is contained in any of the deliverables hereunder, the Contractor grants to the Virginia Tech a royalty-free, paid-up, non-exclusive, perpetual license to use such Contractor intellectual property in connection with the Virginia Tech's use of the deliverables.

K. **Disputes.** The parties agree that any dispute or claim arising out of or relating to the Contract or the services provided thereunder shall first be submitted to non-binding mediation as a prerequisite to litigation. Mediation may take place at a location to be designated by the parties using the Mediation Procedures of the International Institute for Conflict Prevention and Resolution, with the exception of paragraph 2 (Selecting the Mediator). If, after good faith efforts, the parties are unable to resolve their dispute through mediation within ninety (90) days after the issuance by one of the parties of a request for mediation, then the parties are free to pursue all other legal and equitable remedies available to them. Nothing herein shall preclude Contractor from filing a timely formal claim in accordance with applicable Virginia law provided, however, that Contractor shall, if permitted, seek a stay of said claim during the pendency of any mediation. Either party may seek to enforce any written agreement reached by the parties during mediation in any court of competent jurisdiction.
RFP 0036939

GENERAL INFORMATION FORM

1. QUESTIONS: All inquiries for information regarding this solicitation should be directed to: Kimberly Dulaney, CPSM, CUPO, Phone: (540) 231-8543, e-mail: kdlane@vt.edu.

2. DUE DATE: Sealed Proposals will be received until Friday, January 30, 2015 at 3:00 PM. Failure to submit proposals to the correct location by the designated date and hour will result in disqualification.

3. ADDRESS: Proposals should be mailed or hand delivered to: Virginia Polytechnic Institute and State University (Virginia Tech), Procurement Department (MC 0333) North End Center, Suite 2100, Virginia Tech, 300 Turner Street NW, Blacksburg, Virginia 24061. Reference the Opening Date and Hour, and RFP Number in the lower left corner of the return envelope or package.

4. TYPE OF BUSINESS: (Please check all applicable classifications). If your classification is certified by the Virginia Department of Minority Business Enterprise, provide your certification number: . For certification assistance, please visit: http://www.dmbbe.state.va.us/swarncert.html.

   □ Large

   □ Small business – An independently owned and operated business which, together with affiliates, has 250 or fewer employees or average annual gross receipts of $10 million or less averaged over the previous three years. Department of Minority Business Enterprise (DMBE) certified women-owned and minority-owned business shall also be considered small business when they have received DMBE small business certification.

   □ Women-owned business – A business concern that is at least 51% owned by one or more women who are U. S. citizens or legal resident aliens, or in the case of a corporation, partnership, or limited liability company or other entity, at least 51% of the equity ownership interest is owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with the United States immigration law, and both the management and daily business operations are controlled by one or more women who are U. S. citizens or legal resident aliens.

   □ Minority-owned business – A business concern that is at least 51% owned by one or more minority individuals (see Section 2.2-1401, Code of Virginia) or in the case of a corporation, partnership, or limited liability company or other entity, at least 51% of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals and both the management and daily business operations are controlled by one or more minority individuals.

5. COMPANY INFORMATION/SIGNATURE: In compliance with this Request For Proposal and to all the conditions imposed therein and hereby incorporated by reference, the undersigned offers and agrees to furnish the services in accordance with the attached signed proposal and as mutually agreed upon by subsequent negotiation.

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<thead>
<tr>
<th>FULL LEGAL NAME (PRINT)</th>
<th>FEDERAL TAXPAYER NUMBER (ID#)</th>
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<td>KPMG LLP</td>
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<tr>
<td>300 NORTH GREENE STREET, SUITE 400</td>
<td>DEPT 0608, PO BOX 0608</td>
</tr>
<tr>
<td>GREENSBORO, NC 27401</td>
<td>DALLAS, TX 75312-0608</td>
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<th>SIGNATURE (IN INK)</th>
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<tbody>
<tr>
<td>DONALD E. RICH, JR.</td>
<td>Donald E. Rich, Jr.</td>
<td>1/30/15</td>
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<tr>
<th>E-MAIL ADDRESS</th>
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<th>TOLL FREE TELEPHONE NUMBER</th>
<th>FAX NUMBER TO RECEIVE E-PROCUREMENT ORDERS</th>
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<tbody>
<tr>
<td><a href="mailto:DERICHJR@KPMG.COM">DERICHJR@KPMG.COM</a></td>
<td>336-433-7071</td>
<td>800-582-6639</td>
<td>336-232-2326</td>
</tr>
</tbody>
</table>

10/14/2014
April 3, 2015

Donald E. Rich, Jr
KPMG LLP
300 N. Greene Street, Suite 400
Greensboro, NC 27401

Subject: Virginia Tech RFP #0036939

Dear Mr. Rich,

Thank you for submitting a proposal in response to the subject RFP.

We have reached the point in the evaluation process where we are ready to negotiate as provided for in Section VIII. B. of the RFP. We are pleased to inform you that KPMG LLC has been selected for negotiations. Therefore, we would appreciate your response to the following:

1. Please provide your best schedule of billing rates for all services offered.

2. There are issues with the terms and conditions in your proposal. Please see the comments (attached) from Virginia Tech Legal department and resubmit the modified terms and conditions.

3. If awarded a contract, are you willing to hold prices firm for the initial contract year and the first renewal year?

4. If awarded a contract, do you agree to limit price increases to no more than the increase in the Consumer Price Index, CPI-W, All Items category for the latest twelve (12) months for which statistics are available at the time of renewal, or 3 percent, whichever is less?

5. Does KPMG agree that the prices listed for the services in your proposal are inclusive of all EVA system transaction fees?

6. Will KPMG agree to participate in the Wells One AP Control Payment System?

Your response by 5:00 pm on Wednesday, April 8, 2015, will be greatly appreciated.

Sincerely,

Kimberly Dulaney
Assistant Director & Contracts Manager
(540) 231-8543

Invent the Future

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
An equal opportunity, affirmative action institution
April 23, 2015

Ms. Kimberly Dulaney
Assistant Director & Contracts Manager
Virginia Polytechnic Institute and State University
Procurement Department (MC 0333)
North End Center, Suite 2100, Virginia Tech
300 Turner Street NW
Blacksburg, Virginia 24061

Re: Letter dated April 3, 2015
Virginia Tech RFP #0036939

Dear Ms. Dulaney,

We appreciate the opportunity to respond to your letter dated April 3, 2015 (attached for you reference). Below are your questions and our responses:

1. Please provide your best schedule of billing rates for all services offered.

   Professional fees are based on the billing rate per hour or increment thereof multiplied by the number of hours spent by the tax professional with the lowest billing rate competent to provide the services. Our proposed billing rates for Virginia Tech are as follows

<table>
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<th>Role</th>
<th>Rate</th>
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<tr>
<td>Partner</td>
<td>$400</td>
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<tr>
<td>Senior Manager</td>
<td>$320</td>
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<tr>
<td>Manager</td>
<td>$275</td>
</tr>
<tr>
<td>Staff</td>
<td>$235</td>
</tr>
</tbody>
</table>

2. There are issues with the terms and conditions in your proposal. Please see the comments (attached) from Virginia Tech Legal department and resubmit the modified terms and conditions.

   KPMG agrees to replace paragraphs A, G, and K of “Section 8. Additional Terms” previously included in our proposal dated January 30, 2015 with the following:

   **A. Limitation of Liability.** Notwithstanding anything else in this contract (including its attachments) to the contrary, except for the indemnification obligations specified herein, the liability of the Contractor on account of any actions, damages, claims, liabilities, costs, expenses or losses in any way arising out of or relating to the services performed under the Contract shall be limited to the amount of fees paid or owing to Contractor under the Contract. In no event shall Contractor be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). This section shall apply regardless of the form

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.
of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

G. Use of Vendors. The Virginia Tech acknowledges that in connection with the performance of services under the Contract, Contractor may use the services of KPMG controlled entities and/or KPMG member firms to complete the services required by this contract. The Virginia Tech also acknowledges that in connection with the performance of services under the Contract, Contractor uses vendors within and without the United States to provide at Contractor’s direction administrative and clerical services to Contractor. Such vendors will not perform direct services under this Contract. These vendors may in the performance of such services have limited access to information, including but not limited to confidential information, received by Contractor from or at the request or direction of the Virginia Tech. Contractor represents to the Virginia Tech that each such vendor has agreed to conditions of confidentiality with respect to the Virginia Tech’s information to the same or similar extent as Contractor has agreed to pursuant this Contract. Contractor will have full responsibility to cause these vendors to comply with such conditions of confidentiality and Contractor shall be responsible for any consequences of their failure to comply. Accordingly, the Virginia Tech consents to Contractor disclosure to a vendor and the use by such vendor of data and information, including but not limited to confidential information, received from or at the request or direction of the Virginia Tech for the purposes set forth herein.

K. Disputes.

(a) Any dispute or claim arising out of or relating to this agreement between the parties or the services provided thereunder may be submitted to non-binding mediation and if mediation is not successful within 90 days after the issuance by one of the parties of a request for mediation then the parties may elect to file litigation in a court of competent jurisdiction located in the Commonwealth of Virginia.

(b) Mediation will take place in Blacksburg, Virginia, unless the parties mutually agree to a different location. The law of the Commonwealth of Virginia shall apply.

(c) The parties agree to share equally the costs of the mediation.

3. If awarded a contract, are you willing to hold prices firm for the initial contract year and the first renewal year?

We commit to hold the above billing rates constant for the first two years of the contract. Subsequent increases in rates will be limited, as requested, to the lesser of three percent or the increase in the Consumer Price Index, CPI-W, All Items category for the latest twelve months for which statistics are available at the time of renewal.
4. If awarded a contract, do you agree to limit price increases to no more than the increase in the Consumer Price Index, CPI-W, All Items category for the latest twelve (12) months for which statistics are available at the time of renewal, or 3 percent, whichever is less?

See #3 above.

5. Does KPMG agree that the prices listed for the services in your proposal are inclusive of all EVA system transaction fees?

KPMG agrees that the prices for all services listed in our proposal are inclusive of all applicable EVA system transaction fees.

6. Will KPMG agree to participate in the Wells One AP Control Payment System?

KPMG agrees to participate in the Wells One AP Control Payment System.

Notwithstanding anything to the contrary set forth herein, no provision in this letter, RFP# 0036939, and our proposal dated January 30, 2015 is intended to be construed as a condition of confidentiality within the meaning of IRC sections 6011, 6111, 6112 or the regulations thereunder, or under any similar or analogous provisions of the laws of a state or other jurisdiction. In particular, Virginia Tech (and each employee, representative, or other agent of Virginia Tech) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of any transaction within the scope of this engagement and all materials of any kind (including opinions and other tax analyses) that are provided to Virginia Tech relating to such tax treatment and tax structure. Virginia Tech also agrees to use commercially reasonable efforts to inform KPMG of any conditions of confidentiality imposed by third party advisors with respect to any transaction on which KPMG advice is requested. Such notification must occur prior to KPMG providing any advice with respect to the transaction.

Treasury regulations under IRC section 6011 require taxpayers to disclose to the IRS their participation in reportable transactions and IRC section 6707A imposes strict penalties for noncompliance. Virginia Tech agrees to use commercially reasonable efforts to inform KPMG if Virginia Tech is required to disclose any transaction covered by the agreement as a reportable transaction to the IRS or to any state or other jurisdiction adopting similar or analogous provisions. IRC section 6111 requires a material advisor with respect to a reportable transaction to disclose information on the transaction to the IRS by a prescribed date, and IRC section 6112 requires the material advisor to maintain, and make available to the IRS upon request, a list of persons and other information with respect to the transaction. KPMG will use commercially reasonable efforts to inform Virginia Tech if KPMG provides Virginia Tech's identifying information to the IRS under IRC section 6111 or 6112, or to any state or other jurisdiction adopting similar or analogous provisions.

Unless expressly provided for, KPMG's services do not include representing Virginia Tech in the event of a challenge by the IRS or other tax or revenue authorities.
In rendering tax advice, KPMG may consider, for example, the applicable provisions of the Internal Revenue Code of 1986, and the Employee Retirement Income Security Act of 1974, each as amended, and the relevant state, local and foreign statutes, the regulations thereunder, income tax treaties, and judicial and administrative interpretations, thereof. These authorities are subject to change, retroactively or prospectively, and any such changes could affect the validity of KPMG’s advice.

We are pleased to respond to this request and look forward to hearing from you regarding the award of the contract. If you have any questions regarding any of the responses above, please give me a call to discuss.

Very truly yours,
KPMG LLP

Donald E. Rich, Jr.
Partner