



Our Ref:

Enquiries:

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20 March 2013

Dear Contractor

Secured Party Consent from Financial Institutions

As part of the introduction of the new Evergreen Contract, the contract now includes a section (Section 19 – Option to Purchase School Bus) which gives the Public Transport Authority (PTA) the option to purchase the contractor's school bus if an Option Trigger Event occurs.

An Option Trigger Event means; if a Contractor becomes insolvent, if the Contractor's financier enforces its rights under its security arrangements or if the Contract is terminated by the PTA or the Contractor.

While the PTA has yet to exercise such provisions, the purpose of this option is to allow the PTA flexibility to continue the delivery of school bus services in the event they are compromised as a result of an Option Trigger Event and there is no other appropriate alternative to maintain service delivery. This option forms part of the PTA's risk mitigation strategy in the delivery of its school bus services to the WA community.

In the event that the Option is exercised (the contractor will have informed the PTA of an Option Trigger Event), the PTA will pay the contractor a purchase price for the bus as determined by an independent valuer. This essentially means what the independent valuer determines is the market value of the vehicle.

This initiative is not new and contractors who have either tendered for a new fixed term school bus service contract or have purchased an existing service, where the contract was novated, will have been exposed to the 'Option to purchase School Bus' clause and the requirement to obtain a mortgagee consent (ie from their financial institution) before the novation or new contract became effective.

As part of the requirement to move to the Evergreen Contract, Contractors who currently have their vehicles under finance arrangements are required to have the attached Secured Party Consent Deed completed with relevant details of their financier (secured party), its registered security interest details, description of the school bus and details of the Contractor (see attached deed document - Enclosure 1) and signed by their financial institution and the Contractor.

In order to assist contractors with determining which contract sealing clause fits their business model, you will also find enclosed an Information Sheet (Enclosure 2) which will explain the contract sealing clause you need to download from the School Bus Services website under the contractor tab. Contractors should cut and paste the appropriate sealing clause to the Secured party Consent Deed before it is used. (See highlighted remarks in the Deed document - Enclosure 1).

Once signed, all documents are to be returned to the PTA:

Manager, School Bus Services
Public Transport Authority
PO Box 8125
Perth Business Centre WA 6849

All deeds must be received by PTA no later than 19 April 2013 in order for us to prepare for the mail out of the Evergreen Contract to you which is scheduled to occur on 6 May 2013.

After the introduction of the Evergreen Contract from 1 July 2013, at any time when the Contractor seeks to change financiers (eg on buying a new vehicle or re-financing its business) that results in the new financier requiring a security interest over the school bus, the Contractor must sign and must arrange for the financier to sign the Secured Party Consent Deed, in the form set out in Schedule 12 Part 2 (with appropriate information inserted from the Evergreen Contract) and deliver it to the PTA.

If you wish to discuss this matter further do not hesitate to call your Transport Liaison Officer.

Yours sincerely



John Bailly
Manager, School Bus Services

Enclosures:

1. Secured Party Consent Deed
2. Information Sheet –Signing Requirements for School Bus Service Evergreen Contracts