
**CHALLENGING TIMES REQUIRE
INNOVATIVE SOLUTIONS**

West Point Financing has devised a number of Municipal Leasing options that have the potential to provide the full benefits of leasing, including:

- Generating funds without the complexities of bond issuance
- More rapid acquisition of funds for equipment and facilities
- Financing for 100% of the asset
- Improving cash flow by not tying up funds
- Getting funding at lower interest rates because investors receive a federal tax exemption on interest payments received
- Ability to lock in interest rates for protection in a rising rate environment



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Owned Firm**



MUNICIPAL LEASING

Fast, Flexible, Simple

**Fast, Flexible, Simple:
Improve Cash Flow
and
Fund Needed Equipment
and Facilities quickly
without bond issuance**



West Point Financing is reaching out to help local, county and state governments get the equipment and facilities financing they need through taxable and tax-exempt leasing programs.

Experience You Can Trust, Financing Programs That Deliver

Funding may be scarce, but that doesn't reduce the need for new equipment or improved facilities. Local, county and state officials are searching for solutions that allow them to continue to provide quality services to their communities on tighter budgets.

Municipal Leasing in the form of Lease Purchase Financing has proven to be one successful strategy for government entities seeking needed equipment and facilities.



West Point Financing can act as placement agent or financial advisor in these transactions. Our full range of public financing services, as well as our extensive experience in municipal finance, can serve your community's interests today and into the future.

Municipal Lease Purchase Financing: The Basics

What is Lease Purchase Financing?

A Lease Purchase is an installment sales contract. It is an alternative to cash purchase or bond issues and is not considered a statutory debt obligation in most states so no election is required. Assets are acquired through periodic lease payments comprised of principal and interest. At the end of the repayment term, full ownership is transferred to the municipality.

What types of projects are typically financed through Lease Purchases?

Lease Purchase Financing is used for equipment—such as fire and police vehicles, road construction equipment, hospital equipment, telephone and computer systems or school buses—or facilities, including municipal buildings, fire stations, libraries, parking facilities, energy performance contracts or detention centers.

What types of government entities use Lease Purchase Financing?

Entities range from states, cities, counties, school districts and water and fire districts to port and hospital authorities, universities, and other governmental entities.

What is the structure of Lease Purchase agreements?

The structure is simple: a series of one-year renewable obligations that are subject to the municipality's ability to appropriate funds for the continuation of lease payments. Payments are a current expense of the issuer, and, in the event that sufficient funds are not available for payment, the agreement is terminated and the asset is returned.

What are the advantages of Lease Purchase over bond financing?

While there are many similarities in how these two methods function, the primary advantage of Lease Purchase is that, in most states, it is not treated as debt due to the requirement of the municipality to annually appropriate funds for lease payments. Interest costs are competitive with traditional debt financing. Lease Purchase financings can be completed in a much shorter time frame.

Additional Lease Purchase Structures Offer More Options

Facilities and Rental Property Financings

Lease Purchase Financing can be used for the acquisition of real estate facilities and for special projects. Monies placed in a trustee-controlled account are used for payment of construction in progress. The basic lease and escrow agreement would include a ground lease for a term greater than the lease purchase arrangement. At the completion of all payments, unencumbered title to the project is transferred to the government unit and the ground lease is abandoned.

Certificates of Participation

Larger, complex projects may require a more sophisticated form of Lease Purchase Financing. Certificates of Participation use the same principles as a municipal bond underwriting. In this case, the lease purchase financing is underwritten by a Certificate of Participation. The financing may be publicly marketed through a large pool of investors or a private sale of participation.

West Point Financing acts as placement agent. Bond Counsel reviews the project to meet tax law requirements and drafts a basic lease purchase document that also includes an Escrow or Trust Agreement. The Agreement provides long-term financing through a lease, the advantage being the lease does not constitute indebtedness under constitutional debt limits in most states. The lease also does not require voter approval.

The Certificate of Participation can significantly lower the overall cost of funds while enabling progress payments to construction companies or vendors during the time in which the project is being completed.