

Equipment manufacturers, vendors, leasing brokers and municipal officials count on Mosaic International to provide fast, competitive and properly structured municipal lease financing.

The municipal leasing division of Mosaic International specializes in structuring and funding *Municipal Tax-Exempt* financings for equipment and real-property projects by state agencies and their political subdivisions such as counties, cities, towns, villages, public universities and colleges, police and fire departments, school districts, municipal hospitals and other municipal districts.

Mosaic International's municipal leasing specialists work directly with equipment manufacturers, vendors, leasing brokers and municipal officials to facilitate equipment lease financing in a creative, timely, and fiscally responsible manner.



## Equipment Leasing

Equipment manufacturers, vendors, leasing brokers and municipal officials rely on our responsive and knowledgeable municipal leasing specialists to quickly quote, structure and fund municipal equipment leases.

Mosaic International will provide a competitive and flexible equipment lease structures with terms from 2-15 years on new and used equipment and real property ranging from \$10,000 to \$20+ million. Our leasing specialists have over 15 years of experience in structuring municipal leases and are available to answer your questions, address your concerns or provide a competitive municipal lease quote.

## **NEXT STEP: For Assistance...**

Equipment manufacturers, vendors, leasing brokers and municipal officials are invited to contact us for immediate assistance on:

- Funding for single or multiple equipment leasing transactions
- Customizing Vendor Finance Programs
- Municipal Lease Purchase Consulting

**Contact our Municipal Leasing Specialists toll-free at 1-800-805-1969**

Tim Riggs at ext. 100 or Jim Woods at ext. 130

**SEE PAGE 3 FOR OUR MUNICIPAL LEASE QUOTE REQUEST FORM**

## The Municipal "Tax-Exempt Lease Purchase" Agreement

Not all equipment acquisitions, budgets or equipment finance agreements are the same. Municipal lease financing has distinctive advantages over commercial equipment leasing.

- The municipal lease includes termination for non-appropriation language. The non-appropriation clause, in cases where the lessee is unable to obtain funding for future payment obligations on the lease, enables the lessee to terminate the lease agreement at the end of the current appropriation period without further obligation or penalty.
- A municipal lease is referred to as a "municipal lease purchase". During the term of the lease, the municipality holds the title to the leased equipment while the lessor holds the security interest. It is a full payout contract to purchase the equipment rather than a series of rental payments as with traditional commercial leases. The financing is structured so that there is no residual value, balloon payment or purchase option to consider.
- A Municipal lease is also referred to as "tax-exempt" because the interest income on a municipal lease is tax exempt to the lessor. The municipality benefits when the lessor passes these savings on to the municipality in the form of a lower interest cost.
- Municipal lease payments build equity in the future unencumbered ownership of the asset. Without penalty, the lessee has the option of purchasing the equipment outright, at any time, for a predetermined purchase price consisting of the remainder of principal and any accrued interest.

## Key Features of a Municipal Lease

- **Fast, simple & cost effective.** Lease approvals and documentation are very inexpensive to initiate. Lease transactions can be approved and lease documentation supplied within 24-48 hours. Lease Purchase transactions can normally be finalized within 7-10 business days.
- **100% financing** to include delivery and installation costs. Vendors are paid promptly upon funding of the lease.
- **Equipment and Real Property** financed through a tax-exempt lease may be funded into escrow to facilitate project financing or progress payment requirements.
- **Tax-exempt interest.** Lease payments include principal and an interest portion. The IRS has determined that interest paid in this manner is exempt from federal and state income tax. This means the municipality can take advantage of lower interest costs.
- **No debt created.** Lease payments are subject to annual appropriations, which means, the obligation is not subject to statutory debt limitations. Since no debt is created, municipal leases do not require voter approval.
- **Budget enhancement.** Leasing allows public agencies to acquire needed improvements now rather than wait until next FY or beyond.
- **Leveraged dollars.** Leases may be designed to match finance terms to the expected useful life of the asset and spread the cost over a multi-year period.
- **Flexibility.** Payments may begin upon installation or delayed until the next fiscal year. In addition, they may be made in monthly, quarterly, semi-annual or annual installments.



**MUNICIPAL LEASE APPLICATION**

Please fully complete the following information and fax to: 612-395-5235



Legal Name of Lessee: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_ Federal Tax ID #: \_\_\_\_\_

Total Cost of Equipment including Shipping & Installation: \$ \_\_\_\_\_

Requested Term:  24 months  36 months  48 months  60 months  other

Payment Mode:  Monthly  Quarterly  Semi-Annually  Annually  Advance  Arrears

Anticipated Delivery Date: \_\_\_\_\_

Equipment Description: \_\_\_\_\_

What is the purpose of the proposed equipment acquisition? \_\_\_\_\_

Why is the equipment essential? \_\_\_\_\_

Source fund for the lease payments is: \_\_\_\_\_

*The appropriations for this project have been*  Submitted  Approved *for the current year.*

Have you ever been in Default or Non-Appropriated on any prior Lease?  Yes  No

Will you borrow  More  Less than \$10,000,000.00 in total new borrowing during this calendar year?

Person **signing** documents is: \_\_\_\_\_ Title: \_\_\_\_\_

Person **authorizing signatory** to execute documents is: \_\_\_\_\_

Their **Title** is:  Clerk  Secretary of the Board  President of the Board  Other ( \_\_\_\_\_ )

**Please fax a copy of your last two years audited financial statements and a copy of your current budget. Fax 612-395-5235**

**Completed by:** \_\_\_\_\_ **Title:** \_\_\_\_\_