

MUNICIPAL LEASING OUTSIDE THE NINE DOTS

SAULSBURY HILL FINANCIAL

Established in 1976, Saulsbury Hill Financial is one of the oldest municipal leasing companies in the U.S.

From buses, technology, energy management retrofits to complete co-generation plants, we have done them all, with the expertise to structure and secure financing that benefits all our clients and customers.

Let's define general definitions for the primary Municipal lease structures that can be employed — points for discussion as to which option will reap the most benefits for you.

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“ Tax-Exempt Municipal Leases are the public sector's answer to Commercial Capital Leases.

Municipal leasing was developed as a result of various taxpayer revolts (PROP 13 in California) during the 1960's that brought the acquisition of needed capital equipment to a halt. School districts could not acquire a school bus without a voter referendum. City governments could not acquire a replacement copier without a vote of the community. County hospitals went without needed lab equipment until a vote of the taxpayers could be held.

The **Tax-Exempt Municipal Lease** was developed to allow the public sector to acquire essential equipment, without a voter referendum. If the lease or rental payments are in the agency's annual budget the decision becomes a **governmental business decision** and not necessarily subject to vote.

The Internal Revenue Service (IRS), with strict structural requirements, allows the income from municipal leases to be exempt from taxes to the lessor. This allows acquisition of essential equipment at a rate comparable to municipal bonds.

BANK QUALIFIED

Does the public agency reasonably expect to issue less than \$10,000,000 in tax-exempt debt during the current calendar year?

Saulsbury Hill Financial funds both bank qualified and non-bank qualified transactions.

BUDGET ALLOCATION

Payments are typically allocated to the public agency's operating budget—increasing flexibility over the source and uses of fund management.

NON-APPROPRIATION

Allows a public agency to cancel the lease annually if sufficient funds are not appropriated for payments due during the next fiscal year. Non-appropriation terms are included in all municipal leases.

CONDUIT LEASES

A method for Non-Profit/501(c)(3) organizations to structure financing with rates comparable to municipal leases. Conduit leasing involves a third party who is an approved public agency. The third party acts as lessee and sub-leases the financing to the non-profit organization without recourse.

Typically the lessee or public agency is familiar with the conduit lease structure as they are a common option for well-established Non-Profit organizations seeking finance structures generally over \$1,000,000.