WHAT IS THE ACCG EQUIPMENT FINANCING PROGRAM?

The ACCG Equipment Leasing Program (the "Program") provides member counties with lease-purchase financing for equipment purchases on a cost-effective basis. Member counties obtain favorable interest rates because a number of lenders compete for every transaction. Furthermore, there are no closing costs other than the fees of the county attorney for reviewing the Program documents and rendering an enforceability opinion.

HOW DOES IT WORK?

The Program works as follows. The county completes an application and submits the application to ACCG. ACCG then forwards the application to the lenders participating in the Program. The lenders conduct their credit review from publicly available documents (unless financial statements are not available online) and submit their proposals to ACCG. ACCG then forwards the proposals to the county. The county verbally awards the bid (subject to board approval) or rejects all bids. The lender submitting the winning bid completes the Program documents, including the county's authorizing resolution. The resolution is adopted by the county, the documents are executed and the transaction is closed.

COMPLETING THE APPLICATION

Lines 1-4: The first four lines establish the financing schedule.

Line 1: The application date is the date that the application will be submitted to ACCG and the lenders.

Line 2: The bid date is the date that the bids from the lender are due and are opened by the county. Under the terms of the Program, the bid opening date must be at least 10 business days from the application date so that the lenders have time to conduct their credit review and complete their proposals. The county verbally awards the bid immediately after the bids are opened so that the winning bidder may prepare the Program documents. The award is not binding until the authorizing resolution is adopted.

Line 3: The authorization date is the date that the county adopts the authorizing resolution formally awarding the bid and authorizing the execution of the Program documents. Under the terms of the Program, the authorization date can be on the bid date or within 14 Calendar days from the bid opening date. Counties typically choose a date on which the board has a regularly scheduled meeting as the authorization date. However, this is not required. A county may adopt the authorizing resolution at a special meeting.

Line 4. The closing date is the date that the county wants to receive the funds. Because the lender is locking in a fixed interest rate, the closing must occur shortly after the county adopts its authorizing resolution. The winning lender will typically hold its interest rate for approximately 30 days after the bid date.

Many counties establish the financing schedule by working around a regularly scheduled meeting date. Set forth below is an example of that approach:

Line 5: Insert the legal name of the county.

Line 6: Insert the county's taxpayer identification number.

Line 7: Insert the name and contact information for the person at the county that will be dealing with the lender.

Line 8: Insert the county's mailing address.

Line 9: This is the physical address where the vehicles or equipment will be located.

Line 10: Insert the name and title of the person that will be executing the Program documents. This must be either the Chairman, Vice Chairman or Sole Commissioner.

Line 11: This is the amount of money that the county needs to purchase the equipment. The county should have firm pricing when the application is completed because the county will be required to make up any shortfall. Any excess moneys will be used to prepay lease payments.

Line 12: This is the term of the financing. In other words, the time period over which the county has to repay the financing. The term may not exceed the expected life of the equipment.

Line 13: A detailed description of the equipment should be provided. Attach an exhibit if needed. The county does not need to provide VIN numbers for vehicles at the time the application is submitted, but VIN numbers will be required once purchased.

Line 14: A brief description of how the equipment will be used should be provided if the use is not obvious from the description. Attach an exhibit if needed or include it as part of the equipment description. For example, if the county is purchasing radios and lists them on line 13, the county would describe how those radios will be used on line 14 (eg, police department, fire department, etc.). If the use of the equipment is obvious from its description, this line may be left blank. For example, a police car does not require any further information as to its use.

Line 15: This is the frequency of the lease payments. The county may choose any of the options by checking the appropriate box. It is possible that a lender may require more frequent payments than the county desires.

Line 16: This is the expected source of funds that will be used to make the lease payments (eg, general fund, splost, water and sewerage revenues, moneys received from DFAC's, etc.).

Line 17: The contact information for the county attorney must be included so that the lender may send the Program documents to him or her. The county attorney is required to render an opinion that the Program documents are enforceable against the county.

Line 18: Indicate whether or not the Lease will be designated as "bank qualified" under Section 265(b)(3) of the U.S. Code. Bank Qualified means that the county government is allowed to borrow at a discounted interest rate provided that certain provisions are met. Total all of the new debt incurred by the County and its subordinate entities (e.g., authorities created or controlled by the County) during the calendar year since January 1st. If the county has a Tax Anticipation Note (TAN) and has borrowed using the TAN, the full amount of the credit limit will need to be counted.

The Lease should be designated as bank qualified if this Lease together with all other debt issued or incurred by the County and its subordinate entities (e.g., authorities created or controlled by the County) during the calendar year will be less than $10 million at the time of the application.