



# GOVERNMENT CAPITAL CORPORATION

## ADVANTAGES TO TAX EXEMPT MUNICIPAL LEASE PURCHASE FINANCING

### Preserves Existing Capital

Acquire essential equipment today, yet preserve existing capital by deferring your first payment until your next budget cycle & spreading the cost of the equipment over time.

### Bond Election Not Required

In most cases, a bond election is not required. Because of the non-appropriation feature, tax-exempt municipal finances are not counted against the debt limit nor are they subject to normal debt incurrence procedures.

### Flexible Terms

Lease terms generally are matched to the useful life of the equipment to be financed. The flexibility of monthly, quarterly, semi-annual or annual payments provides for easy budgeting and, in most cases, no or only a minimum down payment is required. Prepayment arrangements can be made.

### Builds Equity

Unlike rentals, a lease purchase program permits the municipality to build equity with each payment. At the end of the lease term, the municipality owns the equipment upon remittance of one dollar (\$1.00).

### Avoids Inflation Costs

A lease purchase obligation permits acquisition of needed equipment today, before prices rise still further. There is no need to build up capital improvement funds until an outright purchase is possible, all the while watching inflation stay one or two steps ahead of purchasing power.

### Debt Limitation

Unlike other ways of obtaining funds, lease purchase financing does not affect debt limitation. Debt to fund balance ratios are very important in keeping a good rating, as well as staying within statutory requirements.

### Emergency Purchase

Most state laws allow a governing body to purchase equipment without going through the bid process whenever an emergency is declared. A lease/purchase program can be very useful in an emergency purchase.

### Early Pay-Off Options

Unlike general obligation bonds, our municipal lease purchase agreement provides an option to purchase value at every payment date.

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