



CUSTOMER FINANCING— TAX EXEMPT MUNICIPAL LEASE PURCHASE AGREEMENTS



AGENDA



- **Funding Options**
- **Overview Motorola Solutions Credit Company**
- **Financing Products**
 - Tax Exempt Municipal Lease
 - Flexibility
 - Benefits
- **Payment and Interest Rate Illustrations**
- **Cash Flows Scenarios**
- **Alternative Structures**

DIVERSIFY APPROACH BY INVESTMENT AREA



Investment Area	Funding Approach
Infrastructure	One-time revenue source
Subscribers	One-time revenue source
System Maintenance	Sustainable Revenue Source
System Operations	Sustainable Revenue Source
System Lifecycle Upgrades	One-time/Sustainable Source

CONSIDER ALL FUNDING OPTIONS



- **Multiple Funding Sources:**

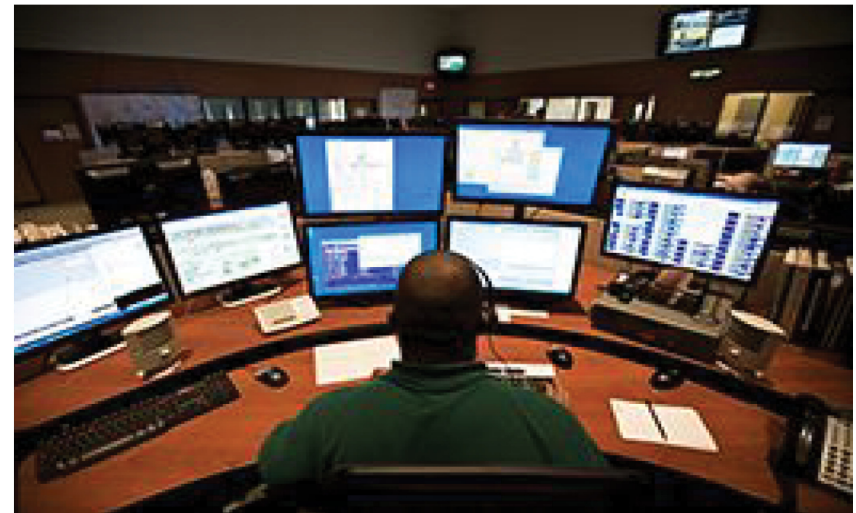
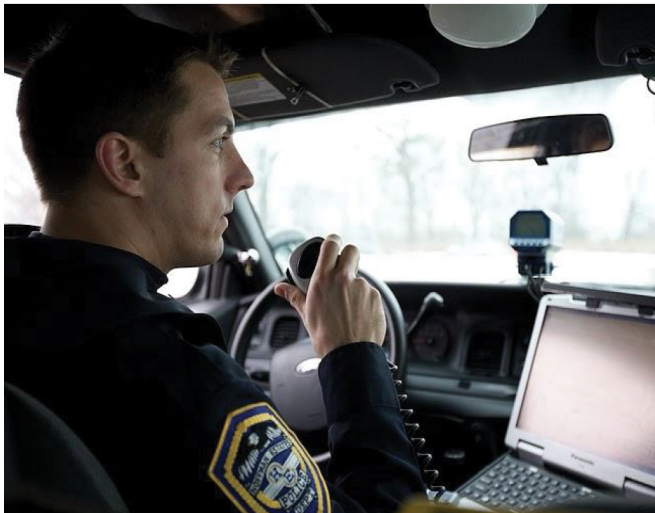
- Government Bonds
- Capital Outlay Appropriation
- General Fund Appropriation
- Lease Purchase
- Sales Tax
- Surcharge Fees (Drivers license, vehicle registrations, 911, etc.)
- Other Federal Agencies: DOE, HHS, DOT, DOI / BIA, DOC, HUD
- System User Fees
- Private Foundations
- Federal Grants
- Earmarks
- State Grants
- DOJ Grants
- DHS Grants



MOTOROLA SOLUTIONS CREDIT COMPANY



- **Operates as a captive leasing company** (Subsidiary of Motorola Solutions, Inc.)
- **Financing State & Local entities for ~ 50 years**
- **Funded ~ \$10 billion** equipment transactions since 1980
- **Maintains its own \$41+ million portfolio of loans and leases while servicing its funding source partners' MSCC generated lease portfolio of \$668M as of 2015 year-end**
- **Quoted financing on \$4.3 billion of projects**
- **Financed on avg. \$200M+ last 4 years** (Gov't.& Public Safety-North America)
- **Alternative Structures**



LEASING IN TODAY'S CHALLENGING ENVIRONMENT



- **State and Local Government challenges**

- Unemployment concerns
- Uncertain State Aid
- Slow/inconsistent rebound in property values
- Mortgage delinquencies
- Enterprise “businesses” (nursing homes, stadiums, convention centers)
- Anemic economic growth impacting sales and income tax revenues
- Non-renewal bank liquidity facilities/ letters of credit

- **Trends related to financing during recessionary periods**

- Issuing debt to meet budget requirements
- Impacts state and counties “debt ceilings”
- Lease financing doesn’t impact debt ceilings
- Increase in borrowing vs. “pay as you go”
- Expensed items now being capitalized

- (computers, vehicles, telecom equipment solutions etc.), minimize impact on cash-flow
- Bond transactions may be difficult to underwrite

- **Lease Financing can help “bridge the gap”**

- **Motorola Solutions Credit Company (MSCC) has the solution in today’s challenging environment**

- MSCC comfortable financing w/ BEST EVER rates
- \$50mm Motorola’s balance sheet allocated for strategic projects
- Our projects got funded while credit markets seized up!

FLEXIBLE FINANCING ALTERNATIVES



- **100% Transaction Financing**
 - Motorola & non-Motorola equipment
 - Installation
 - Program Management
 - Delivery
 - Sales Tax
- **Structuring Alternatives**
 - Ownership vs. non-equity
 - Even Payment Streams
 - Graduated Payment Streams (“step-up”)
 - Deferred Payment Streams (24 months)
- **Terms**
 - Up to 15 Yrs. Terms Available (infrastructure)
 - Match Useful Life of Equipment
- **Payment Structure**
 - Monthly
 - Quarterly
 - Semi-Annual
 - Annual
- **Rate Structure**
 - Fixed Rate
 - Floating Rate
- **Customized Billing**
 - Inventory Tracking
 - Billing by Departments
 - Electronic Funds Transfer
 - Electronic Invoicing

MUNICIPAL LEASE PURCHASE PROGRAM



- **Motorola Shares Tax Benefits with Lower Interest Rates**
 - Opportunity for “Bank Qualified” pricing
- **Lease Payments Subject to Annual Appropriations**
- **Title to Equipment Transfers to Customer**
- **Aggressive interest rates**
- **No Pre-Payment Penalties**
- **No Hidden Fees or Charges**
- **An alternative to issuing bonds (debt)**



MUNICIPAL LEASE PURCHASE BENEFITS



- **The Municipal Lease Purchase may provide an alternative external funding method.**
 - Lease v.s. Bond Offering, customer avoids:
 - Costly Bond Counsel
 - Underwriting fees
 - Bond Insurance costs
 - Printing, mailing etc.
 - Delays purchase decision - (excessive timeframe from voter approval-underwriting [credit/insuring] marketing- funding)
 - Compliance SEC Rule 15c2-12 (disclosure)
 - No Debt Service Reserve requirements with lease
- **A lease purchase typically does not require voter approval.**
- **Lease not considered debt, not subject to debt “ceilings”**
- **The lease purchase spreads costs of equipment over a shorter period than bond financing.**

TAX-EXEMPT LEASE INTEREST RATES (BANK QUALIFIED STRUCTURE)



Indicative interest rate matrix

Transaction size	3 years	5 years	7 years	10 years
Over \$1,000,000	2.70%	2.77%	2.87%	3.13%
\$500,001-\$1,000,000	3.04%	3.09%	3.17%	3.37%
\$250,001-\$500,000	3.27%	3.32%	3.40%	3.60%
\$20,000-\$250,000	3.50%	3.55%	3.63%	3.83%

Rates close to 50 year lows!

Illustration only, in arrears pricing as of 2.8.2016. Subject to final Motorola Solutions, Inc. approval

GRANT FUNDING ARRANGEMENTS



- **New “friendlier” lease contract that supports grant funding opportunities**
- **Non-appropriation language and revised “statement of source of funds” resolves “supplanting issue”**
- **Full or partial payment comes from grant funding**
 - Set 1st payment for the approx. time grant funding will occur
 - Customer has ability to “fully” or “partially” prepay
 - After partial prepayment, remaining lease payments are reset (lowered)
 - Invoice provided for equipment and services
 - Bona fide best efforts language to secure funding is scaled back



BENEFITS SUMMARY



- **Term structures to 15 years**
 - Flexible payment options
 - Finance 100% of acquisition costs
 - Lease is not considered debt
 - No voter approval
 - Satisfies non-appropriation requirements
 - Alternative to issuing bonds
 - No pre-payment penalties
- **Aggressive rates under Tax Exempt lease- “Bank qualified”**
- **Extensive experience with State & Local Government**
- **Customized financing contracts**
- **Flexible structuring alternatives**
 - Level Payments
 - Deferred Payments (out full 24 months)
 - “Step-up” Payment Streams
- **Motorola Solutions Credit Company**
 - Billing, servicing and administration

CONTACT INFORMATION



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CONTACT INFORMATION



THANK YOU!

For additional information visit www.motorolasolutions.com/govgrants

www.motorolasolutions.com/en_us/solutions/government-grants.html

MOTOROLA SOLUTIONS CHAT CONTACT PREFERENCES USA & CANADA

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