



## ***Hunterdon County ESC Lease Purchase Bidding Advisory Service***

### ***Description of the Service:***

HCESC Lease Purchase Bidding Advisory Service offers school districts, municipal, county, and other governmental entities the ability to effectively access the tax-exempt lease purchase financing market. Our programs offers experience and methodology that is proven to optimize tax savings results when obtaining financing for essential use equipment and projects.

Lease Purchase financing differs from Bond financing in the fact that the full faith and credit of a government is not pledged in the Lease Purchase. The payments come from the current budget. The transaction relies on a mix of the credit worthiness of the governmental entity, the strength of the collateral (mainly equipment but projects are also considered), and the term of the transaction.

**Advising:** Our service begins with assisting or clients in determining how a lease purchase can be effectively be used in the budgetary process for the upcoming fiscal year. This is an annual free service that has been offered to school districts and governmental entities over the past 26 years.

**Developing:** Based upon our clients' needs we will develop bid specifications that address their fiscal needs while balancing the collateral mix and term of the contemplated lease purchase. The goal is to develop a potential lease purchase transaction that will both meet the budgetary and cash flow requirements of the client while being structured to obtain the best interest rates in the market for the type of transaction that will be bid.

### ***Bidding:***

**Compliance:** Complying with the NJ Public bidding laws, we use a standardized form of Lease Purchase bid documentation. Our nationwide bidding pool know when they are responding to one of our offerings that the bids are in a consistent form, there are not "gotchas" hidden in the small print.

**Information:** Our holding is that perfect information yields perfect competition. In order to afford our bidders ease of availability of the information necessary for them to make the lease caveated credit decision, we list equipment information and furnish links to our clients' pertinent financial information.

### ***Facilitating:***

**Bid Opening:** At the time of your bid opening we will be on the phone with you recording the results. Bidders are requested to send us a pdf of their bids within the hour after the bid opening time. This allows us to maintain a record of your bid.

**Analysis and Recommendation:** After the bid opening is recorded, normally the same day, we will prepare an analysis and recommendation of award. This document will include the listing of the participants with rates bid. Our analysis determines the lowest responsible bidder to be recommended for award.

**Results:** We post the results of our bids to the HCESC website on the day of the bid. Our bids are not in a vacuum. Bankers need to know what other bankers have bid for these transactions. This has been proven to be a very effective tool in reducing interest rates bid.

**Post Bid:** On an as needed basis we will work with the funders and your counsel to ensure a smooth closing process.

**\*Lease Purchase Service Rates:** The fee for our service is 0.5% of the amount funded.

**Exceptions:** *HCESC Lease Purchase Bidding Advisory Service reserves the right to adjust service fee for transactions that are overly complex or that involve credit problems. The exception also applies to transactions for improvements to real property that are to be secured by a "ground lease."*

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**\*Service rates set per HCESC Board Resolution Nov. 5, 2021.**