Tax-Exempt Equipment Leasing Program (TELP)

Application Process and Sample Documentation for Equipment Leasing

(Institutions of Higher Education and Other Not-for-Profits)

For questions or additional information, please contact Arthur Ware at 518.257.3373 or by email at aware@dasny.org
# Table of Contents

- Financing Checklist ................................................................. 3
- Sample Application Letter ........................................................ 4
- Sample Equipment List and Essential Use Data ............................ 5
- Sample TEFRA Questionnaire .................................................... 6
- Sample Outstanding Indebtedness Letter ...................................... 7
- Sample Resolution of the Governing Board ................................. 8
- Glossary of Terms ....................................................................... 10
Financing Checklist

1. _____ Institution contacts DASNY and sets up a meeting to discuss the TELP Program and the steps required to proceed with financing.

2. _____ DASNY/Institution discuss the *TELP Application Process and Sample Documentation for Equipment Leasing* needed to proceed with financing.

3. _____ Institution/Sublessee provides the following materials to DASNY:
   - A. Application Letter
   - B. Equipment List and Essential Use Data
   - C. Approved purchase orders (if available)
   - D. TEFRA Questionnaire
   - E. Institution’s/Sublessee list of Outstanding Indebtedness letter
   - F. Signed and notarized Resolution of the Governing Board (must be submitted prior to execution/closing of lease)
   - G. Three years’ audited financials
   - H. If Institution has selected a Lessor and is currently under review, please provide a copy of the proposal letter received from the Lessor. If the Institution does not have a lessor, please indicate such in the Application Letter.

4. _____ Institution/Sublessee receives the Certificate and Questionnaire as to Certain Tax Matters (“Tax Questionnaire”) from DASNY’s assigned Bond Counsel (aka Special Counsel). The Sublessee completes the Tax Questionnaire and returns to DASNY’s Bond Counsel.

5. _____ DASNY Board approval is required for leases that exceed $10 million alone or exceed $10 million cumulatively in a 12 month timeframe.

6. _____ DASNY acquires the approval of the Public Authorities Control Board (“PACB”) (4 to 6 weeks are needed to acquire PACB approval).

7. _____ DASNY requests Bond Counsel to send Master Lease documents to the Lessor. Lessor must acquire co-signature of the Institution/Sublessee on the Master Lease.

8. _____ Lessor is notified by DASNY’s Bond Counsel that Institution’s/Sublessee’s tax exempt status has been properly verified and documented and closing and lease execution can occur (Institution/Sublessee, DASNY and Lessor’s Opinions have been delivered to DASNY’s Bond Counsel).

9. _____ Closing and lease execution is coordinated by DASNY’s Bond Counsel. Funds flow to the Institution/Sublessee for reimbursement to a vendor via approved purchase order(s) or may flow into an escrow account, up to 1 year, with possible renewals, for future equipment acceptance and payment to vendor(s).
Sample Application Letter

INSTRUCTIONS:

1. Print on Institution’s letterhead.
2. Letter must be signed by the individual authorized to apply for TELP financing on behalf of the Institution such as the President, Chief Financial Officer or Comptroller.
3. Application letter, along with all other materials can be sent to DASNY via e-mail (preferred) or by mail to: aware@dasny.org or Arthur Ware, DASNY, 515 Broadway, Albany, New York 12207

Sample:

XYZ institution is a not-for-profit organization located at 888 Main Street, New York requests financing through DASNY’s Tax-Exempt Equipment Leasing Program. Attached please find the Equipment List and Essential Use Data for the equipment our Institution intends to finance.

The tax exempt lease rate is _____% versus a taxable rate of _______%. (if available)

Please process this request for the Public Authorities Control Board’s approval at their next meeting.

If you have any questions, please contact me at (xxx) xxx-xxxx. You may also reach me by e-mail at johndoe@xyz.com or facsimile at (xxx) xxx-xxx.

Sincerely,

Attachments: Equipment List and Essential Use Data
Resolution of the Governing Board
TEFRA Questionnaire
List of Institution’s Outstanding Indebtedness
Three years of audited financials
Copy of approved purchase orders (if available)
Lessor Proposal Letter (if available)
### Sample Equipment List and Essential Use Data

**INSTRUCTIONS:**

1. Please email to Art Ware at aware@dasny.org for review prior to submitting final copy.
2. Each equipment project should have a cost of at least $15,000.
3. The cost should include the estimated installation cost not to exceed 33% of the actual equipment cost.

#### Equipment List and Essential Use Data

<table>
<thead>
<tr>
<th>No.</th>
<th>Equipment Description and Location</th>
<th>Cost</th>
<th>Essential Use Description</th>
<th>Equipment Delivery Date/Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Trane model CVHE - 500</td>
<td>$196,000</td>
<td>Replacement for the original chiller installed in the building, which is over 20 years old. The chiller provides cold water to air conditioning systems in the building.</td>
<td>May 20xx/7 Years</td>
</tr>
<tr>
<td></td>
<td>three (3) Stage centrifugal chillers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Location: Thorndike Hall</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Enterprise Server such as</td>
<td>$250,000</td>
<td>Main computer for the College’s administrative information systems, replacing Sequent S 500/SE20, purchased in 1994. It provides the platform for the Finance, Human Resources, Student Records, Alumni/ Development and Financial Aid Systems.</td>
<td>June 20xx/5 Years</td>
</tr>
<tr>
<td></td>
<td>Sequent NUMA-Q or SUN ES4500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Location: Horace Mann Hall</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>CISCO Catalyst 1900, 2900, and 5505 Data Network Switches</td>
<td>$500,000</td>
<td>New Ethernet switches for campus data network. Campus cable infrastructure construction is underway and expected to be completed by September of 1998.</td>
<td>June 20xx/5 Years</td>
</tr>
<tr>
<td></td>
<td>Locations: Whittier, Main, Thompson, Horce Mann, Thorndike, Macy, Grace Dodge and Russell Halls</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>High-speed copier such as</td>
<td>$174,000</td>
<td>Replace Xerox 5090, which is 7 years old, as the high-quality workhorse of the Duplicating Center. Each machine can produce up to 1 million copies/month.</td>
<td>September 20xx/5 Years</td>
</tr>
<tr>
<td></td>
<td>Xerox 5690 or Danka IS70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Location: Main Hall</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Digital Copy(ies)</td>
<td>$73,000</td>
<td>Network copier for enhanced quality and efficient departmental PC and mainframe printing.</td>
<td>September 20xx/5 Years</td>
</tr>
<tr>
<td></td>
<td>Oce 3165 or Danka IS70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Location: Main Hall</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Transaction Fee Budget</td>
<td>$20,000</td>
<td>Request is hereby made to allow a budget of up to 2% of financing to pay associated financing costs including DASNY Fee.</td>
<td>September 20xx/N/A</td>
</tr>
<tr>
<td></td>
<td>(Up to 2% or Less)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL**                                                                                                      | $1,213,000
Sample TEFRA Questionnaire

Information on this Questionnaire is used by DASNY to publish notice in the Institution’s applicable local newspaper(s).

INSTRUCTIONS:

1. Print on Institution’s letterhead
2. Attach to application.
3. If there is more than one local newspaper, please provide information for all.
4. Equipment List and Essential Use Data will be included in the TEFRA Notice.

Sample:

Borrower’s Information:

Legal Name of Borrower: _______________________________________________________
Mailing address of Borrower: _______________________________________________________
City, State and Zip _______________________________________________________

Contact for this Questionnaire: ____________________________________________
Telephone Number: _______________________________________________________
E-mail address: _______________________________________________________

Borrower’s Counsel: _______________________________________________________
Counsel Contact: _______________________________________________________
Telephone Number: _______________________________________________________
E-mail address: _______________________________________________________

Local Newspapers for publishing (list all newspapers where TEFRA Notice may be filed):

Name of Newspaper: _______________________________________________________
Telephone Number: _______________________________________________________

Primary Contact (if known): ____________________________________________
Primary Contact Telephone: _______________________________________
Primary Contact E-mail: ____________________________________________
Sample Outstanding Indebtedness Letter

This letter will include date of issuance, amount issued, type of debt, underwriter, amount outstanding and maturity debt for all debt outstanding.

INSTRUCTIONS:

1. Print on Institution’s letterhead.

2. Letter must be signed by the individual authorized to apply for TELP financing on behalf of the Institution such as the President, Chief Financial Officer or Comptroller.

3. This letter, along with all other materials can be sent to DASNY via e-mail (preferred) or by mail to: aware@dasny.org or Arthur Ware, DASNY, 515 Broadway, Albany, New York 12207

Sample:

The following is a summary of outstanding indebtedness for XYZ institution as of __________, 20__:

<table>
<thead>
<tr>
<th>Date of Issuance</th>
<th>Amount Issued</th>
<th>Type of Debt</th>
<th>Issuer</th>
<th>Amount Outstanding</th>
<th>Maturity Date</th>
</tr>
</thead>
</table>

Please contact me at (xxx) xxx-xxxx should you have any questions or require additional information.

Sincerely,
Sample Resolution of the Governing Board

INSTRUCTIONS:

1. Print on Institution’s letterhead.

2. The resolution must be notarized.

3. Two (2) copies will be required:
   a. submit one copy with the original application package; and
   b. the second copy will be required to be submitted with the completed Tax Questionnaire that will be sent to the Institution from DASNY’s Bond Counsel at a later date.

RESOLUTION OF THE GOVERNING BOARD OF [ ] IN REGARD TO PARTICIPATION IN THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK TAX-EXEMPT EQUIPMENT LEASING PROGRAM.

WHEREAS, the Officer or Committee of [ ] (the "Institution") has recommended that the Institution undertake the acquisition and installation of certain items of equipment more particularly described on Exhibit A (the "Project"); and

WHEREAS, the Institution has recommended financing the cost of the Project through the Institution’s participation in the Dormitory Authority of the State of New York’s (the "Authority") Tax-Exempt Equipment Leasing Program;

NOW, THEREFORE, the Governing Board of the Institution resolve as follows:

Section 1. Approval of Project and Financing. The Institution is hereby authorized to acquire and install the Project and to finance the cost thereof through participation in the Authority’s Tax-Exempt Equipment Leasing Program. The maximum principal amount of the leases authorized for the Project shall not exceed $[ ].

Section 2. Authorization of Financing Documents. The authorized officers of the Institution identified in Section 6 hereof (hereafter referred to as an "Authorized Officer") are each authorized, in the name and on behalf of the Institution, to negotiate, execute, deliver and/or approve the following and any other necessary documents in connection with the acquisition and installation of the Project and the financing of the costs thereof (collectively, the "Financing Documents"):

(a) one or more lease and/or sublease agreements, together with all necessary schedules thereto, by and among the Institution, the Authority and other third parties providing for the Institution’s lease of the Project;

(b) all such further agreements or instruments as may be requested by the Authority or necessary or appropriate to complete the acquisition and installation of the Project and the financing of the costs thereof;

(c) one or more financing agreements, loan agreements, lease agreements or other similar agreements, to be entered into with one or more lenders pursuant to one or more taxable financings, including all attachments, exhibits and schedules thereto, together with any other agreement, instrument, certificate, representation and document, as may be requested by any such lender or advisable, convenient or necessary to enter into any such agreement or any other taxable or tax-exempt financing with a lender relating to the Project; the execution thereof by any such Authorized Officer shall be conclusive as to such determination.

Section 3. Security. The Institution will (if necessary or deemed advisable by an Authorized Officer of the Institution) grant a security interest in all or a portion of the Project to secure the obligations of the Institution under the Financing Documents. The Authorized Officers of the Institution are each hereby authorized to execute and deliver security agreements covering all or a portion of the Project together with any associated uniform commercial code financing statements which are necessary or desirable in connection with the borrowing authorized by this resolution.
Section 4. Further Authorization. The Authorized Officers of the Institution are each authorized and instructed to take all necessary steps to prepare, or cause to be prepared, all such agreements, documents, certificates and instruments as in his or her judgment may be necessary or advisable in order to carry out the transactions contemplated hereby, including, without limitation, the creation of new bank accounts and the pledge of any accounts, whether new or existing, as in his or her judgment may be necessary or advisable in order to carry out the Financing Documents and the transactions contemplated thereby or desirable or proper to effectuate the purposes of the foregoing resolution and to cause compliance by the Institution with all the terms, covenants and provisions of the Financing Documents binding upon the Institution. Notwithstanding any other provision of this resolution, each of the Authorized Officers of the Institution shall have full authority and power on behalf and in the name of the Institution to negotiate, prepare, execute, deliver and approve all such documents and agreements with such terms and conditions as he or she deems appropriate in connection with the borrowing authorized herein.

Section 5. Authorized Officers. The President, the Vice President for Finance and Treasurer and such other person authorized by resolution or by-laws of the Institution to perform any act or execute any document, each of them without the other, are hereby authorized to negotiate, prepare, execute, deliver and approve, in the name and on behalf of the Institution, the Financing Documents and any and all documents and other agreements to be executed and delivered by the Institution in connection with the borrowing authorized herein. There are no funds or sources of moneys of the Institution, or any related or commonly controlled entity that have been, or reasonably are expected to be, reserved, allocated on a long-term basis or otherwise set aside to pay costs of the Project, to be paid or reimbursed out of proceeds of indebtedness to be issued for the Project. Therefore, the reimbursement of such Project expenditures is consistent with the Institution’s established capital budgetary and financial circumstances.

Section 6. Declaration of Intent. The Institution hereby declares its official intent to finance the cost of the Project with proceeds of tax-exempt obligations to be issued on behalf of the Institution by the Authority. This Resolution is intended to constitute the declaration of the Institution’s “official intent” to reimburse expenditures in connection with the Project with proceeds of obligations issued for that purpose in accordance with Treasury Department Regulation §1.150-2. The Resolution does not bind the Institution to make any expenditures or incur any debt relating to the project or to proceed with the Project.

Section 7. This Resolution shall be continuously available for inspection by the general public during normal business hours at the offices of the Institution located [ ].

Section 8. Effective Date. This resolution shall take effect immediately.

I, the undersigned, Secretary of [ ] (the “Institution”), do hereby certify:

1. That I have compared the annexed resolution of the Governing Board of the Institution dated [ ], 20xx, with the original thereof on file in my office and the same is a true and complete copy of the proceedings of the Governing Board of the Institution and of such resolution set forth therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

2. I further certify that the attached resolution enacted by the Governing Board of the Institution has not been amended or repealed and is in full force and effect on and as of the date of this Certificate.

IN WITNESS WHEREOF, I have hereunder set my hand on Month, day __, 20xx.

________________________________
Secretary
## Glossary of Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Application Letter</strong></td>
<td>Letter from the Institution requesting financing for equipment through DASNY’s Tax-Exempt Equipment Leasing Program.</td>
</tr>
<tr>
<td><strong>Equipment List and Essential Use Data</strong></td>
<td>The detailed equipment list for all of the equipment that the Institution wishes to finance through DASNY’s Tax-Exempt Equipment Leasing Program. The list includes equipment type, location, cost, use, delivery date and useful life. The cost should include the estimated installation cost not to exceed 33% of the actual equipment cost.</td>
</tr>
<tr>
<td><strong>Institution</strong></td>
<td>(Sublessee) is a Higher Education or not-for-profit institution whose role is borrower</td>
</tr>
<tr>
<td><strong>Lessor</strong></td>
<td>Lending source</td>
</tr>
<tr>
<td><strong>Resolution of the Governing Board</strong></td>
<td>Certified document sent to DASNY by the Institution wherein the Institution’s Board authorizes their commitment to finance through DASNY’s Tax-Exempt Equipment Leasing Program.</td>
</tr>
<tr>
<td><strong>Sublessee</strong></td>
<td>(Institution) is a Higher Education or not-for-profit group whose role is borrower</td>
</tr>
<tr>
<td><strong>Vendor</strong></td>
<td>Source from where the Institution purchases equipment.</td>
</tr>
</tbody>
</table>