
AQUA FINANCING SOLUTIONS®



Tax Exempt Financing Program for Municipalities

- Municipalities can fund 100% of all wastewater treatment equipment, engineering, and installation purchases as personal property. Personal Property is defined as: "*if it can be bolted down, it can be financed*"
- Tax Exempt Lease – authorized by section 103 (a) of the Internal Revenue Code, a tax-exempt lease or lease-purchase agreement is an installment purchase, conditional sale or lease with option to purchase for a nominal value. May be referred to as a municipal lease. Interest earned by the investor is exempt from federal income tax
- Qualifying Entities – issuer of a tax-exempt obligation must be a State or possession of USA, District of Columbia, or political subdivision thereof (cities, towns, counties and other municipalities). May include other state entities (school districts, hospitals, agencies, authorities, boards and commissions or fire, parks, utility, water, etc.)
- **Tax exempt financing is an old tool utilized in a new way. Municipalities have used for school buses, police cars, and computers for years**
- Tax exempt financing has no impact on total debt, due to structure of the loan. Can be approved by Board/Council with no bond election
- Evaluate life-cycle cost to justify program. Evaluate cost of delay to justify program. Projects as low as \$100,000 can be financed. Buy-down of interest points available
- Funds available in 30–45 days. In most cases, no money due at closing and no payments for up to one year. Flexible payment plans: monthly, quarterly, or annually. Early payoff allowed without significant penalties
- **Buying now by financing now eliminates exposure to future price increases associated with delay**