

## Tech Refresh Installment Purchase

Our Tech Refresh offer is structured as a Tax-Exempt Installment Sale with an option on the last payment to both return the equipment (and acquire new) or make the payment and own the equipment outright.

Our standard offer calls for payments to be made annually in advance (additional structures may be tailored if needed to accommodate your budget restrictions). The final (or option) payment is a set amount of the original purchase price of the equipment (it is our estimate of the wholesale value of the equipment at the time of the option). The balance of the cost is amortized over the term. The benefit to this structure is that the customer is not locked into any one particular deal; it can purchase the equipment for the pre-stated final payment or return it (not make the final payment) and acquire new technology.

Other important elements of the Tech Refresh structure:

- There is only one refresh opportunity during the lease
- Lessee must be committed to acquire and lease similar equipment prior to exercising the option
- Options are to exchange 100% or 0% of the leased equipment. No partial “refreshes” are allowed except lost or stolen equipment
- Tech Refresh is offered only as a Tax-Exempt Installment Sale structure

### Dell Chrome Books

#### Tax Exempt Installment Sale with Tech Refresh Option - Optional Balloon at month 49

	Purchase Price	Projected Qty	Total Financed	4 yr Annual Payments	4 yr Total of the lease payments over life of lease not including Balloon	Prestated Optional Balloon at Month 49
Dell Chromebook 11 3100 Flip	\$275.00	6,795	\$1,868,625.00	\$454,262.74	\$1,817,050.95	\$213,023.25
Google Management Console	\$23.50	6795	\$159,682.50	\$42,344.61	\$169,378.42	\$0.00
<b>Total</b>			<b>\$2,028,307.50</b>	<b>\$496,607.34</b>	<b>\$1,986,429.37</b>	<b>\$213,023.25</b>

Lease savings compared to cash purchase with Tech Refresh exercise      \$41,878.13  
 % of cash purchase price paid over life of lease not including the balloon      97.94%

Annual Budget Impact	FY 2020 Budget	FY 2021 Budget	FY 2022 Budget	FY 2023 Budget	Total of payments
Annual Budget Impact	\$496,607.34	\$496,607.34	\$496,607.34	\$496,607.34	\$1,986,429.37

Rates Assume the equipment will be installed and accepted by July 31, 2019. If not accepted by that date the rates are subject to change based upon market changes.

#### Tech Refresh Terms

- \* Payment Frequency: 4 annual payments with optional balloon at month 49
- \* Optional Payment at month 49 to own equipment outright at prestated % of original cost for equipment
- \* Effective Interest Rate if equipment if the balloon payment is made = 4.87% for 4 year lease
- \* Rates assume that Olen tangy Local School District is eligible for Tax Exempt Financing under Internal Revenue Code 103

Our Tax exempt lease purchase is an installment sale in which the lessee will own the equipment outright at the end of the lease term helping to spread the investment over multiple budget years, matching cash payment with usage of the equipment. This offers the school district a predictable budget.

## View Sonic Monitors/ Dell Charging Cart

### Tax Exempt Installment Sale Financing - View Sonic Flat Panels & Dell Charging Carts

	<u>Purchase Price</u>	<u>Projected Qty</u>	<u>Total Financed</u>	<u>3 yr Annual Payments</u>	<u>4 yr Annual Payments</u>
ViewSonic Displays and wall mounts	\$2,082.00	32	\$66,624.00	\$23,201.14	\$17,667.35
White Glove Services	\$5.00	6,795	\$33,975.00	\$11,831.45	\$9,009.49
Wire management services	\$180.00	167	\$30,060.00	\$10,468.09	\$7,971.31
Dell Charging Carts & Services	\$1,200.00	72	\$86,400.00	\$30,087.94	\$22,911.55
<b>Total</b>			<b>\$217,059.00</b>	<b>\$75,588.63</b>	<b>\$57,559.71</b>

Effective Interest Rate      **4.54%**                      **4.08%**

<b>Annual Budget Impact</b>	<b>FY 2020 Budget</b>	<b>FY 2021 Budget</b>	<b>FY 2022 Budget</b>	<b>FY 2023 Budget</b>	<b>Total of payments</b>
Annual Budget Impact 3yr lease	\$75,588.63	\$75,588.63	\$75,588.63		\$226,765.88
Annual Budget Impact 4yr lease	\$57,559.71	\$57,559.71	\$57,559.71	\$57,559.71	\$230,238.82

Rates Assume the equipment will be installed and accepted by July 31, 2019. If not accepted by that date the rates are subject to change based upon market changes.

\* Payment Frequency: 4 annual payments

\* Rates assume that Olentangy Local School District is eligible for Tax Exempt Financing under Internal Revenue Code 103

## Comparing Competitive Lease Proposals

Many times it is very difficult for clients to compare competitive lease proposals and pick the best solution that will keep the lowest overall total cost. The one thing when evaluating leases you cannot separate the lease rates from the terms and conditions as a low rate may not mean the lowest overall costs because of restrictive terms or terms that require additional payments in addition to the base rent. It is the terms and conditions that matter and not the rate. Here are some suggested things to look for when comparing lease agreements. In addition to rates there are many other variables to consider when selecting a leasing partner such web based tools to help you manage you lease portfolio, the financial capability of the lessor and relationship to the manufacturer, customer service, ability to handle mid lease activity and ability to support / enable technology refresh are some examples.

- No upfront advance lease payments, or security deposits, executory fees or other payments of any kind are required when doing business with HP Financial Services. The typical HP Financial Services offering does not include advance payments or executory fees. Additionally no interim rent is assessed and our lease schedules always begin on the date that the lease acceptance certificate is signed.
- With HP Financial Services the firm term of the lease commences on the date of acceptance as documented in a signed certificate of acceptance. No interim rent or interim interest is required. (Note : Interim rent adds to the overall total cost of the lease and extends the true term of the lease as it requires adds additional payments that are not due under the proposed HP Financial Services lease)
- The HP Financial Services proposal currently assumes annual payments however other payment options are available.( note annual payments in advance will yield the lowest total payments over the term)
- Payment mode : in advance i.e. beginning of the period or arrears the end of the period