



PROVIDENCE CAPITAL RESOURCES

Customer Focused ♦ Performance Driven

U Don't Lease? Maybe U Do

Does your organization procure the use or acquisition of equipment under contracts that:

- Require the service provider to bill for and collect the periodic amounts due for the use and maintenance of equipment over an extended period; such that only a single contract is entered into?
- Allow the seller of equipment (the contractor) to provide third party administered extended payment plans?

These types of contracts create a stream of payments that equipment suppliers, for economic and portfolio management purposes, sell (assign) to banks, finance companies or investors – much of which is transparent to the municipal customer.

Providence Capital provides extended payment plans for state and local government customers that procure the use of goods and services under the type of contracts identified above, with one exception. Providence Capital's extended payment plans are based purely on *a municipal organization's* creditworthiness, and as importantly, pass through the benefit of the municipal organization's *tax-exempt status*. This means, an extended payment plan for the use or acquisition of equipment that:

- 1) Reflects the low interest rates found in the highly competitive tax-exempt marketplace, with no hidden costs;
- 2) Mirrors how your municipal organization intends to use and deploy assets; and
- 3) Conforms to how your municipal organization does business.

Both municipal customers and equipment suppliers will benefit - the supplier receives a sales support tool that easily integrates into their existing sales process, plus the supplier will receive the total cost of the equipment being deployed under a contract at the beginning of the contract. Your organization will have an extended payment plan that saves you money without requiring you to sacrifice the flexibilities that are typically built into your contracts. Plus, you'll have all supplier warranties and service commitments.

Teaming Opportunities:

To provide state and local government customers with money-saving methods to acquire or contract for the use of equipment, Providence Capital constantly seeks opportunities to team with equipment suppliers who sell value-added products and services. In support of these suppliers' contracting opportunities with cost-conscious customers, services can be provided via either of the two following methods, as a:

- Joint Participant (Administrative Service Provider) – suitable for sole source contracts that follow procurement procedures that require the contractor to bill for and collect the periodic amounts due for the use of an asset over an extended period. Providence Capital would pay the supplier the total cost of its equipment at the beginning of a contract, and then issue invoices and collect payments on behalf of the supplier.
- Subcontractor (Third Party Service Provider) – suitable for contracts that follow procurement procedures that allow the seller of equipment (the contractor) to provide third party administered extended payment plans. Providence Capital would pay the supplier the total cost of the equipment at the beginning of a contract and then issue invoices and collect payments directly from the municipal organization.

An actual comparison of the methods by which Providence Capital may add value to your procurement activity is provided in the Table on page 2.

Certified Business:

For those municipal organizations that benefit from contracting with small, minority, and disadvantaged businesses, Providence Capital offers an innovative way to increase your contracting activity with a certified company.



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Procurement Officers work hard to get the best value for their purchasing dollar. As illustrated in the Table below, with a Providence Capital extended payment plan, structured to comply with how your municipal organization procures equipment and services, you'll be assured of receiving the best overall value for your expenditures throughout the full term of a contract.

Examples are based on two actual municipal contracts that Providence Capital participated in:

Providence Capital's Role:	Administrative Services Provider		Third Party Service Provider	
Equipment Type:	Copier Equipment		Mailroom Equipment	
Payment Plan offered by:	Supplier	Providence Capital	Supplier	Providence Capital
Equipment Cost	\$168,456	\$168,456	\$108,000	\$108,000
Periodic Payment Amount	\$3,416/mo	\$3,306/mo	\$2,173/mo	\$2,036/mo
Effective Interest Rate (*)	8.01%	6.62%	7.68%	4.95%
Supplier Warranties/Service Agreements	Yes	Yes	Yes	Yes
Equipment Disposition at end of Contract	Return or Buy	Return or Buy	Own	Own
<i>Implications of Spending Decision:</i>				
Total Payments over a 5 year term	\$204,960	\$198,360	\$130,380	\$122,160
Monthly Cost/Savings Differential		- 110/mo		- 137/mo
Savings over Term of Contract		- 6,600		- 8,220

(*) Interest rates indicated reflect then current conditions in the public finance market, and may not reflect current interest rates.