Frequently Asked Questions about the LOCAL Program

Who can participate in the LOCAL Program?

Any municipal corporation or other agency authorized to issue general obligation debt. This includes cities, counties, school districts, fire districts and others.

Does this take the place of my agency issuing bonds?

It could. You might find the LOCAL program financing is all you need. Or you might find it's appropriate for just some of your needs. For example, you may need a piece of equipment immediately, but the main object of your bond issue will not be ready for financing until quite a bit later. In that case you might use the LOCAL program only for that first piece of equipment.

What can be financed?

Either equipment or real estate. Some examples include: school buses, ambulances, construction projects, fire trucks, HVAC systems, computers, office furniture, copiers, vacant land, portable classrooms and energy projects.

There is a $10,000 minimum for equipment, but various items can be combined to meet the minimum, for example, computer equipment and computer furniture. Software cannot be financed alone – it must be combined with hardware. Contact our office for more information.

Real estate financing is available for land and/or buildings and can be used for acquisitions, construction projects or to refinance an existing loan.

What's the timeline?

Funds Available	Project Type	Credit Approval Cut-Off	All Documents In Cut-Off	First Payment Due
Mid-March	Equipment	Dec. 14	January 10th	Dec/June, year of issue
	Real Estate	Dec. 1		
Mid-August	Equipment	June 1st	June 20	December 1, year of issue
	Real Estate	June 1st		

Are there any costs to participate in the LOCAL Program?

Yes. All costs are included in the all-inclusive borrowing rate (AIC). The historical all-inclusive rates are posted on our website. There are no additional fees.

Participating state agencies are responsible for the basic fixed costs for any pooled borrowing. The local agencies share in the incremental costs related to their participation. This leads to relatively low costs of issuance for local agencies. You will be provided with an all-in borrowing rate, to enable you to see the effect of the costs.

Where do I find out what the current interest rate is?

You can check our web site at www.tre.wa.gov (click on LOCAL tab) to find out what the previous issues' interest rates were. But each issue is different – the interest rate is set by the lowest bid we receive on the day the financing issue goes to market. In that way, you're assured of getting the lowest interest rate on that day.

Frequently Asked Questions about the LOCAL Program

How long are the financing terms?

Maximum equipment financing terms are set by the useful life of the item. See the Office of Financial Management web site for its Useful Life Table (www.ofm.wa.gov/policy/30.50.htm). If several types of equipment have been combined to meet the $10,000 minimum, the shortest useful life will determine the maximum financing term.

How are funds released?

Equipment payments can go directly to vendor or to agency as reimbursement according to what best fits your needs and schedule.

I just bought some equipment. Can I finance it through the LOCAL Program?

Possibly. You must pass a Reimbursement Resolution either before purchasing equipment or no later than 60 days after purchasing equipment. Please call us to discuss your situation.

If I send in my Notice of Intent (application form) does that obligate me to participate?

No. After you submit a Notice of Intent, you will be contacted a few weeks before the cut-off date to see if you wish to participate in the upcoming financing issue. If you indicate you want to participate in that financing issue, you must commit to a specific dollar amount by the cut-off date.

I only know the approximate amount I will need to finance. What should I put on the Notice of Intent?

Indicate the most you anticipate financing on the Notice of Intent – you can always finance less. As mentioned above, you must commit to a specific dollar amount by the cut-off date for your financing issue.

Can we prepay our lease?

It is possible, but both the principal outstanding AND the interest due on future payments must paid. This creates a partial financial defeasance of the pooled COPs. In this process, securities maturing on payment dates matching those in the original debt service schedule are purchased and held in trust. While these securities earn some interest, it typically is not sufficient to cover the interest owed. In addition, trustee fees may also be owed. [Note: Some real estate leases allow redemption prior to maturity and in those cases only the outstanding principal must be paid.]

Where can I get more information?

You have a couple of options:

- Visit our web site: www.tre.wa.gov (click on LOCAL tab). You'll find a booklet explaining the program and the forms you'll need.
- Contact us:

Wendy Kancianich
LOCAL Equipment Representative
360-902-9022
wendy@tre.wa.gov

Shelly Sweeny
LOCAL Accountant
360-902-9005
Shelly. Sweeny@tre.wa.gov

Mari Ripp

From: Kancianich, Wendy (TRE) <WendyK@tre.wa.gov>
Sent: Monday, November 26, 2012 10:45 AM
To: Mari Ripp
Subject: RE: LOCAL
Attachments: City of Woodland 500.pdf; City of Woodland.pdf

Hi Mari,

Attached are two estimated payment schedules for $400,000 & $500,000.

Please let me know if you have any questions.

Thank you,
Wendy

-----Original Message-----
From: Mari Ripp [mailto:rippm@ci.woodland.wa.us]
Sent: Wednesday, November 21, 2012 5:57 PM
To: Kancianich, Wendy (TRE)
Cc: LasekeG@ci.woodland.wa.us; Bart Stepp
Subject: Re: LOCAL

We will be looking at this on Monday at our finance committee meeting. I will contact you on Tuesday. Is this o.k.
Mari

Sent from my iPhone

On Nov 21, 2012, at 12:51 PM, "Kancianich, Wendy (TRE)" <WendyK@tre.wa.gov> wrote:

> Hi Mari,
>
> Attached are our FAQs, along with your recent interest rates for Real Estate projects. Our rates are not known until the sale date, so the attached rates are not the rates that will fund future projects. We have a sale coming up in March, so if you would like to be included in this sale, you should contact me immediately. After March, the next available sale will be in August. We finance real estate projects, which includes remodels.
>
> Please contact me if you would like additional information.
>
> Thank you,
>
> Wendy Kancianich
> Debt Program Administrator
> Office of the State Treasurer
> PO Box 40200
> Olympia, WA 98504-0200
> (360) 902-9022
> (360) 902-9045 fax
> Wendy.Kancianich@tre.wa.gov<mailto:wendyk@tre.wa.gov>

> www.tre.wa.gov<http://www.tre.wa.gov/>
>
>
>
> From: Mari Ripp [mailto:rippm@ci.woodland.wa.us]
> Sent: Tuesday, November 20, 2012 3:51 PM
> To: Kancianich, Wendy (TRE)
> Cc: LasekeG@ci.woodland.wa.us; Bart Stepp
> Subject: LOCAL
>
> Hi! We are researching the LOCAL program once again and I am wondering if you can send me a printer friendly FAQ sheet and the current interest rates? We are looking at financing options for supplemental revenue to fund some costs overages for our new Police Station which was funded by $2m from LTGO bonds in May 2012. We may be needing an additional $400k to $500k to meet the costs of the project and also do some improvements to our current city hall that the police are moving out of. Can you tell me if this would be an allowable project under the LOCAL?
>
> Here is the link to what I found http://www.tre.wa.gov/LOCAL/faqs.shtml
>
> Mari E. Ripp
> Clerk-Treasurer, CMC, PFO, CPFIM
> PO Box 9, Woodland WA 98674
> (360) 225-8281 x14; (360)225-7336 fax
> rippm@ci.woodland.wa.us<mailto:rippm@ci.woodland.wa.us>
> www.ci.woodland.wa.us<http://www.ci.woodland.wa.us>
> [Description: Sized-new city logo]
>
>
>
>
> <FAQ -11.21.13.pdf>
> <RE Rates .pdf>
> <image001.jpg>

$500,000

City of Woodland
SINGLE PURPOSE
March 19, 2013

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/01/2013	-	-	11,358.33	11,358.33
06/01/2014	45,000.00	2.900%	7,250.00	52,250.00
12/01/2014	-	-	6,597.50	6,597.50
06/01/2015	45,000.00	2.900%	6,597.50	51,597.50
12/01/2015	-	-	5,945.00	5,945.00
06/01/2016	45,000.00	2.900%	5,945.00	50,945.00
12/01/2016	-	-	5,292.50	5,292.50
06/01/2017	50,000.00	2.900%	5,292.50	55,292.50
12/01/2017	-	-	4,567.50	4,567.50
06/01/2018	50,000.00	2.900%	4,567.50	54,567.50
12/01/2018	-	-	3,842.50	3,842.50
06/01/2019	50,000.00	2.900%	3,842.50	53,842.50
12/01/2019	-	-	3,117.50	3,117.50
06/01/2020	50,000.00	2.900%	3,117.50	53,117.50
12/01/2020	-	-	2,392.50	2,392.50
06/01/2021	55,000.00	2.900%	2,392.50	57,392.50
12/01/2021	-	-	1,595.00	1,595.00
06/01/2022	55,000.00	2.900%	1,595.00	56,595.00
12/01/2022	-	-	797.50	797.50
06/01/2023	55,000.00	2.900%	797.50	55,797.50
Total	**$500,000.00**	**-**	**$86,903.33**	**$586,903.33**

Yield Statistics

Bond Year Dollars	$2,996.67
Average Life	5.993 Years
Average Coupon	2.8999999%
Net Interest Cost (NIC)	2.8999999%
True Interest Cost (TIC)	2.8983041%
Bond Yield for Arbitrage Purposes	2.8983041%
All Inclusive Cost (AIC)	2.8983041%

IRS Form 8038

Net Interest Cost	2.8999999%
Weighted Average Maturity	5.993 Years

$400,000

City of Woodland
SINGLE PURPOSE
March 19, 2013

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/01/2013	-	-	9,086.67	9,086.67
06/01/2014	35,000.00	2.900%	5,800.00	40,800.00
12/01/2014	-	-	5,292.50	5,292.50
06/01/2015	35,000.00	2.900%	5,292.50	40,292.50
12/01/2015	-	-	4,785.00	4,785.00
06/01/2016	35,000.00	2.900%	4,785.00	39,785.00
12/01/2016	-	-	4,277.50	4,277.50
06/01/2017	40,000.00	2.900%	4,277.50	44,277.50
12/01/2017	-	-	3,697.50	3,697.50
06/01/2018	40,000.00	2.900%	3,697.50	43,697.50
12/01/2018	-	-	3,117.50	3,117.50
06/01/2019	40,000.00	2.900%	3,117.50	43,117.50
12/01/2019	-	-	2,537.50	2,537.50
06/01/2020	40,000.00	2.900%	2,537.50	42,537.50
12/01/2020	-	-	1,957.50	1,957.50
06/01/2021	45,000.00	2.900%	1,957.50	46,957.50
12/01/2021	-	-	1,305.00	1,305.00
06/01/2022	45,000.00	2.900%	1,305.00	46,305.00
12/01/2022	-	-	652.50	652.50
07/01/2023	45,000.00	2.900%	652.50	45,652.50
Total	**$400,000.00**	**-**	**$70,131.67**	**$470,131.67**

Yield Statistics

Bond Year Dollars	$2,418.33
Average Life	6.046 Years
Average Coupon	2.9000001%
Net Interest Cost (NIC)	2.9000001%
True Interest Cost (TIC)	2.8983182%
Bond Yield for Arbitrage Purposes	2.8983182%
All Inclusive Cost (AIC)	2.8983182%

IRS Form 8038

Net Interest Cost	2.9000001%
Weighted Average Maturity	6.046 Years

Recent LOCAL Lease/Purchase Interest Rates

All financing costs are included in Interest Rates... there are no additional financing costs.

Real Estate Only

Term	*3/29/12*	*8/23/12*
5 years		1.09
20 years	3.98	3.15

These historic rates do not indicate what future issue rates will be. Actual interest rates are determined by the competitive bids received on the date of sale.

Maximum term is determined by OFM's Useful Life Table at:
http://www.ofm.wa.gov/policy/30.50.htm

For additional information please contact:
Wendy Kancianich, Lease/Purchase Specialist, (360) 902-9022 or Wendy.Kancianich@tre.wa.gov