

**LOCAL OPTION
CAPITAL ASSET LENDING
(LOCAL)
EQUIPMENT & REAL ESTATE**



**James L. McIntire
Washington State Treasurer**

Financing through LOCAL

(Local Option Capital Asset Lending)

is as easy as **1** - **2** - **3** .

- 1** Submit a Notice of Intent. Attach a real estate worksheet, if applicable.
- 2** Submit a credit form
- 3** Submit signed financing documents.

For help or information, contact:

Ellen Evans

Deputy State Treasurer

(360) 902-9007

Fax (360) 902-9045

Ellen.Evans@tre.wa.gov

LOCAL online: www.tre.wa.gov

(click on LOCAL tab)

Wendy Kancianich

LOCAL Representative

(360) 902-9022

Fax (360) 902-9045

wendy.kancianich@tre.wa.gov

Shelly Sweeney

LOCAL Accounting

(360) 902-9005

Fax (360) 902-9045

Shelly.Sweeney@tre.wa.gov

Financing through the LOCAL Program

1 Submit Notice of Intent (NOI)

Include a real estate worksheet, if applicable.

The **Notice of Intent** (NOI) helps the Office of the State Treasurer plan for future financing and check compliance with financing requirements.

The signed NOI should be mailed to:

Office of the State Treasurer
Debt Management
PO Box 40200
Olympia WA 98504-0200

- The NOI should indicate the maximum amount to be financed. For real estate transactions, the NOI should be accompanied by the **Real Estate Worksheet**.
- Office of the State Treasurer staff will review the NOI for completeness, essentiality of equipment/real estate project, length of finance term, useful life of equipment and compliance with other financing requirements.
- You will receive an acknowledgment letter from the Office of the State Treasurer that the NOI has been received and a contract number has been assigned for your transaction. The Office of the State Treasurer will send a copy of the NOI to your county treasurer for cash management and overlapping debt compliance. *We recommend waiting to receive formal written approval before making financial commitments.*
- We will provide financing forms to local governments that submit a Notice of Intent. Local governments should tell us the format in which they would like to receive financing documents: (a) from our website at www.tre.wa.gov; (b) paper version via U.S. mail; or (c) electronic version (Word) via e-mail.

2 Submit credit form

Local governments are required to provide a **Credit Form** prior to approval.

- The LOCAL Program is available to any commission established under Title 15 RCW: libraries or regional libraries, educational service districts, the superintendent of public instruction, the school directors' association, health districts, counties, cities, towns, school districts or other municipal corporations or quasi-municipal corporations described as such by statute in the state of Washington, subject to certain credit requirements.
- All local governments must receive approval from the Office of the State Treasurer to finance through the LOCAL Program. You will receive a formal letter upon approval.

3 Submit completed financing documents

The state's certificate counsel has worked with the Office of the State Treasurer to create standardized financing documents for LOCAL financing. Because all financing documents provided by the Office of the State Treasurer are standardized, they are not subject to negotiation or amendment. Documents must be completed by the local government and signed by an authorized representative of the local government. *Documents returned to the Office of the State Treasurer must have original signatures.*

- Financing documents should be completed, signed, and forwarded to the Office of the State Treasurer.
- After written approval for financing is received, a local government may acquire and pay for the property. Approval for financing may be contingent on certain criteria being satisfied.

The LOCAL Program can be used to finance personal and real property

◆ **For equipment**, local governments have two options.

- A. Acquire the equipment, pay the vendor and request reimbursement through the LOCAL Program.
- B. Proceeds from the LOCAL program may be paid by the Office of the State Treasurer directly to the vendor, based on instruction from the local government. LOCAL program funds should be disbursed within 60 days of issuance.

◆ **For real estate**, local governments have several options.

- A. Acquire the property or complete construction/remodel, through available funds, and request reimbursement through the LOCAL Program.
- B. Finance through LOCAL for construction projects (construction contract should be in place prior to financing)

C. Refinance an existing loan through the LOCAL Program.

Equipment financing

Forms provided by the Office of the State Treasurer

- A. **Notice of intent** – Notifies the Office of the State Treasurer of dollar amounts, dates and contact person(s) for the upcoming financing.
- B. **Credit form** – Information to judge the agency’s legal ability to incur the debt (assessment of debt capacity) and its ability to repay the debt (assessment of debt affordability).
- C. **Form of reimbursement resolution:** Required if agency is planning to seek reimbursement through the LOCAL Program.
- D. **Authorizing resolution** or, *for cities*, **authorizing ordinance** – Authorizes the financing of the property through the LOCAL program and designates the number of individuals required to execute the financing with the Office of the State Treasurer.
- E. **Certificate of authorizing resolution or ordinance** – to certify a true copy of a resolution.
- F. **Certificate of authorized agency representatives** – Designates the agency representatives authorized to execute the financing and states the number of signatures required.
- G. **Local agency financing contract personal property** - Establishes the contractual obligations of the local agency in the transaction and confirms the intent of the agency to acquire equipment through installment purchase agreements and remit installment payments to the Office of the State Treasurer.
- H. **Personal property certificate** – Describes the equipment, the vendor(s), and the amount to be financed and directions for disbursement.
- I. **Escrow Letter**—Local agency legal counsel requests Office of the State Treasurer to hold opinion of local agency counsel letter in escrow until the dated date
- J. **Opinion of local agency counsel** – Legal opinion on behalf of the local agency verifying its authority to enter into the contract. *It is not the intent of this requirement to solicit a local counsel opinion on the financing documents.*
- K. **Tax certificate** –Information about compliance with IRS regulations to ensure the tax-exempt status of the COP issue. By signing the tax certificate, the agency acknowledges it has read, understands and will comply with the IRS regulations.
- L. **Evidence of incumbency** – Certificate from the state auditor or ESD identifying the governing body with names and terms of office.

Real estate financing

Forms provided by the Office of the State Treasurer

- A. **Notice of intent** - Notifies the Office of the State Treasurer of upcoming financing dollar amounts, dates and contact person(s).
- B. **Real estate worksheet** - Provides information about the real property to be financed.
- C. **Credit form** – Provides the information needed to analyze the agency’s legal ability to incur the debt (assessment of debt capacity) and its ability to repay the debt (assessment of debt affordability).
- D. **Form of reimbursement resolution:** Required if agency is planning to seek reimbursement through the LOCAL Program.
- E. **Authorizing resolution** or, *for cities*, **authorizing ordinance** – Authorizes the financing of the property through the LOCAL program and designates the number of individual(s) required to execute the financing with the Office of the State Treasurer.
- F. **Certificate of authorizing resolution or ordinance** – to certify a true copy of a resolution.
- G. **Certificate of authorized agency representatives**– Designates the agency representatives authorized to execute the financing and states the number of signatures required.
- H. **Local agency financing lease Real Property**– local agency – Agreement between the local agency and the nominal lessor that provides for the use of the land and facility in exchange for lease payments to be made by the agency. The Office of the State Treasurer appoints a nominal lessor, currently the Washington Finance Officers Association (the “Corporation”).
- I. **Local agency site lease** –Agreement between the local agency and the nominal lessor that provides for the lease of the land for a period that usually extends five years beyond the term of the financing lease. The site lease provides security for the financing lease.
- J. **Escrow Letter**—Local agency legal counsel requests Office of the State Treasurer to hold opinion of local agency counsel letter in escrow until the dated date.
- K. **Opinion of local agency counsel** – Legal opinion on behalf of the local agency verifying its authority to enter into the contract and that the agency has legally adopted the resolution(s). *It is not the intent of this requirement to solicit a local counsel opinion on the financing documents.*
- L. **Tax certificate** – Information about compliance with IRS regulations to ensure the tax-exempt status of the COP issue. By signing the tax certificate, the agency acknowledges it has read, understands and will comply with the IRS regulations.
- M. **Evidence of incumbency** – Certificate from the state auditor or ESD identifying the governing body with names and terms of office.

N. Information to be provided by the local agency

- A. **Evidence of insurance.** Contact your insurance agent for a certificate of insurance on the property to be financed. At a minimum, hazard insurance for the amount of the financing (or guaranteed replacement) and a \$1 million liability policy are required.
- B. **Title insurance.** Provide a copy of your title insurance policy for real property transactions.

Remember: To be included in the next COP issue, the local government is responsible for completing all required documentation, with original signatures, and providing it by the All Documents In cutoff date to the Office of the State Treasurer.

Timing

This overview of the LOCAL schedule can help you plan the timing of financing requests. We recommend allowing additional time the first time a local agency uses the program.

The Office of the State Treasurer pools state agency and local government requests into offerings of securities. Therefore, only those applications that have completed and acknowledged NOI's, credit forms and completed financing documents will be included in a securities offering. Completed applications received after the cutoff date will be held and included in the next offering.

Cutoff and funding dates provided below are target dates; please contact your LOCAL Representative for information on specific sale dates.

Funds Available	Project Type	NOI Cut-Off	All Documents In Cut-Off	First Payment Due
Mid/Late March	Equipment	January 10*	January 10*	June 1 year of issue
	Real Estate	December 1*		
Mid/Late August	Equipment	June 20*	June 20*	December 1, year of issue
	Real Estate	June 1*		

*When the 1st falls on a weekend or holiday, the cutoff date will be the next business day.