

Daimler Truck Financial

# Financing for Municipalities





## **Your Knowledgeable Municipal Financing Partner**

We know that having the right trucks and equipment while making the most of your operating budget is a primary concern for municipalities. Daimler Truck Financial's focus is on easing the budgetary concerns of municipalities by enabling them to acquire the equipment they need while allowing them to pay for it over time.



We understand municipalities and the challenges you face. Through tax-exempt financing, you can increase your purchasing power and stretch your budget.



**States**



**Counties**



**Cities**



**State  
Universities**



**School  
Districts**



**Other  
Government  
Entities**



## What is Tax-Exempt Financing?

Tax-exempt financing, also known as a tax-exempt installment purchase contract, allows a public entity, municipality, government agency or political subdivision that can issue tax-exempt securities to purchase equipment by making payments over the useful life of the asset. Here are some of the benefits of tax-exempt financing:<sup>1,2</sup>

- Low-cost, tax-exempt capital
- Lower interest rates than other types of commercial financing
- Up to 100% financing with no down payment
- Up to 84-month terms
- Multiple flexible payment options
- Payments are not considered debt
- Treated as an operating expense

## Maximize Your Budget

We know it can be difficult to keep your fleet updated when you use your procurement budget to purchase trucks outright, which may only allow you to purchase a certain number of trucks each year. However, by financing your trucks and using budget dollars to pay the financing costs, instead of paying cash up front, you may be able to afford more new trucks, allowing you to grow your fleet and lower the average age of your vehicles—all while reducing your maintenance, fuel and downtime costs.

### Here's how it works:<sup>3</sup>

Consider that you have an annual budget of \$300,000, two trucks out of service and ten older trucks that are consuming your maintenance budget. You could either:

- **Replace the two trucks** that are out of service by paying cash outright, spending your entire budget of \$300,000.
- **Use the same \$300,000 budget to finance ten new trucks:** two to replace those out of service and eight more to replace many of your older models, reducing your maintenance costs and lowering the average age of your fleet.



## **Payment Options to Meet Your Needs**

When you finance your vehicles with us, you can look forward to a number of payment options to best suit your business needs.<sup>2</sup> (Note that all of the following options must be set up prior to contracting.)

### **Balloon Payments**

Pay a lump sum at the end of your contract. As a result, smaller payments are made throughout the term of the loan.

### **Flexible Payments**

Personalize your payment schedule by setting up monthly, quarterly, semi-annual or annual payments to meet specific budget requirements and to help manage cash flow.

### **Extended Terms**

To help our customers acquire the vehicles they need with a payment they can afford, we offer extended terms of up to 84 months for medium duty and select vocational applications.

### **Annual Arrears**

Customized terms allow annual in arrears payments, making the first annual payment due a full year from the contract date.





### **Escrow Accounts Available**

An escrow account allows a customer to lock in to the current rate, even if the unit(s) will not be delivered for a few months. At the time of contract, the proceeds are held in an escrow account, and funds are released upon delivery and/or first payment. For example, consider a city that is looking to purchase multiple trucks to be delivered over an extended period. If they elect to deposit funds into an escrow account, they are locking in the current rate, but they can draw funds as needed as units deliver. No interest is paid during this period, eliminating concerns about fluctuating interest rates.

## A Straightforward Process

Applying for tax-exempt financing with Daimler Truck Financial is a straightforward process, and you can help speed up the qualifying process when you provide the information needed by our municipal team. While all contracts are initiated with a completed credit application, here are some specific items you will need to provide for a speedy credit decision:

- Three years audited financial reports
- Current budget
- Insurance information, including insurance agency name, level of coverage and deductible
- Bank references (if contract is over \$500K)
- Anticipated delivery date

## Get Started

Contact your Freightliner or Western Star dealer to find out more about the many ways Daimler Truck Financial can meet your financing needs, or go to:



**Daimler Truck Financial**  
[daimler-truckfinancial.com](http://daimler-truckfinancial.com)



**Freightliner Trucks**  
[freightliner.com](http://freightliner.com)



**Western Star Trucks**  
[westernstartrucks.com](http://westernstartrucks.com)



## Daimler Truck Financial Services

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<sup>1</sup> The borrower must be a state or local government unit, as defined in Section 103 of the Internal Revenue Code, and the equipment must be for essential government purposes only.

<sup>2</sup> Actual rates, terms, down payment, advance and program eligibility will be determined by Daimler Truck Financial's credit team based on creditworthiness of the customer. Daimler Truck Financial does not provide or endorse any tax advice, accounting advice or tax strategy to its dealers, customers or potential customers. Please consult with your accountant or tax advisor for accounting and tax treatment.

<sup>3</sup> Example for illustrative purposes only.