

Daimler Financial

Comparison of Payment Options Available to School Districts *

	Budget, Grants, State Aid	Bond Offering	Daimler Financial Municipal Financing ^
Financial Treatment	Capital Expense	Debt	Not debt; annual expense - installment sale with a non-appropriation clause is NOT classified as debt
Impact on State Debt Limitation	None	Yes	None
Voter Referendum	Not Required	Required	Not Required**
Initial Costs	Full price of the bus(es), which can deplete cash reserves or General Fund balances	Significant upfront fees associated with Cost of Issuance, Official Statement, Trustee Fees, Insurance, etc.	None, unless customer applies a down payment
Time Required to Complete Purchase	Quick	Generally 3-6 months	Immediate upon credit approval and submission of proper documentation
Customer's Payment Timing	Full payment due at time of purchase	Either scheduled installments or a single balloon payment	Can be deferred up to 1 year and structured to match revenue stream
Flexibility	Challenges possible as budgets constantly changing	Rigid - fixed payments, term, and amount	Very flexible, with ability to select payment frequency, amount, and term, etc. within statutory and financing guidelines
Ease of Process	Simple	Complex	Simple
Implications of Non-Appropriation	Not Applicable	Default	May exercise clause in Daimler Financial contract by returning buses with no further obligations under the contract
Relationship to Useful Life of Vehicle	Cost of bus(es) expensed up-front	Usually extends far beyond vehicle's useful life	Terms can be structured to match the vehicle's useful life
Associated Interest Costs	None	Generally lower interest rates, but cost of issuance may be very high	Slightly higher interest rates than bonds due to non-appropriation risk; no or lower front-end costs can make the overall financing less expensive than a comparable bond issue
Application of Funds	Often subject to being diverted to cover driver training, fuel, maintenance, etc.	Usually covers several projects, such as buildings, intangibles, equipment, etc.	Primarily for buses, but can also include other essential use equipment

* This is merely illustrative. The laws and statutes of each state vary and may result in different regulations depending upon the state, municipality, or specific transaction.

** NM requires voter approval on some transactions with terms in excess of 1 year.

^ Actual rates, terms, down payment and program eligibility will be determined by the Daimler Financial Credit Team based upon creditworthiness of customer.

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