

DATE: December 4, 2009

TO: Agency Addressed (No. 05, 2009-2010)

FROM: Kimberly D. McMurray, Director
Division of Accounting and Auditing
Department of Financial Services

SUBJECT: Consolidated Equipment Financing Program (CEFP) – 2009 Master Equipment Financing Agreement (MEFA)

Section 287.064(1), Florida Statutes (F.S.) requires the Chief Financial Officer (CFO) to establish a MEFA for consolidated financing of deferred-payment purchases. Accordingly, the CFO executed a MEFA with Banc of America Public Capital Corp. (BOA) on July 1, 2009. Unless specifically exempted by the CFO, all deferred-payment purchases under section 287.064, F.S. shall be acquired by funding through this MEFA. Universities and community colleges participating in the MEFA shall also follow the procedures below.

A. Steps to Finance Equipment Purchases

1. The agency seeking to finance an equipment purchase shall complete and submit to the CFO a CEFP application located at:
http://www.fldfs.com/aadir/statewide_financial_reporting/financing.htm.
2. The CFO will issue an approval letter subsequent to review. The letter will include an **estimated** interest rate for financing the equipment purchase and an **estimated** payment schedule.
3. The agency should order the equipment from the designated contractor(s) upon receipt of the approval letter.
4. To ensure compliance with all of the prompt payment requirements of section 215.422, F.S., the agency should timely provide the CFO with the final invoice for processing **after** installation of the equipment. The **actual** interest rate will be determined after submission of final invoice.
5. BOA will prepare for execution the following documents after submission of final invoice:
 - i. Equipment Schedule including equipment location, equipment list, payment information and **actual** payment schedule
 - ii. Certificate of Acceptance and Acknowledgment of Agency Lease
 - iii. Arbitrage and Tax CertificateThe agency must execute and timely submit the referenced documents to BOA, with copies to the CFO.
6. BOA is contractually required to make payment to the contractor(s) within ten business days after receiving the above referenced documents. The agency must also provide BOA evidence of insurance and/or self-insurance with respect to the equipment.
7. BOA will notify the agency and the CFO of the actual funding date. If actual funding date differs from originally stated funding date, BOA will propose a revised payment schedule based on the actual funding date. The CFO will approve the revised payment schedule and send it to the agency and BOA.

B. MEFA Aggregate Financing Amounts

The current MEFA allows up to \$30,000,000 of aggregate financing for the State of Florida in fiscal year 2009-2010. If the agreement with BOA is renewed, \$20,000,000 will be allowed in aggregate financing for the State in each of the fiscal years 2010-2011 and 2011-2012.

C. Minimum Purchase Amount

Each agency CEFP application must have a minimum purchase amount of \$100,000. This is different from the previous MEFA with a minimum purchase amount of \$30,000.

D. Individual Financing Terms

The current MEFA allows for individual purchases to be financed under 3-year, 4-year or 5-year terms only. It does not allow for 1-year or 2-year financing terms.

E. Prepayment Penalties

The current MEFA includes prepayment penalties. The agency must notify BOA and the CFO 30 days prior to exercising prepayment. Prepayments and prepayment penalties should be made on the next payment date as outlined in the payment schedule. Prepayment is not permitted during the first two years of financing. Prepayment penalties may be assessed as follows:

1. 1% if prepayment is made during the final 12 months of a financing term
2. 2% if prepayment is made during the 24th through the 13th month prior to the expiration of a financing term
3. 3% if prepayment is made during the 36th through the 25th month prior to the expiration of a financing term

F. Interest Rate

There is no interest rate “lock” upon CFO’s approval of a purchase under the current MEFA. The actual interest rate will be determined after the equipment is accepted by the agency and the final invoice is submitted to the CFO. The interest rate will not exceed the statutory maximum pursuant to section 287.063(1)(b), F.S.

G. Documentation Submission

All CEFP documents must be submitted to the CFO at the following address:

Department of Financial Services
Bureau of Accounting
Attention: Mike Rutherford
200 East Gaines Street
Tallahassee, Florida 32399-0354
Phone: (850) 413-5594
Fax: (850) 413-3232
financing@myfloridacfo.com

Please direct questions to Mike Rutherford at (850) 413-5594 or financing@myfloridacfo.com.