

EQUIPMENT

Leasing & Finance

THE MAGAZINE FOR INDUSTRY EXECUTIVES

JANUARY | FEBRUARY 2019



The illustration features a bright orange background with stylized white clouds and rain falling from them. In the foreground, a man in a dark suit and white tie stands on a large, white, swirling wave, holding a briefcase and a telescope. To his right, a woman in a dark dress stands on a smaller, similar wave, also holding a telescope. The overall theme is one of looking forward and navigating challenges.

THE YEAR AHEAD

*Forces Shaping
Equipment Finance
in 2019*

Equipment Management: Wizards' Work
ELFA Launches MySEFA
Meet the New ELFA Chair
2019 Events Lineup

ELFA
EQUIPMENT LEASING AND
FINANCE ASSOCIATION

The Leading **Asset Recovery, Inspection, and Remarketing Service**

-  Restaurant Equipment
 -  Automotive Repair Equipment
 -  Boats (Under 27') and
Recreational Watercraft
 -  Embroidery Equipment
 -  Fitness Equipment
 -  Forklifts
 -  Power Sports Equipment
 -  Motorhomes
 -  Warehouse Equipment
 -  Computers and Peripherals
 -  Construction Equipment
 -  Consumer Electronics
 -  Farm Equipment
 -  Furniture
 -  Laser Printers
 -  Medical Equipment
 -  3D Printers and Commercial
Printing Equipment
 -  Telecommunications Equipment
 -  Travel Trailers and Fifth Wheels
 -  Wide Format Printers
 -  Failed Franchises
-

www.assetrecoveryservices.com
888.570.1127

Contents

JANUARY | FEBRUARY 2019

FEATURES

38 **Equipment Management: Wizards' Work**

Year by year, the concoction of skills, information and talent needed for successful equipment management grows more complex

By Susan L. Hodges

44 **My Company. My Data. MySEFA.**

ELFA launches personalized data tool for equipment finance companies

46 **Join the Conversation**

New online communities are designed to help members succeed

48 **Top Reasons to Attend the ELFA Executive Roundtable**

Members reflect on why participating in this event is so important

55 **Tools for Action**

Advance the industry's policy priorities with ELFA's new online advocacy center

16

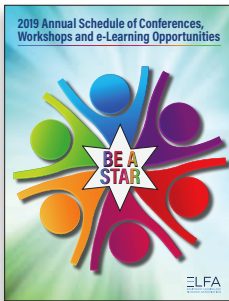
COVER STORY

The Year Ahead

*Forces Shaping
Equipment Finance
in 2019*

While the economy remains in reasonably good shape, several red flags have emerged that deserve attention

By Jeff Jensen and Elizabeth Rust



25 2019 Educational Supplement



Contents

JANUARY | FEBRUARY 2019

COLUMNS

5 From the President & CEO

Scanning the horizon
By Ralph Petta

50 Leasing Law

Equipment finance:
Understanding licensing obligations
By Kathryn L. Ryan, Moorari K. Shah and
Frida Alim

52 Financial Watch

Lease accounting takes center stage
By Rodney W. Hurd, CPA, and
Amie D. Sweeney, CPA

54 Federal Insight

The outlook for 2019
By Andy Fishburn

56 Around the States

State elections roundup
By Scott Riehl

◀ 60 Executive Perspective

Empowering employees
serves customers
By Mike Jones

DEPARTMENTS

6 ELFA News

A roundup of association events,
resources and member news

12 Business Council Updates

5 minutes with the Captive and Vendor
Finance Chair

14 Industry Dashboard

The latest ELFA and Foundation data



42 ▲ Member Spotlight

Meet ELFA Chairman Jud Snyder
By Gwen Moran

58 Foundation News

Foundation announces 2019 Board of
Trustees
By Anneliese DeDiemar

ADVERTISER'S INDEX

ARS Recovery Services LLC Cover 2
www.assetrecoveryservices.com

Capital One Commercial Banking Cover 3
www.capitalone.com

Great American Insurance Group 9
www.GAIG.com/EquipmentInsurance

LTi Technology Solutions 4
www.LTiSolutions.com

Odessa Technologies, Inc. Cover 4
www.odessainc.com

For more information about advertising in Equipment Leasing & Finance magazine, please contact
ELFA Advertising Representative Steve Wafalosky at stevew@larichadv.com or 440.247.1060.

PUBLISHING DIRECTOR Ralph Petta
MANAGING EDITOR Amy Vogt
PRODUCTION DIRECTOR Sandra Winkler
DIGITAL PRODUCER Shirley Bryant
COPY EDITOR Kelly Saxton
ART DIRECTION BonoTom Studio
www.bonotom.com
ADVERTISING Steve Wafalosky
steve@larichadv.com
440-247-1060

Equipment Leasing & Finance Magazine, Vol 35, No 1 (ISSN# 008-058), is published bimonthly (Jan/Feb, Mar/Apr, May/Jun, Jul/Aug/Sep, Oct, Nov/Dec) by the Equipment Leasing and Finance Association, 1625 Eye St NW, Suite 850, Washington, DC 20006. POSTMASTER: Send address changes to Equipment Leasing & Finance Association, 1625 Eye Street NW, Suite 850, Washington, DC 20006. Periodicals postage paid at Washington, DC, and at additional mailing offices.

Statements of fact and opinion are the responsibility of the authors and do not imply an opinion on the part of the officers or members of ELFA. Contact us at EL&F@elfaonline.org.



© Copyright 2019 by the Equipment Leasing and Finance Association. Materials may not be reproduced without written permission.

A subscription for members is free and for nonmembers and libraries is \$200/year.

Printing by Sheridan Printing Co, Hanover, NH

Access our digital edition at www.elfaonline.org/news/magazine



www.twitter.com/ELFAonline



www.facebook.com/ELFApage



www.linkedin.com/groups?gid=89692



www.youtube.com/elfachannel



www.elfaonline.org/interactive-tools/email-discussions

Introducing MySEFA



You cannot afford to miss this! Make sure your equipment finance company participates in the 2019 Survey of Equipment Finance Activity (SEFA). It's free to participate and you'll receive:

- **MySEFA** - A brand-new personalized data tool that lets you quickly and easily track your company's operational and performance statistics and compare them against your peers. Only available to SEFA participants.
- **Full SEFA Report** - A complimentary copy of the 300-page PDF report, a \$1,395 value. Access comprehensive performance metrics for 100+ equipment finance companies.

Learn more at www.elfaonline.org/SEFA.



LEASE  TEAM

The
SAME
GREAT

People
Values
Service
Vision
Solution

With a **NEW** Look!



LTI

Technology
Solutions

formerly LeaseTeam, Inc.

LTI's ASPIRE™, a comprehensive equipment finance platform that empowers you to effectively scale your business.

www.LTiSolutions.com

Scanning the Horizon



HERE AT ELFA HEADQUARTERS, we're excited to kick off the New Year and deliver on our value proposition to you. In this issue of *Equipment Leasing & Finance*, we look at what's on the horizon for the year ahead to help you anticipate industry trends and position your company for success.

2019 Forecast: What forces will shape equipment finance in 2019? Read the cover story "The Year Ahead" on p. 16 and check out ELFA's

New Tools for You: We are pleased to be rolling out a number of new digital tools to help you succeed. In the following pages, learn about the MySEFA individual company dashboard (p. 44), our new online communities (p. 46) and our new online advocacy center (p. 55).

Our association exists to respond to your needs and to provide programs, products and services designed to help you make and keep your business successful. We have a lot in store for 2019 and we are fortunate to have a strong leadership team and active volunteers in place. Read about Chairman Jud Snyder's priorities for the coming year on p. 42. Please don't hesitate to contact us at ELFA headquarters if you have any questions or you'd like to get involved. ☰

A handwritten signature in dark ink that reads "Ralph".

RALPH PETTA is the President and CEO of the Equipment Leasing and Finance Association.

Top 10 Equipment Acquisition Trends for 2019 at www.equipmentfinanceadvantage.org/rsrscs/articles/10Trends.cfm.

Equipment Trends: This is an exciting time to be in equipment management, with innovation and market changes challenging old norms. Get up-to-speed on the changes in the feature story "Equipment Management: Wizards' Work" on p. 38. Hear more on this topic at the Equipment Management Conference, Feb. 24-26 in Carlsbad, California. See a full list of upcoming events in the special education supplement on p. 25.

Policy Outlook: In the advocacy arena, ELFA is intensifying our outreach in the aftermath of the midterm elections. We are meeting with new members of Congress, many of whom are unfamiliar with equipment finance, to educate them about why our industry is so important to the economy and to the businesses in their districts. In addition to our efforts, we'll look for your participation at Capitol Connections in May. See Andy Fishburn's "Outlook for 2019" on p. 54.

On the state level, in the face of increasing legislative and regulatory activity, ELFA's state advocacy team and member volunteers will be busy in state capitals throughout 2019 defending your interests. Get a snapshot look at the result of the state elections in Scott Riehl's "State Elections Roundup" on p. 56.



Watch Ralph's first-quarter message to the membership at www.elfaonline.org/news/Q1video2019



Board Affirms Commitment to Diversity and Inclusion

ON OCT. 13, the ELFA Board of Directors met in Phoenix for the last time under the gavel of Chairman Dave Schaefer. The Board deliberated over a number of critical matters, not the least of which was approval of an updated three-year strategic plan and a 2019 work plan and budget for the association.

In 2018 the Board established a Diversity Work Group, and at its October meeting the Board accepted the Work Group's recommendation to update the ELFA mission statement and strategic objectives. The new language affirms ELFA's commitment to advancing diversity and inclusion across the association and the industry.

Schaefer reported that the Board implemented several new initiatives as a result of a self-assessment conducted earlier in the year. Board committee assignments are now being made with input from Board members, a CEO succession plan is in place, an online Board resource hub for all Board-related documents has been created and the new director on-boarding process has been revised and expanded.

The Women's Council is organizing the Women's Leadership Forum, April 1–2 in Washington, D.C., which will focus on leadership development for women at all stages of an equipment finance career. The Emerging Talent Advisory Council is

organizing EMERGENCE2019, July 17–18 in Washington, D.C., which is an opportunity for emerging talent to gather together and hear from industry leaders, network with colleagues and learn about the industry from different perspectives. Learn more about both events at www.elfaonline.org/events.

Treasurer Rob Boyer reviewed the latest financial results for the association, indicating that the organization is on sound financial footing and able to develop and fund programs, products and services that continue to be responsive to the needs of ELFA members. He also provided a report on the Certified Lease and Finance Professional (CLFP) Foundation. He explained that the Executive Committee, at its meeting the previous July, had approved a \$25,000 grant to the CLFP Foundation to secure the rights for the association to use the CLFP Handbook in developing online training.

The Board meets next under the leadership of Chairman Jud Snyder on May 14, preceding the association's Capitol Connections program in Washington, D.C. Members are encouraged to attend Capitol Connections, which furthers ELFA's grassroots program to educate Members of Congress and other federal policy makers in Washington on the contribution that the equipment finance industry makes to the U.S. economy.



Video Celebrates “People Power”

HOW CAN ELFA maximize the “People Power” that drives our organization and the \$1 trillion equipment finance industry? The association recently put this question to a diverse group of industry professionals, including ELFA Chairman Jud Snyder, and we’re pleased to share their responses in a brief video. This video highlights how ELFA is guiding efforts to bring more voices and ideas into the industry and the association—and how you can get involved. Watch the video at www.elfaonline.org/news/Q4video.

Networking Events Attract Emerging Talent

ARE YOU A FUTURE LEADER who’s interested in meeting more people in the industry? Please join ELFA at an Emerging Talent Networking Event in 2019: April 9 in Chicago, July 17 in Washington, D.C. and Sept. 16 in Chicago. These events, which are sponsored by the Emerging Talent Advisory Council, are a chance to hear from industry leaders and network with your fellow industry colleagues. There is no cost to attend but space is limited and you must register in advance. Watch for updates at www.elfaonline.org/events/.

2019 Dues Renewal Season is Here!

IT’S THAT TIME OF YEAR again and the dues renewal campaign has begun. Renewal invoices for the 2019 membership year were mailed to the key contacts of all ELFA member companies on Nov. 1, 2018. Timely payment of 2019 membership dues will ensure uninterrupted access to indispensable benefits, such as federal and state advocacy updates, targeted industry research, discounted fees for ELFA events and much more. Please contact the ELFA Membership Department at membership@elfaonline.org if you have any questions. We thank you for your continued support!

Key Dates to Remember...

Nov. 1, 2018 –2019 dues invoices mailed to Key Contacts

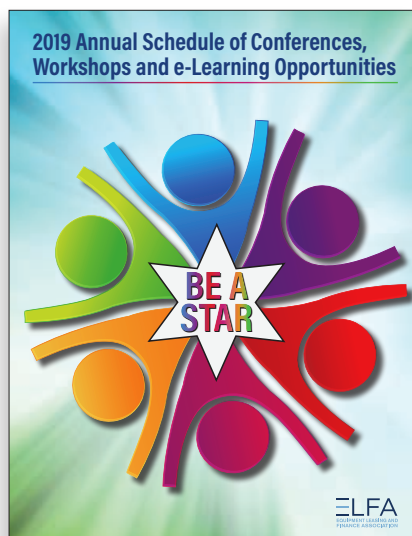
Jan. 31, 2019 –Deadline to pay 2019 dues before benefits are affected

THROUGHOUT 2019 –Take advantage of ELFA’s many benefits!



Data Discussion

The ELFA Research Committee met in Washington, D.C., in November to plan the 2019 Survey of Equipment Finance Activity (SEFA) and the new “MySEFA” interactive data tool. Learn more on p. 44.



Save the Date: 2019 ELFA Events

TAKE ADVANTAGE of a wealth of learning and networking opportunities available to you and your staff as part of your ELFA membership. See the 2019 Educational Supplement in this magazine and visit our website at www.elfaonline.org/events.

Prepare for the Year Ahead at the Executive Roundtable

PRESIDENTS AND CEOs of ELFA member companies should mark their calendars for the 2019 Executive Roundtable, March 10–12 at the Ritz-Carlton Golf Resort in Naples. The Executive Roundtable is designed to bring together CEOs and presidents of equipment finance companies to discuss the issues of the day, strategize about the future and create lasting business relationships. Attendance is limited to the top leaders from ELFA member companies, including service providers. Complete details can be found at www.elfaonline.org/events/2019/ERT.

ELFA Forecasts Industry Trends

WHAT ARE the top trends driving capital acquisition this year? Find out in ELFA's Top 10 Equipment Acquisition Trends for 2019, released in January. Designed to help businesses with their strategic equipment acquisition plans, you can find the trends list on ELFA's Equipment Finance Advantage website for end-users at www.equipmentfinanceadvantage.org/rsrcs/articles/10trends.cfm.

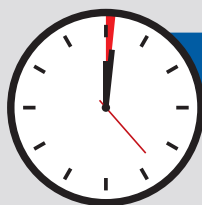
California Welcomes Equipment Managers

IF YOU ARE in equipment management, you can't afford to miss the Equipment Management Conference and Exhibition, Feb. 24-26 at the Omni La Costa Resort in Carlsbad, California. This is the premier event for equipment managers, appraisers and remarketers and is attended by nearly 300 people you need to meet. See the top reasons to attend on p. 39.

Learn the Fundamentals... and Have Fun!

DO YOU WANT TO STAND OUT from the crowd? Expand your skills? Accelerate your career growth? Whether you're new to the equipment finance industry or looking for a refresher, turn to ELFA's new online training course, the Fundamentals of Equipment Leasing and Finance.

"Be the boss" at your own equipment finance company—navigate through customer interactions and earn badges and upgrades as you go! From closing the sale to fielding customer requests and reviewing end-of-lease options, you'll experience it all and receive guided feedback to reinforce learning. Learn more and check out a new video highlighting the key features at www.elfaonline.org/events/fundamentals.



Membership Minute

IT'S A NEW YEAR filled with possibilities and opportunity. What a great time to get involved by volunteering on an ELFA committee. ELFA is a volunteer-driven organization and each year, hundreds of volunteers from ELFA member companies contribute their time and energy to drive the association's mission. If you would like to learn more about how to get involved and participate on a committee, contact Ed Rosen, Director of Governance, at erosen@elfaonline.org. Learn more at www.elfaonline.org/about/governance/governance-and-committee-guide/.



Excellence Recognized

ALEXA CARNIBELLA, ELFA Director of Professional Development, was named "Project Champion" by the e-learning company Designing Digitally for her work developing ELFA's new Fundamentals of Equipment Leasing and Finance Online Course. Check out the course at www.elfaonline.org/events/fundamentals.

Find Your Superpower at the Women's Leadership Forum

THERE IS A SUPERHERO INSIDE ALL OF US—we just need the courage and skills to put on the cape! Come "Find Your Superpower" at the Women's Leadership Forum, April 1–2 at The Conrad Hotel in Washington, D.C. This event will focus on leadership development for women at all stages of an equipment finance career. The agenda will feature dynamic speakers and offer time for attendee interaction and networking with other industry leaders. You'll leave this event with valuable insights and powerful tools to enhance your career. This event is open to women and allies. Men are encouraged to attend, and we welcome your participation. Registration is limited to 150 attendees. Sponsored by the ELFA Women's Council.

Explore the Silver Lining of Lease Accounting

TO HELP YOU AND YOUR CUSTOMERS

prepare for the new lease accounting rules, ELFA has released a new article, "The Silver Lining of Lease Accounting: What Organizations Should Know About the New Standard." The article examines the impacts of ASC 842 and reveals that not only are many of the lease accounting changes relatively neutral, there is actually a silver lining with numerous positive impacts. Access this educational resource to share with your end-user customers at www.equipmentfinanceadvantage.org/newLAR.cfm.

Workshop Highlights Principles of Leasing and Finance

ELFA IS EXCITED TO OFFER three Principles of Leasing and Finance workshops in 2019:

- April 24–26 in Milwaukee
- June 17–19 in Washington, D.C.
- September 10–12 in Plano, TX

In addition, ELFA can bring the Principles workshop and the Beyond the Basics workshop directly to you. Our instructors educate your employees in your offices with a comprehensive and customized agenda. To learn more, go to www.elfaonline.org/POL or contact Alexa Carnibella at acarnibella@elfaonline.org.

LEASE & FINANCE

RiskProtection

Equipment Insurance Any Way, Any Time



**Hand Off
Your Risk
To Us**

Protect Assets with Automated and Self-Serve Programs
Expedite Funding | Generate Revenue
Enhance Customer Service
Build Your Business

GAIG.com/EquipmentInsurance
866-676-5677
EquipmentSolutions@gaig.com

GREATAMERICAN
INSURANCE GROUP

Policies are underwritten by Great American Insurance Company, Great American Assurance Company, and Great American Spirit Insurance Company, authorized insurers in all 50 states and DC. The Great American Insurance Group eagle logo and the word marks Great American® and Great American Insurance Group® are registered service marks of Great American Insurance Company. ©2017 Great American Insurance Company. All rights reserved.

Four Roundtables Tackle Best Practices in 2019

BEST PRACTICES roundtables are small, one-day meetings designed to facilitate the exchange of information among peers. Attendance is open to ELFA member companies only. Watch for updates on the following events at www.elfaonline.org/events:

- Bank Roundtable, April 9, Chicago
- Independent Roundtable, April 9, Chicago
- Captive and Vendor Finance Roundtable, April 9, Chicago
- Tax Best Practices Roundtable, June 11–12, Denver



Jester Shares Insights

WHAT IS THE MOST REWARDING RISK of your career? What are the top three tips you'd give someone starting out in the industry? Former ELFA Chair Valerie Jester, President of Brandywine Capital Associates, answers these questions and more in a new "Ask a Leader" interview sponsored by the Emerging Talent Advisory Council. Check out this thought-provoking interview series at www.elfaonline.org/industry-topics/emerging-talent/ask-a-leader.



The Credit and Collections Planning Committee gathered at ELFA headquarters in November to plan an exciting agenda for the 2019 Credit and Collections Management Conference and Exhibition, which will be held June 3–5 in St. Petersburg, Florida.

Your Safety in Mind

AS THE WORLD EVOLVES, ELFA is staying in tune with today's conference security measures. We partner with our hosted hotels on security measures and protocol to ensure a successful conference for our attendees. ELFA has moved our larger conferences to branded name badges and is hiring off-duty police officers only. These new measures help to ensure the safety and security for all those joining ELFA conferences. We look forward to seeing you at one or more of our 2019 events. To view the complete 2019 event calendar with conference descriptions, please see p. 25.

Nominations Open for Equipment Finance Hall of Fame

THE EQUIPMENT FINANCE Hall of Fame annually recognizes individuals who have made unique, significant or lasting contributions to the industry and/or the association throughout their careers. Learn about the 2018 inductee and the 2019 nomination criteria and deadlines and access the online nomination form at www.elfaonline.org/hof. The deadline to nominate someone for the 2019 Class of the Equipment Finance Hall of Fame is April 1, 2019. Nominations will only be accepted via online submission. Please contact Ed Rosen at erosen@elfaonline.org if you have any questions.



ELFA Women's Leadership Forum

April 1-2 • The Conrad Hotel • Washington, DC

There is a superhero inside all of us — we just need the courage and skills to put on the cape!

Focus on leadership development for women at all stages of an equipment finance career.

Enjoy dynamic speakers and networking — and gain valuable insights and powerful tools to enhance your career.



**FIND YOUR
SUPERPOWER**



Sponsored by the
ELFA Women's Council.

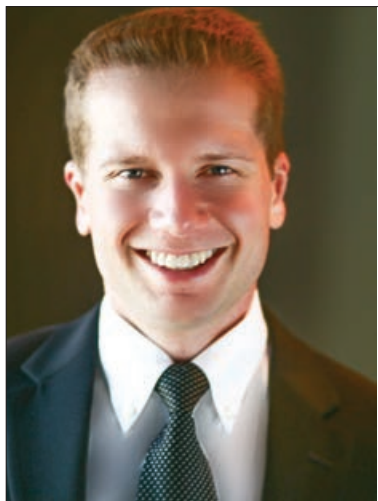
This event is open to women and allies.
Men are encouraged to attend and we
welcome your participation.

www.elfaonline.org/events/2019/WLF



EQUIPMENT LEASING AND FINANCE ASSOCIATION
Equipping Business for Success

5 Minutes with the Captive and Vendor Finance Chair



TROY GRAZIANI
Chair of the Captive and Vendor Finance
Business Council Steering Committee

WHAT'S HAPPENING with captive and vendor finance companies in the equipment finance space? *Equipment Leasing & Finance* magazine recently caught up with Troy Graziani, Chair of the Captive and Vendor Finance Business Council Steering Committee (BCSC), to take the pulse of this sector. Graziani, who is Director of Corporate Operations and Business Intelligence at Toyota Industries Commercial Finance, Inc., is currently serving his first year at Chair of the committee, which represents ELFA member companies that provide vendor financing programs, either as a subsidiary of a manufacturer or an independent, third-party organization.

From your perspective, on what hot topics is the Captive and Vendor Finance sector focused this year?

There are many intriguing topics that continually come up in our meetings—electronic contracts, robotic process automation, block-chain, machine learning and decisions, engaging millennials, solution

just looked around the plane. I couldn't help but notice every person from ages 7 to 70 gazing deeply into their smart phones. Every single person. Think about how that market has changed over the last 20 years and the new business opportunities it generated. And also think about which companies executed and excelled and which didn't. I try to take that mind-set when looking at problems within our organization and the equipment finance industry. You don't want to be the 2025 industry equivalent of BlackBerry.

financing, etc. The industry is ripe with new technology and ways of going to market. To me, it's about selecting which avenues will allow you to change your business and best service the needs of the customer—perhaps even needs they don't know they have yet. Sometimes you simply have to be bold and be willing to take a chance to get ahead of competition. Executing on your convictions is also critical. Too often opportunities are lost due to poor execution.

To share a common example but one that really caught my attention: We were delayed on my flight back home from the ELFA Annual Convention and spent an hour or so sitting on the tarmac in Phoenix. Tired of trying to decide which app to peruse, I sat and

How did you get involved with the BCSC? Would you recommend it to others?

ELFA has always done a nice job of organizing its events and illustrating the benefits of participation. The BCSCs are great way to network with industry peers who share common issues. The dialogue is always insightful and provides an opportunity to think about things differently.

What was the last book you've read?

Cosmos by Carl Sagan. I wanted to be an astrophysicist growing up but I wasn't smart enough so I went to business school. ☐



Join the Roundtables!


The Captive and Vendor Finance, Financial Institutions and Independent Middle Market BCSCs are planning best practices roundtables, to be held April 9 in Chicago. See details at www.elfaonline.org/events.

About the BCSCs

The BCSCs represent ELFA's five key business segments: Captive and Vendor Finance, Financial Institutions, Independent Middle Market, Service Providers and Small Ticket. Learn more at www.elfaonline.org/BCSCs. Interested in joining? Contact Ed Rosen at erosen@elfaonline.org.

Bank Best Practices Roundtable

Problem Solve • Share Best Practices • Network



April 9, 2019
Swissôtel Chicago
Chicago, IL

Bank Best Practices Roundtable **Captive and Vendor Finance Best Practices Roundtable** **Independent Best Practices Roundtable**

Designed to bring senior executives together for information sharing and critical thinking about the issues they are facing as leaders of their organizations.

These programs will be held at the Swissôtel Hotel, Chicago, IL, immediately preceding the ELFA National Funding Conference.

To register, go to: **www.elfaonline.org/Events/Calendar/**

For more information, please contact Alexa Carnibella at acarnibella@elfaonline.org



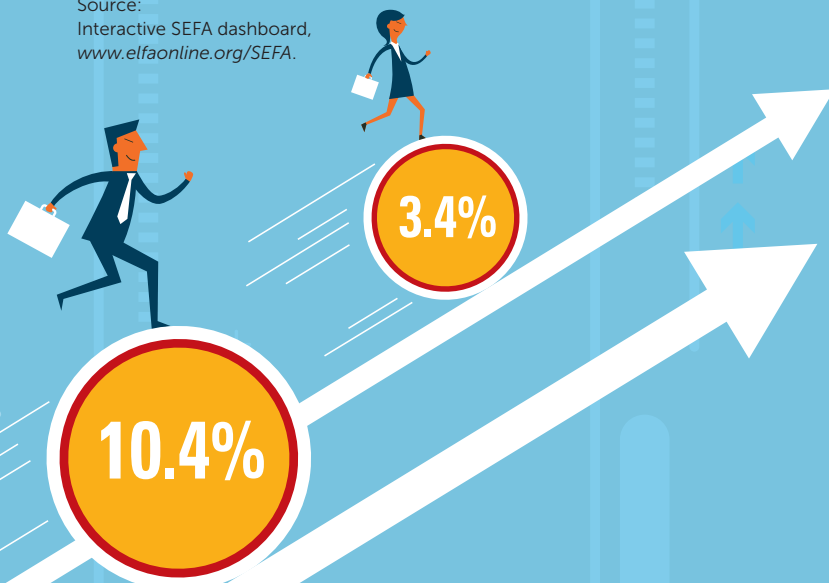
EQUIPMENT LEASING AND FINANCE ASSOCIATION
Equipping Business for Success

ELFA INDUSTRY D

Who's Hiring?

Employment at independent equipment finance companies rose **10.4%** year-over-year, according to the 2018 Survey of Equipment Finance Activity. Overall employment rose **3.4%**.

Source:
Interactive SEFA dashboard,
www.elfaonline.org/SEFA.



Have You Heard the News?

ELFA has launched a new interactive dashboard for companies who participate in the Survey of Equipment Finance Activity called **MySEFA**.

Some people call this dashboard the holy grail. It takes your company's data and interactively compares it to the data provided in the Survey of Equipment Finance Activity, ranking your company against your peers. Be on the lookout for a

demo or contact Bill Choi at bchoi@elfaonline.org for details.



Monthly Leasing and Finance Index Products

November MLFI Year-Over-Year



New Business Volume:
up 7%



Aging of Receivables:
up 6%



Charge-offs:
down 11%

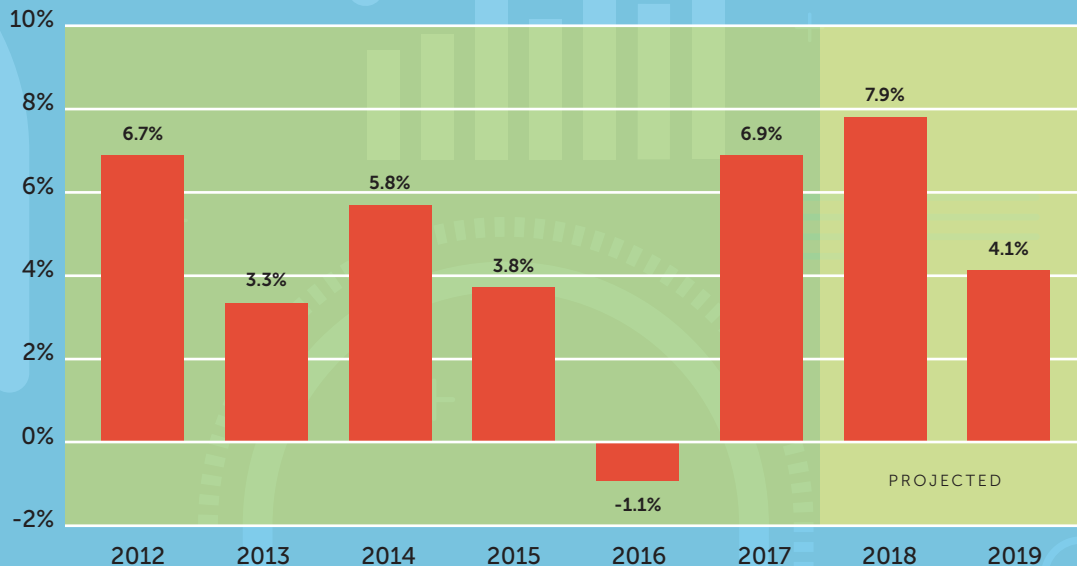


Credit Approvals:
up 5%



Employment:
up 0.1%

U.S. Equipment & Software Investment Growth



Source: <http://bit.ly/ELFFEconomicOutlook>

According to the Foundation's 2019 Equipment Leasing & Finance U.S. Economic Outlook, equipment and software investment is projected to expand 4.1% in 2019. Access the full report at <http://bit.ly/ELFFEconomicOutlook>

On the Horizon: The Future of Work

Despite widespread public worry about the potential for mass unemployment and employee headcount reductions, some research shows that automation and AI may actually increase demand for labor over the coming years.

The vast majority of companies (94%) plan to maintain or increase their employee headcount over the coming years as a direct consequence of automation.

Source: 2018 McKinsey Global Institute (MGI) study included in the Foundation's 2018 Equipment Leasing & Finance Industry Horizon Report, <http://bit.ly/ELFFHorizonReport>

THE YEAR AHEAD

By Jeff Jensen and Elizabeth Rust

Forces Shaping Equipment Finance in 2019



LAST YEAR, the United States experienced breakout economic growth. After a disappointing start, the economy achieved cruising altitude in the second and third quarters, and while Q4 data have not yet been released, the final growth rate for the year is likely to be 2.9% — tied with 2015 for the best year since the recession. Other than the housing market, the economy was firing on all cylinders for much of the year, and the combination of lower tax rates, strong consumer demand and a global upswing triggered a surge in business investment and soaring confidence that benefited the equipment finance industry.

Looking ahead to 2019, one might expect the combination of heightened business and consumer confidence, a historically strong labor market, steadily rising wages and lower tax rates to produce another year of strong growth. However, while the economy remains in reasonably good shape, several warning signs and red flags have emerged that deserve attention. We are increasingly concerned about the possibility of a slowdown this year, and depending on how some of the factors described below evolve, a growth pause at the end of the year is quite possible.

In the recently-published *2019 Equipment Leasing & Finance U.S. Economic Outlook* (produced by the Equipment Leasing & Finance Foundation in partnership with Keybridge Research), we forecast a 2.3% growth rate for the economy and 4.1% growth for equipment and software investment.

A year ago, we were notably more optimistic about the economy than the consensus view, as we summarized in this space:

"While not everything is rosy—a strengthening dollar may dampen exports, construction investment has been very weak, and interest rates will almost certainly rise substantially—the U.S. economy is witnessing a broad-based cyclical upturn that should make 2018 one of the strongest since the recession (though we expect growth will fall just short of the elusive 3% rate last achieved in 2005)."

(Jensen & Rust, December 2017)

We hope the analysis below will be just as prescient. Here are nine key industry, policy and macroeconomic factors to watch in 2019.

1 The U.S. economy will cool in 2019.

After respectable 2.2% annualized growth in the first quarter, the U.S. economy finally began to find its groove last year, surging 4.2% in Q2 (the fastest pace since mid-2014) and 3.5% in Q3. Consumers led the charge, which is no surprise given strong job growth, sub-4% unemployment, steadily rising wages and manageable household debt levels. Business investment was also healthy for much of the year, boosted by a lighter-touch regulatory approach and lower corporate tax rates that helped take the sting out of trade restrictions (more on that later).

Looking ahead, however, it is likely that last year's surge was also a peak, and the economy is beginning to lose steam. Business investment appears to be slowing, housing remains very weak (residential investment has contracted in five of the last six quarters) and global demand is softening. The stimulative effects of tax cuts that helped jolt the economy last year are

waning, leaving in their wake trillion-dollar deficits that will need to be dealt with sooner or later.

To be sure, the U.S. economy is in better shape than most; after all, three of the G-7 economies (Japan, Germany and Italy) contracted in the third quarter, and the United Kingdom is trying to avoid becoming a fourth as it navigates a post-Brexit future. On the positive side, consumers are still spending at a healthy rate and do not appear to be overleveraged. Moreover, even as job gains remain robust, the prime-age labor force participation rate is still nearly a percentage point below its pre-recession level, suggesting that the labor market still has a bit more room to run. All things considered, we expect the U.S. economy to expand at a moderate 2.3% annual rate this year (on the low end of the consensus estimate of 2.3–2.5%), with growth stronger in the first half of the year.

2 Equipment and software investment will soften, but should remain positive.

Investment in equipment and software (E&S) is a key component of GDP and the lifeblood of the equipment finance industry. For example, in 2015-16 the annualized growth rate of E&S investment averaged around 2% and exceeded 5% only once in eight quarters. During this period, the equipment finance industry contracted according to the Foundation's *Industry Horizon Report*. Since then, however, E&S investment has improved markedly: in 2017 and the first half of 2018, annualized E&S investment growth exceeded 5% in every quarter and reached double-digits more often than not. Growth slipped a bit in the third quarter (+4.7% annualized) but remains solid.

Looking ahead, the outlook for E&S investment is mixed. Various business confidence metrics—including the NFIB Small Business Optimism Index and the Business Roundtable CEO Economic Outlook Index—remain elevated but have also fallen in recent months. The Foundation's Monthly Confidence Index likewise fell markedly in November and December (it is now roughly equivalent to where it was just before the 2016 Presidential election), and several other indicators have weakened in the last 2-3 months (e.g., ISM Manufacturing and Non-Manufacturing Purchasing Managers Indices, shipments and orders of durable goods). On balance, E&S investment should grow at a moderate pace in this year: our forecast as published in the Foundation's *2019 Equipment Leasing & Finance U.S. Economic Outlook* is

Continued on page 20

MEMBERS WEIGH IN

Equipment Leasing & Finance magazine asked ELFA members what they see on the horizon for 2019. Here are their responses:

As the new lease standard becomes effective in 2019, we expect public companies to provide significant quantitative disclosures as well as qualitative disclosures about accounting policy elections and practical expedients, and significant judgments related to the application of the standard, among other items. We also believe entities will continue to refine their processes and controls in relation to the implementation and adoption of the new standard.

Further, the implementation of IFRS 16 for statutory purposes will likely be a focus of multi-national organizations in 2019.

Dorina Maerean, Senior Accounting Manager,
IBM Global Financing



Customers have changed the way they consume technology, emphasizing the need for flexible structures. Financial services professionals need to focus on how the technology acquisition (hardware, software, services) and the associated payment solutions help customers achieve their business objectives, whether by increasing revenues or decreasing costs. This up-levels the conversation (from IT or Procurement) to the C-Suite and provides a differentiated, consultative approach ultimately resulting in being a trusted advisor.

Deborah Baker, Head of Worldwide Leasing & Financing, HP Inc.



Demand for Class 8 tractors and trailers continues at record levels heading

into 2019, which reinforces our message that having a shorter replacement cycle and staying ahead of demand is advantageous for fleets and helps them reduce their overall costs, avoid delays in the supply chain that we're seeing today and improve their overall efficiency. Leasing greatly facilitates this philosophy, and we expect to see even more businesses adopt flexible lease models in their asset management strategies throughout 2019.

Brian Holland, President & CFO, Fleet Advantage





While we enjoyed substantial originations growth with record low credit risk in 2018, these Goldilocks conditions can't last. Our latest delinquency report showed the largest one-month rise over the last 28 months.

Originations grew at 2% versus the 11% trendline. Looking forward to 2019, while we can't control the economy, we can invest in efficiencies. Commercial credit must become faster, less expensive and easier. Commercial lenders, from Fintechs and asset finance to traditional banks, must digitize lending. A digital lending revolution is afoot and the businesses that embrace this transformation will win.

Bill Phelan, President, PayNet, Inc.

The new lease accounting standards may affect the purchasing behavior of end-users and there may be implications on transaction structuring and documentation needs. Our team has been out front on this topic conducting training sessions for certain manufacturer programs across the country.

Kim Montgomery, Vice President, Business Development, TIAA Bank



Our view on the near-term U.S. economy remains quite bullish; however, we do anticipate some slowing in business investment growth as rising interest rates begin to offset recent tax cut driven spending increases. As conditions warrant, we are prepared to tighten our credit scrutiny to manage our exposure appropriately to maintain portfolio quality and preserve growth.

Mark C. Duncan, CFA, EVP & GM, Commercial Finance and Corporate Development, Hitachi Capital America Corp.



In today's always-on environment, engaging with partners the way they want to do business is critical. You must make it as easy as possible for them. Whether it's through API integrations that connect our systems to partners' systems, empowering the commercial organization through training and technology investments, and supporting our partners through our local Innovation Hubs, the ease of doing business is paramount.

Shannon Stangl, Country Sales Manager, DLL



THE YEAR AHEAD

Continued from page 17

4.1% annualized growth. However, a more significant deceleration next year is possible if business confidence continues to erode due to trade tensions, tightening credit conditions or other factors.

3 Technology verticals look promising in the first half of 2019.

Regular readers of the *Foundation-Keybridge U.S. Equipment & Software Investment Momentum Monitor* know that most equipment verticals were in the “Recovering/Emerging” or “Expanding/Thriving” range for much of 2018. Based on recent data, the technology sector, where both computers investment and software investment posted solid gains in 2018, is well-positioned for continued growth. Industrial sector verticals are also positioned for growth, including materials handling equipment and, to a lesser extent, other industrial equipment.

However, there are other sectors that may not fare as well this year. One area of concern is medical equipment, for which momentum fell for most of 2018. A substantial decline in the investment growth rate for medical equipment—and potentially a contraction—is something to watch for in the next 3–6 months. Another weakening vertical is agricultural equipment, which posted solid growth in 2018 but faces an uncertain future due to the ongoing trade war and a less optimistic global economic outlook.

Finally, there are some wildcard industries for which equipment investment growth is difficult to predict, including mining and oil-field equipment, which will depend largely on oil prices. Railroad equipment investment will also depend heavily on oil price movements, and the sharp downturn in oil prices that began in October

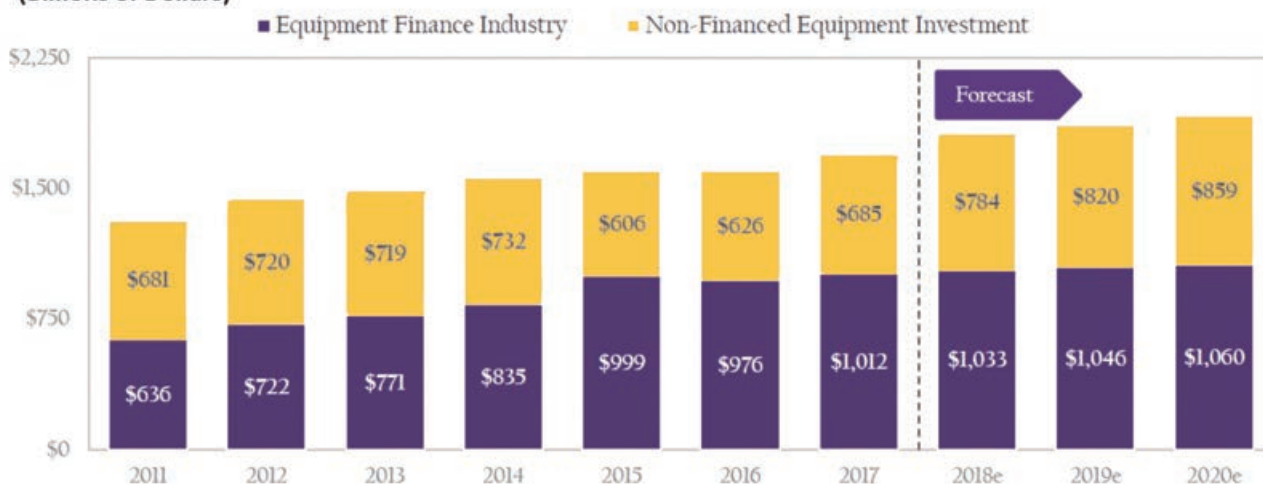
caused a substantial drop in the latest release of the Railroad Equipment Momentum Monitor. Finally, construction equipment investment has been surprisingly robust in recent months given weakness in the housing market, but recent movement in the Construction Equipment Momentum Monitor suggests that the next two quarters may bring weaker investment growth.

4 Under divided government, if the parties can navigate a shutdown over immigration, it may open the door to compromise on other issues.

With Democrats now in power in the House, President Trump and Senate Republicans will need to work across the aisle to pass legislation. Some results are predictable: House Democrats will focus on government oversight, with hearings, subpoenas and investigations into a broad set of issues spanning across the Trump Administration’s first two years. Senate Republicans will concentrate on approving President Trump’s conservative judicial nominations, while other priorities, such as repealing the Affordable Care Act, implementing additional tax cuts or reforming entitlement programs, are likely off the table. A return to policy gridlock appears likely, and a split Congress will make it significantly more difficult to approve a government spending bill. As we have seen, a shutdown can undermine market confidence and, potentially, delay planned investment, particularly if neither side feels political pressure to compromise. This, in turn, could exacerbate the natural slowing we expect will occur in the economy this year.

However, there are also viable areas for the two parties to collaborate. One issue on which a compromise appears possible is

Equipment Finance Industry Size (Billions of Dollars)



Source: Equipment Leasing & Finance Foundation’s 2018 Equipment Leasing & Finance Industry Horizon Report, Keybridge LLC

Executive Roundtable

March 10-12, 2019 • The Ritz-Carlton Golf Resort Naples • Naples, Florida



*Bringing CEOs and Presidents of
ELFA member companies together to discuss
the issues of the day, strategize about the future
and create lasting business relationships.*

Featured Keynote Speakers:



MARCI ROSSET
Former CNBC Chief Economist and
Co-Host of SQUAWK BOX



JODY MICHAEL
Founder and CEO
JODY MICHAEL ASSOCIATES



Caroline Turner
Principal
DIFFERENCEWORKS

Become a Sponsor: ELFA meetings provide excellent exposure for your company's products and services. For more information on becoming a sponsor, please contact Steve Wafalosky at steve@larichadv.com or 440-247-1060.



EQUIPMENT LEASING AND FINANCE ASSOCIATION
Equipping Business for Success

THE YEAR AHEAD

prescription drug pricing, and such legislation could also address the opioid crisis—a politically motivating issue for both parties given its outsized impact in key swing states (e.g., OH, WI, PA, MI and NH). Equipment finance professionals, however, are likely more interested in an idea that is often discussed but never seems to go anywhere: investment in infrastructure. Leaders in both parties (including President Trump) have expressed support for a bill to improve America's deteriorating roadways, bridges and other infrastructure. Efforts thus far, however, have borne little fruit due to fundamental disagreements over the size of an infrastructure package and how it should be paid for. We are somewhat pessimistic about the chances that a divided Congress can reach a compromise on infrastructure in 2019—and even if a successful bill does materialize, it is unlikely to boost equipment investment until at least 2020. That said, both sides have an incentive to try, and we expect they will.

5 *The Fed is likely to slow its rate hike path, but 2019 will be a year of heightened uncertainty for monetary policy.*

The Fed raised its benchmark policy rate four times for a total of 100 basis points in 2018, the fastest pace of rate increases since 2006 and a reflection of strong economic growth and rising inflation. However, given this year's outlook for the economy (slowing) and inflationary pressures (weakening), the Fed is likely to adopt a more cautious approach. Recently the Fed has signaled that it may raise rates more slowly this year, particularly if inflation pressures remain low due to a drop in oil prices and weakening global demand. For this reason, we expect only two rate increases this year—though it would not surprise us if the Fed raises rates just once.

However, this year is also among the most uncertain for Fed policy in recent memory. Of late, Fed communications have shifted away from the need to “normalize” rates while remaining “accommodative” of economic activity, and toward the importance of making

“data-dependent” decisions that respond to immediate economic conditions. In other words, the Fed appears to be deemphasizing plans for gradual and regular rate hikes in favor of a more improvised approach. The unknown effects on credit conditions of the Fed's ongoing sales of long-term Treasuries and the numerous downside risks to global growth only add to the uncertainty, making Fed policy a major factor to watch in 2019.

6 *While unlikely to sway actual policy, attacks on Fed independence undermine its legitimacy and capacity to support economic stability.*

The Fed's rapid rate hike path in 2018 invited criticism from President Trump, who, over the course of the second half of 2018, has called the Fed “wild,” “loco” and “out of control”; deemed the Fed's “ridiculous” rate-hike policy “the biggest threat to my presidency”; and argued that interest rate increases are “not necessary in my opinion and I think I know about it better than they do.” Previous presidents have criticized Fed policy privately, and some have tried to influence rate-setting decisions

behind the scenes (e.g., Richard Nixon's phone calls to Fed Chair Arthur Burns). However, the public nature of Trump's attacks is unprecedented and goes against decades-old norms regarding Fed independence.

Although Fed Chair Jerome Powell has shown no signs of bending to Trump's will, the President's attacks are concerning and may presage a premature change in Fed leadership. If this occurs, it could degrade market confidence in the Fed's institutional ability to control inflation, interest rates and other macroeconomic variables even if the political consequences are unappealing. Instead of operating in an environment of relative obscurity and insularity from popular pressure, as it has in the past, the Fed could become politicized in the same manner as the Supreme Court or the FBI. This would represent a shift that could move the U.S. economy into uncharted territory.



Download your copy of the Equipment Leasing & Finance Foundation's 2019 Equipment Leasing & Finance U.S. Economic Outlook Report and 2018 Equipment Leasing & Finance Industry Horizon Report from www.LeaseFoundation.org.



58th ELFA Annual Convention

October 27-29, 2019

Washington, DC

**Reserve These Dates For the Largest,
Most Important Annual Gathering of
Equipment Leasing and Finance Professionals**



EQUIPMENT LEASING AND FINANCE ASSOCIATION
Equipping Business for Success

THE YEAR AHEAD

7 *The global economy faces a challenging year.*

A year ago, global economic growth was in full swing, and our 2018 forecast predicted that the global economy would expand at the fastest pace since the Great Recession. Although that forecast has proven correct, storm clouds began appearing on the horizon in the second half of 2018. Whereas no major economies were in a recession one year ago, Argentina and South Africa are now heading into a recession, driven largely by an emerging market currency rout spurred by rising interest rates in the United States. Germany and Japan posted worrying GDP contractions in the third quarter, apparently triggered by a slowdown in exports stemming in part from global trade tensions. A combination of tightening global credit conditions and a populist upswing in Europe have brought Italy's debt situation to a head, and its economy also contracted in Q3.

Most worrying of all: China's economy also appears to be slowing. The latest manufacturing purchasing managers' index fell into contractionary territory in December, new export orders have fallen in four of the last five months and are at their lowest level in more than three years, and China's auto sales in 2018 are on track to post their first yearly decline in nearly three decades. As the primary engine of global growth, a slowing Chinese economy may shave several tenths off global economic growth in 2019. Even worse, Chinese economic weakness could ignite a debt crisis, as China's 300% debt-to-GDP ratio becomes increasingly unsustainable. While this scenario is by no means certain, there are several worrying signs that warrant close monitoring. This year, U.S. economic performance will depend on global developments much more than usual.

8 *Trade policy will play an outsized role in determining global growth.*

If the U.S. economy hinges on global economic performance, the fate of the global economy in 2019 rests on trade policy. U.S. actions to impose a host of tariffs on major trading partners have dampened global growth, as evidenced by the fact that big, export-dependent economies like China, Germany and Japan are among those whose recent performance has disappointed the most. If a substantive truce (emphasis on substantive) emerges between the United States and China on trade issues—and if no additional trade skirmishes occur between the United States and other key trading partners—then the global economy should register another solid year of growth.

However, if trade tensions continue or worsen, many businesses will need to reexamine and rearrange their global supply chains, resulting in increased costs and, presumably, falling confidence.

- Despite an apparent rapprochement between the U.S. and China at the G20 summit in early December, a serious agreement will require both countries to concede far more than

they have been willing to thus far. Indeed, many of the sticking points (e.g., Chinese overcapacity in key industrial sectors, high barriers to market entry and intellectual property theft) are central to the Chinese economic model.

- Meanwhile, steel and aluminum tariffs show no signs of disappearing, and the new, recently-signed NAFTA renegotiation (i.e., the U.S.-Mexico-Canada agreement, or USMCA) faces hurdles to passage in each member's legislature.
- Perhaps the greatest threat of all is a proposed tariff on automobiles coming from several U.S. trading partners—apparently dropped several months ago, but recently revived in comments by President Trump. If auto tariffs were to be implemented on a major trading partner like Germany, Japan or China, the result would be crippling for the global economy, given the size of the automobile sector globally and the centrality of that sector to many countries' economies.

While not a base case scenario, the potential for a dramatic escalation in trade tensions between the U.S. and other major economies is significant enough to make trade policy the number one issue to watch this year.

9 *A recession on the horizon?*

Recent stock market turbulence and some other worrying signs in the economic data have renewed concerns that the U.S. may soon be headed for another contraction, nearly a decade after the Great Recession. Indeed, many economists and market analysts sense that the next recession may be nearing.

Although recession forecasting is a notoriously tricky art, a handful of indicators have proven to be reasonably reliable. Foremost among them is the “yield curve,” or the spread between short- and long-term Treasury yields. When the yield curve falls below zero (that is, when shorter-term yields are higher than the longer-term yields), a recession tends to follow 1–2 years later. The spread between two-year and five-year Treasuries inverted in December, and the two-year / ten-year spread continues to hover just above the zero threshold.

To be clear: we are not forecasting a recession in 2019. However, we do anticipate a significant slowdown by the end of the year that, in retrospect, may turn out to be the leading edge of a recession in early/mid 2020—particularly if some of the downside risks discussed above materialize. As such, businesses should ensure they have a plan in place for adjusting their strategies and tactics to a slow growth or recessionary environment. It may not happen this year, but as we've said in this space before, winter will come eventually. ☰

JEFF JENSEN is Senior Director and **ELIZABETH RUST** is an Economist at Keybridge Research.

2019 Annual Schedule of Conferences, Workshops and e-Learning Opportunities



FEBRUARY

February 24-26

EQUIPMENT MANAGEMENT CONFERENCE & EXHIBITION

Omni La Costa Resort • Carlsbad, CA

- **Knowledge Level:** Basic, Intermediate and Advanced
- **Program Type:** Group-live event & exhibition
- **Prerequisite or Advanced Preparation Requirements:** None
- **NASBA Field of Study:** Finance - 2.0 CPE and Specialized Knowledge and Application – 10.0 CPE

Focusing on the issues concerning asset managers, equipment appraisers and remarketers for over a quarter of a century, this conference and exhibition is a “must attend” event for anyone involved in equipment management. The conference includes multiple sessions that evaluate the current market conditions, portfolio quality and residual values for a variety of equipment segments. The agenda includes off-site equipment tours at actual worksite locations. In addition, everyone you need to talk to is under one roof at the world-class conference and exhibition.

WHO SHOULD ATTEND

Equipment management professionals, including senior managers and their staff and service providers to the industry.



LEARNING OBJECTIVES

After attending this conference, you will be able to:

1. Be aware of strategies that work best for you and recognize when to use them in your work place.
2. Demonstrate the ability to make accurate equipment leasing decisions based on the content provided.
3. Learners will collectively have brainstormed, articulated, captured and addressed pertinent issues or concerns in their industry.

EXHIBIT OPPORTUNITIES AVAILABLE

For information on how your company can exhibit at this conference, contact Steve Wafalosky at (440) 247-1060 or steve@larichadv.com.

MARCH

March 10-12

EXECUTIVE ROUNDTABLE

The Ritz-Carlton Golf Resort Naples • Naples, FL

- **Knowledge Level:** Advanced
- **Program Type:** Group-live event
- **Prerequisite or Advanced Preparation Requirements:** Must be President, CEO or Top Company Leader
- **NASBA Field of Study:** Business Management and Org – 4.0 CPE and Specialized Knowledge and Application – 10.0 CPE

The Executive Roundtable is the premier event for presidents, CEOs and other top leaders within the equipment leasing and finance industry. This two-day session is designed to bring leaders together to discuss the issues of the day, to strategize about the future and to create lasting business relationships.

Top-notch speakers and thought leaders have been invited to discuss topics such as forecasting trends in the equipment finance landscape and preparing leaders for the workforce of the future. Attendance is limited to encourage interaction and networking and roundtable wrap-ups after each session will serve to pull all this valuable information together.

WHO SHOULD ATTEND

Attendance is still limited to the senior executive leadership from ELFA member companies. Executives must hold the position of president, CEO, managing director or COO and be part of the senior leadership team and/or manage a substantial division within the company. However, Service Provider Member Companies may now send two senior executives from their company to this Roundtable. ELFA Regular Member Companies may send up to three representatives from their companies.



LEARNING OBJECTIVES

After attending this conference, you will be able to:

1. Be aware of strategies that work best for you and recognize when to use them in your work place.
2. Demonstrate the ability to make accurate equipment leasing decisions based on the content provided.
3. Learners will collectively have brainstormed, articulated, captured and addressed pertinent issues or concerns in their industry.

SPONSOR OPPORTUNITIES AVAILABLE

For information on how your company can sponsor this conference, contact Steve Wafalosky at (440) 247-1060 or steve@larichadv.com.

March 20

18th ANNUAL IMN/ELFA INVESTORS CONFERENCE ON EQUIPMENT FINANCE

Union League Club • New York, NY

Now in its 18th consecutive year, the Investors Conference on Equipment Finance is set to attract increasing attention from analysts, bankers and institutional investors. Nearly half of the attendees represent investors and equipment finance companies who come to network and learn about the latest industry trends and developments. The agenda includes a review of the current landscape for commercial finance and equipment leasing, along with an update on the capital markets.

For more information on the 18th Annual IMN/ELFA Investors Conference on Equipment Finance, go to www.imn.org/ef2019.

WHO SHOULD ATTEND

CEO/CFO/finance directors of equipment finance companies, investors and providers of private capital, rating agencies, investment bankers, credit enhancers, financial advisors, technology service providers, trustees and attorneys.

APRILApril 1-2**ELFA WOMEN'S LEADERSHIP FORUM**

Conrad Washington, DC • Washington, DC

The ELFA Women's Leadership Forum will be held April 1-2 at the Conrad Hotel in Washington, DC. This event is open to anyone who would like to attend and will focus on leadership development for women at all stages of an equipment finance career. The forum will feature dynamic speakers with plenty of time for attendee interaction and networking with other industry leaders. You'll leave this event with new insight and concrete action steps you can implement when you return to your office. Sponsored by the ELFA Women's Council.

April 9-11**31st ANNUAL NATIONAL FUNDING CONFERENCE**

Swissôtel • Chicago, IL

The ELFA National Funding Conference is the largest gathering of funding sources serving the equipment finance industry. This widely respected and highly-popular forum provides the optimum atmosphere for funding sources and equipment finance companies to discuss funding programs and options. Confidentiality and access to key players are the main trademarks of this meeting.

If you are interested in becoming a Funding Source Exhibitor, contact Lisa Ramirez at lr Ramirez@elfaonline.org.

WHO SHOULD ATTEND

Principals in leasing and finance organizations responsible for funding the company and its transactions and for participating in transactions and those who want to meet with current funding sources, establish new relationships to fulfill their funding needs and keep current on the latest funding issues.

April 9
**BANK BEST PRACTICES ROUNDTABLE
CAPTIVE AND VENDOR FINANCE BEST PRACTICES ROUNDTABLE
INDEPENDENT BEST PRACTICES ROUNDTABLE**

Swissôtel • Chicago, IL

The Best Practices Roundtables are small, highly-interactive half-day programs designed to bring senior executives together for information sharing and critical thinking about issues facing you each day as leaders of your organization. The Roundtables also provide an unparalleled networking opportunity.

The Best Practices Roundtables begin with a joint luncheon and will be held from noon-4:30pm, immediately preceding the National Funding Conference.

WHO SHOULD ATTEND?**Bank Best Practices Roundtable**

The roundtable is open exclusively to senior bank executives of ELFA member bank leasing companies.

Captive and Vendor Finance Best Practices Roundtable

The roundtable is open exclusively to senior executives of ELFA member captive and vendor finance companies.

Independent Best Practices Roundtable

The Roundtable is open exclusively to senior executives of ELFA member independent leasing companies.

April 9**EMERGING TALENT NETWORKING EVENT**

Swissôtel • Chicago, IL

The Emerging Talent Networking Events are an opportunity to hear from industry leaders and network with your fellow industry colleagues. If you're a future leader, or just interested in meeting more people in the industry, please join us at the Emerging Talent Networking Event. There is no cost to attend but space is limited and you must register in advance. Sponsored by the Emerging Talent Advisory Council (ETAC).

April 28-30**LEGAL FORUM**

Omni San Diego Hotel • San Diego, CA

- **Knowledge Level:** *Intermediate, Advanced, Overview*
- **Program Type:** *Group-live event*
- **Prerequisite or Advanced Preparation Requirements:** *None*
- **NASBA Field of Study:** *Management, Personal Development, Specialized Knowledge & Applications, Taxes, Ethics*

The premier event for attorneys serving the equipment finance industry, this conference provides an analysis of current legal issues facing lessors, offers a basic legal review for attorneys new to leasing, improves the professionalism of attorneys involved in leasing matters and creates an environment that encourages networking with peers. The Forum stresses practical solutions and strategies for addressing the practice of law as it affects the equipment leasing and finance community.

ELFA is a recognized sponsor of continuing legal education by most states in the U.S. Attendance at the conference may be used to fulfill your annual continuing education requirements.

WHO SHOULD ATTEND

Internal and external counsel, as well as entry- and senior-level attorneys.

**LEARNING OBJECTIVES**

After attending this conference, you will be able to:

1. Be aware of strategies that work best for you and recognize when to use them in your work place.
2. Demonstrate the ability to make accurate equipment leasing decisions based on the content provided.
3. Learners will collectively have brainstormed, articulated, captured and addressed pertinent issues or concerns in their industry.

MAY

May 15

CAPITOL CONNECTIONS

The Washington Court Hotel • Washington, DC

This annual event presents the united voice of the equipment leasing and finance industry to federal policy makers. The program offers unmatched opportunities to develop and maintain relationships with elected officials and key regulators at select federal agencies and brings important industry issues to the forefront. ELFA member participation in the political process is critical if policy makers are to understand the nature and scope of public policy issues affecting the equipment finance sector. The conference includes a networking reception, detailed briefings on the latest public policy issues, and meetings with legislators and Executive Branch officials. There is no registration fee for ELFA members to attend this one day conference.

To find out about ways to make a difference with your federal legislators, contact Chelsea Neil at cneil@elfaonline.org.

WHO SHOULD ATTEND

Presidents, CEOs and senior staff of member companies, including those whose job responsibilities include federal government liaison activities.

JUNE

June 3-5

CREDIT AND COLLECTIONS MANAGEMENT CONFERENCE & EXHIBITION

Hilton St. Petersburg Bayfront • St. Petersburg, FL

- **Knowledge Level:** Basic, Intermediate, Overview
- **Program Type:** Group-live event & exhibition
- **Prerequisite or Advanced Preparation Requirements:** None
- **NASBA Field of Study:** Business Management and Org – 13.0 CPE

The ELFA Credit and Collections Management Conference and Exhibition addresses new and emerging issues relevant to credit and collections professionals in the equipment finance industry. The 2019 conference will include sessions on the state of the economy, the new lease accounting rules, human capital issues, the legal and regulatory environment, data analytics, risk and bankruptcy and other relevant topics. Additionally, the conference will provide ample opportunity to network with colleagues in the equipment finance industry.

WHO SHOULD ATTEND

Senior vice presidents and vice presidents of credit, credit managers, credit analysts, documentation specialists, collections managers and service providers to the industry.



LEARNING OBJECTIVES

After attending this conference, you will be able to:

1. Be aware of strategies that work best for you and recognize when to use them in your work place.
2. Demonstrate the ability to make accurate equipment leasing decisions based on the content provided.
3. Learners will collectively have brainstormed, articulated, captured and addressed pertinent issues or concerns in their industry.

EXHIBIT OPPORTUNITIES AVAILABLE

For information on how your company can exhibit at this conference, contact Steve Wafalosky at (440) 247-1060 or steve@larichadv.com.

**Attorneys email Janet Fianko at jfianko@elfaonline.org in advance of the conference if you would like to receive CLE credits for this conference.*

June 11-12

TAX BEST PRACTICES ROUNDTABLE

Offices of CoBank • Denver, CO

The Tax Best Practices Roundtable is a two-day forum offered exclusively to tax practitioners of ELFA member companies. The roundtable focuses on federal and state compliance and planning issues, recent developments, and sharing of internal best practices.

WHO SHOULD ATTEND?

Tax practitioners and other professionals that hold a position in tax, planning, research, business unit support or any other position responsible for corporate tax functions. This roundtable is open to ELFA members only.

Sponsored by:  VERTEX

JULY

July 17-18

EMERGENCE2019

To Be Determined

EMERGENCE2019 is an opportunity for emerging talent in the equipment leasing and finance industry to gather together and hear from industry leaders, network with colleagues and learn about the industry from different perspectives. If you're a future leader please join us at EMERGENCE2019 for this unique experience. Space is limited and you must register in advance. Sponsored by the Emerging Talent Advisory Council (ETAC).

SPONSOR OPPORTUNITIES AVAILABLE

ELFA's Emerging Talent Advisory Council (ETAC) will be hosting a number of events in 2019 to help identify and develop employees at member companies who are future leaders in the industry. Show your support and help further the mission by sponsoring these fantastic events.

Various sponsorship levels available. For more information on how your company can support these events, please contact Alexa Carnibella at acarnibella@elfaonline.org or Steve Wafalosky at (440) 247-1060 or steve@larichadv.com.

July 17

EMERGING TALENT REGIONAL NETWORKING EVENT

To Be Determined

The Emerging Talent Networking Events are an opportunity to hear from industry leaders and network with your fellow industry colleagues. If you're a future leader, or just interested in meeting more people in the industry, please join us at the Emerging Talent Networking Event. There is no cost to attend but space is limited and you must register in advance. Sponsored by the Emerging Talent Advisory Council (ETAC).

SEPTEMBER

September 16-18

OPERATIONS & TECHNOLOGY CONFERENCE & EXHIBITION

Hilton Chicago • Chicago, IL

- **Knowledge Level:** Basic, Intermediate, Overview
- **Program Type:** Group-live event & Exhibition
- **Prerequisite or Advanced Preparation Requirements:** None
- **NASBA Field of Study:** Business Management and Org – 14.0 CPE

The ELFA Operations and Technology Conference & Exhibition provides direction and support for member companies using technology to improve business processes, enhance customer satisfaction and increase operational effectiveness. Program highlights include sessions on project selection and building a business case, operational process mapping, application development methodologies, survival tips for the accidental project manager, managing enterprise risk and information sharing. Also hear from the 2019 Operations & Technology Excellence Award winners; this award recognizes equipment leasing and finance companies that have demonstrated best practices in developing and implementing innovative uses of technology or creative business processes to improve operations, enhance customer interactions, enter new markets and build overall ROI.

The ELFA Operations and Technology Conference will again be held concurrently with the ELFA Lease and Finance Accountants Conference. Both conferences will share a table-top exhibit targeting companies that provide lease and finance accounting software and other technology-related processes and systems.

WHO SHOULD ATTEND

Executive management; directors of operations and administration; department managers for credit, collections, information technology, documentation, accounting, remarketing and equipment management; as well as representatives of companies providing systems.



LEARNING OBJECTIVES

After attending this conference, you will be able to:

1. Be aware of strategies that work best for you and recognize when to use them in your work place.
2. Demonstrate the ability to make accurate equipment leasing decisions based on the content provided.
3. Learners will collectively have brainstormed, articulated, captured and addressed pertinent issues or concerns in their industry.

EXHIBIT OPPORTUNITIES AVAILABLE

For information on how your company can exhibit at this conference, contact Steve Wafalosky at (440) 247-1060 or steve@larichadv.com.

September 16-18

LEASE AND FINANCE ACCOUNTANTS CONFERENCE & EXHIBITION

Hilton Chicago • Chicago, IL

- **Knowledge Level:** Basic, Intermediate, Advanced, Overview
- **Program Type:** Group-live event & Exhibition
- **Prerequisite or Advanced Preparation Requirements:** None
- **NASBA Field of Study:** Accounting – 19.0 CPE

The largest annual gathering of lease accountants and those responsible for financial reporting keeps attendees abreast of developments involving rule-making activities of the Financial Accounting Standards Board, international accounting standard-setters, state and federal tax authorities and other regulatory bodies. The agenda also includes timely sessions on the new lease accounting standards and multiple sessions ranging from basic lease accounting for the newly-hired accountant to discussions of complex and emerging accounting issues and their impact on business practices. A FASB board member participates in the program each year.

The ELFA Lease and Finance Accountants Conference will again be held concurrently with the ELFA Operations and Technology Conference. Both conferences will share a table-top exhibit targeting companies that provide lease and finance accounting software and other technology-related processes and systems.

ELFA is a recognized sponsor of continuing professional education with many State Boards of Accountancy and the National Association of State Boards of Accountancy U.S. (NASBA). Attendance at this conference may be used to fulfill your annual continuing education requirements.

WHO SHOULD ATTEND

Chief financial officers, accountants, controllers and others responsible for financial reporting activity.



LEARNING OBJECTIVES

After attending this conference, you will be able to:

1. Be aware of strategies that work best for you and recognize when to use them in your work place.
2. Demonstrate the ability to make accurate equipment leasing decisions based on the content provided.
3. Learners will collectively have brainstormed, articulated, captured and addressed pertinent issues or concerns in their industry.

EXHIBIT OPPORTUNITIES AVAILABLE

For information on how your company can exhibit at this conference, contact Steve Wafalosky at (440) 247-1060 or steve@larichadv.com.

September 16

EMERGING TALENT REGIONAL NETWORKING EVENT

Hilton Chicago • Chicago, IL

The Emerging Talent Networking Events are an opportunity to hear from industry leaders and network with your fellow industry colleagues. If you're a future leader, or just interested in meeting more people in the industry, please join us at the Emerging Talent Networking Event. There is no cost to attend but space is limited and you must register in advance. Sponsored by the Emerging Talent Advisory Council (ETAC).

OCTOBER

October 27-29

58th ANNUAL CONVENTION

Marriott Marquis Washington, DC • Washington, DC

- **Knowledge Level:** Basic, Intermediate, Advanced, Overview
- **Program Type:** Group-live event & Exhibition
- **Prerequisite or Advanced Preparation Requirements:** None
- **NASBA Field of Study:** Business Management and Org – 6.0 CPE and Specialized Knowledge and Application – 8.0 CPE

The 58th ELFA Annual Convention is the equipment leasing and finance industry's premier event. The Convention offers unmatched networking opportunities and high-quality educational sessions.

All educational sessions are selected from proposals submitted by ELFA members. If you have an idea for a session and would like to submit a proposal for consideration by the Convention Review Committee, contact Heather Staverman at hstaverman@elfaonline.org.

WHO SHOULD ATTEND

Presidents, senior staff, marketing directors, division managers, sales directors and department directors will all find their experience at the annual convention rewarding.

LEARNING OBJECTIVES

After attending this conference, you will be able to:

1. Be aware of strategies that work best for you and recognize when to use them in your workplace.
2. Demonstrate the ability to make accurate equipment leasing decisions based on the content provided.

3. Learners will collectively have brainstormed, articulated, captured and addressed pertinent issues or concerns in their industry.

EXHIBIT OPPORTUNITIES AVAILABLE

For information on how your company can exhibit at this conference, contact Steve Wafalosky at (440) 247-1060 or steve@larichadv.com.

**Attorneys email Janet Fianko at jfianko@elfaonline.org in advance of the conference if you would like to receive CLE credits for this conference.*



Conference Resource Center

Whether you didn't attend an event or attended but couldn't make it to all the sessions, the Conference Resource Center (CRC) ensures that you'll never miss out again! View session recordings and download materials for many of ELFA's outstanding conferences.

If you attended a particular conference, access to the archived sessions is free of charge. All others may obtain access to the session recordings for a nominal fee.

Go to: <http://elfa.sclivelearningcenter.com>. For questions about the Conference Resource Center, contact Alexa Carnibella at acarnibella@elfaonline.org or (202) 238-3416.

Get Credit!

CONTINUING EDUCATION CREDITS

CONTINUING PROFESSIONAL EDUCATION (CPE) CREDIT

ELFA is a recognized sponsor of continuing professional education with The National Association of State Boards of Accountancy and many State Bar Associations. Most of ELFA's conferences and workshops qualify for CPEs or CLEs and attendees will be able to receive credit toward their licensing requirements. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. For a complete list of approved accredited courses and credit hours, go to www.elfaonline.org/Events/CEC/.

CONTINUING LEGAL EDUCATION (CLE)

There are several ELFA conferences that qualify for CLE credits and attendees will be able to receive credits toward their legal education requirements. The ELFA Legal Forum has been approved by many State Bar Associations for CLE credits. For a complete list of approved states and credit hours for the ELFA Legal Forum, go to www.elfaonline.org/events/CLE.

If you have general questions regarding Continuing Education Credits, please contact Janet Fianko at jfianko@elfaonline.org.

PRINCIPLES OF EQUIPMENT LEASING AND FINANCE WORKSHOP

The Principles of Equipment Leasing and Finance workshop has been educating newly-hired personnel in the essentials of the business for more than two decades. This workshop helps your sales force become more confident when meeting with potential customers and provides your operations staff with a greater understanding of how the leasing and finance business works and where their individual responsibilities fit into the workflow. This workshop is designed to teach the fundamentals of “business-to-business” commercial equipment leasing and finance for entry-level personnel and/or individuals with business experience who do not have a complete overview of the industry.

WHO SHOULD ATTEND

Newly-hired staff, new ELFA members, operations staff, sales personnel, marketing personnel, outside providers, lessees, vendors and manufacturers. ***It is recommended that attendees have at least 3-6 months in their current position before attending.***

DATES AND LOCATIONS FOR PUBLIC WORKSHOPS:

April 24-26	June 17-19	September 10-12
Milwaukee, WI	Washington, DC	Plano, TX

For additional information on the workshops, contact Alexa Carnibella at acarnibella@elfaonline.org

BRING THESE WORKSHOPS IN-HOUSE!

Hosting a workshop at your own facility gives flexibility and convenience to address specific learning needs of your employees, establish collective knowledge and a shared skill-set and achieve even your most challenging business goals. Our instructor comes to you and customizes the content for your needs. If you’ve got at least 10 people to train, this might be a more affordable alternative for you.

Principles of Equipment Leasing and Finance Workshop - 2 days

The in-house Principles workshop helps employees become more valuable members of your corporate team by getting a full understanding of the basics of the business within the context of what is happening now in the marketplace. The agenda includes: Industry Terminology; Lifecycle of a Lease; Legal, Tax and Accounting Rules and Regulations; Types of Lease and Finance Transactions; Law and Documentation; Lease Accounting; Benefits of Leasing; Fraud Prevention and Detection and much more!

Beyond the Basics Workshops - 1 day

Beyond the Basics is an in-house workshop that takes attendees beyond their basic knowledge of the industry through an intensive one-day, real-world case study. Current and anticipated changes in tax, accounting and legal areas impact the pricing and underwriting process, as well as the life cycle of the transaction from origination to termination. An in-depth analysis of an actual transaction, including pricing, three credit approvals and accompanying documentation will be covered during the workshop.

Want in-house training for your company? Contact Alexa Carnibella at (202) 238-3416 or acarnibella@elfaonline.org.



BE YOUR BEST FROM YOUR DESK!

The ELFA Academy provides high quality, interactive training and resources in the essentials of equipment finance via online courses and web seminars.

FUNDAMENTALS OF EQUIPMENT LEASING AND FINANCE

BE THE BOSS with the NEW Fundamentals of Equipment Leasing and Finance Online Course!

The Fundamentals of Equipment Leasing and Finance is a self-paced, online course designed to get you started in the equipment leasing and finance industry.

- Discover why equipment financing is good business;
- Follow the lifecycle of a transaction, from origination to termination;
- Learn about the tax laws, legal issues, and accounting practices and regulations that govern the industry; and
- Examine the various ways to structure a transaction and maximize customer satisfaction.

This course is divided in to 7 micro-lessons (8-10 minutes each), allowing learners to review the vital information every person new to the industry should know. Badges are earned for completing each micro lesson.

Next - take what you’ve learned and “be the boss” at Strategic Equipment Leasing and Finance, Inc. (S.E.L.F) – navigating through customer interactions, identifying the departments and individuals that should be involved in each step, and earning badges and upgrades as they go! From closing the sale to fielding customer requests and reviewing end-of-lease options, the learner will experience it all and will receive guided feedback to reinforce learning.

AUDIENCE

The Fundamentals of Equipment Leasing and Finance is designed for those new to the equipment leasing and finance industry. Those with more experience may use it as a reference tool.

FINANCIAL STATEMENT ANALYSIS

Developed in conjunction with Moody’s Analytics, Financial Statement Analysis is the only course of its kind available specifically for LEASING credit and risk professionals. The course not only covers the fundamentals that all credit professionals need to know, but goes BEYOND to teach future-focused skills necessary in today’s environment.

MOODY’S
ANALYTICS

AUDIENCE

Designed to help credit analysts, underwriters, portfolio managers and credit officers increase their proficiency in assessing risk and evaluating the creditworthiness of middle market companies through financial statement analysis in order to make thoughtful and well informed credit decisions.

For more information about these courses, visit the ELFA Academy Home Page: www.elfaonline.org/Events/eLearning/. For questions, contact Alexa Carnibella, acarnibella@elfaonline.org or (202) 238-3416.

BE THE BOSS

ELFA's *NEW* Fundamentals of Equipment Leasing and Finance Online Course!

Welcome to the new (and improved!) Fundamentals of Equipment Leasing and Finance course—the only course of its kind for the equipment finance industry!

This course is divided into 7 micro-lessons (8-10 minutes each), allowing learners to review the vital information every person new to the industry should know. Badges are earned for completing each micro lesson.

Lesson 1 – Introduction to Equipment Leasing and Finance

Lesson 2 – Origination Phase of the Transaction Lifecycle

Lesson 3 – Administration and Termination Phases

Lesson 4 – Leasing Law

Lesson 5 – Lease Accounting and Federal Tax

Lesson 6 – Types of Finance

Lesson 7 – Creating Successful Solutions

Be the Boss

Take what you've learned and "be the boss" at Strategic Equipment Leasing and Finance, Inc. (S.E.L.F) – navigating through customer interactions, identifying the departments and individuals that should be involved in each step, and earning badges and upgrades as they go! From closing the sale to fielding customer requests and reviewing end-of-lease options, the learner will experience it all and will receive guided feedback to reinforce learning.

Who Should Take the Course?

This course is designed for those who are new to the equipment finance industry, or as a refresher for those with more experience.

Pricing

Individual:

ELFA Members - \$500/license

Non-Members - \$775/license

Bulk:

Bulk pricing is available for purchases of 11 or more licenses.

Questions?

Contact Alexa Carnibella at acarnibella@elfaonline.org for more information.



www.elfaonline.org/events/fundamentals



EQUIPMENT LEASING AND FINANCE ASSOCIATION
Equipping Business for Success

GET NOTICED!

MARKETING OPPORTUNITIES

ELFA offers a number of marketing opportunities including sponsorships and exhibits to put you in touch with a network of industry representatives who are valuable prospects.

CONFERENCE SPONSORSHIPS

ELFA offers a fantastic conference sponsorship program as an additional opportunity for industry providers to network with industry executives. As a sponsor, your company is showcased to decision-makers in all facets of the equipment leasing and finance industry. Many of the conference sponsorships offer creative and unique methods to showcase your company and we are always open to new ideas and suggestions from industry providers. Below is a list of conferences which offer sponsorship programs.

Equipment Management Conference & Exhibition

February 24-26, 2019

Executive Roundtable

March 10-12, 2019

ELFA Women's Leadership Forum

April 1-2, 2019

Legal Forum

April 28-30, 2019

Credit and Collections Management Conference & Exhibition

June 3-5, 2019

Operations & Technology Conference & Exhibition

September 16-18, 2019

Lease and Finance Accountants Conference & Exhibition

September 16-18, 2019

ELFA 58th Annual Convention

October 27-29, 2019

For more information about the ELFA conference sponsorship program and specific conference sponsorships, visit the ELFA website at www.elfaonline.org/pub/events/sponsor or contact Steve Wafalosky at stevew@larichadv.com or (440) 247-1060.

EXHIBITS

Don't miss opportunities to showcase your company's products and services to key decision makers and influencers in the equipment leasing and finance industry. ELFA's conferences are tailored to unique audiences within the industry and so are our exhibit opportunities. Whatever your target audience, you're certain to get the most for your investment.

The following conferences offer exhibit booth or table top opportunities:

Equipment Management Conference & Exhibition

February 24-26, 2019

Credit and Collections Management Conference & Exhibition

June 3-5, 2019

Operations & Technology Conference & Exhibition

September 16-18, 2019

Lease and Finance Accountants Conference & Exhibition

September 16-18, 2019

ELFA 58th Annual Convention

October 27-29, 2019

Additional information regarding each conference and specific offerings for exhibit space including scope of attendees, booth cost, floor plans, specific booth details and more may be found in the Exhibit Prospectus for each individual conference. If you would like information on exhibiting at ELFA conferences, visit the ELFA website at www.elfaonline.org/Events/Exhibit or contact Steve Wafalosky at (440) 247-1060 or stevew@larichadv.com.

NON-MEMBER CONFERENCE ATTENDANCE POLICY

1. A non-renewing, **Regular Member organization** will be permitted to attend **one** ELFA conference as a non-member and pay the applicable non-member registration fee. If the company wishes to attend another ELFA conference thereafter, it must join as a Regular Member.
2. An organization that has never been a member of the ELFA and is qualified to be a Regular Member, is subject to the same attendance policy that applies to the non-renewing ELFA Regular Member: i.e., they will be permitted to attend **one** ELFA conference as a non-member and pay the applicable non-member registration fee. If the company wishes to attend another ELFA conference thereafter, it must join as a Regular Member.
3. New members will receive a discount (the difference between the non-member and member registration fee) toward their dues if they attend a conference as a non-member, pay the non-member registration fee and subsequently join ELFA within 60 days.

To learn more about ELFA membership and its benefits, please contact Julie Benson at jbenson@elfaonline.org or (202) 238-3432.

ELFA AWARDS

ELFA recognizes the contributions of industry members through a number of awards. We like to recognize our members for many of the important contributions they make to the industry and these awards serve as a small way to show our gratitude and appreciation. Below is information about each award ELFA offers.



EQUIPMENT FINANCE HALL OF FAME

Recognizes individuals who have made unique, significant, or lasting contributions to the equipment finance industry throughout his or her career.

- Presented at the Chairman's Dinner during the ELFA Annual Convention
- Submission Deadline: April, 2019



DAVID H. FENIG DISTINGUISHED SERVICE IN ADVOCACY AWARD

Recognizing extraordinary contributions to ELFA's federal and state advocacy programs.

- Presented at Capitol Connections
- Submission Deadline: March, 2019



EDWARD A. GROOBERT AWARD FOR LEGAL EXCELLENCE

Honoring extraordinary contributions to initiatives sponsored by ELFA and its Legal Committee.

- Presented at the Legal Forum
- Submission Deadline: March, 2019



OPERATIONS & TECHNOLOGY EXCELLENCE AWARD

Recognizing innovative uses of technology in the equipment finance industry

- Presented at the Operations & Technology Conference and Exhibition
- Submission Deadline: June, 2019



THE MICHAEL J. FLEMING DISTINGUISHED SERVICE AWARD

Paying tribute to significant contributions to ELFA and the equipment finance industry.

- Presented at the ELFA Annual Convention
- Submission Deadline: June, 2019

For full details on each award, please visit:
www.elfaonline.org/about/awards

Let ELFA Know What's Important to You!

As an ELFA member, you may choose the types of notifications you wish to receive from the association. From the ***EL&F magazine*** to **event alerts** to **advocacy newsletters**, you can opt-in to receive relevant communications straight to your inbox. Follow the steps below to update your preferences today!

Six Easy Steps to Update Your Communication Preferences

1. Visit the ELFA website at www.elfaonline.org
2. Click on **User Login** in the top right corner of the page and enter your credentials
3. Click on **Account Tools** in the top right corner of the page.
4. Under **My Account**, click on **Update Communication Preferences**.
5. Select and update your preferences accordingly.
6. Please verify that **Exclude Email** is not selected to ensure delivery of timely information in your inbox.

Please contact ELFA membership at membership@elfaonline.org with questions.

2019 ELFA Annual Calendar of Conferences, Workshops and e-Learning Opportunities

FEBRUARY

February 24-26

EQUIPMENT MANAGEMENT CONFERENCE & EXHIBITION

Omni La Costa Resort • Carlsbad, CA

MARCH

March 10-12

EXECUTIVE ROUNDTABLE

The Ritz-Carlton Golf Resort, Naples
Naples, FL

March 20

18TH ANNUAL IMN/ELFA INVESTORS CONFERENCE

Union League Club • New York, NY

APRIL

April 1-2

ELFA WOMEN'S LEADERSHIP FORUM

Conrad Washington, DC • Washington, DC

April 9-11

31ST ANNUAL NATIONAL FUNDING CONFERENCE

Swissôtel Chicago • Chicago, IL

April 9

BANK BEST PRACTICES ROUNDTABLE

Swissôtel Chicago • Chicago, IL

April 9

INDEPENDENT BEST PRACTICES ROUNDTABLE

Swissôtel Chicago • Chicago, IL

April 9

CAPTIVE AND VENDOR FINANCE BEST PRACTICES ROUNDTABLE

Swissôtel Chicago • Chicago, IL

April 9

EMERGING TALENT NETWORKING EVENT

Swissôtel Chicago • Chicago, IL

April 28-30

LEGAL FORUM

Omni San Diego Hotel • San Diego, CA

MAY

May 15

CAPITOL CONNECTIONS

The Washington Court Hotel • Washington, DC

JUNE

June 3-5

CREDIT AND COLLECTIONS MANAGEMENT CONFERENCE & EXHIBITION

Hilton St. Petersburg Bayfront
St. Petersburg, FL

June 11-12

TAX BEST PRACTICES ROUNDTABLE

Offices of CoBank • Denver, CO

JULY

July 17

EMERGING TALENT NETWORKING EVENT

Grand Hyatt Washington • Washington, DC

July 17-18

EMERGENCE2019

Grand Hyatt Washington • Washington, DC

SEPTEMBER

September 16-18

OPERATIONS & TECHNOLOGY CONFERENCE AND EXHIBITION

Hilton Chicago • Chicago, IL

September 16-18

LEASE AND FINANCE ACCOUNTANTS CONFERENCE

Hilton Chicago • Chicago, IL

September 16

EMERGING TALENT NETWORKING EVENT

Hilton Chicago • Chicago, IL

OCTOBER

October 27-29

ELFA 58TH ANNUAL CONVENTION

Marriott Marquis Washington, DC
Washington, DC



ELFA MOBILE EVENTS APP

ELFA events have gone MOBILE!

The ELFA Events app provides event-specific access to items such as the attendee roster, a customized conference agenda, presentation handouts and much more, all in the palm of your hand. Visit www.elfaonline.org/Events/EventsApp for instructions on downloading and a video demo.



CONFERENCE RESOURCE CENTER

ELFA's Conference Resource Center is your online portal to educational content from ELFA's conferences. View conference sessions virtually and access speaker handouts, audio streaming presentations, MP3 downloadable files and more. To learn more go to: elfa.sclivelearningcenter.com.



The ELFA Academy provides high-quality, interactive training and resources for you and your staff. For a complete listing of the online self-study courses and web seminars available through the ELFA Academy, go to: www.elfaonline.org/Events/eLearning/.

PRINCIPLES OF LEASING AND FINANCE WORKSHOP

ELFA instructors have been introducing equipment finance company employees to the basics of the business for three decades. For workshop details, visit www.elfaonline.org/events/.

Dates and locations for Public Workshops

April 24-26 – Milwaukee, WI
June 17-19 – Washington, DC
September 10-12 – Plano, TX

If the 2019 dates and locations do not fit your schedule and you have 10 or more employees you would like to send to the workshop, ELFA can bring the workshop to you. Contact Alexa Carnibella for further details and pricing, 202-238-3416 or acarnibella@elfaonline.org.

For the latest information and updates go to:
www.elfaonline.org/events/calendar/

LEAP AHEAD OF THE CROWD



The Cornerstone of an Equipment Leasing and Finance Career

2019 Principles of Equipment Leasing and Finance Workshops

April 24-26 - Milwaukee, WI

June 17-19 - Washington, DC

September 10-12 - Plano, TX

To view the complete brochure and to register for these workshops, please go to the Events section of www.elfaonline.org and select Principles of Equipment Leasing and Finance.



In-House Option

Hosting a workshop at your own facility gives you the flexibility and convenience to address specific learning needs of your employees, establish collective knowledge and a shared skill set, and achieve even your most challenging business goals.

For questions about the public or in-house workshops, please contact Alexa Carnibella at (202) 238-3416 or acarnibella@elfaonline.org.



EQUIPMENT LEASING AND FINANCE ASSOCIATION
Equipping Business for Success

Wizard's Work

**Year by year,
the concoction of skills, information
and talent needed for successful equipment
management grows more complex.**

By Susan L. Hodges

THE GLOWING ENIGMA that is equipment management burned brighter and hotter than ever in 2018. Changes in tax laws, rising interest rates and volatility in equity markets caused equipment finance companies to rely still more heavily on their equipment managers for residual values that could win new business within risk parameters amid tough competition.

Meanwhile, the globalization of markets and sprint of technology continued to shorten industry cycles and produce even faster shifts in asset values. At the same time, complying with bank-related regulatory procedures became so common that it morphed into a new norm. Granted, the thought of so many technical developments is less than spell-binding. But to keep so many balls in the air, some kind of equipment-management magic seems increasingly necessary.

Reading 2018

Kevin Sensenbrenner, Senior Vice President and Head of Asset Management at Stonebriar Commercial Finance in Plano, Texas, and Chair of ELFA's Equipment Management Committee, gleans a bit of wizardry from field inspections. "For a leading indicator of the state of equipment management, I often look at our inspections to see if customers are taking care of their equipment, how capex spending is trending, whether equipment utilization levels are stable or becoming more difficult to predict, and whether the lessee is returning or buying equipment off-lease," he says. "All these metrics tell me something about the health of a customer company and its industry segment, and so far, we've found very few cases showing signs of stress. Values across most industry segments are stable to strong, and demand for most new and used equipment is good."

Sensenbrenner says Stonebriar had "a very strong" 2018 and continues to see opportunities for itself as an independent,

diversified commercial finance company. "Our level of activity last year was elevated over prior years across all of our general-equipment, rail, aircraft, real estate and marine platforms," he says. "The market has significant demand for non-bank finance solutions that are a good match for their essential-use and long-lived assets."

Joe Santora, President of Irontrax, a machinery and equipment appraisal company in Cleveland, tells of similar success. "For us, 2018 was quite good," he says. "Two years ago, we expanded our offerings into the industrial sector, and we've seen increased demand for our services there. We've also noticed that deal sizes in construction and transportation have increased. The crane segment particularly has seen an uptick, and appraisals within that market have been heavy. Each year continues to build on the last."

Tom Harford, Senior Vice President-Equipment Management Group of Wells Fargo Equipment Finance in Chicago, also says business volume was strong across most equipment sectors for 2018. The company has a large and diverse portfolio supporting numerous lines of business. And while Harford lauds the expertise of the company's equipment management team, he acknowledges market pressures. "Competition remains very stiff," he says. "Many equipment markets have been in expansion mode for years, and we face a significant challenge to remain competitive as other finance companies reduce margins and increase residuals while knowing we're likely nearing the peak of the economic expansion cycle."



'Fortunes' and Trends for 2019

No one needs a crystal ball to predict that competition will remain stiff in 2019 and equipment sales will be strong, at least through midyear. But those interviewed for this story glimpse other situations that could affect equipment markets. Sensenbrenner thinks commodity-driven markets could be more sensitive due to changes in the economy. "This might mean more volatility in oil and gas sectors," he says. "It might also mean continued challenges in agriculture segments and softening in certain technology and medical equipment-related markets that are highly dependent on global conditions."

Santora sees changes in the secondary market that are making trends in used equipment values harder to spot. "A secular shift to rentals has occurred in the construction industry, because after the Recession, manufacturers such as Caterpillar came up with 24- to 36-month leases with high residuals, making it more attractive to re-lease a new machine rather than buy out the current lease," he explains. "This created a huge inventory of equipment for captives, who sold the used equipment through the dealer network instead of at auction. And since dealer transactions are private, we're unable to see prices. That's why [valuation] trends are harder to spot."

Kimberly Esposito, Managing Director, Asset Management Services, at The Alta Group in Clearwater, Florida, sees trends in finance terms and equipment risk. "We expect a continuation in shorter finance terms due to the digitization of historically long-lived equipment, including food-processing, construction, mining and materials-handling," she says. In addition, she believes risks may rise for machines operated with digital controls that contain original-equipment-manufacturer software licenses, such as

medical imaging devices. "We've seen legal arguments over the ownership of software 'options,' which are sometimes being treated as owned separately from the machine hardware," she says. "This may have an impact on future equipment values."

Esposito also sees the growing use of automation as significant. "Automated systems with machines remotely operated through a computer console have begun integration into certain construction, mining, materials-handling and food-processing equipment," she notes. "Mining.com reported that an Australian

Top 5 Reasons to Attend the Equipment Management Conference

THERE'S A LOT IN STORE FOR YOU at the 2019 Equipment Management Conference, Feb. 24-26. Here are just a few highlights you won't want to miss:

- 1. Network on the West Coast!** We're excited to reach our West Coast audience in a new location. The Omni La Costa Resort & Spa, located just north of San Diego in Carlsbad, California, is accessible and offers a perfect setting for connecting with your peers. From asset managers to equipment appraisers to remarketers, everyone you need to see will be under one roof!
- 2. Tour a Solar Turbines Facility.** You will have a chance to tour Solar Turbines Inc., a subsidiary of Caterpillar and a leading producer of industrial gas turbines and turbomachinery products. Tour participants will visit the Kearny Mesa Packaging and Test facility, the main site for packaging and compressor design engineering, project management, engine and package manufacturing and testing. This is just one of several exciting off-site tours offered.
- 3. Ramp Up Your Sales.** Keynote speaker and sales training specialist Rochelle Carrington is considered one of the most entertaining trainers around—just ask her! She is a lifelong student of sales and human behavior and skillfully applies that knowledge to enable clients to transform their beliefs and attain their ultimate success.
- 4. Stretch Your Mind.** Evaluate hot topics and new opportunities in the marketplace. Examine current market conditions, portfolio quality and residual values for key equipment segments. See how technology is transforming equipment management. Get ready to learn new strategies to position your business for success.
- 5. Discover New Solutions.** Don't miss the exhibit hall with the latest products and services to help your business thrive. Stop by and see what's new—and test your luck at the exhibit hall game.

Learn more at www.elfaonline.org/events.

EQUIPMENT MANAGEMENT: WIZARDS' WORK

company recently completed the remotely controlled mining of an entire location using automated equipment. No humans operated machines directly from control cabs, but from computer consoles outside the mine. This is likely the beginning of a large machinery autonomous-robotic trend."

In a related development, more transport companies have begun using robots to load freight, and major retailers are using them in stores as well as warehouses to move merchandise, scan inventory and fulfill online orders. Bastion Solutions of Dallas is promoting its "Ultra" mobile robotic truck loader and unloader as the future of shipping-dock automation, and robots from Bossanova of San Francisco can be found roving the aisles in more than 50 Walmarts.

But examining trends and forecasting the future have their pitfalls, and Harford acknowledges them. "There's always someone looking to build a better mouse trap, but predicting the future of equipment markets is far from an exact science," he observes. "However, when you can combine data analytics with an experienced equipment-management team that has a deep understanding of market cycles, you put yourself in a very strong position."

Harford's technology reference is on point. The platform at Wells Fargo Equipment Finance helps the company manage its portfolio with real-time analytics. "It also improves our customer and partner engagement and satisfaction," he says. "Unlike in the past, our systems have streamlined equipment-management activities that used to require weeks or days into days or hours."

Sensenbrenner alludes to the need for state-of-the-art technology in managing equipment as well. "We must be more acute at catching those shorter industry cycles and faster shifts in asset values," he says. "This requires not only additional resources and discipline to stay current, but robust systems and strategies to better collect, evaluate, communicate and execute on current information."

Having equipment managers who are highly knowledgeable about structures, documentation and exit strategies is even more important, Sensenbrenner believes. "It's all about having the expertise to understand the big picture," he says. "Everything else is secondary."

Hot (or Not) Markets

So many markets were doing well in late 2018 that it's probably more efficient to talk first about the few that were not. We've already cited commodity-driven markets as potentially vulnerable, and Santora says we can cite mining as still struggling and construction as steady or flat but susceptible to gyrating oil prices and the lack of an infrastructure bill. "Some mining companies are still operating, of course, but several coal mines recently filed for bankruptcy," he says. "And while the housing



Business executives are losing faith that Washington can be effective and predictable. In response, CFOs and companies are being more thoughtful and selective in how they spend their capex, which they want to be immediately accretive to their business.

Kevin Sensenbrenner
Stonebriar Commercial Finance

market is doing well and we're seeing small shopping centers go up, it takes really big projects to sustain the purchase of construction equipment, and there haven't been many of them. That's why many contractors are still renting equipment."

Mike Holck, Vice President of Irontrax, says the motor coach market is beginning to decline. "We are starting to see a softening in this industry, as several companies filed bankruptcy in late 2018," he says.

Esposito says printing presses continue their repose at the bottom of the market, but that high-speed, digital flexographic presses able to print on food-packaging materials, paperboard and corrugated boxes are in high demand. Corporate aircraft, meanwhile, "is cyclical," she says, "with certain makes and models experiencing recent value increases due to high demand, while other makes and models experience price declines."

One market that sizzled last year and is expected to remain robust for at least the first half of 2019 despite industry challenges is trucking. "Truck and trailer build rates have been rising, but freight rates haven't risen at the same pace," says Holck. "At the same time, there's such a shortage of drivers that companies have an excess of equipment sitting idle." Online sales are contributing to this shortage and increasing already high driver turnover, he adds. "But companies are already pre-ordering their 2020 units, so 2019 sales are looking promising," he concludes.

Esposito sees similar demand for trailers, sales of which set records in 2018 and should continue in 2019 as manufacturers rush to keep up with orders. "However, this supply increase will eventually impact future values as it comes into the secondary market," she cautions.

Esposito also names machine tools as a hot market for 2019.

"Manufacturing production rose for five straight months in 2018 to the highest level since June 2008," she says. "The sector continues to see strong growth overall, with manufacturing output up nearly 3% year over year and manufacturing capacity utilization at the best rate since July 2015."

Harford believes the renewable energy market will remain active and soon become a growth area. But he adds a caveat: "Due to the prolonged economic expansion, further supported by tax incentives, many equipment markets are at or near their peak sales and secondary-market values," he observes. "Much will depend on how the U.S. economy performs in general."

Values and Perspectives

Others think similarly. "Business executives are losing faith that Washington can be effective and predictable," says Sensenbrenner. "In response, CFOs and companies are being more thoughtful and selective in how they spend their capex, which they want to be immediately accretive to their business." He believes markets may soften over the next 12-18 months, but he doesn't expect a change in demand for the tailored lease products his company provides.

Santora shares his perspective. "People were excited after the presidential election and the construction industry was extremely optimistic, which boosted equipment sales," he says. "But as time went on, excitement began to wane in the absence of a long-term infrastructure bill. And now, steel tariffs have caused uncertainty about future pricing, and only time will tell how that plays out. Short-term implications are that the cost to produce equipment will go up, due to increased prices of steel and freight."

In the meantime, Esposito says railcar and locomotive prices are firming up with much attention centering on certain types of tank cars. And although heavy-duty truck sales and values almost certainly will remain strong, Santora notes that large electric trucks are taking their time reaching the market place. "The technology is here, but the number of electric trucks that would have to be sold to make an impact on the whole market is years away," he says.

Autonomous vehicles, however, are advancing toward the mainstream. "Due to the aging demographics of the general U.S. population and the continued truck driver shortage, the trucking industry is very interested in autonomous driving technology," says Esposito.

"All major automobile and commercial truck manufacturers are working on the technology, several in conjunction with the largest high-tech companies in the world. In anticipation, the Federal Department of Transportation has recently issued for public comment five preliminary automation categories, with rules governing each."

For his part, Sensenbrenner places the inexorable push of technology in context with the needs of equipment management.

"We continuously have access to greater amounts of data every year, which is a blessing and a curse," he says. "Good asset managers need to know which sources to rely on, which are credible, and how to make good decisions on behalf of their companies by weighing the most relevant information. The ultimate goal is to have accurate, real-time information available and efficiently in the hands of decision makers throughout the process."

To that end, he says Stonebriar is undergoing a technology and automation transformation to maximize the utility and efficiency of its people, processes, systems and analysis of data. "I believe most others in the industry also see this as an important tool moving forward," he says, adding, "All economic conditions provide opportunities. CEOs just want to know the rules. Once tax rules and regulations are established, they can adjust accordingly and make decisions."

Certainly technology, markets and regulations are important. But perhaps the real magic in equipment management comes from its people, who juggle a continually increasing array of trends and data points to conjure what all companies yearn for: genuine, consistent success. ■

SUSAN HODGES writes about equipment finance and other business topics from her office in Wilmette, Ill.

Automated systems with machines remotely operated through a computer console have begun integration into certain construction, mining, materials-handling and food-processing equipment.

Kimberly Esposito
The Alta Group



Meet ELFA Chairman Jud Snyder

Building a bright future while staying true to ELFA roots

JUD SNYDER wants you to know more about the benefits of your ELFA membership. The new ELFA Chairman believes that understanding the tools and resources that the organization offers members is the best way to help people advance in their careers and attract new talent to the industry overall.

In fact, that yearning to expand his network and learn more about the industry was exactly what brought Snyder to ELFA. He had been working at BMO since 1994—in commercial banking roles, and then specifically in the equipment finance company—but realized he didn't know many people in the equipment finance industry. So, in 2006, he attended an ELFA bank and large-ticket finance event. He was immediately hooked.

Snyder felt like he had found kindred souls who were as engaged in the profession as he was. They were surprisingly open about their careers, their challenges and even what their companies were doing. That openness helped him professionally and drove him to get more involved with the organization.

Snyder, now President of the BMO Harris Equipment Finance Company, based in Milwaukee, Wisconsin, has been deeply involved in ELFA for over a decade and has served on the Board of Directors since 2011. In addition to his current position on the ELFA Board, Snyder serves on ELFA's Executive, Audit, Nominating and Personnel Committees. He previously served as Board Treasurer (2014-2015), as Board Liaison to the association's Emerging Talent Advisory Council (2014-2016) and as Chair of the Financial Institutions Business Council Steering Committee (2010).

Although he's been involved with ELFA for years, Snyder says he still finds learning opportunities and value in every association event he attends. He wants



more industry members to find the same camaraderie and opportunities he has discovered.

"Engagement for our member companies is critical, as well as educating them about the different components of what we provide, whether it's federal and state advocacy work, survey and equipment finance data that's available to all members in the Monthly Leasing and Finance Index, or all of the educational seminars, conferences and workshops. A primary goal for my year as Chair is really driving that engagement and education transparency for our membership," he says.

Cultivating the Next Generation

Keeping current members engaged does more than just strengthen the bonds with those currently involved in the organization. It also provides the industry with effective conduits to attract new talent to the ranks and build relationships with up-and-coming leaders, Snyder says. ELFA recently added language to its mission statement and strategic plan emphasizing the need for "new and diverse talent."

"As a symbol, [changing the mission statement] is important because words matter," says Snyder. "It may seem minor for the Board to make this change, but by making this commitment visible, we show that we take it seriously."

Snyder especially wants to cultivate greater gender, racial and ethnic diversity within the organization and the industry overall. He believes this reflects the roots



Moderating the Q&A session with Dr. Larry Sabato at the 2018 ELFA Annual Convention

of the industry, which has a long tradition of helping a wide array of small business owners. “This industry was built on entrepreneurialism and creativity, with a real focus on who is using these assets and how we can support them in growing their businesses and continuing to grow the economy,” he says.

Roughly five years ago, the Board formed the Emerging Talent Advisory Council (ETAC) to help cultivate interest in both the promising career opportunities in the equipment finance industry, as well as highlight the networking, professional development and other opportunities that exist within the association. Snyder, who served as Board Liaison to ETAC, says that as he has traveled to various regional conferences and roundtables, he sees rich opportunities to attract greater diversity within the membership. He notes enthusiastically that the association has also formed the ELFA Women’s Council, which is working to increase the participation and leadership of women across ELFA and the equipment finance industry.

Snyder is also proud of his work on the committee that in 2012 updated the Business Council Steering Committee (BCSC) charters. Today, the BCSCs are key components of ELFA and offer leadership opportunities for a broad range of member companies, giving them industry visibility and contacts.

Building for the Future

Snyder also has been active with the Equipment Leasing & Finance Foundation, serving as Board Liaison in 2016. He also has lent his expertise to the State of the Equipment Finance Industry Report, is a regular participant in the Foundation’s Monthly Confidence Index and has supported the Foundation as a donor. He believes the data the Foundation provides

is critically important for members to gauge the state of the industry and make key decisions about the future of their businesses.

As the economy has strengthened over the past several years, the equipment finance industry has enjoyed a long period of robust business. Snyder is intent on helping members focus on the lessons they have learned from the past and prepare for the future.

“This association, the banking industry and commercial equipment finance specifically have been living through really strong and positive economic times over the last five to seven years,” he says. “It’s up to us to start thinking about whether we are planning properly for what we know must be coming next.”

By discussing how to weather the next recession now, he hopes that members will be better able to weather future economic volatility.

Snyder has good reason to be focused on the future. With five children high-school age and younger, he is hopeful for the opportunities ahead of them, as well. When he’s not on a sports sideline or spending time with his family, he can usually be found on the golf course or reading. Recent favorites include *I Am Malala: The Girl Who Stood Up for Education and Was Shot by the Taliban*, the story of education activist Malala Yousafzai, and *The Dinosaur Artists: Obsession, Betrayal, and the Search for the Earth’s Ultimate Trophy*, which explores the dynamic between science and commerce through the sale of a prized dinosaur skeleton.

As he looks toward 2019, Snyder is hopeful that he can continue to shape the ELFA story, helping the organization make new progress toward its goals. “We want to keep reminding people and companies in our industry how important it is to innovate, to be entrepreneurs and to be creative in helping their companies grow that way,” he says. ☐

GWEN MORAN is a New Jersey-based freelance business and finance writer.



At the Women’s Council Reception at the 2018 ELFA Annual Convention

My Company. My Data. **MySEFA.**

ELFA launches personalized data tool for equipment finance companies

ELFA HAS RELEASED AN INNOVATIVE NEW DATA VISUALIZATION TOOL for equipment finance companies called **MySEFA**. This interactive tool lets companies that participate in the association's Survey of Equipment Finance Activity (SEFA) track their own operational and performance statistics and quickly and easily compare them against their peers in the \$1 trillion equipment finance industry. Only companies that participate in the SEFA will receive a customized MySEFA dashboard they can use to connect to this critical business intelligence.

"We are thrilled to offer this new benefit to ELFA members," said ELFA President and CEO Ralph Petta. "This has been a dream ever since the association first launched the Survey of Equipment Finance Activity in 1975. Over the years, the SEFA has evolved from an 11-page printed pamphlet into a state-of-the-art online platform. Providing each respondent with a personalized and interactive MySEFA Individual Company Dashboard allows members to crunch the numbers in new ways and make better, more *data*-driven decisions. We hope all eligible members will participate in the 2019 SEFA in order to take advantage of this new benefit."

The annual SEFA is the largest and most important source of statistical information about the equipment finance industry. Participation in the survey is a benefit of ELFA membership, and member respondents receive a complimentary copy of the 300+- page

survey report. Now, each responding company will also receive a personalized and confidential MySEFA dashboard via email. Users can view and manipulate their dashboard using Tableau Reader, a free software product available for download. Members can use their MySEFA dashboard to:

- Compare their operations and performance against peer-group companies by type of organization, market segment and size.
- Select categories, add filters and drill down into 99 different metrics and over 2,000 data points, in just a few clicks.
- Glean insights, uncover trends and answer questions, such as, How do I rank against my peers? Where do I need to improve my business processes and performance? How do I stand in terms of financial ratios and profitability? and more.

THE CHOICE IS YOURS

Now you can tap into three Survey of Equipment Finance Activity resources to get the data you need. Learn more at www.elfaonline.org/SEFA.



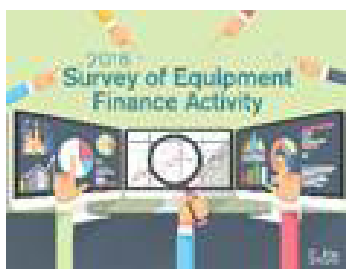
MySEFA

A personalized tool that lets SEFA participants track their own operational and performance statistics and compare them against their peers. Only companies that participate in the SEFA receive the customized MySEFA dashboard.



Interactive SEFA Dashboard

A powerful online dashboard that showcases executive summary data from a decade of SEFA reports. Visit www.elfaonline.org/InteractiveSEFA and drill down into the data you care about—in just a few clicks. Free and available to all ELFA members.



Full SEFA Report

A 300-page PDF document that offers comprehensive performance metrics for 100+ equipment finance companies. The companion Small-Ticket SEFA Report delves into small-ticket portfolios. Both reports are free for respondents; non-respondents may purchase the reports at www.elfaonline.org/SEFA.

- Prepare and deliver impactful presentations, both to management and potential clients.
- Explore data going back five years.
- Examine all business units that encompass equipment finance (human resources, tax, credit, asset management and more)—there's something for everyone!


How to Access MySEFA

All ELFA member companies that participated in the 2018 SEFA recently received their personalized and interactive MySEFA dashboard via email. For more information, please contact Bill Choi, ELFA Vice

President of Research and Industry Services, at bchoi@elfaonline.org.

All regular member companies are encouraged to participate in the 2019 SEFA in order to receive their own personalized MySEFA dashboard. An email with the 2019 SEFA questionnaire attached will be distributed to member companies in January 2019. All participants will receive their MySEFA dashboard in Summer 2019.

Learn More

ELFA will hold a web seminar to demonstrate MySEFA. Learn more at www.elfaonline.org/SEFA. 



Join the Conversation

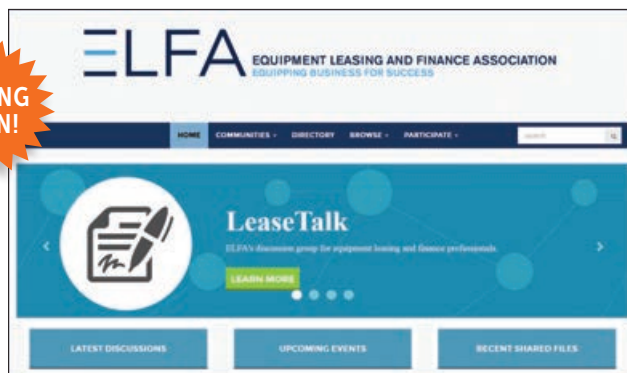
New online communities are designed to help members succeed

DO YOU HAVE A BURNING BUSINESS QUESTION THAT ANOTHER ELFA MEMBER MAY BE ABLE TO ANSWER?

Are you seeking best practices related to a particular issue at your organization?
Soon you will have a new way to tap into the collective knowledge of the ELFA membership.

ELFA's new online communities are bringing members together to interact, share information and engage. We've taken our old email listservs and upgraded them, giving you a new place online to stay connected 24/7. You have more control and options over how you choose to engage—by email, community discussion forum, mobile app and more. Read on to learn more about these new digital tools designed to help you and your business succeed!

COMING SOON!



FREQUENTLY ASKED QUESTIONS

What is an online community?

ELFA's online communities offer members the opportunity to network, share ideas and exchange best practices based on their shared topic of interest. These communities will replace the old Listservs for LeaseTalk, LegalTalk, TaxTalk and AccountingTalk. Members will have the option to communicate with the community they are subscribed to by posting questions and responses via email or through the online community portal. Members will also have the ability to upload and share files within each community.

How many online communities will ELFA offer?

ELFA will offer four online communities: LeaseTalk, LegalTalk, TaxTalk and AccountingTalk. The association also plans to introduce new communities in 2019!

When will ELFA's online communities launch?

ELFA will launch the new online communities in Q1 2019

How will I know if a question or comment was posted to the online community that I'm subscribed to?

Members will have the option to receive email alerts each time a member posts a question or comment to the online community. Members may also opt instead to receive a Daily Digest to their inbox that shows a summary of the communications, if any, within a particular day.

Is there a mobile app?

Members will also have the option to download the **ELFAConnect** mobile app to access the online communities, post questions and respond to comments through their mobile device. The mobile app is scheduled to launch later in 2019. ☰

The 18th Annual Investors' Conference on Equipment Finance

March 20, 2019 | New York, NY

IMN, along with the Equipment Leasing and Finance Association (ELFA), will host the Annual Investors' Conference on Equipment Finance on March 20, 2019 in New York City. This one-day event focuses on educating investors and equipment finance companies about the latest industry trends and developments.

As the global leader in structured finance conferences with contacts in the fixed income investor and issuer community, we are able to attract a unique audience representing institutional and private investors, alongside key decision makers at the highest level at leasing finance companies.

As many companies broaden their focus to include all kinds of equipment finance and related services that present strong opportunities for sustained growth, there has never been a better time to hear from expert speakers in the equipment finance sector. The 2019 event will include extensive coverage on outlook for the year ahead, structural and legal challenges, risk management, capital markets and transportation finance.

Who Should Attend

- CEO/CFO/Finance Directors of Equipment Finance Companies
- Investors and Providers of Private Capital (Private Equity and Hedge Funds)
- Rating Agencies
- Investment Bankers
- Credit Enhancers
- Financial Advisors
- Lawyers
- Trustees
- Technology Service Providers

For sponsorship opportunities, contact Chris Arnold at carnold@imn.org or (212) 901-0544
For more information, visit www.imn.org/equipment



twitter.com/imn_absgroup
hashtag: #imnevents



http://linkd.in/imn_absgroup

TOP Reasons to Attend the ELFA Executive Roundtable

**Members reflect
on why participating
in this event
is so important**

Don't miss the 2019 Executive Roundtable, March 10–12 at the Ritz-Carlton Golf Resort in Naples. This exclusive event brings CEOs and presidents of equipment finance companies together to discuss the issues of the day, to strategize about the future and to create lasting business relationships. Hear why your colleagues make this a must-attend event each year.



"I have always believed that taking time to step away from our daily routine is **great for the soul and a healthy exercise for any leader**. That's why each year, I look forward to attending the ELFA Executive Roundtable. The ELFA staff does an amazing job of fielding

speakers from futurists to economists to those specializing in workplace diversity and other relevant topics.

The Executive Roundtable is also a terrific way to reconnect and meet new thought leaders within our industry. So, for me, it's a must do in terms of leadership 'reset.' Throw in a little bit of golf, sand and sun, and that just seals the deal!"

—Martha Ahlers, ELFA Chair-Elect and President,
United Leasing, Inc.



"It is one of the few 'quiet times' I have all year with other industry leaders who have strategic responsibility to run or grow these companies. It is a smaller, more intimate group. **It puts me in the frame of mind to think long term:** What's coming, what's next and how will I meet the challenges ahead? To do that is a luxury that few of us actively make the time to do anymore. The Executive Roundtable has become my time to create a stronger and better future for my business in the company of peers who are seeking to do the same."



—Jud Snyder,
ELFA Chair and President,
BMO Harris Equipment
Finance

"The Executive Roundtable is the only ELFA-sponsored event that is designed exclusively for the senior leaders of the equipment leasing and finance industry. This gives it the unique ability to present a venue where structured and un-structured conversation about high-level trends within the industry can be the primary focus. The speakers chosen are experienced and reputable in their areas of expertise and the **participants represent some of the most successful businesses in the industry.** The time invested with these experts and colleagues can't be replaced!"



—Amy Nelson, President,
Global Healthcare and Clean Technology, DLL



Access the Executive Roundtable
agenda and register at
www.elfaonline.org/events/2019/ERT/

Equipment Finance: Understanding Licensing Obligations

COMMERCIAL EQUIPMENT lessors and finance companies face a web of state and federal laws applicable to various aspects of their business activities. In particular, determining whether a company requires a license can be tricky given the various statutory triggers and permutations of licensable activities varying across state laws. In an effort to help companies better understand the implications of state licensing laws, this article provides an overview of licensing considerations and trends in state enforcement activity with respect to equipment finance.

Licensing Considerations, Generally

The applicability of state licensing laws may depend on multiple factors, including transaction structures, business entity types and whether the activities are appropriately classified as “commercial” or another type of non-consumer transaction. Although the myriad of rules can be cumbersome to navigate, licensure can also carry ancillary benefits. For example, depending on the state, obtaining the requisite license may permit a company to avoid adhering to the state usury laws. On the other hand, failure to obtain the requisite license may have adverse consequences, such as cease and desist orders, fines and other settlement agreements. In addition, a company may have difficulty enforcing contracts with counterparties and could open itself up to its own contractual liability, which may trigger repurchase or indemnification obligations if the lack of licensure is deemed a breach of contractual representations and warranties.

Commercial Lenders

In the majority of states, non-banks making commercial loans or bargain-purchase leases do not trigger licensure. A notable example of the minority of states that do require licensing is California, where a person engaged in making more than one commercial loan in a 12-month period must obtain a finance lender license. Under the California Financing Law (“CFL”), a commercial loan is defined as a loan with a principal amount of \$5,000 or more, or any loan under an open-end credit program, whether secured or unsecured, the proceeds of which are intended by the borrower for use primarily for other than personal, family or household purposes. However, “non-loan” transactions, including bona fide leases, automobile sales finance contracts and retail installment sales, are not subject to the CFL.

Overall, more than 20 other states potentially have licensure requirements for commercial loans based on various state licensing triggers. These triggers include, among others, borrower status (e.g., sole proprietor or legal entity), collateral type (e.g., commercial real property, residential real property, personal property, etc.), loan amount, interest rate, agricultural use, and lender’s state of organization and headquarters location. While licensure in California as a finance lender exempts the licensee from California’s usury limitations, in some states, usury laws may apply regardless of licensure. Additionally, while national bank subsidiaries have historically escaped state licensing laws, the Dodd-Frank Act largely rolled back federal preemption as it applied to subsidiaries and affiliates of federally-regulated banks and savings associations, and at minimum now requires a state-by-state analysis. For example, in the consumer lending context, some states, such as Massachusetts and Pennsylvania, still provide a licensing exemption for bank subsidiaries. Other state consumer lending statutes, such as those in New Jersey and Virginia, exempt banks from licensure, but explicitly state that bank subsidiaries are not exempt. Still other states, such as Delaware and West Virginia, do not explicitly address licensing exemptions for bank subsidiaries. In California, the CFL provides that bank subsidiaries are not exempt from licensure in the context of consumer lending, but bank subsidiaries may make commercial loans without licensure.

Motor Vehicle Dealers and Lessors

Several states require licensure for commercial motor vehicle lessors or dealers. For example, in Mississippi, it is unlawful for a motor vehicle lessor to represent and to offer for lease any new motor vehicle in Mississippi

The applicability of state licensing laws may depend on multiple factors, including transaction structures, business entity types and whether the activities are appropriately classified as “commercial” or another type of non-consumer transaction.

without first obtaining a new motor vehicle dealer license, or to lease or offer to lease a new motor vehicle from an unlicensed location. Except in the motor vehicle context, “true leases” are typically not subject to licensure. However, to the extent that a true lease were to be re-characterized as a lease intended as a security, a different outcome could result. Many states also have laws regulating the financing of personal property. These laws may apply to “retail installment contracts,” “conditional sales agreements,” “sales finance companies” or similar terms. Such laws may apply to both a “retail seller” and a third party that purchases contracts from retail sellers. Further, in some states, these types of laws may more broadly apply to commercial equipment.

In Texas, for example, a lease of a commercial vehicle is considered a retail installment transaction if the lessee (i) agrees to pay an amount that is “substantially equal to or exceeds the value of the vehicle” and (ii) upon full compliance with the lease, becomes the owner or, for no or nominal additional consideration, has the option to become the owner of the vehicle. Florida has a substantially similar statute, under which a motor vehicle retail installment seller must obtain a license to enter into a retail installment contract.

Licenses for Ancillary Activities

Licensure may also apply to activities that are ancillary to equipment finance, such as a dealer’s participation in a loan or bargain-purchase lease negotiation or advising of borrowers or lessors, any of which may require a broker license in certain jurisdictions. Separately, collecting commercial debt for a third party, such as a syndicate purchaser of loans and leases, may also trigger licensure. Arizona, for instance, requires licensure of a “collection agency,” defined broadly as any person engaged, directly or indirectly, in soliciting claims for collection or in collection of claims owed, due or asserted to be owed or due.

Alternative Finance Companies

Online platforms are increasingly offering equipment and motor vehicle financing options by engaging in bank partnership models. While the precise structure

of this model may vary, typically a bank originates the loans and enlists a non-bank partner to assist with origination. The non-bank partner subsequently purchases the loans after a seasoning period, and in many

instances the bank may retain an ownership interest in the loans. This partnership model may permit non-banks to forego state lending licenses and take advantage of federal preemption of state usury laws, but other state licenses may still be necessary for activities such as brokering and servicing, including in some cases for commercial-purpose transactions.

Trends in Litigation and Enforcement

States such as New York and California have historically been very vigilant about enforcing state licensing requirements. Regulators in both of these states regularly target unlicensed activity. Additionally, recent litigation and enforcement actions have taken aim at bank partnership models under a “true lender” theory, examining whether a non-bank has the predominant economic interest in the loan and then asserting that federal rate preemption does not apply and state usury caps control.

Conclusion

Companies engaging in the leasing or financing of commercial equipment should understand the triggers for licensure in each state in which they do business and that the analysis will vary state by state. Additionally, companies should consider the advantages of obtaining a license to conduct their equipment finance activities, including the ability to finance equipment at a rate otherwise exceeding state usury laws. Finally, companies seeking to engage in a bank partnership should keep apprised of developments in recent litigation as courts continue to consider the model’s viability. ☞



KATHRYN L. RYAN is a Partner in Buckley Sandler LLP’s Washington, D.C., office.

MOORARI K. SHAH

is Counsel and **FRIDA ALIM** is a Regulatory Attorney in Buckley Sandler LLP’s Los Angeles office.

Lease Accounting Takes Center Stage

FASB Decides to Extend Narrow-Scope Relief to Lessors in Implementing Topic 842

ON OCT. 31, 2018, the Financial Accounting Standards Board (FASB) held a decision-making meeting on its earlier proposed accounting update to Topic 842, *Narrow-Scope Improvements for Lessors*. Since the go-live date for public enterprises was Jan. 1, 2019, for calendar year reporters, the decisions reached when formally issued will provide just-in-time relief for many lessors in implementing the new *Leases* standard. As of this writing, the Board had fast-tracked the formalization process with the goal of issuing the update by mid-December. Tentatively, for those entities who have not adopted early, the effective date and transition requirements of this update would be the same as those invoked in changing over from existing GAAP (Topic 840). For the very small population of early adopters, optionality is provided.

The tentatively-decided relief consists of (1) an accounting policy election to exclude from revenue sales and other similar taxes collected from lessees and (2) a rules-based approach for lessor costs related to the underlying leased asset (e.g., insurance and property taxes). The permitted policy election would extend by alignment the relief given to vendors (Topic 606) to lessors. Under the rules-based approach, lessee directly paid costs will be defined as lessee costs, while lessee-reimbursed costs will be defined as lessor costs. As discussed below, this relief intends to make the reporting of lessee-paid costs related to the underlying leased asset more operational by eliminating both the “readily determinable” hurdle for lessee paid amounts and the jurisdiction-by-jurisdiction tax research hurdle otherwise required to determine the primary obligor (the income statement reporter) of taxes imposed on the underlying asset.

Sales and Other Similar Taxes Collected from Customers

In May 2016, the FASB issued an accounting standards update to Topic 606 permitting a vendor by an accounting policy election to exclude sales and other similar taxes collected from its customers from the transaction price. Without the benefit of this election, the vendor would be tasked with determining on a jurisdiction-by-jurisdiction basis the primary obligor of the tax. If tax research identifies the vendor as the primary obligor, it would report the collected amount as revenue and the remitted amount as an expense (gross reporting). Otherwise, the vendor would report the activity as a collection agent (net reporting). In recognizing that the task could be unduly complex and costly for many entities, disproportionate to any benefit to the users of financial statements, the FASB provided relief.

Aligning Topic 842 with Topic 606. The FASB’s tentative decision would align the scope exception afforded to vendors to

lessors for sales, use, value added, some excise taxes and other similar taxes collected from lessees. However, this pending alignment will explicitly exclude revenue-related taxes assessed on lessor’s total gross receipts or on the “lessor as owner” of the underlying asset.

Implications. For equipment leasing, the issue generally arises in true leases where the lessor collects and remits use tax on the rental stream. It also arises when a lessor collects and remits sales tax assessed on the proceeds from sale of the underlying asset to the lessee or another end user. Since these taxes arise from revenue generating activities, these taxes qualify for the exclusion.

Lessor Costs: Insurance, Property Taxes, etc.

Background. In Topic 842 as originally issued, consistent with Topic 606, the FASB concluded lessee reimbursement or direct payment of a lessor’s costs do not qualify as consideration in the contract because such activity does not transfer a good or service to the lessee separate from the right to use the underlying asset. Although these costs are contractually imposed on the lessee in triple-net leases, they remain lessor costs because the lessor is either the primary beneficiary (e.g., insurance) or the owner of the underlying asset (e.g., primary obligor of property taxes). However, in the deliberations, the FASB’s user representatives came to support relief and to provide consensus when the proposed exclusion changed from a blanket to a rules-based exclusion.

Insurance. In triple-net leases of equipment or buildings the lessee as the contracting party generally pays the insurer directly. For these leases, the rules-based exclusion provides effective relief. In contrast, leases in many multitenant buildings are structured as gross or modified-gross leases with insurance listed as an itemized amount in the contract. Since the lessor is the

New Developments

FASB tentatively decides to reinstate the fair value exception and cash flow reporting for financial lessors

On Dec. 4, 2018, the FASB reached tentative decisions on the following financial lessor issues related to the implementation of the new accounting for leases (Topic 842):

■ **Issue 1:** The Board decided to reinstate the fair value exception provided under existing GAAP to a lessor that is not a manufacturer or a dealer (a qualifying financial lessor). Under this exception, a qualifying financial lessor generally would continue to use its acquisition cost (entry price) as the fair value of the underlying asset at lease commencement for purposes of lease classification and measurement. Similar to existing GAAP, the exception would not apply if there has been a significant lapse of time between the acquisition date of the underlying asset and lease commencement, in which case the exit price definition in Topic 820 would apply.

■ **Issue 2:** The Board decided a lessor within the scope of Topic 842, *Financial Services—Depository and Lending*, generally a financial lessor, should continue to present all principal payments

received from sales-type and direct financing leases within investing activities in its statement of cash flows instead of in operating activities.

The reinstatement of this approach to day 1 fair value removes the possibility a lessor under Topic 842 would recognize a loss at the start of a sales-type or direct finance leases. The loss might have resulted from the use of an exit value for fair value because of differences in entry and exit market prices and due the inaccuracy of acquisition costs, such as sales taxes and delivery charges. Under the general fair value measurement principles of Topic 820, which covers the fair value topic, transaction costs incurred in connection with the acquisition of an asset generally do not qualify as asset costs and should be immediately expensed. In these two tentative decisions, the Board

recognized that sales-type and direct financing leases originated by financial lessors fund an in-place asset and constitute a form of financing similar to secured lending. The first decision also, implicitly, recognizes that the fair value of the asset and the fair value of the lease are interconnected at lease commencement.

The FASB is expected to issue a proposed accounting standards update formalizing the above decisions near the end of 2018. This update will provide for a comment letter period ending the later of 15 days after issuance or Jan. 15, 2019. It will propose an effective date for fiscal years beginning on or after Dec. 15, 2019 (e.g., Jan. 1, 2020 for an entity with a calendar year-end) with early adoption permitted concurrent with the adoption of Topic 842 or any intervening interim period thereafter with retrospective application.

contracting party with the insurer and thus pays the premiums, the proposed exclusion will not apply. Further, the itemized payment qualifies as a fixed lease payment subject to capitalization.


Property taxes in general. The FASB views property taxes as a “lessor as owner” expense, the underlying principle for gross reporting. The preparer push for an exclusion for property taxes arises from similar considerations for the sales and other similar taxes exclusion (i.e., multiple local tax jurisdictions with a wide varying basis on which party to assess) and from the open-ended effort required to obtain tax assessment information for lessee directly paid taxes under the originally proposed “readily determinable” standard.

Personal property taxes. Even when the lessor is not the assessed party, many equipment lessors prefer lessee-reimbursed administration to ensure the leased asset remains lien free. These lessors will now face a trade-off decision—whether to continue as the intermediary or, alternatively, to allow or require lessee direct payment, adding monitoring, default, and curing procedures, to secure the benefit of net reporting.

However, given the assessed amount is generally 1–2% of depreciating values, lessors might decide to continue as intermediaries and yet remain net reporters on the basis of immateriality.

Real estate property taxes. Where tenants pay the property taxes directly, notably in triple net leases, the proposed exclusion provides effective relief. Otherwise, gross reporting will apply. This proposed rule-based framework will only apply to lessors; it will not affect the reporting or capitalization requirements for lessees.

While the FASB deliberations on the *Leases* project have remained guided by principles throughout, the Board has resolved implementation issues by allowing or issuing rules in the interest of making the new standard operational in a scalable manner.

Update: On Dec. 10, 2018 the FASB issued an accounting standards update codifying the earlier meeting decisions discussed above. 

RODNEY W. HURD, CPA, is CFO, Bridgeway Capital Advisors, Inc., and **AMIE D. SWEENEY, CPA**, is Vice President, CBRE Corporate Capital Markets

The Outlook for 2019

THE 2018 ELECTIONS ARE OVER and the result was rather predictable for a change. Pundits were proven correct and we ended up with a split election. Democrats rode their suburban strength to take back the House, and Republicans harnessed their base in the more rural states where the Senate battles were fought and picked up two seats in the Senate. This split decision has led to two very different narratives about how 2019 will play out.

The first narrative is that Democrats in the House will double down on being the anti-President Trump party and conduct aggressive oversight, including pursuing impeachment of the President. This will be based on what Democrats will paint as a damning report by Special Counsel Robert Mueller. At the same time, Democrats will have their eyes on the big prize of winning the White House and will do everything in their power to preclude President Trump from notching any legislative wins that could help him win reelection.

Infrastructure has long been viewed as the lowest-hanging fruit for bipartisanship, but it has never really gained momentum.

If this narrative plays out, the legislative outlook is grim, with showdowns at every turn to conduct even the most basic legislative tasks necessary for operating the government. There are arguments against this narrative. Part of the underlying thought behind this narrative is that the Democratic majority is made up of liberal firebrands, which, admittedly, are getting a lot of attention. This ignores the fact that the great majority of the seats that were actually flipped from Republican control to Democratic control were won by moderate Democrats, who ostensibly want to get something done.


The other problem with this narrative is that while the Democratic base may not realize that impeaching the President does not remove him from office, Democratic leadership in the House and Senate does realize this. Absent a new, verifiable and extremely serious allegation, it is unfathomable that more than a small handful of Senate Republicans would vote to remove the President. Frankly, it's hard to even imagine a plausible scenario where enough Republicans in the Senate would vote to remove the President. The situation would likely lead to a depressed Democratic base and an enthused Republican base, and could backfire in spectacular fashion against the Democrats. The historical reference point for this is 1998, where coming out of the impeachment of President Clinton, Republicans lost seats in the House.

An Alternative Narrative

The second narrative is that Democrats realize that America is yearning for their elected representatives to fix what is broken about Washington and recognize that they can't maintain their majority and win the White House running solely against something, they need to be for something.

If this narrative plays out, the best opportunities for cooperation are infrastructure and paid family leave. Infrastructure has long been viewed as the lowest-hanging fruit for bipartisanship, but due to the costs and fundamental difference in approaches (direct spending vs. tax incentives) it has never even really gained momentum. This could obviously have a big impact on the equipment leasing and finance industry if it were to come to bear. Paid family leave is a favorite of Ivanka Trump, Rick Santorum and most Democrats, including the many working mothers who were newly elected in 2018. This wouldn't have an outsize impact on our industry, but would impact it nonetheless.

If the second narrative is correct, don't expect Kumbaya to become the new national anthem. Democrats will still be conducting oversight over the Trump Administration, and the parties have fundamental differences in the realms of taxation and the regulation of financial services that make any significant movement in those areas unlikely.

In short, if it looks like the gridlock narrative is carrying the day, prepare yourself and your business for a tumultuous two years, with showdowns over subpoenas, likely government shutdowns and debt ceiling drama. Historically, none of these have been positive for consumer confidence and the economy. If the second narrative is looking more likely, then the next two years are likely to be less tumultuous, and opportunities exist for ELFA members. Which narrative ends up playing out is entirely governed by both parties' calculations on what helps them in the 2020 elections, which in case you weren't aware, started Nov. 7, 2018. 



For more information, contact **ANDY FISHBURN**, ELFA Vice President of Federal Government Relations, at afishburn@elfaonline.org.

Tools for Action

Advance the industry's policy priorities with ELFA's new online advocacy center

WHAT'S NEW WITH ELFA'S ADVOCACY EFFORTS AT THE FEDERAL AND STATE LEVELS? How can you get involved?

Find out in the brand-new online hub for federal and state government relations at www.elfaonline.org/advocacy. This exciting new website is designed to inform members about key issues and useful tools for advancing the industry's policy priorities.



Federal Advocacy

ELFA serves as the advocate for the equipment finance industry to the federal government, with a focus on improving the business and regulatory environment. Visit the new Federal Advocacy site at www.elfaonline.org/advocacy/federal-advocacy today to access a host of resources:

- **Get Involved**— Participate in the ELFA Grassroots Advocacy Program, engage with your members of Congress, learn about the political system and get the latest information in the aftermath of the midterm elections.
- **Economic Impact**— Examine the size of the \$1 trillion equipment finance industry in each state.
- **Hot Topics: Tax Reform**— Access resources regarding the impact of tax reform legislation on the equipment finance industry state by state.
- **Capitol Connections**— Save the date for our premier participation event, May 15, 2019!
- **Issues**— Get up-to-speed on top federal advocacy issues, including such areas as tax, financial services, lease accounting and transportation.
- **LeasePAC**— Learn about the equipment finance industry's only political action committee.
- **Washington Report**— Stay current on public policy issues impacting the industry in our e-newsletter.



State Advocacy

ELFA defends member interests around the nation through a strong state advocacy program. With the help of member volunteers, the association actively monitors, analyzes and influences state legislation and regulation impacting the equipment industry in all 50 states.

Visit the new State Advocacy site at www.elfaonline.org/advocacy/state-issues to learn about key policy issues the association engages in the states, including lenders license, taxation, data security, electronic recycling and automatic renewal. Issue overviews and advocacy materials are provided for each topic covered, so you can get a solid understanding of the issue and access background information. Also, don't miss our latest State Legislature Report e-newsletter.

In addition, access interactive member tools, including:

- **State Tax Manual**— A state-by-state analysis of sales and property taxes, designed to aid equipment finance companies in tax compliance and planning.
- **Economic Impact Map**— An interactive map that provides financing volume and growth for the \$1 trillion equipment finance industry across all 50 states.
- **State Law Compendium**— A 50-state guide to compliance with selected state statutes and regulations.

Protecting and preserving your business interests through federal and state advocacy is a cornerstone of ELFA.

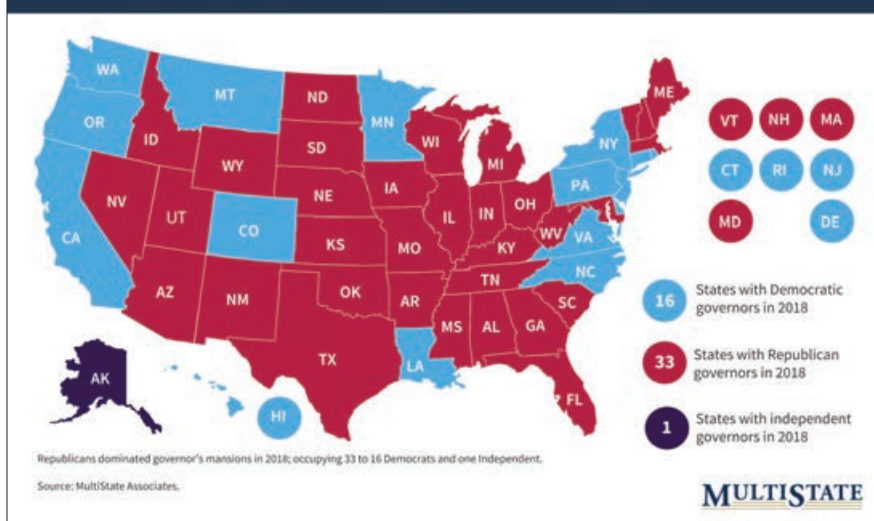
Members are critical to the success of these efforts—so get involved today! [▶](#)

State Elections Roundup

HERE IS A SNAPSHOT LOOK at the results of the November 2018 state elections. In the face of some significant changes at the state level, and as a number of newly elected officials are sworn in across the country, ELFA is prepared to actively monitor, analyze and influence legislation and regulation that impacts the industry in all 50 states.

2018 Governors by Party

Which party controls the governor's mansion in each state?



Governorships

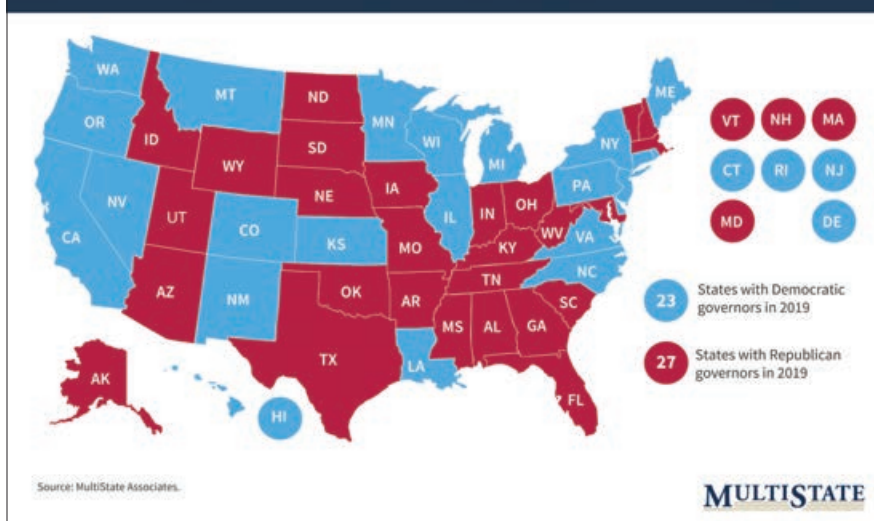
- Pre-election, there were 33 Republican governors, 16 Democratic governors and one Independent governor (AK).
- As of this writing, in 2019 there will be 27 Republican governors and 23 Democratic governors.
- Republicans picked up AK; Democrats picked up IL, KS, ME, MI, NV, NM and WI.

Chambers

- Pre-election, Republicans controlled 67 legislative chambers and Democrats controlled 32.
- As of this writing, in 2019 Republicans will control 62 legislative chambers and Democrats will control 37. The only remaining chamber in question is the AK House, where the tiebreaking race was tied and heading to a recount and potentially a coin-flip as of this writing. If the Republican wins, the Republicans will have a majority. If the Democrat wins, the chamber will be split 20-20.
- Democratic pickups are: CO Senate, ME Senate, MN House and the NH House and Senate.

2019 Governors by Party

Which party controls the governor's mansion in each state?



Trifectas

- Pre-election, Republicans had a "trifecta" (control of both the legislative chambers and the governorship) in 26 states, and Democrats had a "trifecta" in eight states. Democrats had only six prior to the 2017 elections, when they picked up NJ and WA (via a special election).
- Democrats picked up trifectas in CO, IL, ME, NV, NM and NY (NY should come with

an asterisk since the Senate was numerically under Democratic control before, but functionally under Republican control).

- These trifectas present the greatest concerns as they create the possibility for unchecked attacks on business—the decider is often found in the strength of the Democratic leadership in those states.
- As of this writing, in 2019 Democrats have trifectas in 14 states: CA, CO, CT, DE, HI, IL, ME, NJ, NM, NY, NV, OR, RI and WA.
- Republicans have trifectas in 23 states. ☰



For more information, please contact ELFA Vice President of State Government Relations **SCOTT RIEHL** at sriehl@elfaonline.org.



Which States Pose the Highest Tax Risk?

For an update on 2019 tax risks, see the State Tax Threat Report released by ELFA's state intelligence consultants at MultiState Associates, "Which States Pose the Highest Business Tax Risk?" at <http://bit.ly/2ByHclu>.



Make a Lasting Impact!



Guest Lecture Program

Connect with the next generation workforce and sign-up to be a Guest Lecturer at your local university! Share your experience to attract new talent to the industry.



Internship Center

Recruit the best via the Foundation's digital Internship Center! A one-stop resource for managing your intern search, the online Internship Center provides a platform for students and companies to make connections.



www.LeaseFoundation.org

Foundation Announces 2019 Board of Trustees

THE BOARD OF TRUSTEES met in November in Bonita Springs, Florida, to elect 2019 officers, approve the 2019 budget and set programming plans for the upcoming year. Guided by strong leadership and invaluable expertise, the Equipment Leasing & Finance Foundation continues to be *Your Eye on the Future*.

We are pleased to announce the 2019 Officers and Trustees:

Chairman—Jeffrey Elliott, Huntington Equipment Finance

Vice Chair—Scott Thacker, Ivory Consulting Corporation

Treasurer—Nancy Pistorio, Madison Capital LLC

President—Ralph Petta, Equipment Leasing and Finance Association

Executive Director—Kelli Nienaber, Equipment Leasing & Finance Foundation

Jeff Berg, DLL

Katie Emmel, International Decision Systems

Chris Enbom*, AP Equipment Financing

Lori Frasier*, Key Equipment Finance

Eric Hanson, Macquarie Capital

Valerie Gerard*, The Alta Group LLC

Randy Haug, LTi Technology Solutions

James Johnson, Ph.D., *Retired*

Donald Link, Hitachi Capital America Corp.

Zack Marsh*, Orion First Financial, LLC

Bonnie Michael, U.S. Volvo Financial Services

Thomas Petersen, Wells Fargo Equipment Finance

Michael Romanowski*, Farm Credit Leasing Services Corporation

Thomas Ware, PayNet, Inc.

*NEW TRUSTEES

Propensity to finance remains stable.


More than twice as many respondents expect their equipment and software acquisitions to increase vs. decrease over the next 12 months (26% increase; 12% decrease), though the majority of respondents expect equipment and software acquisition to stay the same (59%).

Economic expansion has “room to run.”

Most economic indicators that have historically provided an early warning sign of a downturn suggest that the current expansion likely still has some room to run. As such, there is reason to be optimistic about the U.S. economy over the next 6–12 months.

Challenges from the future of work.

Advances in computing technology, including artificial intelligence and machine learning, will pose challenges for the equipment finance industry, particularly for management. To successfully deploy new systems, they will need to overcome resistance to changing previous mindsets, as well as recruit and develop talent who are adept at critical thinking, communication and working with technology, among other skill sets.

The Foundation intends to commission a full-scale market-sizing study with additional detail in 2019. Access the complete *2018 Equipment Leasing & Finance Industry Horizon Report* for free at www.leasefoundation.org/industry-resources/horizon-report/. 

New Foundation Study Reports

Equipment Finance Industry on Sound Footing for the Future

The Foundation's recent study, the *2018 Equipment Leasing & Finance Industry Horizon Report*, a hybrid of the annual State of the Equipment Finance Industry report (SEFI), combines the best elements of prior SEFI reports and the quadrennial market sizing study. In addition to summarizing key industry performance data, this year's version places more emphasis on forward-looking economic and industry insights related to the U.S. economy. The report also includes the results of a new Foundation survey of equipment end-users conducted in August 2018.

Key findings from the *2018 Equipment*



Leasing & Finance Industry Horizon Report include:

Leasing leads the pack.

According to the end-user survey (which focused only on private sector investment), the most common payment method used by businesses to acquire equipment and software in 2017 was leasing (48%), followed by lines of credit (9%) and secured loans (8%).

Nearly 6 in 10 businesses use financing for acquisitions. The end-user survey also revealed that 58% of respondents who acquired equipment or software in 2017 used at least one form of financing to do so (i.e., lease, secure loan or line of credit).



ANNELIESE DEDIEMAR is the Equipment Leasing & Finance Foundation's Director of Marketing and Communications.

31st National Funding Conference



**31 Years
Helping the
Industry Meet
Its Funding
Needs**

April 9-11, 2019
Swissôtel Chicago • Chicago, Illinois

Why It's Easy To Say "YES!" To Being A Funding Source Exhibitor in 2019

- Cost to be a Funding Source Exhibitor affordable
- Large exhibit hall with spacious and comfortable exhibit booths
- Continued flexibility in scheduling appointments
- Increased ability to identify companies that match your funding specifications
- A carefully planned schedule for more effective networking
- More seating areas to conduct important business meetings
- Record attendance expected

To become a Funding Source Exhibitor, contact Lisa Ramirez at lr Ramirez@elfaonline.org or 202-238-3414.

Attendees: Watch for information on how to register for the National Funding Conference at the ELFA website: www.elfaonline.org

ELFA

EQUIPMENT LEASING AND FINANCE ASSOCIATION
Equipping Business for Success

Empowering Employees Serves Customers

OUR RECENT BRAND REFRESH at CIT provided a wonderful opportunity to celebrate our commitment to empowering customers to turn their ideas into outcomes. Equally important, it reaffirmed our commitment to empowering our own people to be their best.

After all, it's the dedicated employees of CIT who provide the expert advice and smart solutions that our customers depend on to achieve their financial goals. Empowering our workforce is absolutely essential to empowering our customers.

Empowerment is a principle I've been highlighting during my entire career. That took on extra significance when I was named president of CIT's Business Capital division in January 2018. In the year since, we've made enormous strides and learned some lessons that any business can benefit from.

One of my early insights came while visiting a very large international bank in Canada. Leaders there explained how they'd transformed their business to cut waste, enhance technology and become more agile—all in a mere 18 months. Their story helped me realize how much can be achieved in a short time with the right people and the right mindset.

Back at CIT, my efforts to transform my own business started with listening. I wanted to hear directly from employees about what was working and what needed adjustment. In particular, I focused on listening to the employees in the trenches, the ones who interact directly with customers and do the work that makes our business thrive. And that also means listening not just once, but continuously.

Next step was reevaluating our business processes to ensure our hard work was adding the most value possible for our customers and our business. Feedback from empowered employees helped us realign our organizational structure so workers could be even more effective in their roles.

Finally, we committed to investing in our people, processes, facilities and technology, all while holding each other accountable for delivering results. We adopted a strict focus on becoming more efficient to ensure we had the resources needed to make those investments. Over time, we've actually grown our assets while simultaneously becoming more efficient with our expenses. How? By cutting anything, including any process that did not add value to customers as long as it did not increase our risk. Many outsiders said it couldn't be done... until we did it.

All this may sound obvious, simple and perhaps even easy. But let me assure you it is not. Serious transformation requires a major commitment of resources and leadership. You can't afford to get nervous and pull back in the middle of the project. Though the job is difficult and frustrating at times, you can be confident that it's well worth it in the end.

So what happens when you invest significant time and effort in empowering your people? Amazing and wonderful things!


Very quickly, we saw more employee engagement, more creativity, more innovation. Our employees became even more dedicated to serving our customers. And they soon realized that nobody out there can do what we can if we work together.



Today, our people readily balance big-picture thinking with the attention to detail needed to make their vision a reality. Across the organization, we're reinforcing a culture that encourages collaboration, initiative, teamwork and self-motivation. The result is passion and persistence at work.

By now, you can probably tell how proud I am of the talented team that I'm fortunate to lead. But I also have to mention the importance of making sure employees have the tools they need to do the job right.

We have made it a priority to invest in the technology required to streamline workflows and help employees become more agile in serving customers. Simply put, technological transformation is driving our industry. You can either be active in leveraging that opportunity or allow legacy platforms to become an excuse for failure. We chose the first path and it's been critical to our success.

Are we finished? Not even close. This is a continuous evolution. The minute we stop improving is precisely when we'll start falling behind. We're excited by the idea that we can get better. We look forward to the next challenge and to raising the bar on delivering even more value to customers in 2019. 

MIKE JONES is President, Business Capital at CIT.



Great opportunities demand smart lending and customized solutions.

Capital One® Financial Institutions Group provides businesses in the secured business credit space the capital and expertise to thrive.

Capital One's commercial lender finance specialists use their knowledge of secured business credit, combined with data analytics and industry trends to give your business an advantage. Backed by the capabilities of a top 10 U.S. bank*, we lend capital to help companies stay ahead of the competition.

Our financing solutions include:

- Asset-based lending and factoring
- Small business finance
- Insurance premium finance
- Equipment finance
- Floor plan finance

To see how to maximize business potential, contact a lender specialist today.

capital.one/financialinstitutions

Commercial Lender Finance Specialists:

Kevin P. Gibbons, CFA

Managing Director
Head of Lender Finance
312-739-6225
kevin.gibbons@capitalone.com

Matt Tallo

Managing Director
Secured Business Credit
646-836-5053
matt.tallo@capitalone.com

Note: Rank excludes banks with high non-loan asset concentrations: Goldman Sachs, Morgan Stanley, BONY, State Street, Charles Schwab. Ranks as of 6/30/2018. Based upon total gross loans and total aggregated domestic deposits for bank holding company. Sources: SNL, FDIC, company reports. Subject to credit approval. Additional terms and conditions apply. Products and services offered by Capital One, N.A., Member FDIC. © 2019 Capital One.



The product.



The platform.

**The Odessa platform isn't one thing,
it's everything.**

A lease management product is critical, but it isn't enough. The Odessa platform brings system configuration, app development and test automation into one seamless platform. Eliminate workarounds by unifying IT and business. Work smarter, scale faster. Building your business your way? In leasing, that means everything.

odessa

odessainc.com