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The Year **Ahead**

7 forces shaping equipment finance and the U.S. economy in 2020

By Jeff Jensen and **Desmond Dahlberg**



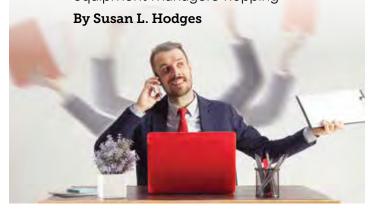
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Bringing CEOs and Presidents of ELFA member companies together to discuss the issues of the day, strategize about the future and create lasting business relationships.

Executive Roundtable

March 8-10, 2020 · The Ritz-Carlton Golf Resort · Naples Florida





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EQUIPMENT LEASING AND FINANCE ASSOCIATION

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LTi Technology Solutions, has been delivering cutting-edge software and services to equipment finance companies throughout North America and the United Kingdom for over 30 years.

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Looking Ahead



IN THIS ISSUE of *Equipment Leasing & Finance* magazine, we're scanning the horizon for the year ahead to help you anticipate industry trends and position your company for success.

2020 Forecast: What forces will shape equipment finance in 2020? Read the cover story "The Year Ahead" on p. 18 and check out ELFA's Top 10 Equipment Acquisition Trends for 2020 at www.equipment financeadvantage.org/rsrcs/articles/10Trends.cfm.

State of Asset Management: Continuous change is keeping markets hot and equipment managers hopping, say members in our feature story "Equipment Management's Growing Role" on p. 38. Hear more on this topic at the Equipment Management Conference, Feb. 23–25 in Orlando, Florida. See a full list of upcoming events in the special education supplement on p. 25.

ELFA Engage App: We are pleased to be launching a new mobile app that will serve as an engagement hub for the equipment finance community. Use this new tool to connect to critical information, events and contacts, 365 days a year. Learn more on p. 37.

ELFA Equality: As the marketplace evolves, it's more important than ever for our association and our industry to embrace diversity and welcome all ideas to the table. Having established committees to increase opportunities for women and younger talent in our association, our association is doing even more to attract other underrepresented groups, with a focus on diversity and inclusion. We are pleased to announce the formation of the ELFA Equality Committee, chaired by Scott Thacker, Chief Executive Officer

of Ivory Consulting Corporation. This group of ELFA members is devoted to promoting diversity and inclusion across the association and the equipment finance industry. Stay tuned as the committee rolls out programming and events in the months ahead. Learn more, including how to join the new ELFA Equality LinkedIn group, on pp. 6–7.

We have a lot in store for you in 2020 and we are fortunate to have a strong leadership team and active volunteers in place. Read about Board Chair Martha Ahlers' priorities for the coming year on p. 44. Please don't hesitate to contact us at ELFA headquarters if you have any questions or you'd like to get more involved. \equiv

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

Kalph



Watch the first-quarter member video message featuring the ELFA staff at www.elfaonline.org/news/Q1video2020





L-R: Delroy Stauffer, Odessa; Wayne Super, Cisco Systems Capital; Jorge Vence, Commercial Equipment Finance; Kyin Lok, Dext Capital; Mike Romanowski, Farm Credit Leasing; Shawn Halladay, The Alta Group; Lisa Rafter, Monitor; Charles Hill, DLL; David Cramer, Amur Equipment Finance; Deb Baker, HP; Allison Conley, LEAF Commercial Capital; Scott Thacker, Ivory Consulting; Dave Drury, Fifth Third Bank; Stuart Papavassiliou, LEAF Commercial Capital; Josh Verhulst, Tech Defenders; David Normandin, Wintrust Specialty Finance; and Michael Baez, Capgemini America. Not pictured: Sherrie Fortson, CDW Direct, and Kara Miyasato, Stryker Flex Financial.

ELFA Forms Equality Steering Committee

ELFA HAS FORMED an Equality Steering Committee devoted to promoting diversity and inclusion across the association and the equipment finance industry. In 2018 the ELFA Board of Directors established a Diversity Work Group and added new language to the association's mission statement and strategic plan affirming its commitment to diversity and inclusion. The new Equality Steering Committee will further advance efforts to foster equality, diversity and inclusion.

The ELFA Equality vision statement reads: "ELFA Equality is committed to making sure that all people, regardless of their race, ethnicity, gender, sexual orientation, age, religion, physical characteristics or mental abilities, feel welcome and valued in the equipment finance industry, ELFA and member companies." The steering committee will fulfill this vision through:

- Awareness: Providing education, information and insights to identify opportunities for increased diversity participation in ELFA and the equipment finance industry.
- Advocacy: Promoting the advancement of diversity in hiring and volunteering in ELFA and in member companies.
- Action: Preparing programs and mentoring activities that can assist in achieving greater diversity balance. The steering committee met in person for the first time at the 2019 ELFA Annual Convention in

Washington, D.C., under the leadership of Chair Scott Thacker, Chief Executive Officer of Ivory Consulting Corporation.

"The equipment finance industry thrives on innovation, and innovation thrives on diversity," said Thacker. "Many studies have demonstrated that businesses that embrace diversity, inclusion and equality are more profitable and attract more talented people. The association created ELFA Equality to promote equality everywhere and to welcome everyone. I am honored and humbled to be the founding Chair of ELFA Equality and pledge to infuse an equality-first perspective across the equipment finance industry. My appreciation goes out to our robust and diverse steering committee—20 people strong—made up of a diverse group of volunteers as well as supportive allies who will work tirelessly to advocate for equality and inclusion for all."

"We believe that by focusing on diversity and inclusion, we're empowering not only the people who make up our member organizations and the markets they serve—but also our entire industry," said ELFA President and CEO Ralph Petta. "Our aspiration as an association is that the people powering this great sector—including our members and their customers—will represent a wide range of backgrounds and perspectives. Together with our member companies, ELFA looks forward to advancing initiatives to support equality, diversity and inclusion in everything we do."



Join the "ELFA Equality" **LinkedIn Group**

THE ELFA EQUALITY COMMITTEE has created the new

"ELFA Equality" LinkedIn Group to bring industry professionals together in support of diversity and inclusion. This group is designed as a forum to share information, exchange ideas and network with other members of the equipment finance community. All members are welcome to connect with the group at https://www.linkedin.com/groups/12317521/.



What Are the Top 10 **Industry Trends for 2020?**

ELFA IS FORECASTING THE LEADING TRENDS driving capital acquisition this year in the Top 10 Equipment Acquisition Trends for 2020. Designed to help businesses with their strategic equipment acquisition plans, you can find the trends press release, infographic and animated video on ELFA's Equipment Finance Advantage website for end-users at www.equipment financeadvantage.org/rsrcs/articles/10trends.cfm.

Survey Respondents Reap Rewards

THE RESEARCH COMMITTEE met at ELFA headquarters in Washington, D.C., in November to plan the 2020 Survey of Equipment Finance Activity (SEFA), the Interactive SEFA Dashboard and the MySEFA personalized data tool. Make sure you participate in the 2020 SEFA to take advantage of special benefits! Every company respondent will receive:

- A complimentary copy of the 300+ page SEFA and Small-Ticket SEFA reports (a \$1,495 value).
- A personalized MySEFA interactive tool, which lets you track your company's operational and performance statistics and compare them against your peers.

Questions? Contact Bill Choi at bchoi@elfaonline.org or go to www.elfaonline.org/SEFA.





2020 Dues Renewal Season Is Here!

IT'S THAT TIME OF YEAR AGAIN and the dues renewal campaign has begun. Renewal invoices for the 2020 membership year were mailed to the key contacts of all ELFA member companies on Nov. 1, 2019. Timely payment of 2020 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, 2019 – 2020 dues invoices mailed to Key Contacts

Dec. 31, 2019 - Deadline to pay 2020 dues

THROUGHOUT 2020 - Take advantage of ELFA's many benefits!



Making the Grade

CONGRATULATIONS to Andrew Fishburn, ELFA Vice President of Federal Government Relations, for earning the Certified Leasing and Finance Professional (CLFP) designation from the CLFP Foundation. The CLFP designation is the preeminent credential for equipment finance professionals who have demonstrated competency through testing of knowledge—including passing a rigorous 8-hour exam—as well as continuing education, commitment to business practices and dedication to the industry.



Save the Date

THE CREDIT AND COLLECTIONS Planning Committee gathered at ELFA headquarters in November to plan an exciting agenda for the 2020 Credit and Collections Management Conference and Exhibition, which will be held June 1-3 in San Antonio, Texas. Don't miss this opportunity to discuss the state of the economy, human capital issues, the legal and regulatory environment, data analytics, risk and bankruptcy and other relevant topics. Learn more at www.elfaonline.org/events.



Ask a Leader

DON'T MISS the Emerging Talent Advisory Council's "Ask a Leader" series of interviews with a diverse group of ELFA members. The leaders discuss their formative professional years, their success and challenges and their advice for future leaders in the industry. Check out recent conversations with:

- Scott McFetters, President. CoreTech Leasing
- Hayley Chavarria, Manager, End-of-Lease Logistics and Brokerage, CHG-MERIDIAN USA Corp.

Read these interviews and more at www.elfaonline.org/industry-topics/ emerging-talent/ask-a-leader.







ELFA Mourns the Passing of John Giddens

INDUSTRY ICON John Giddens passed away on Jan. 6 in Sausalito, California. Giddens had a distinguished career in the equipment finance industry and was a leading force in transitioning ELFA into a modern professional association. He served as Chairman



from 1983-1985, was an inaugural member of the Equipment Finance Hall of Fame and was a life-long mentor to many. Read more at http://bit.ly/2TfLoQa.

Save the Date: 2020 ELFA Events

TAKE ADVANTAGE of a wealth or learning and networking opportunities available to you and your staff as part of your ELFA membership. See the 2020 Educational Supplement on p.25 and visit our website at www.elfaonline.org/events.

Lease Accounting Standard Delayed

CERTAIN PRIVATE COMPANIES, nonprofits and tax-exempt organizations that lease equipment have been given an important advantage in implementing new accounting rules—more time. The Financial Accounting Standards Board has announced that the effective date for the new lease accounting standard, Accounting Standards Codification Topic 842 (ASC 842), for private companies and nonprofits has been delayed by one year, with implementation beginning after Dec. 15, 2020. The delay will allow smaller organizations to get their accounting processes in place while they continue to enjoy the advantages of leasing equipment. Check out ELFA's new bylined article created to help lessees prepare for implementation, "Time Is On Your Side: Making the Most of the Delay in Lease Accounting Changes," at www.elfaonline.org/LeaseAccountingTools.



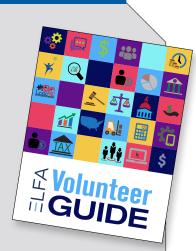
Membership Minute

Get Involved with ELFA!

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, go to www.elfaonline.org/about/governance, scroll down to the "Get Involved" section and:

- Download the new ELFA Volunteer Guide.
- View descriptions of ELFA committees.
- Complete the online committee volunteer form.

For more information, please contact Ed Rosen, Director of Governance, at erosen@elfaonline.org.





Workshops Highlight Industry Principles

KUDOS to the professionals who graduated from ELFA's Data Sales Principles of Leasing and Finance Workshop, Oct. 9-10 in Burnsville, Minnesota. Thanks to instructor Bob Golden for making learning fun! ELFA is excited to offer three Principles of

Leasing and Finance workshops in 2020:

- April 7–9 in Chicago
- June 17–19 in Washington, DC
- September 15–17 in Plano, Texas 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.





Spotlight On: Master Lease Agreements

ELFA HAS LAUNCHED a new online course on Understanding the Master Lease Agreement. If you're looking for working knowledge of the purpose and contents of the Master Lease Agreement, this course is for you! Enjoy "virtual" hands-on training using the latest instructional technology—accessible from your smartphone, tablet or laptop/desktop computer. The course is available for individual purchase by both ELFA members (\$350) and nonmembers (\$650) as well as bulk purchase by companies that wish to train more than one employee at a time. Learn more at www. elfaonline.org/events/eLearning.

Ignite Your Future at the Women's Leadership Forum

COME "IGNITE YOUR FUTURE" at the Women's Leadership Forum, April 20-21 at the Palmer House Hilton in Chicago. 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. New this year: Participate in an optional two-hour pre-conference workshop! Sponsored by the ELFA Women's Council. Details at www.elfaonline.org/events/2020/WLF.

Five Roundtables Tackle Best Practices in 2020

BEST PRACTICES ROUNDTABLES are small, oneday 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 21, Chicago
- Captive and Vendor Finance Roundtable, April 21, Chicago
- Independent Roundtable, April 21, Chicago
- Small Ticket Roundtable, April 21, Chicago
- Tax Best Practices Roundtable, June 9-10, Chicago

Funding Conference Set for April 21-23

THE ELFA NATIONAL FUNDING CONFERENCE is the most effective forum for connecting funding sources with some of the finest organizations in the equipment finance industry looking to establish relationships to fulfill their funding needs. This popular annual event is scheduled for April 21-23 at the Palmer House Hilton in Chicago. To learn more about the National Funding Conference and to register as a funding source exhibitor or attendee, please visit www.elfaonline.org/events.



Calling All Emerging Talent: 2020 Networking Events

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 2020: April 21 in Chicago, July 15 in Denver and Sept. 14 in New Orleans. 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/.



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. The deadline for nominations to the 2020 Class of the Equipment Finance Hall of Fame is April 1, 2020. Learn about the nomination criteria and deadlines and access the online nomination form at www.elfaonline.org/hof. Please contact Ed Rosen at erosen@ elfaonline.org if you have any questions.



5 Minutes with the Captive and Vendor Finance Chair

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 second year as 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.



TROY GRAZIANI Chair Captive and Vendor Finance BCSC

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

The topics that continue to dominate our ELFA roundtables and conference calls include electronic contracts, robotic process automation, blockchain, machine learning and decisions and solution financing. Plus engaging and developing newer generations of talent to lead the transformation of the industry. Most companies in our committee may have slightly different approaches but are gen-

erally focused on the same things. At Toyota, staying ahead of the times through endless creativity, curiosity and pursuit of improvement is a core value and building block of our culture across the globe.

Thinking toward the future, I try to spend a few minutes each day imagining what our industry will look like in 20 years. At the deepest core of equipment finance, we effectively provide the commodity of capital. We differentiate through many avenues—price, service, availability, business lines, partnerships, location, etc.

What it would take for an outsider to enter our market and completely disrupt it? The "Amazon" of financing, in a sense. Approaching problems with that mindset helps keep me focused on change. Nobody is bulletproof.

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

I was new to the industry and to ELFA about five years ago and was asked if I'd be interested in participating in the Captive & Vendor Finance BCSC. It's been a 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 read?

The last book I read was It's the Manager published by Gallup Press. It's a quasi-quant approach toward leadership. The book goes into several topics around workforce management but succinctly concludes that the quality of managers and team leaders is the single biggest factor in an organization's long-term success. Also, an individual's overall happiness and engagement at a company is overwhelmingly a result of the working relationship they have with their direct boss. A highly recommended read for anyone in corporate America.

About the BCSCs

The BCSC 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.



Join the Roundtables!

The Captive and Vendor Finance, Financial Institutions, Independent Middle Market and Small Ticket BCSCs are planning best practices roundtables, to be held April 21 in Chicago. See details at www.elfaonline.org/events.

2020 ELFA 59TH Annual Convention



October 25–27, 2020

JW Marriott Austin • Austin, Texas

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



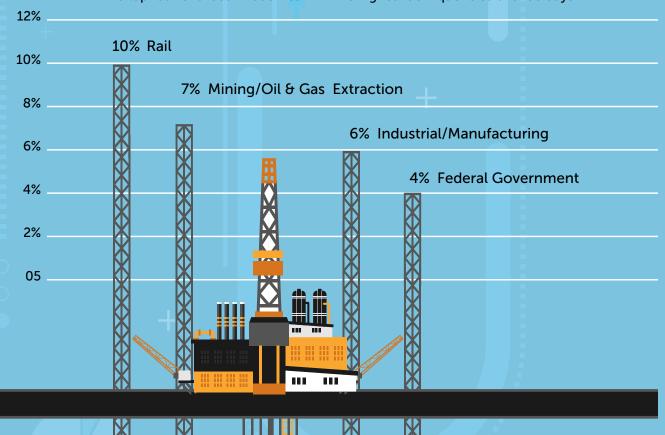
INDUSTRY D ELFA

Delinquencies on the Rise

PAST DUE According to the SEFA Interactive Dashboard, delinquencies are slowly creeping up. While not as bad as 2008-09 levels, they have increased each year since 2014. Learn more at www.elfaonline.org/InteractiveSEFA

Delinquencies by End-User

The top four end-user industries with the highest delinquencies over 30 days:



Source: 2019 Survey of Equipment Finance Activity, www.elfaonline.org/SEFA

ASHBOARD



U.S. Equipment & Software Investment Growth





The Foundation's 2020 Equipment Leasing & Finance U.S. Economic **Outlook forecasts** 1.1% expansion in equipment and software investment and 1.7% GDP growth. Access the full report at http://bit.ly/ **ELFFEconomicOutlook**

Source: 2020 Equipment Leasing & Finance U.S. Economic Outlook

8 out of 10

businesses use financing

A survey of end-users revealed that 79% of respondents who acquired equipment or software in 2018 used at least one form of financing to do so (i.e., lease, secured loan or line of credit).

Source: 2019 Equipment Leasing & Finance Industry Horizon Report, http://bit.ly/ELFFHorizonReport







Year Ahead

7 forces shaping equipment finance and the U.S. economy in 2020

WHAT'S THE OUTLOOK FOR 2020?

In the year ahead, we expect the economic headwinds that were building throughout 2019 to persist (see "a look back at 2019" on p. 20). Political uncertainty will almost certainly increase in 2020 as the country prepares for another bruising election, and the global economic slowdown that began in 2019 is likely to worsen in 2020. On the bright side, the U.S. labor market remains healthy, and consumers are well-positioned to keep the economy moving in the right direction. But overall, the economic picture for the next 12 months is cloudy, and slower growth is likely.

Here are seven key industry, policy and macroeconomic factors to watch in 2020.

The U.S. economy will weaken further in 2020, but growth should remain positive.

Although the U.S. economy was already showing signs of strain in early 2019, the conventional wisdom was still mostly positive until mid-August, when the 10/2 yield curve inverted. Interest in the "R-word" immediately increased—Google Trends shows that the search

term "recession" spiked to levels not seen since 2008– 09—and the narrative quickly shifted. However, since that time, Q3 GDP growth beat expectations, the yield curve returned to positive territory and labor markets stayed strong through the fall and winter. As a result, worries of a downturn have ebbed in recent months.

While we agree that talk of a near-term recession was likely overblown after the yield curve

A Look Back at 2019

AFTER A BREAKOUT YEAR in 2018 following the passage of the Tax Cuts and Jobs Act, the U.S. economy was more volatile in 2019. A five-week government shutdown in January was an inauspicious start to the year, and the combined effects of an escalating trade war and a global economic slowdown hit the U.S. manufacturing sector hard and brought business investment to a standstill. Still, U.S. consumers held strong, buoyed by a combination of lower taxes, lower interest rates and the strongest labor market in decades. While Q4 data have not yet been released, the economy likely grew around 2.3% in 2019—a notable downshift compared to 2018, but still a solid performance in year 10 of the current expansion. Here is a look back at Keybridge's 2019 predictions in this magazine and a brief assessment of our accuracy:

Factor to Watch	Prediction / Forecast	Assessment	Assessment Rationale
U.S. Economy	The U.S. economy will cool in 2019. We expect a moderate 2.3% expansion.	/	Growth slowed from 2.9% in 2018 to 2.3% (est) in 2019.
Equipment & Software Investment	Equipment and software investment will soften, but should remain positive. We expect 4.1% annualized growth.	/	E&S investment slowed from 7.7% in 2018 to 3.6% (est) in 2019.
Equipment Verticals	Strong verticals during 1st half of 2019: Computers, Software, Materials Handling. Weak verticals during 1st half of 2019: Medical, Agriculture.	✓X	Full credit = Computers, Software, Agriculture Partial credit = Medical (sharp drop in Q3) No credit = Mat. Handling (weak in Q1+Q2)
Congressional Bipartisanship	House Ds focus = gov't oversight. Senate Rs focus = confirming judges. A bipartisan infrastructure spending bill will be attempted, but will likely fail.	/	With few exceptions, policymakers had little interest in bipartisanship in 2019.
Monetary Policy	The Fed is likely to slow its rake hike path, but 2019 will be a year of heightened uncertainty for monetary policy. We expect 2 rate hikes.	×	Fed cut rates 3 times in 2019.
Federal Reserve Independence	While unlikely to sway actual policy, attacks on Fed independence undermine its legitimacy and capacity to support economic stability.	TBD	Presidential attacks on Fed have not appeared to sway policy, but ultimate effect on economic stability remains unclear.
Global Economy	The global economy faces a challenging year.	/	Adv. Economies: 2018 = 2.3%; 2019 = 1.7% Emerg. Economies: 2018 = 4.5%; 2019 = 3.9%
Trade Policy	Trade policy will play an outsized role in determining global growth.	~	Increased trade barriers commonly cited among economists for slower growth in 2019.
Recession Risk	No recession in 2019, but growth will slow significantly by the end of 2019 (could be leading edge of a recession in early/mid 2020?).	/	Growth slowed in late 2019 but recession did not occur; early/mid 2020 picture still hazy.

inverted—after all, recessions typically don't begin for 12-18 months following an inversion—we expect the economy to continue to slow in 2020, primarily due to two factors:

- First, the industrial core of the economy remains weak. Domestic manufacturing output is below its year-ago level, the ISM Manufacturing PMI has signaled contraction for five months and fell again in December and new orders of core capital goods (a leading indicator of next-quarter business activity) have posted negative Y/Y growth in four of the last five months. These data do not point to a manufacturing sector on the mend, though there is a possibility that the contraction has bottomed out.
- Second, business confidence is falling, and firms in general appear less willing to take risks and invest in the economy due to a combination of factors, including lagging corporate earnings, lingering trade uncertainty, manufacturing weakness and a slowing global economy. None of these headwinds are likely to recede this year; indeed, uncertainty is likely to be heightened for the business community given the 2020 election and its potential ramifications on economic policy.

The good news, however, is that consumers have been resilient to these headwinds and continue to propel the economy forward. Jobs remain plentiful and wage growth is solid, so it is no wonder that consumers remain confident in the economy. Indeed, the 2019 Equipment Leasing Finance Industry Horizon Report, produced by the Equipment Leasing & Finance Foundation in partnership with Keybridge, demonstrates that consumer strength is the primary reason why the Foundation-Keybridge Equipment Finance Industry Recession Monitor continues to signal that a recession in the next three to six months is unlikely. That said, there have been some signs that consumer spending may be easing. For example, according to Mastercard data, 2019 holiday retail sales grew at the slowest annual rate (+3.4%) in more than five years. As such, a "growth pause" in which the economy slows to around 1% annualized growth for multiple quarters is a distinct possibility. Though we expect the economy to fare a bit better than this—our projection is for 1.7% growth in 2020—we still anticipate reduced economic activity compared to last year.

Equipment and software investment will remain sluggish.

Investment in equipment and software (E&S) is a key component of GDP and the lifeblood of the equipment finance industry. After robust growth in 2018, E&S investment slowed markedly over the course of 2019 and contracted in the third quarter for the first time since early 2016. The poor performance was driven by several factors, including waning business confidence caused by unresolved trade tensions and a slowing global economy. For

example, Business Roundtable's CEO Economic Outlook Survey Capex Sub-index has declined for six straight quarters and is at its lowest point in three years.

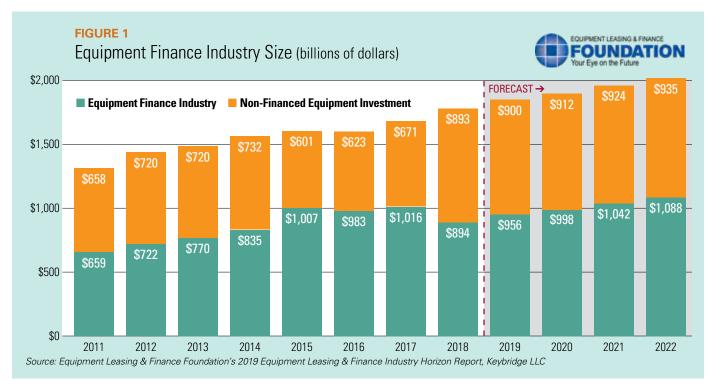
Looking ahead, we expect E&S investment growth to remain sluggish in 2020. As previously discussed, the U.S. manufacturing sector continues to face recession-like conditions, which will provide a weak jump-off point for investment in 2020. Moreover, we do not expect that global growth will rebound sharply, that the recently announced Phase I trade deal with China will lead to fundamental improvements in overall trade conditions, or that business confidence will improve markedly. Combined with the reality that 2020 is an election year with potentially major implications on U.S. economic policy, many businesses are likely to be in wait-and-see mode with respect to investing in new capital. The Foundation's 2020 Equipment Leasing & Finance U.S. Economic Outlook projected that E&S investment will expand 1.1% this year, down from an estimated 3.6% in 2019.

U.S. oil-sector investment will continue to face headwinds in 2020.

Despite U.S. crude prices stabilizing around \$60/barrel at the end of 2019 and record-high crude oil production, the outlook for the U.S. oil sector has soured notably. Unlike the oil-sector downturn of 2015–2016 (which was a result of plunging global oil prices) the current slowdown is due to weakening production fundamentals, particularly in areas of the United States that depend on production from fracked wells.

Production has been declining more quickly than many exploration and production firms forecasted, and investors are increasingly demanding that firms focus on profitability rather than production volume. The drive for profitability and positive share-price return has resulted in a sharp cutback in mining and oilfield investment and slower production growth, as evidenced by the domestic rig count, which has fallen precipitously over the course of 2019 and is now at its lowest point in more than two years.

2020 is likely to be another year of consolidation for the oil sector. Firms continue to slash capex plans as they seek profitability. Meanwhile, the global economy remains sluggish and faces several downside risks, which means that upside potential for oil prices—and the U.S. oil sector—will be limited in 2020. One potential exception to this relatively bleak forecast for the U.S. oil sector is the possibility of a protracted conflict with Iran or Iranian proxies in the Middle East. Given the volume of oil that transits the Strait of Hormuz daily and Iran's demonstrated willingness to target oil infrastructure (especially in Saudi Arabia), there are ample opportunities for Iran to disrupt the global supply of oil, which would put upward pressure on prices.



Risks to the global economy will skew to the downside.

Several major economies are showing signs of strain, in no small part due to China's structural slowdown and an escalating trade war. In Asia, India's economy is suffering declines in manufacturing, consumer spending and trade, and outside observers are questioning the veracity of government data (raising the possibility that the Indian economy actually may be weaker than it appears). Japan and South Korea face substantially weaker demand for their exports, a trend that is unlikely to reverse while the U.S. and China remain at odds over economic and geopolitical issues.

Meanwhile in Europe, recent data in Germany has dashed hopes of an emergence from a multiyear manufacturing recession. Industrial-sector performance continues to disappoint and there have been some signs that the weakness that was previously confined to the manufacturing sector has begun to spill over into the consumer sector. The main culprit is the ongoing downturn in the global automotive sector, which accounts for some 7% of eurozone GDP. Waning Chinese demand, new E.U. emissions standards and ongoing trade tensions will all contribute to ongoing weakness in the E.U. auto sector, which will be a drag on the E.U. economy and depress demand for U.S. exports.

The confrontation with China will be the defining geopolitical narrative of 2020.

President Trump's anti-China stance remains a key plank of his policy platform, and there is no better manifestation of this

stance than the trade war with China that began in early 2018. The conflict between the world's two largest economies has dampened profits and confidence among businesses both large and small while roiling financial markets that seem eager to grab onto any piece of positive news that emerges from the talks. However, what started as a trade fight over China's favoritism of domestic firms, intellectual property theft and the trade deficit has morphed into a strategic confrontation on economic, political and geopolitical fronts. As this conflict encroaches further into other parts of the U.S.-China relationship, it will become more and more difficult to resolve.

Making a potential resolution to the U.S.-China conflict more difficult to reach is the Administration's "go it alone" attitude toward trade negotiations. The United States recently opened trade fights with allies like France, Argentina and Brazil with little advance warning. These actions have increasingly isolated the White House from global partners who, under different circumstances, may otherwise support a trade confrontation with China. This apparent retreat from the world stage and escalation of various trade fights are representative of the paradigm shift in the United States' economic and foreign policy posture that we suspect will characterize 2020, and possibly beyond.

In December, the United States and China agreed to a Phase I trade deal that exchanged reductions in tariffs on Chinese goods for increased purchases of American agricultural products and unspecified "structural" changes to the Chinese economy. Financial markets jumped in response to this news, which came as a welcome departure from the tit-for-tat escalation that

Take it up a notch

The Cornerstone of an Equipment Leasing and Finance Career

2020 Principles of Equipment Leasing and Finance Workshops

April 7-9 – Chicago, IL

June 17-19 – Washington, DC

September 15-17 – 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.



characterized much of 2019. Though this initial agreement may relieve some of the pressure on business confidence in the short term, we believe it is unlikely to resolve any of the larger issues that stem from China's state-run economy.

Trade wars will cause supply chain

As discussed above, the U.S. trade war with China guickly devolved into a broad, strategic confrontation on several different economic, financial and geopolitical fronts. This has created significant uncertainty for multinational firms that operate in China. The effects are likely to persist: surveys show that most respondents expect that the tariffs and retaliatory actions will stay in place beyond 2020. This "no end in sight" outlook has hurt American companies in China, as 75% of respondents to an American Chamber of Commerce in China survey say their businesses have been negatively impacted by U.S. and Chinese tariffs.

In response to this uncertainty, firms are canceling investments into China at a greater rate than in years past, and a significant number of firms are either actively considering relocating their China-based manufacturing facilities or have already done so. While these may seem like positive developments for the President's "America First" trade policy, few firms are planning to shift China-based manufacturing capacity to the United States. Rather, American firms are moving their supply chains to other low-cost manufacturing hubs in Southeast Asia, Mexico and India. These realignments are unlikely to be reversed after December's Phase I deal due to lingering uncertainty and sunk costs. Further, firms have reported difficulty in securing quality suppliers and finding skilled labor in these

FOR MORE INFORMATION DOWNLOAD YOUR COPY of the Equipment Leasing & Finance Foundation's 2020 Equipment Leasing & Finance U.S. Economic Outlook Report and 2019 Equipment Leasing & Finance Industry Horizon

new locations—frictions that will reverberate through supply chains around the world and could dampen profits and business confidence.

One positive development on the trade front is the likely ratification of the U.S.-Mexico-Canada Agreement ("USMCA"). North American firms previously faced substantial uncertainty regarding their cross-border trade and investment flows due to the Trump Administration's threat to withdraw from NAFTA. Business confidence—especially among firms that depend heavily on North American supply chains—may benefit as a result.

Deglobalization will lead to weakening power of international institutions and norms.

Part of the Trump Administration's "America First" platform is a general distrust of international organizations like the World Trade Organization (WTO). This distrust originates within the office of the U.S. Trade Representative, Robert Lighthizer. Mr. Lighthizer believes that the WTO has repeatedly overstepped its mandate in terms of adjudicating international trade disputes and has encroached on the sovereignty of the U.S.

Throughout 2019 the United States chose not to appoint new adjudicators to the appellate body responsible for resolving appeals of WTO rulings, continuing a trend initiated by the Obama Administration in mid-2016. This pattern of obstruction came to a head in December 2019, when two of the last three appellate judges' terms ended, throwing the WTO into crisis. The WTO is essentially toothless now, as it lacks the ability to issue rulings on appeals brought by its members.

The WTO is meant to be an organization that establishes a framework through which firms across the world can compete on a relatively level playing field. WTO rules guide the flow of more than \$20 trillion in annual global exports each year and influence investment decisions in every corner of the globe. U.S. firms, even those with relatively little direct exposure to international markets, will feel the effects of a dormant WTO. Foreign countries with less free-market-oriented economies will likely find it easier to act in bad faith. Similarly, U.S. multinationals are unlikely to invest in foreign countries if they fear that the protections afforded by the WTO are no longer available. Together, these factors are likely a net-negative for business confidence in the U.S. and for total global trade volumes, but they may ultimately help achieve the stated goals of the Trump Administration's trade policy: reshoring manufacturing capacity and punishing nations believed to have taken advantage of the United States in prior trade dealings.

JEFF JENSEN is Senior Director and DESMOND DAHLBERG is Senior Analyst at Keybridge Research.

2020 Annual Schedule of Conferences, Workshops & e-Learning Opportunities





FEBRUARY

February 23-25

EQUIPMENT MANAGEMENT CONFERENCE & EXHIBITION

Omni Championsgate - Orlando, FL

- 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.

Conference Qualifies for A.S.A. Re-Certification and 12 CPE Credits

and residual values for a variety of equipment segments. The agenda includes live, on-site inspections of specialty vehicles, along with 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. Identify 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 stevew@larichadv.com.



MARCH

March 8-10

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; preparing leaders for the workforce of the future; protecting your company's data opportunity and challenges in the capital markets; and the new lease accounting rules. Case studies will examine how some companies are managing and staffing regulatory compliance issues, costs and outsourcing. 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. Identify 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.

SPONSORSHIP OPPORTUNITIES AVAILABLE

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



March 25

19™ ANNUAL IMN/ELFA INVESTORS CONFERENCE ON EQUIPMENT FINANCE

Union League Club - New York, NY

Now in its 19th 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 19th Annual IMN/ELFA Investors Conference on Equipment Finance, go to www.imn.org/ef2020.

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.

APRIL

April 7-9

PRINCIPLES OF EQUIPMENT LEASING AND FINANCE WORKSHOP Chicago, IL

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.

April 20-21

WOMEN'S LEADERSHIP FORUM

Hilton Palmer House - Chicago, IL

The Women's Leadership Forum will be held April 20-21 at the Hilton Palmer House in Chicago, IL. 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 21

BANK BEST PRACTICES ROUNDTABLE

CAPTIVE AND VENDOR FINANCE BEST PRACTICES ROUNDTABLE

INDEPENDENT BEST PRACTICES ROUNDTABLE

SMALL TICKET BEST PRACTICES ROUNDTABLE

Hilton Palmer House - 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*

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.

Small Ticket Best Practices Roundtable

The roundtable is open exclusively to senior executives of ELFA member companies primarily involved in small-ticket transactions.

April 21

EMERGING TALENT NETWORKING EVENT

Hilton Palmer House - Chicago, IL

The Emerging Talent Networking Event is 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 21-23

32nd ANNUAL NATIONAL FUNDING CONFERENCE

Hilton Palmer House - 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 *lramirez@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.

MAY

May 3-5

LEGAL FORUM

Omni Shoreham Hotel - Washington, DC

- 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. Identify 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 20

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 policymakers 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 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 1-3

CREDIT AND COLLECTIONS MANAGEMENT CONFERENCE 8 EXHIBITION

Hilton Palacio Del Rio - San Antonio, TX

- 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 2020 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

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.

BUSINESS DEVELOPMENT OPPORTUNITIES



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. Identify 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 stevew@larichadv.com.

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

June 9-10

TAX BEST PRACTICES ROUNDTABLE

Offices of Akerman - Chicago, IL

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.

June 17-19

PRINCIPLES OF EQUIPMENT LEASING AND FINANCE WORKSHOP

ELFA · Washington, DC

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.

JULY

July 15-16

EMERGENCE2020

Magnolia Hotel Denver - Denver, CO

Emergence2020 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 Emergence2020 for this unique experience. Space is limited and you must register in advance. Sponsored by the Emerging Talent Advisory Council (ETAC).

July 15

EMERGING TALENT REGIONAL NETWORKING EVENT

Magnolia Hotel Denver - Denver, CO

The Emerging Talent Networking Event is 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 14-16

OPERATIONS & TECHNOLOGY CONFERENCE & EXHIBITION

Sheraton New Orleans - New Orleans, LA

- 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 Conference Qualifies for 14 CPE Credits

building a business case, operational process mapping, application development methodologies, survival tips for the accidental project manager, and managing enterprise risk and information sharing. Also hear from the 2020 Operations &

BUSINESS DEV

BUSINESS DEVELOPMENT OPPORTUNITIES

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 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. Identify 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 stevew@larichadv.com.

September 14-16

LEASE AND FINANCE ACCOUNTANTS CONFERENCE 8 EXHIBITION

Sheraton New Orleans - New Orleans, LA

- 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

their impact on business practices. A FASB

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 *updated* 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

board member participates in the program each year. The ELFA Lease and Finance Accountants Conference will 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. Identify 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 stevew@larichadv.com.

September 14

EMERGING TALENT REGIONAL NETWORKING EVENT

Sheraton New Orleans - New Orleans, LA

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 15-17

PRINCIPLES OF EQUIPMENT LEASING AND FINANCE WORKSHOP

Offices of Stonebriar Commercial Finance - Plano, TX

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.

OCTOBER

October 25-27

59[™] ANNUAL CONVENTION

JW Marriott Austin - Austin, TX

- 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 59th 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, please 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. Identify 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 stevew@larichadv.com.

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

ELFA

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.



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*.





BRING THE WORKSHOPS TO YOU!

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. Our instructor comes to you and works with you to customize the content to your group's 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. That means 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 and immerses them in 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.



Academy 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 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

Moody's

Developed in conjunction with Moody's ANALYTICS 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.

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 at (202) 238-3416 or acarnibella@elfaonline.org.



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.

The following events offer sponsorship programs:

Equipment Management Conference & Exhibition

February 23-25, 2020

Executive Roundtable

March 8-10, 2020

ELFA Women's Leadership Forum

April 20-21, 2020

Legal Forum

May 3-5, 2020

Credit and Collections Management Conference & Exhibition

June 1-3, 2020

Emergence2020

July 15-16, 2020

Operations & Technology Conference & Exhibition

September 14-16, 2020

Lease and Finance Accountants Conference & Exhibition

September 14-16, 2020

ELFA 59th Annual Convention

October 25-27, 2020

For more information about the ELFA conference sponsorship program and specific conference sponsorships, visit the ELFA website at www.elfaonline.org/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 & ExhibitionFebruary 23-25, 2020

Credit and Collections Management Conference & Exhibition June 1-3, 2020

Operations & Technology Conference & Exhibition

September 14-16, 2020

Lease and Finance Accountants Conference & Exhibition

September 14-16, 2020

ELFA 59th Annual Convention

October 25-27, 2020

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 (202) 238-3432 or jbenson@elfaonline.org.



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 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.

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.









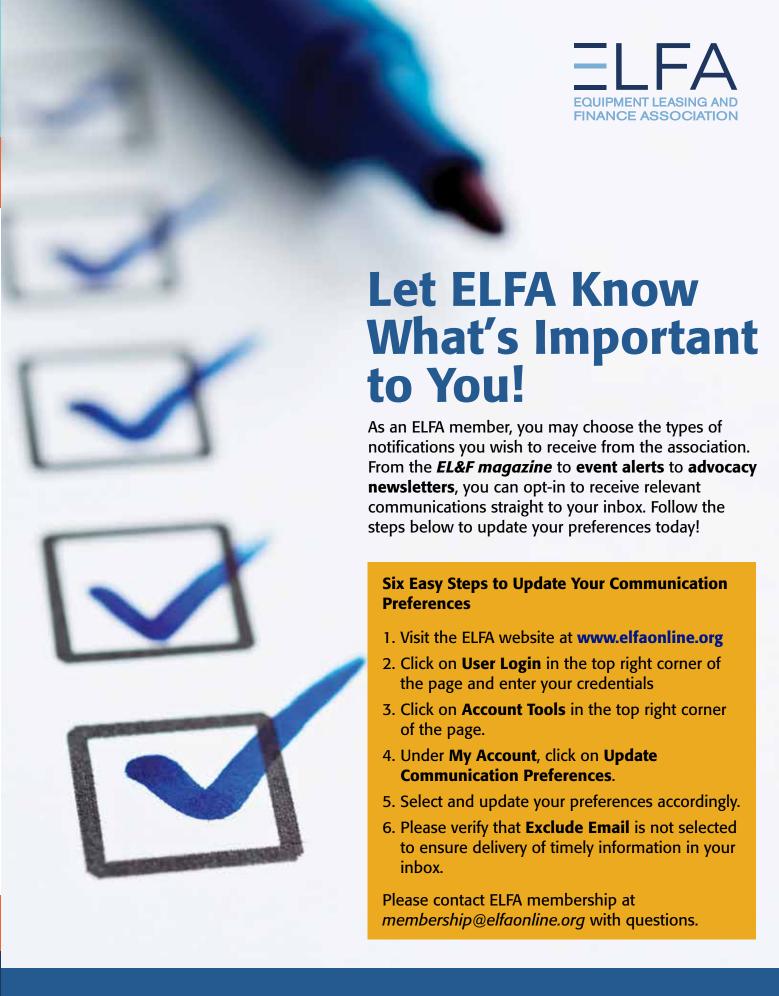






www.elfaonline.org/events/fundamentals





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

FEBRUARY

February 23-25

EQUIPMENT MANAGEMENT CONFERENCE & EXHIBITION

Omni ChampionsGate • Orlando, FL

MARCH

March 8-10

EXECUTIVE ROUNDTABLE

The Ritz-Carlton Golf Resort, Naples, FL

March 25

19TH ANNUAL IMN/ELFA INVESTORS CONFERENCE

Union League Club • New York, NY

APRIL

April 7-9

PRINCIPLES OF EQUIPMENT LEASING AND FINANCE WORKSHOP

Offices of Accenture . Chicago, IL

April 20-21

WOMEN'S LEADERSHIP FORUM

Hilton Palmer House • Chicago, IL

April 21

BANK BEST PRACTICES ROUNDTABLE

Hilton Palmer House • Chicago, IL

April 21

CAPTIVE AND VENDOR FINANCE BEST PRACTICES ROUNDTABLE

Hilton Palmer House • Chicago, IL

April 21

INDEPENDENT BEST PRACTICES ROUNDTABLE

Hilton Palmer House • Chicago, IL

April 21

SMALL TICKET BEST PRACTICES ROUNDTABLE

Hilton Palmer House • Chicago, IL

April 21-23

32ND ANNUAL NATIONAL FUNDING CONFERENCE

Hilton Palmer House • Chicago, IL

April 21

EMERGING TALENT NETWORKING EVENT

Hilton Palmer House • Chicago, IL

MAY

May 3-5

LEGAL FORUM

Omni Shoreham Hotel • Washington, DC

May 20

CAPITOL CONNECTIONS

The Washington Court Hotel • Washington, DC

JUNE

June 1-3

CREDIT AND COLLECTIONS MANAGEMENT CONFERENCE & EXHIBITION

Hilton Palacio Del Rio • San Antonio, TX

June 9-10

TAX BEST PRACTICES ROUNDTABLE

Offices of Akerman . Chicago, IL

June 17-19

PRINCIPLES OF EQUIPMENT LEASING AND FINANCE WORKSHOP

ELFA • Washington, DC

JULY

July 15-16

EMERGENCE2020

Magnolia Hotel Denver • Denver, CO

July 15

EMERGING TALENT NETWORKING EVENT

Magnolia Hotel Denver • Denver, CO

SEPTEMBER

September 14-16

OPERATIONS & TECHNOLOGY CONFERENCE AND EXHIBITION

Sheraton New Orleans • New Orleans, LA

September 14-16

LEASE AND FINANCE ACCOUNTANTS CON-FERENCE

Sheraton New Orleans • New Orleans, LA

September 14

EMERGING TALENT NETWORKING EVENT

Sheraton New Orleans • New Orleans, LA

September 15-17

PRINCIPLES OF EQUIPMENT LEASING AND FINANCE WORKSHOP

Offices of Stonebriar Commercial Finance • Plano. TX

OCTOBER

October 25-27

ELFA 59TH ANNUAL CONVENTION

JW Marriott Austin • Austin, Texas



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 EQUIPMENT 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/.

If the 2020 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/



Coming Soon: New ELFA Engage App

Connecting you to the equipment finance community— 365 days a year



STAY CONNECTED when you're on the go with the new ELFA Engage app, launching in the first guarter of 2020. The new app will be available for both iOS and Android and will serve as ELFA's hub for content, collaboration and events. Soon you'll be able to download the free app to access your membership benefits through your phone or tablet. Enjoy member engagement year-round, including:

- Navigate events
- Keep track of your events by adding them to your personal schedule
- Stay up-to-date on critical industry news and trends
- Collaborate in online forums
- Connect and message with other members

If you used the ELFA Events app in the past, we have good news for you. The new ELFA Engage app will have all the features you enjoyed in the former app, and much more! Watch for details, coming soon, on how to connect with the ELFA community.

Get the details at www.elfaonline.org/app. =

Coming soon: Watch a brief video demo of the new app at www.elfaonline.org/app.





Continuous change from multiple directions keeps markets hot and equipment managers hopping

By Susan L. Hodges

FIND YOURSELF FLUMMOXED ABOUT EXPERIENTIAL RETAIL?

Wonder whether to finance robot dogs that can work construction? Believe it or not, these are real issues in today's business environment, and equipmentmanagement professionals know how to find the answers. As change becomes the operative word in so many aspects of equipment finance, these experts have made multi-tasking and multi-focusing into their own rich brand of science.

"It's not all about asset values." assures Liz Jaramillo, Vice President-Asset Management/ New Business Support at Key Equipment Finance in Superior, Colorado. "It's about keeping up with new technology; with trends in equipment; with regulations, both current and pending; and with the overall health of the industries you monitor. This is a job that requires constant research."

Jaramillo describes 2019 as "challenging, due to the variety of assets and complex structures that we saw." At the same time, however, she characterizes equipment markets as "solid" and thinks 2020 will hold more of the same. "I expect the uncertainty we see in industries like trucking and healthcare to continue into 2020," she says. She looks for more uncertainty caused by the risk of recession and this year's presidential election. "But I think we'll still see some hot markets in the part of the energy sector devoted to new equipment that saves energy, increases efficiency and adds to sustainability," she says.

Markets with Staying Power

LED lighting systems, automated controls and similar upgrades will "remain hot," Jaramillo predicts, and an uptick that started last year in small trucks used for last-mile deliveries will continue. She also sees opportunity in distributed assets: small-ticket items such as mobile phones, tablets and laptops. "We think this will be a big area of growth for financing, not necessarily because of the cost of these items but because so many companies provide these assets to their employees, and they have short replacement cycles," she says.

Key Equipment Finance is also monitoring 5G (fifth-generation cellular wireless) technology. Although the largest U.S. carriers rushed to launch some form of 5G in 2019, authorities including PC Magazine say early rollouts "are more like public beta tests than final products," and that big, reliable networks boasting awesome speed and enormous capacity won't be available for another year or so. Says Jaramillo, "We don't yet know if 5G will bring new financing opportunities or what those opportunities might be—but we're paying attention."

Rick Pierman, Chair of ELFA's Equipment Management Committee and Senior Vice President-Strategic Operations for Crestmark Equipment Finance in Troy, Michigan, says his company is also gearing for growth in the green-energy space and that there's an increased focus on equipment management generally. "We experienced record volume in 2019, having expanded asset classes across the board and gaining new opportunities as a result," he says. "We saw big growth in alternative energy, mainly on the coasts where electricity costs are high." Although the federal investment tax credit for solar installations shrinks this year to 26% from 30%, Pierman says project costs are also getting smaller, allowing profits to inch up. What's more, solar panels are lasting longer than expected and can be recycled once they do start to deteriorate. "The issue now is energy storage," says Pierman. "Battery storage installations can be huge, but we're seeing rapid advancements in both the size and useful life of batteries." The changes suggest continued growth in solar even as the tax benefits dwindle.

Trends Changing Healthcare

Rob Herb, Vice President and Global Asset Manager for Healthcare & Clean Technology at DLL, observes that the healthcare market "is better guarded against a possible recession than other industries" because of an unflagging need for healthcare. But he notes several trends making finance companies work harder than ever to lease equipment. One is the healthcare industry's move toward value-based care.

Unlike the traditional fee-for-service model in which an insurer pays for each procedure performed, value-based care rewards healthcare providers with incentive payments for their quality of care as measured by patient outcomes. "The impact of this on the equipment industry is that we're seeing more of a push for managed services," says Herb. "Hospitals are looking to transfer some of their equipment cost and performance risk over to providers of the equipment."

DLL already rolls in service components to make operating leases more attractive. But because a longer equipment life span is now so important to customers, Herb says asset managers have to sharpen their pencils to make sure leasing is more advantageous than buying. They must also be sure to take an appropriate residual. "But with interest rates so low, our biggest competitor now is cash," he says. "Hospitals are earning so little on their money that they may still decide to finance a purchase."

Influences on Values

Although sources for this story agree that equipment values generally remained strong near the end of 2019, they also agree that they're now exercising particular care setting residuals. Pierman says Crestmark Equipment Finance is focused on ensuring that all evaluations are made on a linear basis instead of on a specific period of time. "We're being disciplined and paying attention to the historical cycles of equipment values," he says, "and we're looking at collateral for what we expect to be a downturn in the next few years." Specific care is being given to collateral crossover, he adds, to be sure that any time it exceeds loan balance, the crossover period is based on transaction credit quality.

Meanwhile, Jaramillo sees strengthening ties between equipment values and government guidelines, prompting even greater scrutiny of regulatory activity. "New regulations can have a drastic impact

on equipment values that have been steady for years," she notes. As an example she cites tank rail cars, whose values sank dramatically upon enactment of a rule requiring new standards for cars transporting certain hazardous materials.

More recently at issue is IMO2020, a ruling by the International Marine Organization requiring all shippers in international waters to lower emissions by converting to low-sulfur diesel fuel by Jan. 1, 2020. "Regulations and equipment values are increasingly connected today," Jaramillo says. "A regulation may not pertain to an exact piece of equipment, but it could impact an entire industry and downstream, affect the value of that equipment."

Complicating matters further is the fact that each deal can be unique when setting residual values. "You have to look not only at how the equipment will be used and for how long, but at whether there's been a bubble in the market that needs to be considered for the future values," explains Jaramillo. And because each market is subject to different regulations, she adds, "You have to regularly monitor industries to keep abreast of any pending changes, and which of them will affect your company's markets."

How Technology Helps

Although equipment managers also spend time tracking technological changes in new equipment, they sometimes harness technology themselves to make their jobs easier. DLL, for instance, is investigating Al (Artificial Intelligence) to see how it can be used to better understand customers and thus make more granular decisions. "With AI, you extend your brain power without adding a lot of staff," says Herb. As technology and business models using AI evolve, he says DLL's goal would be to replace simple value curves with more complex predictive models figuring in customer behavior.

Pierman talks about the growing use of Electronic Logging Devices (ELDs) for equipment values and transaction pricing. "You see this a lot with trucks and trailers and construction equipment," he says. ELDs monitor "who's using it, who's abusing it, and how it's being used," he adds, providing helpful data to manufacturers, maintenance professionals and equipment managers.

Jaramillo says the use of electronic documents and signatures continues to change the way Key Equipment Finance interacts with customers on the

front end, and that electronic portals enhance interaction with customers and vendors on the back end. Of course, developments in technology also result in the creation of new equipment and new uses for existing assets. Says Jaramillo by way of example, "We've seen drones used in Colorado recently to examine roof damage caused by hail and ice."

On Tap for 2020

Drones, robots and electric trucks are likely to figure among the equipment presented for financing this year. Quantum computers for business and Al-as-a-service applications could also make appearances. Along with new equipment and services, Herb expects a growing trend toward sustainability. "DLL has worked with manufacturers to develop equipment refurbishment plans for several years," he observes. "The increasing importance and urgency around sustainability will push more manufacturers toward refurbishment in 2020 and will increase buyer demand for these refurbished products."

Developing a yardstick to measure the sustainability achieved is still a challenge. Now that large accounting firms are taking an interest and becoming involved in the effort, though, Herb thinks sustainability measuring standards will continue to mature in 2020. The trend may be further advanced by sustainability summits like the one DLL held two years ago in Europe, attended by vendor partners across all of the company's verticals. "They teach each other about their efforts and learn from it,"says Herb. "Despite being in completely separate industries, they realize they face the same challenges in moving to circular business models."

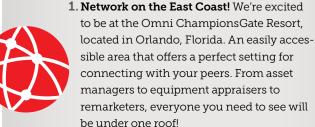
Pondering 2020 from an economic standpoint, Pierman looks for continued margin compression. But he believes overall yield will improve as long as the Federal Reserve refrains from making further cuts to the prime interest rate. Pierman also hopes for an uptick in construction and expects continued stability in other markets, but he takes nothing for granted. "Everything is doing well in most categories of equipment, but that won't be the case if we head into any kind of recession," he reminds us. "Being disciplined with valuations and paying attention to historical cycles of equipment values are ways to prepare."

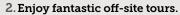
SUSAN HODGES writes about equipment finance and other business topics from her office in Wilmette, Ill.

Top 5 Reasons

to Attend the **Equipment Management Conference**

THERE'S A LOT IN STORE for you at the 2020 Equipment Management Conference, Feb. 23-25. Here are just a few highlights you won't want to miss:





You will have a chance to tour a Microelectronics Wafer Fabrication and R&D Facility specializing in advanced system integration and packaging, digital and RF silicon interposers, microelectronics production and high-speed transistors. Or tour the Ritchie Bros. Auction site, where you'll participate in a hands-on equipment valuation experience on their 220-acre facility! Two amazing off-site tours.

- 3. Prepare for 2020. Keynote speaker Jeff Jensen, Senior Director at Keybridge, will present the 2020 Economic Outlook.
- 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.

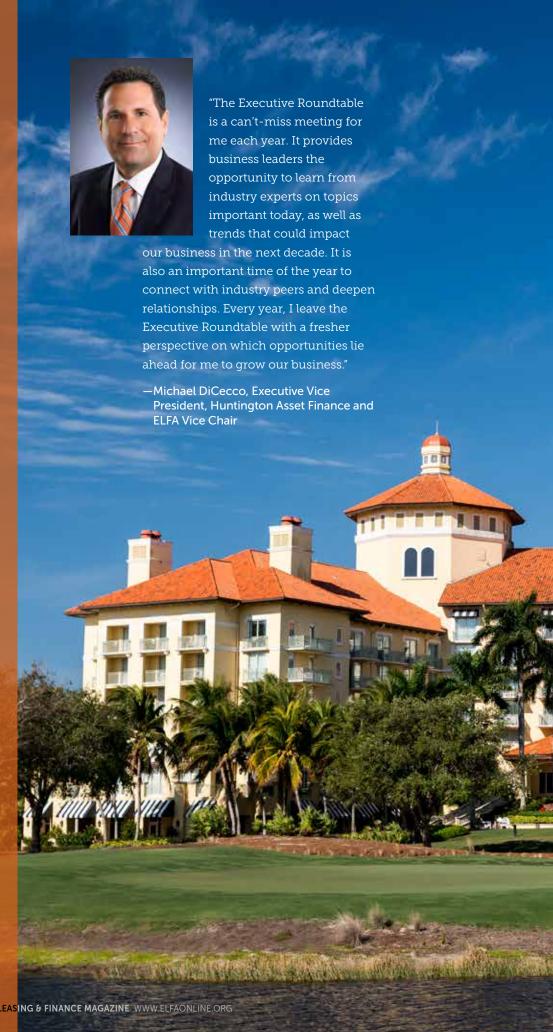


SHUTTERSTOCK

WHAT'S Happening at the **ELFA Executive** Roundtable?

Members share why this event belongs on your calendar

Don't miss the 2020 Executive Roundtable, March 8-10 at the Ritz-Carlton Golf Resort in Naples. This exclusive event brings CEOs and presidents of equipment finance companies together to address critical issues, plan for the future and to create lasting business relationships. Hear why your colleagues make this a must-attend event each year.



"Each year, the ELFA Executive
Roundtable brings equipment finance
leaders together to discuss the high-level
trends of the day and to strategize about
the future. This unique and valuable
opportunity is one of my favorite venues
to reconnect with colleagues and
industry experts and to listen, learn, share
and meet new thought leaders within our
dynamic industry."



Kristine A. Snow,President, CiscoCapital and ELFAChair-Elect

"I always look forward to attending the ELFA Executive Roundtable. The beautiful location, relaxed setting and small, exclusive group of industry leaders provide an excellent environment to develop key relationships with



my peers. The esprit de corps that develops amongst the group fosters an open discussion of current trends and sharing of ideas aimed at moving our businesses forward. The speakers and sessions are focused on "C" level content that resonates with me and stimulates thought and productive discussion. I always leave the event with fresh perspectives and a pipeline of ideas to discuss with my teammates when I return to the office."

Robert Boyer, CLFP, President, BB&T Commercial
 Equipment Capital Corp. and ELFA Treasurer



Meet ELFA Board Chair Martha Ahlers

Further engaging members to experience more of the value ELFA offers

MARTHA AHLERS HAS THREE GOALS FOR HER TENURE as ELFA Board Chair, and all of them include you. First and foremost, she wants member companies to become more engaged in the association to better experience all it has to offer. "I believe some members never fully appreciate the value of ELFA because they don't actively participate," says Ahlers. "Those of us who serve on its committees, boards and work groups know how much we and our companies benefit. But there's a need to educate the rest of our membership about the many opportunities that arise to grow professionally and personally when we become more engaged."

Ahlers herself is a fitting example. She amplified her engagement in 2013 when she joined ELFA's Board of Directors at the invitation of former President & CEO Woody Sutton. "It's a really funny story," she says. "The PGA was in town looking for a Title Sponsor for what is now the Korn Ferry Tour. The CEO of our company decided that United Leasing & Finance should be the sponsor and understood the importance of the charitable impact and bringing an international audience to our region. As

Vice President and Chief Operating Officer, I was interviewed on the Golf Channel about our sponsorship, and Woody saw me. Afterward he asked me to become involved at a higher level in ELFA by joining the Board."

Ahlers doesn't play much golf, but her identical twin sister does and played D1 collegiate golf. "She could have gone on to the LPGA, but she chose law school instead," says Ahlers. "Now she teases me that it's 'totally ironic' that I'm the one who ended up on the Golf Channel!"

Building a Personal Foundation

In the seven years since that invitation, Ahlers has nurtured her commitment to many organizations and efforts. In ELFA, she continues her Board membership and has served on multiple committees, including Fair Business Practices, Executive, Nominating and Personnel. From 2015 to 2016, she was Chair of LeasePAC, ELFA's nonpartisan federal political action committee. In 2018, she served as the ELFA Board Liaison to the Equipment Leasing & Finance



Foundation. She has also contributed to multiple Foundation studies, including "State of the Equipment Finance Industry" and "U.S. Equipment Finance Market Study." Additionally, she has participated in the Foundation's Industry Future Council and supports the Foundation as a donor.

While thus engaged she has also risen in responsibility and stature at United Leasing & Finance, Having joined the company in 1996 as Account Manager, she was promoted

to Vice President and COO in 2009, then named President in 2017. As President, her areas of direct involvement include sales, risk management, marketing, credit and operations. "The last 10 years have been amazing," Ahlers reflects. "Watching the growth of the company and the development of our team makes me extremely proud. Our success could not have been achieved without the passion and engagement of our employees."

Ahlers also gives time and energy to her community. She has served on the Evansville Executive Forum and the Board of Directors of both the Ronald McDonald House Charities of the Ohio Valley, and the Tri-State Multiple Sclerosis Association. She has been involved with the Carver Community Center and Ruth's House as well. But whether she's giving back, overseeing process improvement at her company or enjoying time with her family, Martha feels a deep regard for others. "I'm a small-town girl who was raised in a very loving and giving environment," she says. "I'm so very grateful."



Ahlers on stage at the 2019 ELFA Annual Convention.

Spreading Support

From her compassion for people springs enthusiasm for her second goal as ELFA Board Chair: to increase the diversity of the association's membership. "Growing our diversity and inclusion is already part of ELFA's mission, and it's enormously important to me personally," she says. "I believe everyone is valuable, and I look forward to finding more ways to bring people of different backgrounds to the table to broaden our perspective and enhance our decision-making."

Ahlers' third goal is to better prepare ELFA member companies for an economic downturn. "We've now reaped the benefits of 10 years of prosperity, and those who've joined our industry during this time may have never experienced a recession," she observes. "Whether pockets of decline are concentrated regionally in certain manufacturing areas or a broader slow-down materializes, we need to strengthen our ability to prepare and respond with education."

Ahlers herself recently attended an event at which two economists discussed potential scenarios for a downturn. "No matter how it happens or when, equipment finance companies will feel it in the struggles of their customers," she says. "If we can find solutions to help them weather the storm, our relationships with them will strengthen and endure for the long term."

She finds further education in the experiences, skills and styles of other leaders, and says they have helped shape her goals. At the ELFA Convention in October she met Valerie Jester, the first woman to serve as ELFA Board Chair. "Meeting Valerie was so inspiring," says Ahlers. "I felt an immediate connection and found her to be a dynamic communicator—someone who has embraced what she had done and what I was about to do—and a kind person who inspires not only women, but people of diverse backgrounds."

Ahlers' ability to focus well on so many aspects of life is exceeded only by her dedication to them. It might be hard to believe her when she says she loves to cook, that it's an outlet for her creative side and giving nature; or

that she studied classical piano and loves to travel, Spain being her next destination. Not as hard to believe, though, is the satisfaction and joy that she clearly receives from it all. "I'm so honored to take on the role of ELFA Board Chair," she says. "I look forward to working with the Board, the staff and all members to advance our association's important work in support of our amazing industry and the people who drive it."

ELFA President and CEO Ralph Petta shares his excitement about Ahlers' role at the helm of the Board of Directors. "We are extremely fortunate to have Martha serving as Board Chair for 2020. Her vision and leadership skills, combined with her industry knowledge and dedication to our association, will be tremendous assets to our members and the equipment finance industry at large in the coming year."

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



Ahlers at the Board of Directors meeting at the 2019 ELFA Annual Convention.

Equipment Acceptance Is Important

THE LESSEE'S ACCEPTANCE OF EQUIPMENT is not merely a documentation formality from your Legal Department. It is a critical step to achieving "hell or high water" treatment (i.e., when the lessee's obligations under a lease become absolute and unconditional irrespective of any equipment or service issues). This article will explore the key aspects of equipment acceptance and several options available to lessors.

Under the Uniform Commercial Code ("UCC") (UCC Section 2A-407), "hell or high water" treatment for UCC 2A commercial leases is triggered by the lessee's acceptance of the equipment following delivery and a reasonable opportunity to inspect the equipment. Knowing when the applicable equipment has been accepted and the ability to demonstrate this for a court is important. Acceptance is also important because it confirms that the equipment, which represents collateral and potentially residual value for the lessor, has been delivered in good condition.

Template lease forms typically require that the lessee agree to sign and return to the lessor a delivery and acceptance certificate ("D&A") following delivery. Lessors generally will not provide funding until the signed D&A is received by the lessor.

This seems straightforward. However, a number of issues are becoming more common in the industry. One issue is that lessees are not always quick to sign and return D&A's. Some (possibly many) small ticket lessors seek to avoid the delay by including a D&A on the face of the lease. When the lessee signs the lease, it may also be asked to sign the D&A at the same time. If the equipment has been delivered and is "plug and play," this may well be an acceptable time period in which to inspect and accept the equipment. In many cases, however, the equipment will not have been delivered at lease signing and therefore the lessee will not have had a reasonable (or possibly any) opportunity to inspect the equipment. A lessor then runs the risk that a court will view the acceptance as not meaningful and not effective under the circumstances. To address this, once the equipment has been delivered and a reasonable inspection period has elapsed, a prudent lessor will either request a follow-up signed D&A or conduct a telephone verification call confirming lessee acceptance.

Another issue is that in some industry segments vendors desire to accelerate their recognition of sales revenue rather than waiting for the equipment to be accepted, and in some cases they want this recognition to occur before the equipment has even been delivered. Such vendors prefer to "finalize" the sale at a point prior to lessee acceptance by requiring the

lessor to unconditionally commit to the vendor that it will fund at such point. This is often motivated by the need to meet monthly, quarterly or yearly financial targets, especially in publicly traded entities. The scope of this article is not intended to encompass such accounting issues. However, suffice it to say that the real issue is not that the industry standard prac-



tice of waiting for a D&A prior to funding will PREVENT revenue recognition by the vendor. Instead the issue is that this industry practice will simply DELAY revenue recognition until acceptance has actually occurred.

The rationale for hell or high water treatment is that a finance lessor is merely providing funding for

the equipment without being involved with the equipment's manufacturing, performance, servicing or selection, and that the lessee has received the equipment and has had reasonable opportunity to inspect and accept it. Thereafter, by signing the D&A and authorizing the lessor to fund the vendor, the lessee is acknowledging and



agreeing that it is fully and unconditionally obligated for all of its obligations under the lease.

What happens when a vendor asks a lessor to "jump the gun" and fund prior to receipt of a D&A? Many (possibly most) lessors will simply say "no" given the importance under the UCC of acceptance with regards to hell or high water treatment. However, there are several approaches that some lessors are willing to use for the right vendors and end-users.

One approach is for a lessor to accept "deemed acceptance" in lieu of express acceptance via a D&A, especially in the small ticket context. Under this approach, the lease provides the lessee with a specified number of days after delivery to inspect and implicitly accept the equipment. If the lessee has not expressly notified the lessor of any issues within such period, the lessee agrees up front in the lease that it shall be deemed to have accepted the equipment for all purposes under the lease. A prudent lessor will likely ask for vendor repurchase in the event that the lessee raises any equipment issues within some identified period of time. However, if the prime motivation for the vendor is to be able to achieve revenue recognition at such deemed acceptance point rather than merely access to cash, this approach probably will not achieve the vendor's goals. Such a repurchase obligation would likely delay the vendor's revenue recognition until the specified repur-

> Another approach is for the lessor to forego acceptance and have the lessee pre-authorize the lessor to fund the purchase price of the equipment at some point prior to lessee's acceptance or



chase period has expired.

have agreed via the lease that it will be fully obligated for all lease payments (and also that, as between lessor and lessee, risk of loss will have passed to the lessee) even if the equipment is defective, not timely delivered or even never delivered. Note that this is distinct from the "deemed acceptance" approach described above in that the funding occurs, and the lease begins, without any acceptance whatsoever, be it deemed or actual. Many end-user lessees may not be willing to agree to this precisely because they do not want to be unconditionally obligated unless and until the equipment has been delivered and they have had the chance to fully "kick the tires." However, in many respects, this approach is not fundamentally different from a loan structure where the obligor agrees to be fully obligated as soon as the loan closes. As long as the lease language is abundantly clear and unambiguous, and the lessee agrees to it by signing the lease, this should not be viewed as fundamentally unfair to the lessee under general freedom to contract principles. It is important to note, however, that the lessor would then be relying on the contractual language in the lease rather than the UCC's hell or high water provisions.

Many lessors who utilize this "pre-authorization" approach also require vendor repurchase for some agreed upon period in the event that the lessee makes any claims relating to delivery and acceptance of the equipment. Again, though, this would likely raise the revenue recognition considerations described above for the vendor.

It is worth noting that for any of the above alternate approaches, the lessor's risk should be self-mitigating at some point. For instance, following some period of months after the lease has commenced, the lessee will have used (and made payments for) the equipment for so long that it will be viewed as functionally having accepted same. Consider, in such a case, how much sympathy a court might have for a lessee seeking to assert that it did not accept the equipment after using and paying for it for many months or even years.

Given the significance of acceptance under the UCC, D&As are a standard requirement in the industry. The above alternate approaches clearly entail heightened lessor risk and thus should only be considered for vendors and end-users with strong risk profiles. Many conservative lessors may struggle with accepting this additional risk.



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Improvements Made in VIE **Consolidation Accounting**

FASB simplifies guidance for private companies and the business scope exception

IN RECENT YEARS the FASB has been engaged in improving existing standards through amendments to reduce the cost and complexity of financial reporting. This article covers the following two recent improvement amendments to the exceptions to not apply the variable interest entity (VIE) consolidation model:

- ASU 2017-01 Clarifying the Definition of a Business
- ASU 2018-17 Targeted Improvements to Related Party Guidance for Variable Interest Entities

The clarifying definition update became effective after Dec. 15, 2017 for public business entities (e.g., calendar year 2018) and after Dec. 15, 2018 for all other entities (e.g., calendar year 2019 for private companies). This update narrows the breadth of this scope exception.

The targeted improvements update broadens the accounting policy election for a private company to opt-out of the VIE guidance to include all legal entities under common control, not just common control leasing arrangements as previously permitted. The expanded private company election is effective for fiscal years beginning after Dec. 15, 2020 (e.g., calendar year 2021) with early adoption permitted. This update also amends the guidance for determining whether a decision-making fee is a variable interest, but a review of this change is beyond the scope of this article.

Definition of a Business Clarified

One possible way to escape the VIE consolidation rules is to meet the business scope exception. The FASB recently clarified what constitutes a business in the publication of ASU No. 2017-01 and this revision has impacted the business scope exception in the ASC 810 consolidation rules. This 2017 ASU was focused principally on what would qualify as a business for purposes of business acquisition versus asset acquisition accounting. However, the revised definition of a business applies more broadly.

Business Definition

Determining if an entity meets the business scope exception is a two-step process. However, there is an initial screen that can be used to determine when a set is not a business. This may allow some entities to avoid doing the entire analysis if not otherwise needed. When applying the screen, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or in a group of similar identifiable assets, the set is not a business, and no further assessment is required.

If the screen is not met, an entity then performs an assessment to determine whether the set is a business by using a framework outlined in the ASU. To be considered a business under this framework, a set must include at least one input and one substantive process that together significantly contribute to the set's ability to create outputs. The guidance narrows the definition of outputs by more closely aligning it with how outputs are described in ASC 606.

Second, the RE must evaluate the entity and its relationship with the entity under paragraph ASC 810-10-15- 17(d). If any of the following apply for the entity and the RE, then the entity does not qualify for the business scope exception.

- The RE has participated significantly in the design or re-design of the entity;
- The activities of the entity have either the RE involved or conducted on behalf of the RE;
- The RE provided more than half of the total of equity, subordinated debt or other forms of subordinated financial support for the entity; or
- The activities of the entity are primarily related to securitizations or other forms of asset-based financings or single-lessee leasing arrangements.



The ASU also includes minor amendments to the definitions of "input" and "process," the other two elements of a business, to indicate that each has the ability to "contribute to the creation of" outputs. These definitions are in contrast to the existing guidance in ASC 805, which indicates that processes create outputs when applied to inputs. Further, the definition of a process has been revised to indicate that the intellectual capacity of an organized workforce is the attribute that may provide necessary processes toward the creation of outputs.

Private Companies

As noted, the original guidance applied to both public and private companies. However, private companies in particular saw limited benefit in its relevance and usefulness. The Private Company Council (PCC) (www.fasb.org/pcc), which addresses constituents concerns and recommends improvements, helped facilitate feedback which indicated that VIE guidance was difficult to understand, unnecessarily complex and promoted inconsistency in application largely due to lack of clarity in determination of various criteria.

In March 2014, the FASB issued ASU No. 2014-07, Consolidation (Topic 810): Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements, a Consensus of the Private Company Council, which allowed private companies to elect out of the VIE guidance for certain leasing transactions. This was considered to be a step in the right direction, but the consolidation issues remained for transactions not involving leases.

The new standard, ASU No. 2018-17, supersedes the amendments in ASU No. 2014-07 and allows a private company to make an accounting policy election to not apply VIE guidance to legal entities under common control (including common control leasing arrangements) when certain criteria are met. The election covers all current and future legal entities under common control

that meet the criteria for applying the alternative option. The company must still apply other GAAP consolidation guidance, specifically, the voting interest entity guidance, and comply with required disclosures concerning its activities with the legal entity under common control. See criteria below:

A legal entity need not be evaluated by a private company (reporting entity) under the VIE model if all of the following are true:

- 1. The reporting entity and the legal entity are under common control.
- 2. The reporting entity and the legal entity are not under common control of a public business entity.
- 3. The legal entity under common control is not a public business entity.

The reporting entity does not directly or indirectly have a controlling financial interest in the legal entity when considering the voting interest model (see ASC 810-10-05; under the voting interest model, the usual condition for a controlling financial interest is ownership by one reporting entity, directly or indirectly, of more than 50 percent of the outstanding voting shares of another entity).

This update to the standard is intended to simplify guidance surrounding consolidations and VIE's to private companies under common control. It is expected that many private companies will make the applicable election with hopes of improving understanding and consistency in applying VIE guidance. Additional disclosure requirements are aimed to further support communication of relevant financial information to users in a meaningful way. With reduced complexities and therefore reduced cost, the private companies and the users of its financial information should be the beneficiaries of overall enhanced efficiencies and effectiveness into the future.





RODNEY HURD is Chief Financial Officer at Bridgeway Capital Advisors and JAY WILENSKY is Vice-President, Accounting & Finance, at Chicago Freight Car Leasing Co, a subsidiary of Sasser Family Companies. Both are members of the

ELFA Financial Accounting Committee.

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The Outlook for 2020

2020 PROMISES TO BE AN EXCITING YEAR in the world of politics, but in the world of policy, very few people in Washington are anticipating much movement or change. In the world of politics, impeachment and the aftermath will dominate the beginning of the year, and it is anyone's guess whether, after going through what will surely be a bruising fight, Republicans and Democrats will be able to accomplish much legislating between then and election day 2020.

On the financial services front, unless there is a significant change in the political atmosphere, very little is expected to get changed from a legislative

perspective. The House, controlled by Democrats, may continue to pass measures but most of these measures have received a cool reception in the Senate thus far this Congress, and that is unlikely to change in the near term. The one area that we could see action would be in the area of some liberalization of banking for cannabis related businesses in states where cannabis is legalized in some form under state law.

On the regulatory front, during 2020 we expect the Consumer Financial Protection Bureau to move the ball significantly forward regarding regulations implementing Section 1071 of Dodd-Frank. As a reminder, Section 1071, when in force, will require commercial financiers to collect certain demographic information about their customers. It is unlikely, however, that final regulations would be issued in 2020, and regardless, the CFPB is going to great measures to telegraph that there will be a long runway to an effective date. Additionally, it remains to be seen which sectors of commercial finance may garner exemptions to these rules. ELFA will remain active in this space and will be sure

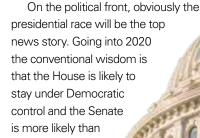
The policy environment is undergoing a shift toward populism and consumerism. not to stay in Republican control. Significant shifts in the political winds in either direction could push either of those in the other direction. At the presidential level, while

much of the election will be defined by the Democratic nominee, in all likelihood, this election, like most others in recent memory, will be more of a referendum on the incumbent than a decision about an alternative.

Regardless of the outcome of the 2020 elections, participants in the equipment leasing and finance industry will continue to face a policy environment that is undergoing a shift toward populism and consumerism. This trend is seen in an increasing number of companies indicating they have significantly broadened their focus beyond the traditional primacy of return to shareholders to include broader societal factors. This is a trend that has continued unabated for years now at varying rates from the violent protests of the G7 in the late 1990's and early 2000's, to Sarbanes-Oxley and Dodd-Frank, to the Occupy movement, and the more recent climate demonstrations. Notably, during recent climate protests in Washington, the protesters weren't protesting at the White House or the Congress, they were protesting at a bank with a large sign that stated, "Stop Funding Mass Extinction." This is a trend that isn't going away, and we will continue to deal with it through 2020.

> For more information, contact ANDY FISHBURN, ELFA Vice President

of Federal Government Relations, at afishburn@ elfaonline.org.



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ELFA Educates State Leaders

NEAR THE END OF THE YEAR when state legislatures are in recess across the country, state legislators use this time to meet with constituents and attend annual legislative leadership meetings where they can listen to and share ideas with state leaders from other states and territories. ELFA has found this to be a perfect time to educate leaders on the issues most important to ELFA members. Below are photos from ELFA's most recent trips to China and Puerto Rico, where we met with member companies and participated in the National Hispanic Caucus of State Legislators (NHCSL) and the Council of State Governments annual meetings.

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



Puerto Rico Governor Wanda Vázquez and Scott Riehl.



Terry Brandstad, US Ambassador to China and former Governor of Iowa, with Scott Riehl.



Pictured L-R: Pat Green of Wells Fargo; Paul Russinoff of Visa; Carmelo Rios, Puerto Rico's Senate Majority Leader and President of the NHCSL; Scott Riehl and Simon Wlodarski of Bank of America.



New Jersey Senator Nellie Pou, Chair of the New Jersey Senate Banking Committee and newly elected 2020 Vice President of the NHCSL, with Scott Riehl.



Ricky and Ricardo Rios of ELFA member company Commercial Equipment Finance, LLC hosted Scott Riehl at their new offices.



Pictured L-R: Steve Lakis, President of the State Legislative Leaders Foundation; Robert Hertzberg, California Senate Majority Leader; and Scott Riehl.

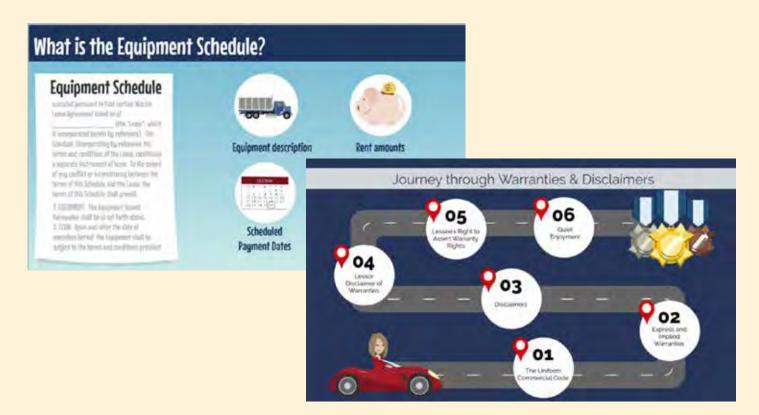
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For questions, contact Alexa Carnibella at acarnibella@elfaonline.org





Foundation Announces 2020 Board of Trustees

THE EQUIPMENT LEASING & FINANCE FOUNDATION Board of Trustees met in December in Dallas, Texas, to elect 2020 officers, approve the 2020 budget and set programming plans for the upcoming year. Guided by strong leadership and invaluable expertise for over 30 years, the Foundation continues to be **Your Eye on the Future.** We are pleased to announce the 2020 Officers and Trustees:

CHAIR: Scott Thacker, Ivory Consulting Corporation

IMMEDIATE PAST CHAIR: Jeffry Elliott, Huntington Equipment Finance

VICE CHAIR: Bonnie Michael, Volvo Financial Services

SECRETARY/TREASURER:

Nancy Pistorio, Madison Capital LLC

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*New Trustees

Get to Know Scott Thacker, Foundation Chair



This new year brings new leadership for the Foundation, and at the helm of the Board of Trustees is Chair Scott Thacker, Chief Executive Officer, Ivory Consulting Corporation. The following is an interview delving into Thacker's history with the Foundation and what we can look forward to over the next two years.

Why did you initially become involved with the Foundation, and how has your engagement evolved?

Twenty years ago, as a new ELFA member, I began reading the Foundation's publications. As a life-long learner with a healthy curiosity, I was intrigued by the Foundation's focus on research, and in 2010, I asked to become a member of the Research Committee. My active involvement in coordinating research studies led me to become Co-Chair of the Research Committee, along with Jeffry Elliott. We are a strong complement to each other, so when Jeff became Chairman of the Board of Trustees, it was a natural fit that I become Vice Chair. I am looking forward to the next two years as Chair.

What impact on the industry does the Foundation Research Committee have?

The impact is significant and, in some ways, game-changing. Professionals throughout the equipment finance world

rely on our economic data and unique research studies as primary inputs to their strategic positioning decisions. The Research Committee oversees all of this work—it's the largest of our committees.

My favorite publication is the *Applied Economics Handbook*—a valuable resource that instructs people making strategic decisions on how to synthesize all the economic data we publish. We don't just produce data; we also provide people with meaningful ways to use it!

Which 2020 (and beyond) goals are you most looking forward to working toward?

I am most passionate about securing the future of our scholarship program.
I find nothing more important than supporting students inter-ested in entering our industry. We want to encourage bright, driven young people to choose equipment finance as a way of making sure that our industry continues to be innovative. During my tenure, I'd like us to create a compelling scholarship

program that not only attracts the best and the brightest, but also is supported by a financially sustainable foundation. To that end, I've established a personal legacy gift to the Foundation.

What value does the Foundation provide that keeps generous corporate and individual donors pledging year after year?

I think what makes the Foundation unique is that people find professional value as well as personal growth from reading our publications and participating in our programs. That makes it easy for them to donate year after year.

The Foundation shines in two areas: research and academic outreach. Whether it's the *Journal of Equipment Finance*, a topical study or an economic report, our research offers deep insights and cutting-edge analysis that people can actually use. Many people have told me they find teaching the Guest Lecture Program a very rewarding experience. If you haven't been a donor to the Foundation, please give us a hand! ≡



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

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Does Your Business Have Enough Adversity?

DOES ANYONE EVER ASK THEMSELVES if their organization has enough adversity? I seriously doubt it. In fact, most leaders are on a constant mission to reduce and remove adversity.



Here's a quick exercise analogy to prove my point that adversity is a fundamental ingredient to longterm success for any organization: When someone who is looking to lift weights to build muscle and improve strength goes to the gym, are they asking themselves, "Can I get stronger and feel great about my workout by lifting lighter weights and doing it fewer times?" Obviously, that is ludicrous and contradicts sound reason. So, why do we think our professional experiences and our business trajectories should be any different?

Let me give an example that forever changed the future success of Onset Financial—when adversity that emerged from the Great Recession felt like gale force winds blowing right into our faces. In 2009 we were having a very diffi cult time getting banks to take on any new origination sources. This was critical to help us fund our transactions (we founded Onset Financial in 2008). This adversity seemed insurmountable until we formulated a solution: We went to private equity groups and asked if they would fund our equipment fi nance transactions. Fortunately, this strategy worked, and we were able to successfully navigate through the recession funding transactions with private equity capital. And over time, as macroeconomic conditions improved, the banks started funding our deals.

Fast forward to 2020, and one of our significant competitive advantages is our ability to finance almost any transaction. In large part, this is due to the unique funding capabilities that we were only able to capture because we were in dire need of a solution to a problem that threatened the very survival of our business. Looking back, we are so grateful for that problem because of the "company muscles" we were able to build.

Albert Einstein said, "Adversity

introduces a man to himself." I would also propose that adversity introduces a business to itself. If two companies are competing in the same space and one company seems to have a very easy road to success while the opposing company has extraordinary challenges accomplishing similar success, which company is stronger for the experience and had a more enjoyable path?

The answer to that question is similar to the reward of actually running a marathon and feeling the satisfaction of running through the finish line versus hitting the stop button on the treadmill and reviewing the digital overview of your workout stats. I can look back at the myriad of challenges our company has faced over the years and, without fail, we became stronger and more experienced as a result of every trial we overcame.

The greatest companies in the world are full of stories of adversity that precipitated their success and their rise to dominance. In my experience as a leader of an independent equipment finance company, I have come to know and trust that adversity is a direct harbinger of massive success. So, take a minute and ask yourself: Does your business have enough adversity?

JUSTIN NIELSEN is CEO of Onset Financial, Inc.

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