

Doing Good and Doing Well

ELFA members are fostering community connections and employee engagement through giving back



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ELFA members are fostering community connections and employee engagement through giving back.

By Gwen Moran

EQUIPMENT
Leasing & Finance
THE MAGAZINE FOR INDUSTRY EXECUTIVES

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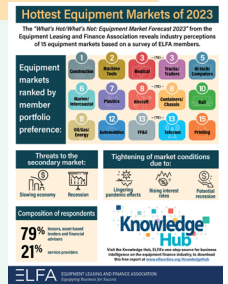
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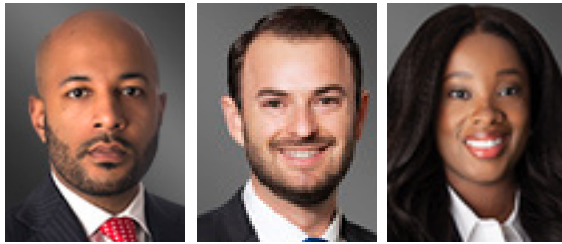
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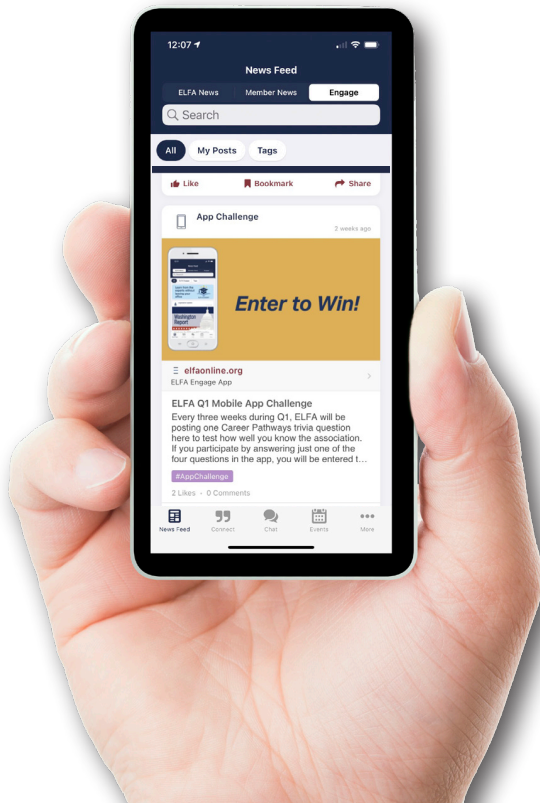
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ADVERTISING Steve Wafalosky
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440-247-1060

Equipment Leasing & Finance Magazine, Vol 39, No 2 (ISSN# 008-058), is published bimonthly (Jan/Feb, Mar/Apr, May/Jun, Jul/Aug/Sep, Oct, Nov/Dec) by the Equipment Leasing and Finance Association, 1625 Eye St NW, Suite 850, Washington, DC 20006.

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

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Enter to Win ELFA SWAG!

New in 2023, use the ELFA Engage mobile app to win prizes throughout the year. Learn more about our quarterly contests at www.elfaonline.org/app.



ELFA Executive Roundtable:

Leadership with a Purpose

March 26-28, 2023

**Omni Amelia Island Resort Hotel
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Bringing CEOs and Presidents of leasing and finance companies together to discuss the issues of the day, to strategize about the future and to create lasting business relationships

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EQUIPMENT LEASING AND FINANCE ASSOCIATION
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THIS SPRING, ELFA is rolling out a wealth of learning and networking opportunities for you and your team. Now more than ever, your association is dedicated to providing you with business and professional development throughout your career to position you and your organization for success in an ever-changing marketplace. Whether you're an equipment finance veteran or new to our great industry—or somewhere in between—I encourage you to check out our calendar of upcoming events. Spring highlights include:

- **Funding Conference**, March 14-16 in Chicago. Consider arriving early to attend the Best Practices Roundtables for bank, independent, captive and vendor finance and small-ticket executives on March 14—at a bundled discounted registration fee.
- **Executive Roundtable**, March 26-28 in Amelia Island, Florida. This special event will bring together top industry leaders focused on “Leadership with a Purpose.”
- **Women’s Leadership Forum**, April 3-4 in Chicago. Get a sneak peek at the agenda and the theme “Leading With Your Whole Self” in our feature story “Eyes Wide Open(ed).”
- **Legal Forum**, May 7-9 in Fort Meyers, Florida or online. The best place to obtain updates on legal issues that impact your company—now offered both in-person and virtually.
- **Innovation Roundtable**, May 18. Don’t miss this interactive, virtual discussion hosted by ELFA’s Innovation Advisory Council and facilitated by Deb Reuben of TomorrowZone.
- **Capitol Connections**, May 24 in Washington, D.C. Read “Delivering the Equipment Finance Message to Policymakers” to learn about our biggest advocacy event of the year.
- **Credit and Collections Management Conference**, June 7-9 in San Antonio, Texas or online. Watch for the next issue of this magazine, when we’ll take a deep dive into the state of credit and collections.

For a full listing of events, please visit www.elfaonline.org/events. In addition to in-person events, we’re also pleased to offer new Wednesday Webinars as well as online courses through the ELFA Academy—learn more at www.elfaonline.org/events/eLearning.

Not sure where to start? Check out ELFA’s Career Pathways, a comprehensive list of training, events, resources and volunteer opportunities designed to guide you as you progress through each phase of your career, at www.elfaonline.org/CareerPathways.

Giving Back

In this issue of *Equipment Leasing & Finance* magazine, we’re pleased to present our second annual look at how member companies are having a positive impact in their local communities through a wide range of charitable activities. See our cover story “Doing Good and Doing Well” for inspiring stories of members making a difference.

We want to hear from you! What charitable causes are you passionate about? Join our Q2 ELFA Engage mobile app contest and share how you or your company support your favorite charity. See details starting April 1 at www.elfaonline.org/app.

Ralph

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

Complete the SEFA Survey and Earn Your Free Report

ALL ELFA REGULAR MEMBERS are encouraged to complete the 2023 Survey of Equipment Finance Activity questionnaire at www.elfaonline.org/sefa. Respondents receive:

- A complimentary copy of the SEFA and Small-Ticket SEFA reports (a \$1,495 value), the most comprehensive source of data on the equipment finance industry.
- A personalized MySEFA interactive tool, which lets you track your company's operational and performance statistics and compare them against your peers.

The SEFA is part of the ELFA Knowledge Hub, the source for business intelligence on the equipment finance industry. Questions? Contact Bill Choi at bchoi@elfaonline.org or visit www.elfaonline.org/SEFA.

Win with the ELFA Engage App

THE ELFA MOBILE APP is offering two exciting contests:

- **Q1: Test your understanding of Career Pathways** - Every three weeks during Q1, ELFA will be posting one Career Pathways trivia question to the ELFA Engage app to test how well you know the association. If you participate by answering just one of the four ELFA trivia questions in the app, you will be entered to win.
- **Q2: Share How You Support Your Favorite Charity** - What charitable causes are you passionate about? Post how you support your favorite charity in the ELFA Engage app. Whether you donate or volunteer your time, ELFA wants to know. One winner will be chosen at random at the end of Q2.

The prize for both contests is a \$25 Amazon Prime gift card and ELFA Swag. See details at www.elfaonline.org/app.

Spotlight on Women Leaders

THE ELFA WOMEN'S COUNCIL is shining a light on women in equipment finance through a new Q&A series. In the latest Q&A, meet Jerrie Carter, Retail Credit Manager at Volvo Financial Services. In this fun interview, find out what motivates Jerrie, the best piece of career advice she's been given, and something most people don't know about her. [Read more](#)



Hear Powerful Keynotes at the Executive Roundtable

THE ELFA 2023 EXECUTIVE ROUNDTABLE will bring together CEOs and presidents of equipment finance companies to discuss the issues of the day, to strategize about the future and to create lasting business relationships. The theme is "Leadership with a Purpose" and keynote speakers will include leadership master and adventurer Matt McFayden, futurist and global consumer trends expert Sheryl Connelly, holistic leadership strategist Ginny Clarke and investment strategist Jason Turner. Register today for this exclusive event, **March 26-28** at the Omni Amelia Island Resort in Amelia Island, Florida. [Learn more](#)





Membership Minute

IF YOUR COMPANY IS AN ELFA MEMBER, you may create a member profile on the ELFA website at www.elfaonline.org and gain access to valuable, members-only resources. To learn more about ELFA's members-only resources, contact Julie Benson, VP of Membership Marketing at jbenson@elfaonline.org.

DC to Host Principles Workshop in April

YOU DON'T WANT TO MISS the [Principles of Equipment Leasing and Finance Workshop, April 26-28 in Washington, DC](#). Year after year companies send their employees to the workshop. Why? Here's what last year's attendees had to say about our instructor Kevin Prykull and the workshop:

- "Kevin led the ELFA class flawlessly. He is very passionate and extremely knowledgeable about leasing and finance."
- "I sat in on meetings this week and recognized that I would not have been able to understand what was being discussed had I not attended the workshop last week. Thank you!"
- "Very glad I went to this workshop. I am new in the industry, and this made me understand it more than I ever thought. Thank you!"

Sign up now while spaces are available at www.elfaonline.org/events. Questions? Contact acarnibella@elfaonline.org.

What's New at the Women's Leadership Forum?

THE THEME of the 2023 ELFA Women's Leadership Forum is "Leading with Your Whole Self." The agenda will focus on how bridging the gap between your personal and professional selves—and bringing all you are to all you do—can make you a better leader and a more fulfilled person in every area of your life. Join us **April 3-4** in Chicago for action-oriented takeaways to enhance your career. Learn more in the story, "Eyes Wide Open(ed)" in this magazine and on the [ELFA website](#).



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Legal Forum in the Works

THE LEGAL COMMITTEE met at ELFA headquarters in February under the leadership of Chair Scott Adams, Vice President of Legal & Compliance, North America at Volvo Financial Services. They are planning the agenda for the annual ELFA Legal Forum, scheduled **May 7-9**. This will be a “hybrid” event, offered at the Marriott Sanibel Harbour Resort & Spa in Fort Myers, Florida, as well as online. When it comes to providing you with the timeliest information on legal issues impacting the equipment leasing and finance industry, there is no better place than the ELFA Legal Forum. Register for this once-a-year event at www.elfaonline.org/events.

Next Innovation Roundtable: May 18

REGISTER TODAY for ELFA’s upcoming Innovation Roundtables, which will be held May 18, Aug. 10 and Nov. 16. If you’re interested in accessing cutting-edge knowledge and engaging diverse voices in the industry innovation discussion, these events are for you! You’ll have the opportunity to connect with senior leaders from ELFA’s Innovation Advisory Council in a discussion led by Deb Reuben of TomorrowZone. Learn more at www.elfaonline.org/events.



How Can You Impact the Future of the Industry?

ELFA MEMBER PARTICIPATION in the political process is critical so that policymakers will hear the united voice for our industry and understand how current policy issues will affect the equipment leasing and finance industry. Plan to attend Capitol Connections on **May 24** at the Hilton Washington, DC, Capitol Hill. This one-day event includes advocacy training for ELFA members, briefings on the latest public policy developments, meetings on Capitol Hill and with select federal agencies and more! Learn more at www.elfaonline.org/events.

Everything Tax Pros Need to Know: June 22-23

THE TAX BEST PRACTICES ROUNDTABLE is 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. This year’s roundtable will be held at the offices of Huntington National Bank in Cleveland, Ohio. For more information and to register, go to www.elfaonline.org/events.

Save the Date: Emergence2023

THE EMERGING TALENT ADVISORY COUNCIL is planning a stellar agenda for Emergence2023, **July 13-14** in Baltimore, MD. Emergence is a leadership program designed to empower attendees with the leadership skills necessary to excel in the equipment finance industry. Save the date and watch for details at www.elfaonline.org/events.



Nominate a Leader by April 1

THE EQUIPMENT FINANCE HALL

OF FAME annually recognizes individuals who have made significant and lasting contributions to the industry and the association.

Learn about the 2023 nomination criteria at www.elfaonline.org/hof.



Bank and Small-Ticket Sectors Saw Volume Rise

DID YOU KNOW that in addition to releasing a Monthly Leasing and Finance Index, ELFA produces a special cut of the data for banks and the small-ticket market? According to the December Small Ticket MLFI, new business volume in the small-ticket sector rose 4% in 2022 compared to 2021. And according to the December Financial Institutions MLFI, banks' new business volume was up 5% in 2022 compared to 2021.

[Read more](#)

Job Seekers and Employers Meet in the ELFA Career Center

TURN TO THE ELFA CAREER CENTER to meet your employment goals. If you're a job seeker, search and apply for jobs in your field and enjoy free and confidential resume posting. If you're an employer, post and track job announcements and search our resume database. [Learn more](#)

Members Honor Black History Month

Members of the Emerging Talent Advisory Council are sharing via ELFA's "GenerationNext" LinkedIn group what their companies are doing to honor Black History Month. Read about what U.S. Bank, First Citizens Bank, Toyota, Caterpillar Financial and other companies are doing and share your company's activities at <https://www.linkedin.com/groups/8371318/>.



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5 Minutes with the Captive and Vendor Finance Chair



Eileen Schoonmaker
President and General Manager
DLL

WHAT'S HAPPENING in the captive and vendor finance sector of the equipment finance space? *Equipment Leasing & Finance* magazine caught up with Eileen Schoonmaker, Chair of the Captive & Vendor Finance Business Council Steering Committee (BCSC), to take the pulse of this sector. Schoonmaker, President and General Manager of DLL, is currently serving her first year as Chair of the committee, which engages financial services organizations providing sales-assisted financing, vendor and manufacturer support activities, either on a third-party or captive basis.

How did you get involved with the Captive & Vendor Finance BCSC?

DLL believes very strongly in supporting ELFA and many of our leaders participate in the BCSCs. A colleague who was rolling off the Captive & Vendor Finance BCSC recommended I join.

After my freshman year I was asked to chair the BCSC. We have 18 committee members, five liaisons and a super terrific ELFA staff liaison, Bill Choi. It's a great group of industry leaders and contributors who are willing to speak up on the pressing issues impacting our parent companies, partners, customers and our industry, and share best practices that can help the industry move forward!

From your perspective serving on the committee, what issues are businesses in the captive and vendor finance sector focused on this year?

For our first meeting we asked all committee members to discuss two topics we wanted to do a deep dive on during 2023. Then we voted and produced a priority

list of topics, by month, that we will cover. To no one's great surprise, the rising interest rate environment and impact on the global economy is front and center of mind for all. Included in the list are also key HR topics impacting the future of any mature industry: How to successfully recruit, retain *and* promote an inclusive culture in the hybrid work environment. Rounding out the list has everyone's focus—how to recognize and prevent fraud. Whew!

Here's the final schedule:

- **Economic:** Risk/Challenges in a Rising Rate Environment
- **Human Resources:** Development of "Leasing" Talent through DEI
- **Managed Solutions:** Back for Round 3
- **Technology:** Focus on Measuring Customer Experience/Success
- **Human Resources:** Remote Working: Recruitment & Retention
- **Risk:** Vendor Monitoring/Fraud: New Attacks & Defenses
- **Benchmarking/KPI's:** Measuring success as a captive with current headwinds, using non-traditional ways to support the parent. ☰

Join the Roundtables!

The Bank, Captive & Vendor Finance, Independent and Small Ticket BCSCs are planning best practices roundtables, to be held March 14 in Chicago. See details at www.elfaonline.org/events.

About the BCSCs

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

"This was an excellent workshop. Would highly recommend to future colleagues!!"

"I've sat in on meetings this week and recognized that I would not have been able to understand what was being discussed had I not attended the workshop last week. Thank you."

"Very glad I went to this workshop. I am new in the leasing industry and this made me understand it more than I ever thought. Thank you!"



ELFA PRINCIPLES OF EQUIPMENT LEASING AND FINANCE WORKSHOPS

WHEN: April 26-28 and September 27-29, 2023

WHERE: ELFA HQ, Washington, DC

WHY: Get a strong foundation on how the equipment finance industry works and where YOU fit in the workflow. You'll be led by one of our industry veteran instructors and the class size is kept small to maximize student-instructor interaction and attention.

To view the complete brochure and to register,
go to the Events and Training section of ELFA online:

<https://www.elfaonline.org/POL>.

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



EQUIPMENT LEASING AND FINANCE ASSOCIATION
Equipping Business for Success



Funding Facts

70% of ELFA members who responded to the Survey of Equipment Finance Activity are involved in arranging or selling transactions to each other. The larger your annual new business volume is, the more likely you are to participate in this process. Independents and banks participate at a higher percentage than captives. To learn more, check out the 2022 Survey of Equipment Finance Activity at www.elfaonline.org/SEFA.



6.3%

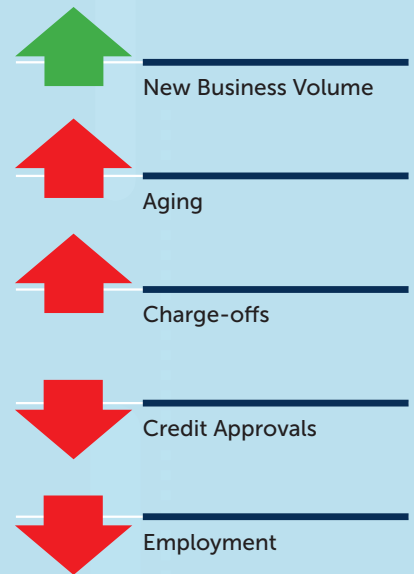
That's the overall increase in year-over-year New Business Volume in 2022, according to the December Monthly Leasing and Finance Index.

MLFI

Monthly Leasing and Finance Index Products

January MLFI Year-Over-Year

See details at
www.elfaonline.org/data/MLFI





Material Improvements

The materials handling sector is expanding/thriving, according to the Foundation's February Momentum Monitor. This month, one vertical is expanding, three are peaking, seven are weakening, and one is recovering/emerging. [Access the full report](#) for detailed information on each vertical.

Cautious Optimism

The Foundation's Monthly Confidence Index reported confidence in the industry of 51.8 as part of a steady climb in the new year. The index reports a qualitative assessment of both the prevailing business conditions and expectations for the future as reported by key executives from the \$1 trillion equipment finance sector. [Read the full report here.](#)



Doing Good at



and Doing Well

ELFA members are fostering community connections and employee engagement through giving back

By Gwen Moran

THE BENEFITS of volunteering and philanthropy are well-documented. A growing body of research finds that involving employees in corporate philanthropy can help organizations improve culture, build stronger teams, bolster employee engagement and create new community relationships. ([One recent survey by PwC](#) found that roughly 70% of employees believe it's important to work for an employer whose mission and values align with their own.)

However, a 2023 report from The Conference Board found that some organizations are reexamining their corporate giving programs in the face of economic uncertainty. ELFA members don't seem to be following suit. Even in challenging times, member companies and their employees are finding creative, fulfilling and effective ways to serve their communities and give back in myriad ways. Read on for examples of member companies that are creating their own stories of generosity, creativity and good corporate citizenship.

Driven to give back

Giving back to the communities where their team members live and work has long been a priority for many ELFA members. At Arvest Equipment Finance, an independent equipment finance firm and division of Arvest Bank based in Fort Smith, Arkansas, Trainer Jenaleigh Lathrop says that employees participate in a

variety of independent and group charitable activities. "Our employees do a great job of finding where there's a need and helping," she says. "Our managers are very supportive and when someone wants time to go volunteer, they don't turn anyone down." For example, Jenaleigh volunteers at local nonprofits and her church as well as her son's school. She previously served on the board of a local diaper bank, which provides diapers and other supplies to local families in need.

Amur Equipment Finance, with headquarters in Grand Island, Nebraska, also looks for organizations to which employees have a personal connection. "It might be a sponsorship for an employee's child's Little League baseball team or supporting a school show choir that needs financial assistance," says Jackie Havel, Amur Vice President of Human Resources. "I love seeing the requests come in. And when the employees' children themselves bring in the requests, that's even better."





“Our employees do a great job of finding where there’s a need and helping.”

Jenaleigh Lathrop, Arvest Equipment Finance

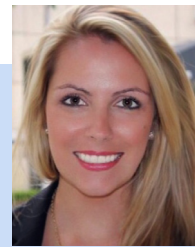
Oakmont Capital Services (OCS), a direct equipment finance lender based in West Chester, Pennsylvania, with a location in Albany, Minnesota, is another member that prioritizes philanthropy and has opted to take a more structured approach to its efforts. Under the leadership of Marketing Director Keara M. Piekanski, the company formalized its philanthropy program in 2022. They polled employees about the organizations they’d like to see the company support and got their feedback about various company-sponsored activities to encourage employees to give back.

The team at Fort Lauderdale, Florida-based Fleet Advantage, an independent firm that provides flexible leasing and truck life cycle management solutions, gives back through its foundation, Kids Around the Corner. The foundation was created in 2014 to help families and children through various donations, typically to small, local nonprofits. Each year, Fleet Advantage donates a percentage of its profits to this purpose. “We focus on the smaller organizations that matter to our employees and their families—the organizations that typically don’t have access to many funding options,” says Katerina Jones, Chief Marketing Officer of Fleet Advantage. “That way, we can really make a difference.”

Engaging the team

The types of ways these organizations give back are as diverse as ELFA’s membership itself. Sponsorships, like Amur’s donation to support Wreaths Across America, which honors those that served, are common. This allows members to volunteer by placing a wreath at headstones at the local veterans’ cemetery and supports existing efforts that benefit the community, Havel says.

Piekanski says this is the primary way her team supports nonprofits at this point. “We’re building our program and, when we sponsor an event, our employees are usually really supportive,” she says. The company sponsored a recent 5K walk in Albany, in memory of a local child who had been abducted and received particularly strong employee support. “Our team members were so excited that they began asking if we could start



“We focus on the smaller organizations that matter to our employees and their families.”

Katerina Jones, Fleet Advantage

our own 5K,” she says. She added that’s likely some time off, but the enthusiasm about how OCS could grow its efforts was exciting. In addition, OCS instituted a new policy in 2022 that gives each employee 16 hours of paid time off for volunteering, which employees can use to participate in group events or on their own.



Amur Equipment Finance organizes team activities like blood drives (left) and participates in a “Santa Cop” program that supports a local family in need.



Arvest Equipment Finance CLFPs teamed up with Pack Shack to assemble over 5,000 meals for local food banks (left) and Jenaleigh Lathrop worked on a literacy project at her son's school.

And that excitement about giving back is the goal of such programs, Lathrop says. It often starts with a personal connection. Arvest's employee volunteerism policies and encouragement allowed her to spend time refreshing the library at her son's school. Sometimes, children who need additional instruction or support may not have the resources they need. She worked to ensure the library had enough phonetics and other books that a group of as many as six students could be reading the same book at the same level instead of having to learn from different books, she says. "This really helps get group study going for those kiddos," she says.

Amur organizes team activities, as well. The company has organized blood drives and supported Breast Cancer Awareness Month with a "wear pink" day, during which Amur makes a donation for each employee wearing pink that day. One employee favorite is the company's involvement with the "Santa Cop" program. The local police department identifies a family in need and gathers a "wish list" at holiday time. Then, employees shop and fulfill the wish list items in time for Christmas.

Kids Around the Corner also encourages participation in a mix of independent and employer-sponsored volunteer activities. Elizabeth Gomez, Marketing Manager from Fleet Advantage, recalls the recent donation of a tractor to Horseplay Therapy, a local nonprofit. Horseplay Therapy uses horses to provide various therapies to children, veterans with post-traumatic stress disorder and others, and needed a tractor for farm-related work and transportation. Originally, the nonprofit was searching for used equipment that was in need of

repair. The foundation worked with a local dealer and raised money to provide a tractor that will help in providing services to various clients. "Now, they're going to be able to use this for, probably, the next 15 years. It's one of my favorite examples," Gomez says.

Measuring success

Collectively, the impact of employee and corporate giving back quickly adds up. Since Kids Around the Corner was created, the foundation has donated nearly



"We've seen a lot of positive results from giving back to the community."

Jackie Havel, Amur Equipment Finance

\$400,000 to more than 30 organizations—nearly half of that amount donated in 2022 as the foundation's efforts and reach have grown. The foundation is run by 11 volunteers from within the company. Team members come together to feed the homeless, provide for families during the holidays, ensure children have the backpacks and school supplies they need, and all manner of other activities. "Our company really is like a family," Jones says. "Our founders believe in looking out for others and not doing things out of selfishness. So, this really represents our culture."

DOING GOOD AND DOING WELL

Arvest Bank's roughly 6,000 associates participated in more than 20,000 hours of volunteering last year alone based on employees' self-reported volunteerism. Lathrop suspects that the number is higher. "People don't think about reporting when they help with their church or coach Little League or things like that," she says. Team members do everything from helping out at nonprofit events to sitting on nonprofit boards of directors, she says. And the team events definitely bolster morale and give employees a feeling of pride and connectedness to the organization and the communities in which they live, she says. The contributions to organizational culture are important, too. The goodwill that these programs have generated helped earn her company recognition as a great place to work, she says. Arvest has been named to Newsweek's list of "Most Loved Workplaces" and Forbes' list of "World's Best Banks" and "Best Large Employers."

Amur also looks toward a more internal metric to measure "success": Its team members. "We measure it by how our employees respond," Havel says. "The company values team members and Grand Island has been home for us for 27 years. We've seen a lot of positive results from giving back to the community." The good name that Amur has built through both doing business with integrity and giving back through community support and volunteerism also helps build new business relationships and helps with employee recruitment and retention, she says.

Another measure of success? Watching these programs grow, Piekanski says. "We see more people participating in the activities, raising their hands, wanting to



"We see more people participating in the activities, raising their hands, wanting to get their families involved."

Keara Piekanski, Oakmont Capital Services

get their families involved," she says. Even in a growing business with just over 60 employees, she adds that it's remarkable how much impact they can have. "It will be the last day for the food drive, and you go over to the collection area, and suddenly there's another huge pile of canned goods that wasn't there the day before," she says. "People at our organization are very kind, and they really want to help each other and their respective communities. We truly work together to make it possible at OCS."

And while volunteering and philanthropy can pay off in many ways, each organization is emphatic about the most important reason for their efforts: supporting the communities and causes that are important to their team members. ☰

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



Fleet Advantage's Kids Around the Corner Foundation donated a tractor to a local nonprofit called Horseplay Therapy (at left) and volunteered at Jubilee Center of South Broward, a nonprofit agency whose goal is to provide meals to the hungry and social services to the neediest in the community.



Oakmont Capital Services' Minnesota branch participated in the Running HOME for Jacob 5K in October 2022. Over 40 walkers took to the local Lake Wobegon Trail, raising \$5,200 including an OCS match, to address and prevent the exploitation of children.

ELFA Community Gives Back

At the ELFA Annual Convention, industry leaders have contributed their sweat and dollars to community service projects for a number of years. Thanks to the generosity of member sponsors and hard-working volunteers at these special events, ELFA has donated more than a quarter of a million dollars, or \$285,000, to the following charities over the past decade:

- 2022 – \$15,000 to the Sea Turtle Conservancy and \$25,000 to the American Red Cross Hurricane Ian Relief Fund.
- 2021 - \$11,000 to Community Lodgings
- 2019 - \$25,000 to Community Lodgings plus \$10,000 worth of supplies
- 2018 - \$25,000 to Arizona Helping Hands
- 2017 - \$11,000 to Give Kids the World Village and \$11,000 to the Feeding Children Everywhere Puerto Rican hurricane relief effort
- 2016 - \$15,000 to Habitat for Humanity of the Coachella Valley and \$15,000 to the Boys and Girls Club of the Coachella Valley
- 2015 - \$15,000 to Habitat for Humanity and \$15,000 to Soldiers' Angels
- 2014 - \$10,500 to I Love a Clean San Diego and \$10,500 to Disabled American Veterans
- 2013 - \$10,500 to Give Kids the World Village and \$10,500 to the Children's Advocacy Center for Osceola County
- 2012 - \$12,500 to Habitat for Humanity and \$12,500 to the Boys and Girls Club of Coachella Valley
- 2011 - \$12,500 to Habitat for Humanity of San Antonio and \$12,500 to Soldiers' Angels



Build-a-Guitar community service project at the 2022 Annual Convention

Day of Giving

Give back to the equipment finance industry by making a donation to the Equipment Leasing & Finance Foundation on June 6! Watch for details at www.leasefoundation.org/giving/.



Eyes Wide Open(ed)

Attending the Women's Leadership Forum can change your life.

By Susan L. Hodges

SHAE WATSON VIVIDLY RECALLS ATTENDING ELFA's first Women's Leadership Forum. The year was 2018, and she was a sales representative for Caterpillar Financial Services Corporation. "There aren't many women in the heavy equipment sector of our industry, and this was the first event I'd attended that was all women. My eyes were opened," she says. "Had we all come together that day and not spoken a word, that would've been enough for me, because I realized that women are here, we're successful, and we're doing great things. I was inspired, even before the conference began."

Watson has come a long way since then. Now an Area Sales Manager of Caterpillar Financial, she has responsibility for six states, 11 people and a \$700-million portfolio. She is also a member of ELFA's Women's Council. "Today I'd have a lot to say to my younger self, because I've learned how to leverage my influence," she says. "I've shed the layer that kept me guarded because I'm a woman. I know now that a woman's perspective can be very helpful. So I'm more vocal in my conversations and more heavily involved with our dealer executives. My voice is different, and what I say is more impactful."

Lasting Results

When it comes to crediting the Women's Leadership Forum for help advancing a career, Watson has lots of company. No wonder: these annual events are packed with dynamic speakers, stimulating panel discussions and tremendous energy. The impact can be profound. Listen to Sonya Morlock-Ryals, Senior Vice President and Deputy Chief Risk Officer of Signature Financial:

"I remember the first one, having no idea what it would be like. It was uplifting and empowering. I looked around and saw all of these career-minded women who cared enough about themselves to improve, become more independent and learn from others, and I realized I was one of them. I don't think I've ever felt so much positive energy in one room!"



"This was the first event I'd attended that was all women. My eyes were opened."

Shae Watson
Caterpillar Financial
Services Corporation

Morlock-Ryals particularly remembers a panel discussion at one Forum about "Super Powers." "People were talking about negotiating, creating your own brand, and building your executive presence," she says. "At the time, I really was not sure of my next step. But I knew what our organization looked like and knew there was potential to be where I am today. I wrote a note to myself as I listened to the presenters, listing all the things I could do to improve myself both professionally and personally, and now that's my tactic every year I attend. I don't just listen, I work to relate what is said to my life and where I want to be."

Morlock-Ryals started at Signature as a managing underwriter with no direct reports. Several years later she was promoted to senior managing underwriter and had a small staff. Next, she took over a second business channel and its team, and in 2022 she was promoted to

her current position. "As our company has grown, I've grown along with it, as have my responsibilities," she says. "I've also helped elevate others below me to step into my roles as I move up." She credits a Forum session on "Managing Up" (2022) for helping her become more effective with executive management. "I'd always worked to establish strong relationships with these individuals, but never thought of it as managing up," she says. "The session taught me the importance of recognizing various leadership styles and taking them into account to create a collaborative environment beneficial for everyone and the company."

Mark Your Calendars!

This year's Women's Leadership Forum will be held April 3-4 at The Palmer House Hilton in Chicago. Registration is open to women and allies, including both seasoned talent and emerging talent, and there's no cap on the number of attendees. The conference theme is "Leading With Your Whole Self." Michelle Speranza, Chair of the ELFA Women's Council and Chief Marketing Officer at LEAF Commercial Capital, Inc., elaborates:

"There's long been a perception that it's best to maintain strict boundaries between the personal and professional when we're at work. But recent events have served as a catalyst for stepping back and reconsidering this. Months of working at home gave us a lens into a different way of approaching work and life, one that focuses on integrating the two instead of separating them. As workers return to the office, they're bringing that new sensibility with them."

But how should leaders respond? Speranza says the Forum will explore the idea that as employees bring their whole selves to work, leaders should do the same.



"You can choose to be in the passenger seat or the driver's seat. And while it's more comfortable to be in the passenger seat, it doesn't always get you where you want to go."

Sara Holtz
Women's Leadership Forum Speaker



"I don't think I've ever felt so much positive energy in one room!"

Sonya Morlock-Ryals
Signature Financial

"During our two-day session, we'll cover some compelling benefits for leaders who choose to bring everything they are to their work, and how the right approach to making this important change can make any leader better, and support stronger personal career growth as well," she says.

Speranza will facilitate a Forum session with guest speaker Sara Holtz entitled, "Advice to My Younger Me: Career Lessons from 100 Successful Women." In turn, Holtz will facilitate a panel of executives who will discuss "Leading With Your Whole Self."

"Who hasn't wished they could talk to their future selves and get advice on the best path forward as a leader?" asks Speranza, adding, "I'm really excited about this session because it's the next best thing. Sara Holtz is a former Fortune 500 VP and author of a book bearing the same title as her session. She has interviewed hundreds of experienced women leaders about what they wish they'd known earlier in their careers."

Holtz says she'll share key takeaways from those interviews, giving audience members a chance to put others' hard-won knowledge and experience to work for themselves now instead of later. One such takeaway: Be the architect of your own career. "You can choose to be in the passenger seat or the driver's seat," says Holtz. "And while it's more comfortable to be in the passenger seat, it doesn't always get you where you want to go."

Another lesson she'll share: Be visible. "There's a misconception that if you do good work, it will be noticed," Holtz explains. "But in reality, that's not true. So you have to decide how you'll make your accomplishments visible."

A third takeaway: Stay in the workforce. "Too often, women leave without understanding the true costs over the course of a career: lost wages, lost promotional opportunities, lost retirement savings," says Holtz. "So women need to be very thoughtful about whether and for how long they leave the workforce. Instead of

leaving altogether, they need to consider if there are less drastic alternatives: going part-time, being a consultant or acquiring a new role."

Forum speakers also include Melinda Briana Epler, CEO of Change Catalyst and author of *How to Be an Ally: Actions You Can Take for a Stronger, Happier Workplace*. Epler will present a session on "Leading With Empathy & Allyship." Speranza tells why this topic is important:

"Now that more people are breaking down the walls between who they authentically are and the work they spend a third of their lives doing, leaders need to understand how to help their employees to feel as safe, valued and empowered as they are. During this keynote, Epler will offer participants proven strategies they can start using right away to bring more empathy to their leadership, strengthen relationships across their teams, and create truly inclusive work environments."

Benefits in bullet points

Catherine Roddick, Chair-Elect of the ELFA Women's Council and Lead Relationship Manager at Farm Credit Leasing, says the Forum offers multiple benefits for everyone who attends, no matter their career level or time in the industry. She lists specifics:

- You'll have chances to network across the industry
- You'll learn from seasoned executives inside and outside equipment financing
- You'll get an opportunity to recharge and strengthen your motivation, and
- You'll get to hear from other generations about their ideas, issues and observations.

"There's so much we can all learn from each other," emphasizes Roddick, who will moderate a panel session on work/life integration. "Even later in our careers, we're still making connections." She will attend her third



"This is an open, collaborative environment, so come ready to be open, to learn and to play."

Catherine Roddick
Farm Credit Leasing



"Make this Forum yours and use what you get from it to become a more authentic, empathetic and effective leader."

ELFA Women's Council Chair
Michelle Speranza
LEAF Commercial Capital, Inc.

Forum this year and observes, "I've been amazed each time at how people come in and allow themselves to be open and vulnerable."

To get the most from the meeting, Roddick says to bring your whole self. "This is an open, collaborative environment, so come ready to be open, to learn and to play," she exhorts, and then adds with a chuckle, "Just observing is not allowed!"

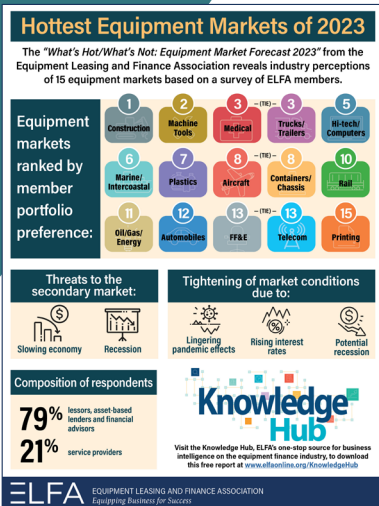
Watson hopes emerging-talent attendees will experience the same kind of enlightenment she felt five years ago. She personally looks forward to meeting and listening to emerging talent to learn their perspectives. "To hear ideas from members of Gen Z as well as those who are mid-career and senior career, you realize that we all complement one another," she says. "Bringing this larger audience together, you're able to better understand the evolution of it all and take something away. In fact, I'd be surprised if you only left with one thing."

Speranza hopes participants won't hesitate to speak up, ask questions and get involved. "Don't just sit back and let the presentations wash over you," she advises. "Be an active part of them. Bring your own experiences and challenges to the table, and find out how to best apply what you learn from them. Don't let it be just another event that's inspiring in the moment and later forgotten. Make this Forum yours, and use what you get from it to become a more authentic, empathetic and effective leader, as well as a more integrated person in all areas of your life." ☰

SUSAN HODGES writes about equipment finance from her office in Albuquerque, New Mexico.

2023 Equipment Outlook

By Carl C. Chrappa



WHAT ARE THE HOTTEST EQUIPMENT SECTORS IN 2023? Construction, machine tools, medical equipment, trucks/trailers and hi-tech/computers are the five top ranked. That's according to 130 ELFA member asset managers and consultants who completed a December 2022 survey. "What's Hot/What's Not: Equipment Market Forecast 2023" reveals industry perceptions of 15 equipment markets based on the ELFA member survey. The following examines the top equipment types:

#1 Construction

Construction equipment was the big winner of the survey, ranking first for the 10th consecutive year. It was also one of the two types that showed an increase in net residual value sentiment. The outlook for construction remains excellent, based on pent-up demand for highway, commercial and civil projects. The infrastructure bill is an added plus to this already hot segment.

#2 Machine Tools

Machine tools finished in second place, with a strong increase in preference from last year and the best net increase in assumed residual values of all equipment types. This ranking is believed to be linked to demand from the contract machining and allied industries. Orders increased sharply in 2021, by around 50 percent year over year, but in 2022 fell 6.7 percent lower than 2021's record year.

#3 Medical

This industry still suffers from confusion regarding the future of healthcare finance with changes to the on-again, off-again Affordable Care Act, and the loss of pandemic-related subsidies. The industry has a preference for leased equipment, which continues unabated, driven by demographics linked to the increasing health care needs of the baby-boom generation. U.S. healthcare spending rose an estimated 2.7 percent in 2021 accounting for 18.1 percent of GDP.

#3 Trucks/Trailers (tied with Medical)

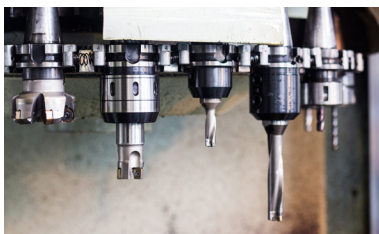
Trucks/trailers tied with medical equipment for third place. In 2022, new class 8 sales, even though constrained, increased a solid 14.6 percent, and orders for new trailers increased by 45 percent. The outlook for this sector is good, thanks to a full backlog of orders and the need for new technology. However, this segment is the target of a host of new regulations brought about by the administration, and is still subject to labor, chip and parts supply problems that tend to limit output.

#5 Hi-Tech/Computers

This industry continues to operate on very low margins but has a vast secondary market. After sharp increases in 2020 and 2021 due to the high number of work-from-home employees, global computer sales established a new record for decline in 2022, falling 16.5 percent (preliminary) as more system refreshes were completed. Used prices for newer PCs increased by around 10 percent in 2021, but by 2022 returned to trendline.

Read about all 15 equipment markets by downloading the full report and an infographic from the ELFA website at www.elfaonline.org/knowledge-hub/most-popular. The report is part of ELFA's Knowledge Hub, the source for business intelligence on the equipment finance industry. ☰

CARL C. CHRAPPA is Senior Managing Director - Asset Management Practice Leader of The Alta Group, LLC.



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- What you Need to Know About 1071
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- State Regulatory Update
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EQUIPMENT LEASING AND FINANCE ASSOCIATION
Equipping Business for Success

Delivering the Equipment Finance Message to Policymakers

By Matthew Hart

ELFA ADVOCATES on behalf of our 575 member companies on public policy issues. Our ability to do so, with one voice, requires more than just action by the association—member engagement is a crucial component to our success on public policy issues.

Once again, we will gather in our nation's capital to advocate on behalf of the equipment finance industry. Capitol Connections 2023 will be in-person in Washington, D.C., on Wednesday, May 24. Registration for Capitol Connections will open soon at www.elfaonline.org/events. We will be announcing programming for this event to include issue-briefing webinar dates and special programming in the coming months. In keeping with previous years' schedules, there will be an opening reception on Tuesday, May 23, and other ELFA events will also be held Tuesday (e.g., ELFA Board Meeting, Business Council Steering Committee meetings and the LeasePAC Chair's Dinner).

Capitol Connections is just one part—but a crucial one—of the association's government relations strategy. Our overall strategy relies on direct advocacy, grassroots mobilization and political engagement. By utilizing all three in our government relations strategy, we create an environment to achieve results for the industry.

Direct Advocacy

Direct advocacy, often called lobbying, is an expression of our right to "petition the government," as stated in the First Amendment of the United States Constitution.

Elected officials come from diverse backgrounds and are not all aware of the ways legislation can impact the equipment finance industry. We can't expect that every

member, even those on congressional committees with direct responsibility for our industry, knows the ins and outs of equipment finance. As a result, much of ELFA's direct advocacy efforts focus on education. Without education on the industry, lawmakers are unlikely to support legislation that would support our industry.

When ELFA's advocacy team weighs whether to advocate for any given matter, they first turn to the ELFA membership. Through BCSCs, working groups and other forms of engagement, ELFA members provide invaluable insight that helps to determine how current policy is working for the equipment finance industry.

Once a policy issue has been identified and if it calls for direct engagement, ELFA staff, often in coordination with member company volunteers, go directly to Members of Congress and their staff to educate them about the issue. Once that base level education is achieved, ELFA can advocate for the path that will lead to the best result for the equipment finance industry.

Grassroots Mobilizations

Former Speaker of the House Tip O'Neill is known for the saying that "all politics is local." Grassroots involvement from constituents is one of the most effective ways to advocate for a policy position to elected officials.

With constituent engagement being such an

Capitol Connections and member engagement are crucial components of ELFA's government relations strategy.

effective vehicle for advocacy, ELFA is proud to continue to host Capitol Connections in Washington, D.C. It's a terrific way to meet with your elected officials to share your local story, and highlight the way in which policies directly impact their constituents. Capitol Connections brings industry voices to elected officials by giving a firsthand account of policy matters that affect the day-to-day of ELFA member companies. Capitol Connections is also an important part of the association's Advocacy Champions program.

The grassroots portion of Advocacy Champions is not limited to Capitol Connections. ELFA members are encouraged to invite Members of Congress to your facilities to meet with your employees, and again educate them on the industry and the ways in which policies impact your employees and business. If you're interested in hosting a Member of Congress at your business, please contact ELFA's Federal Government Relations team.

Political Involvement

Political involvement is knowing which candidates understand and support the industry and helping them get reelected. Civic engagement goes beyond just voting. It can be volunteering on a campaign or assisting a candidate in your area by introducing them to community members and specifically your neighbors. These activities can propel a candidate into elected office and make them recognize you as a valuable resource when they need to know how a proposed policy will impact the local economy.

Just like growing a business takes capital, so does

running a campaign. A political campaign takes funding to pay staff, run political advertisements and travel around the district. To help create a united voice, ELFA has its own political action committee, LeasePAC, to collect voluntary contributions from hundreds of employees at ELFA member companies and pool those funds to contribute to candidates who share our values. LeasePAC is guided by the LeasePAC Committee, which is composed of employees from ELFA member companies and oversees all PAC activities. To learn more, visit the LeasePAC website at www.elfaonline.org/leasepac.

Engaging with those who represent us is important, so our policy priorities are known and acted on. Your participation is critical to helping ELFA deliver the equipment finance message to policymakers. With that in mind, if you would like to build a relationship with your Member of Congress in advance of Capitol Connections, please reach out to ELFA's Federal Government Relations team. ☰



MATTHEW HART is Director, Federal Government Relations for ELFA.

Learn more about 2023 Capitol Connections at www.elfaonline.org/events and hear from members why you should attend in the video at <https://vimeo.com/734020433>.

Opening Doors: Q&A with Eboni Preston-Laurent

ELFA's new Director of Diversity, Equity and Inclusion is excited to connect with members and cultivate change



EQUIPMENT LEASING & FINANCE MAGAZINE recently sat down with Eboni Preston-Laurent, ELFA's first Director of Diversity, Equity and Inclusion (DEI). Eboni, who joined the staff in January, comes to the association from USA Lacrosse, where she served as Senior Director of Diversity, Equity, Inclusion and Opportunity. In this Q&A, Eboni discusses her passion for DEI and what she's looking forward to in her new role.

Q: What drew you to this position at ELFA?

A: The opportunity at ELFA opened up at a time when I was at a crossroad in my career journey. I was still passionate about DEI work and the opportunity to advocate for diverse communities, but I wanted to challenge myself and

pursue something new. My lifelong passion has always been centered around providing opportunities for women and people of color regardless of the industry or organization. I want to make sure people that look like me have equitable access and I'm committed to continuously using my platform to make sure this happens. I'm excited about this new opportunity to cultivate change in the industry and open doors for the next generation.

Q: What does DEI mean to you?

A: DEI can mean a lot of things to different people depending on who you ask and in what context. From a workplace perspective, I believe DEI is all about education, opportunity and inclusion—and more specifically the overarching strategy must be two-fold. On one side, it's about equity and opportunity in the recruitment process. What do we do to intentionally provide more opportunities and education for diverse communities to enter the industry and how are we challenging our hiring processes to remove bias and systemic barriers for people from underrepresented communities? On the other side, workplace DEI should be equally focused on

retention and inclusion efforts. Once your organization becomes more diverse, how do you ensure your office is one where input is valued and people feel a sense of belonging and mutual respect? Although there are more complex layers within each of these concepts, these are essential areas of focus for leaders today dedicated to workplace DEI.

Q: This is a brand-new position at ELFA. What are you looking forward to most in this new role?

A: I like the challenge of stepping into something new. It's nice to operate with a clean state where you can move freely without as many underlying parameters. You're not stuck in the, "Well, we've always done things this way," type of mentality necessarily because every new idea or initiative is still on the table. It allows me to think broadly about how we can make an impact and I look forward to connecting further with our members to determine what our strategic vision can be moving forward.

Q: What do you like to do in your free time?

A: I like to hang out with my family, read, travel, shamelessly consume mindless reality tv and watch all things Baltimore Ravens, San Antonio Spurs and St. Bonaventure Bonnies. ☰

AMY VOGT is Vice President of Communications and Marketing for ELFA.

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To register, go to: <https://www.elfaonline.org/events/2023/TPR>

For questions, please contact: Alexa Carnibella at 202-238-3416 or acarnibella@elfaonline.org



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Protecting Federal Contracts

In U.S. federal government contracts, additional terms may safeguard against termination risks.

THE U.S. FEDERAL GOVERNMENT can prematurely end a contract with (and therefore payment to) a business. The U.S. federal government (hereinafter referred to as “federal government” or “government”) is the single largest procurer of goods and services in the world. The government’s significant buying power, coupled with U.S. procurement laws, affords it the unique authority to terminate federal contracts and leave federal contractors (and their lenders) at a potential loss.

Generally speaking, equipment financiers exist in the government procurement sector in a few ways: leasing equipment directly to the government, leasing essential equipment to prime and subcontractors, or providing financing to contractors so they can perform their contractual obligations.

The federal government’s unilateral action (or inaction) can cut the life of the contract short, reducing profits. However, there are some ways to mitigate this risk. When certain provisions are included in the contract, contractors and the agency can agree to meet certain standards in making an optional renewal decision. This column explores how certain contract terms may limit the government’s discretion when it comes to contract options and potential remedies, such as through the claims process.

What Are Contract Options, and Who Controls Them?

Every federal agency is subject to the Federal Acquisition Regulation (FAR) along with any agency-specific rules. By default, the FAR grants the government a unilateral choice to purchase additional supplies or services or even extend the length of a contract without further competition. Options are common in federal contracts and are typically exercised. Contracting officers, government employees with authority over contracts, are required to make multiple determinations before exercising an option (e.g., reviewing the contractor’s past performance, the government’s interests and needs, etc.). Federal agencies maintain broad discretion over the decision to use an option.

The federal government can unilaterally choose not to exercise a contract option as well. Amid shifting budgets, limitations on expenditures, and the presence of new, cheaper alternatives to existing equipment needs, a federal agency may have various reasons for not exercising an option. However, even with the seemingly unfettered discretion agencies have over options, contractors can still protect their expectations on contracts by including certain provisions in their agreements to check an agency’s contracting power.

The “Best Efforts” Clause

One way that contractors can restrict government discretion over options is to include a “best efforts” clause. A “best efforts” clause requires a contracting party to do only what is reasonable under the circumstances,

Key Takeaways:

- A U.S. government contract typically requires agencies to exercise yearly options to permit the continued performance and payment for supplies or services provided by a federal contractor.
- The U.S. government has broad discretion in exercising contract options and is generally not required to exercise an option.
- Including additional terms such as a “best efforts” or an “availability of funds” clause may help in limiting the U.S. government’s discretion to exercise an option.

given the party's capabilities. For example, the government might agree to use its best efforts to obtain funds for each option renewal.

In *Marquardt Co. v. United States*, the U.S. Court of Federal Claims focused on a "best efforts" clause that would have required the government to use its best efforts to obtain funding to meet its payment obligation. In that case, the court viewed the dispute over the "best efforts" clause as an actionable claim for breach of contract. In another case, *Northrop Grumman Computing Systems v. United States*, the Court reached a similar decision about a "best efforts" clause's ability to restrict the federal government's usual discretion, stating that the agency's failure to use its best efforts to obtain funding to continue the contract could be a breach of contract.

An "Availability of Funds" Clause

In addition to a "best efforts" clause, an "availability of funds" clause may also provide contractors with a remedy against an agency turning down contract options. An "availability of funds" clause (also called "availability of appropriations") shields the government from legal liability for payment on contracts until funds are made available to the contracting officer. While this may, at first blush, seem to favor the government, the U.S. Supreme Court has reasoned that a federal agency is also restricted by such a clause. In *Cherokee v. Leavitt*, the Supreme Court said the federal government cannot disregard contractual promises (such as an option) when adequate funds do become available. Thus, an "availability of funds" clause can limit the government's non-renewal decision.

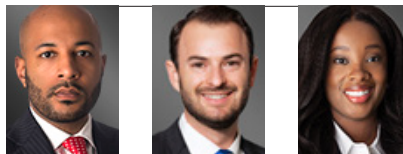
Remedies

When these specific clauses are a condition of acceptance under a federal contract, the government's refusal to exercise an option may create the opportunity for a

breach of contract claim or even a breach of the government's duty of good faith and fair dealing. However, without a specific provision in a contract to limit the government's discretion, the government can choose not to exercise an option. Keep in mind that the "best efforts" and "availability of funds" clauses discussed here pertain to federal contracts, so the rules for contract options, and the remedies available to contractors, may differ for state and local governments or when contracting with private parties. To learn more about state and local contract options specific to your location, it would be best to contact a local government contracts attorney in your area.

Conclusion

While the federal government generally maintains broad discretion in choosing whether to exercise an option, that discretion need not be unlimited. Ultimately, every equipment financing professional who deals in government contracting should consider the value saved by these clauses that might limit an agency's discretion over exercising a contract option. ☰



SHOMARI B. WADE is a Shareholder, **AARON M. LEVIN** is an Associate and **JORDAN MALONE** is an Associate at Greenberg Traurig, LLP. *Special thanks to Summer Associate Miranda R. Carnes for her valuable contributions to this column (not a licensed attorney).*

Note: This article is intended for informational purposes only and is not intended to be construed or used as general legal advice nor as a solicitation of any type. Please contact the author(s) if you have questions regarding the currency of this information. [Learn more](#) about Greenberg Traurig's Government Contracts & Projects Practice.

Accounting for Investing in Tax Credit Structures

Developments aimed at improving simplicity and clarity

INVESTING in tax credit structures refers to investing in entities that own tax credits. Federal tax credit programs encourage private sector investment in a wide variety of projects that the government deems important, including renewable energy, low-income housing and the preservation of historic buildings. Also known as tax credit funds, they are a way for businesses to receive tax credits by investing in various projects that have been approved by the government. Tax credits can provide businesses with significant tax savings, making these investments an attractive option for many companies.

The accounting for tax credit structures has been in the profession's mainstream recently as companies increase focus on environmental, social and governance (ESG) requirements and as the range of tax credits grows. The Financial Accounting Standards Board (FASB) has responded with outreach aimed at better understanding the practical accounting complications confronted by those in the profession. As a result, a new accounting standard update (ASU) is now in the process of being finalized with updated guidance aimed at simplifying the accounting for tax credit structures.

Accounting Complications

As noted, accounting for tax credit investments has been historically complex. While some of these structures allowed investors to account for the credits using a simplified approach, many have been accounted for using the equity or cost method, which then introduced continued complexities that would often result in investment gains and losses, impairment considerations, and tax credits being presented gross on the income statement across different line items as opposed to a net approach on the one tax line item. This all tended to potentially sabotage the motivation to engage in the transaction.

While the federal government actively tried to stimulate private investment in tax credit structures, the related accounting complexity has been an unintended impediment. These cumulative and cumbersome accounting challenges have led to a concentrated effort from stakeholders to seek prioritization from the profession to simplify the accounting treatment of these investments.

One such solution, called proportional amortization, was adopted by FASB in 2014, and offered relief from the accounting quagmire but applied only for treatment of low-income housing tax credit investments (LIHTC). The good news is that this move alone can be attributed to a significant increase in the investment in LIHTC tax structures in the ensuing years.

What is the Proportional Amortization Method (PAM)?

The PAM of accounting allows an investor to amortize the cost of the investment in proportion to the income tax credits and other income tax benefits received. The amortization amount is calculated by multiplying the initial investment by the percentage of tax credits and benefits allocated in the current year to the total anticipated tax credits and benefits over the life of the investment. The resulting amortization is presented as a component of income tax expense (benefit), as opposed to being presented on a gross basis on an entity's financial statements in different areas of the income statement, and better reflects fairly the substance and intent of the transaction. This method allows for the investor to account for the investment in a manner similar to a loan investment.

Emerging Issues Task Force Issue No. 21-A, Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method

Due to the potential expansion of tax credit programs and questions that arise in practice today, the FASB

took on a project to expand the proportional amortization treatment comprehensively to all applicable credit structures. As such, in January 2023, FASB's Emerging Issues Task Force (EITF) ratified a final consensus reached late in 2022 on the expanded use of the PAM for certain tax credit investments. Currently, as previously referenced, the use of the PAM has been only available for LIHTC investments as an alternative to either the cost or equity method. However, in response to the feedback from stakeholders, the consensus expands the use of the PAM to many more tax credit investments. This should provide for more consistent accounting, allow investors to better evaluate returns on their investments, and promote investment that had likely been paralyzed for accounting reasons.

Criteria to Use the PAM

The following criteria must be met to use the PAM. These criteria are similar to the criteria that currently apply for investments in LIHTCs, with some clarification:

1. It is probable that the income tax credits allocable to the investor will be available.
2. The investor does not have the ability to exercise significant influence over the operating and financial policies of the underlying project.
3. Substantially all the projected benefits are from income tax credits and other income tax benefits. Projected benefits include, but are not limited to, income tax credits, other income tax benefits and other non-income tax-related benefits, including refundable tax credits (i.e., those tax credits not dependent upon an investor's income tax liability). When evaluating this criterion, tax credits that are accounted for outside the scope of Topic 740 (for example, refundable tax credits) are included in total projected benefits, but not in income tax credits and other income tax benefits. This criterion is determined on a discounted basis, using a discount

rate that is consistent with the cash flow assumptions utilized by the tax equity investor for the purpose of deciding to invest in the project.

4. The investor's projected yield based solely on the cash flows from the income tax credits and other income tax benefits is positive.
5. The investor is a limited liability investor in the limited liability entity for both legal and tax purposes, and the investor's liability is limited to its capital investment.

Conclusion

The ability to apply proportional amortization across more credit structure programs removes long standing accounting complexity and is a win for the accounting profession and the programs that benefit from robust investment.

The FASB is now in the process of drafting a final ASU with the following effective dates:

- Public business entities — Fiscal years beginning after Dec. 15, 2023, including interim periods within those fiscal years.
- All other entities — Fiscal years beginning after Dec. 15, 2024, including interim periods within those fiscal years.

Be sure to follow further details once the ASU is released along with disclosure requirements to comply with. Please see your accounting and tax professional for more in-depth support. [E](#)



JAY WILENSKY is Senior Vice-President, Accounting & Finance at Chicago Freight Car Leasing Co., a Sasser Family Company, and Chair of the ELFA Financial Accounting Committee.

A New York State of Mind

New York Finance Licensing Bill Introduced

[New York Senate Bill 1450](#) in over 3,500 words outlines requirements for persons or entities engaging in the business of making or soliciting commercial financing to obtain a license. It also establishes the minority- and women-owned business protection program, and makes conforming technical changes. It was introduced by Senate Banking Committee Chair [Sen. James Sanders](#) (D-NYC-South Ozone Park) and referred to his committee. Also sponsoring is the Senate Committee on Corporations, Authorities and Commissions Chair [Sen. Leroy Comrie](#) (D- St. Albans). A Commercial Financing Product is defined in part under § 363-A 1 (c) as “any leasing transaction where any funds are provided to the business or commercial enterprise by the leasing business or any affiliate of the leasing business in the amount of five hundred thousand dollars or less.”

Current Law - Important Background

Among other things, this bill would overlap and is somewhat at odds with existing New York Banking Law and should be reconciled in light of the 16% interest rate (25% for LLCs and Corps) currently required for licensure. Under the current law, most ELFA members should realize they likely need to be licensed in New York if they do capital leases under \$50K at interest rates > 16%/25% (depending on the entity type):

1. The New York Licensed Lender Law, N.Y. Banking Law §§ 340, 14-a, (the current “Law”) requires licensure of a person making loans in amounts of \$25,000 or less to an individual for personal, family, household or investment purposes and loans in a *principal amount of \$50,000 or less for business and commercial loans, and contracting for charges and interest greater than the interest rate permitted by the general usury statute (which is 16% or 25% per annum for commercial loans depending on the entity type).*
2. Without the interest rate language, the new bill would require more onerous licensure for commercial loans than consumer loans, which would make **New York the only state in the nation with a more stringent licensure law for commercial transactions as compared to consumer transactions.**

Please share your analysis of this expansive legislation in comments to Scott Riehl, ELFA Vice President, State Government Relations.

New York Finance Disclosure Update

ELFA has learned from the New York Department of Financial Services (NY DFS) that the NY Disclosure bill

is expected to become effective Aug. 1, 2023 (California came online Dec. 9, 2022).

Significant Victories Achieved by ELFA

ELFA fought for and achieved major changes to the NY DFS draft regulations. Those included having bank subsidiaries and affiliates exempted, the important issue of nexus narrowed to only New York and, lastly, a six-month stay in implementation.

Subsidiaries Exempt – The Actual Language

Financial institution. . . includes **any corporation, limited liability company, partnership, joint venture, trust or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by a financial institution.**

DISCLOSURE LEGISLATION PENDING IN OTHER STATES

Enhanced Exemptions – Missouri and Mississippi File Disclosure Bills

Missouri

Missouri disclosure legislation has been filed again this year and, as with the bills last year, it mimics the legislation passed in Utah last year.

Like Utah, these bills as written will exempt transactions over \$500K; all UCC 2a and nine covered transactions; captive transactions; and bank subsidiaries. Not

requiring annual percentage rate (APR), these bills are in stark contrast to the first two bills passed in California and New York, which require APR calculations and do not provide the extended complement of exemptions ELFA has fought for.

[Missouri House Bill 584](#) Missouri Commercial Financing Disclosure introduced by [State Rep. Bill Owen](#) (R-Greene County) is similar to Commercial Financing Disclosure introduced by [Sen. Justin Brown](#) in [Missouri Senate Bill 187](#) but is not a word-for-word companion bill.

Mississippi

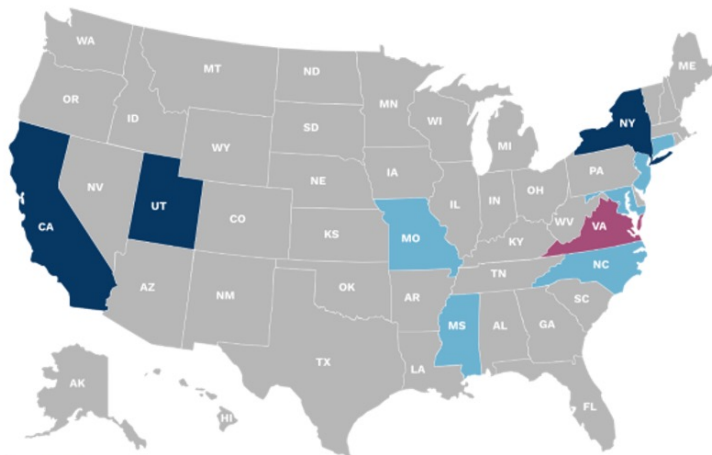
In Mississippi two Commercial Financing Disclosure Laws, [Mississippi Senate Bill 2619](#) and [Mississippi House Bill 1271](#), have been introduced and, as in

Missouri, have slightly differing text that will be sorted out in the process. Senate Bill 2619 offers ELFA members exemptions equivalent to the Utah and Missouri (see above) bills while House Bill 1271 goes further with broader exemptions intended for other financial interests. ELFA has worked very closely with the parties pushing this legislation to obtain all our needed exemptions. Your assessment sent to Scott Riehl, sriehl@elfaonline.org, will better prepare the association for upcoming legislative deliberations. ☰



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

State Enhanced Financial Disclosure Laws & Introductions



States in **dark blue** are states where legislation has passed, states in **light blue** are states where legislation is introduced and active, and states in **red** are where the bill applies to revenue based financing.



EQUIPMENT LEASING AND FINANCE ASSOCIATION

A Look Behind the Scenes

THE FOUNDATION is off to a strong start in 2023 and I want to share a look behind the scenes at what's in store from the Foundation this year. The Board of Trustees met in Washington, DC in December 2022 to establish initiatives for the year ahead as well as engage in strategic planning for the future.

Following the Board meeting, the Foundation's Research Committee met to brainstorm ideas and identify topics for 2023 studies, including new vertical market outlook reports on franchise and restaurant equipment and a study exploring supply chain impacts from Zeihan on Geopolitics and Rinaldi Advisory Services. The Economic Outlook series will continue, and this year includes a recession monitor tool, a new donors-only benefit. And the Foundation podcast will feature episodes exploring critical industry topics and new short-form vertical-centric episodes.

The Foundation's academic outreach efforts continue to grow, including our guest lecture program and recently opened 2023-2024 academic scholarship program, inspiring a new cohort of diverse students to join your companies and align with your DEI initiatives

Finally, we've set even higher sustainability goals for 2023, including attracting new donors and the continued growth of our legacy giving initiative, [The 1989 Society](#). With financial support from our [individual and corporate donors](#), the Foundation will continue to grow and provide vision and programs for the future of the industry. Read below for a brief roundup of our critical areas: Research, Academic Outreach and Sustainability.



RESEARCH

Two new **free** studies are now available for download:

- [“Captive Finance: Embracing Change and Driving Innovation in a Disruptive Market”](#)
- [“Specialized Apps, Software, and Information Services for the Equipment Leasing & Finance Industry”](#)

Recent publications include:

- [2023 Economic Outlook](#)
- [Monthly Foundation-Keybridge Equipment & Software Momentum Monitor](#)
- [Monthly Confidence Index](#)
- [Industry Horizon Report \(Market Sizing Study\)](#)



ACADEMIC OUTREACH

- The [Foundation's 2023-2024 Academic Scholarship](#) opened for applications on Feb. 1. The Foundation is committed to students interested in equipment leasing and finance careers, offering up to five \$5,000 scholarships. Share the application with interested students you know, interns at your company and your own alumni groups to increase awareness of this opportunity. The application deadline is May 19, 2023. If you or your company are interested in supporting the scholarship program, contact [Kelli Nienaber](#).
- Connect with your alma mater or local university to [schedule your guest lecture](#) for the spring semester! The Foundation's website has all the resources you need, including a new [“How to Get Started” FAQ page](#). Need inspiration from other volunteers? Listen to the Foundation's podcast episode with a roundtable discussion featuring several volunteers who have given delivered many of their own across the country.
- The Foundation's [Internship Resources](#) page is also a great way to recruit the interns your company needs for the spring or summer. Contact us to post your company's internship opportunities.



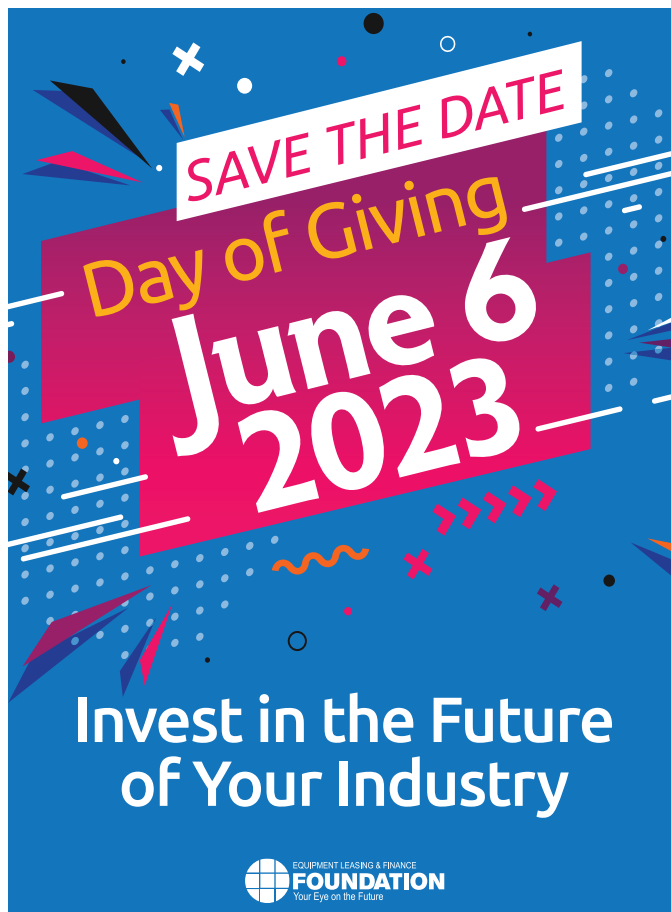
SUSTAINABILITY

- How do we power all these programs? 100% of our budget comes from the generous charitable donations made by individuals and corporations. Keep the Foundation in your [2023 giving plans](#) and check out our [2023 donor benefits](#).
- Introduced last year, the Foundation now offers an estate giving program, The 1989 Society. [Visit The 1989 Society webpage](#) for more information.
- And whether you've been giving for 20 years or are making your first contribution, save the date for the Foundation's annual Day of Giving and make a gift of any amount: **Tuesday, June 6, 2023**.

This is an extended version of the Foundation's bi-monthly newsletter, The Foundation Forecast. [Sign up here](#) to receive this free update on everything we do. The Foundation has your eye on the future. ☰



CHARLIE VISCONAGE is Director of Marketing, Communications and Development for the Equipment Leasing & Finance Foundation.



Think, act and empower like a leader!



Emergence2023

July 13-14, 2023 • Hilton Baltimore • Baltimore, MD

What Is Emergence?

Emergence is a leadership program **designed specifically for emerging talent in the equipment finance industry**. Sessions, discussions, activities and take-aways empower attendees with the leadership skills necessary to excel in equipment finance.

Plus, your employees are your greatest assets – provide them with the leadership skills they need to help your company continue to thrive. Investing in your rising leaders shows them that you value their contribution and future within your organization.

Who Should Attend?

Emergence is open to emerging leaders who strive to lead, grow and make a positive impact within their organizations and the industry. There is no limit on the number of attendees.

Registration Fee

The registration fee is \$540. Attendees of Emergence are welcome to attend the Emerging Talent Networking Event the evening of July 13th.

Questions?

Contact Eboni Preston-Laurent, Director of Diversity, Equity and Inclusion at epreston@elfaonline.org.



EQUIPMENT LEASING AND FINANCE ASSOCIATION
Equipping Business for Success