

### Work Smart

- Interact with the industry's top leasing expert and attorney
- Get a valuable Request for Quote (RFQ)
- Pick up negotiation tips and tactics
- Receive a comprehensive deal checklist
- Avoid contract "gotchas" and counter lessor ploys
- Get a best-practices, state-of-the-art, lessee-friendly, Master Lease Agreement

#### Understanding the Trend

Leasing is a multibillion-dollar industry that continues to grow. As an alternative acquisition strategy, leasing provides various significant advantages, including the opportunity to acquire the latest technology on a limited budget. Leasing makes good sense, especially in light of the rapid pace with which technology advances and the growing need to address business requirements. As technology races along, so does the leasing industry.

#### Meet the Challenge

Staying abreast of the changes and knowing how to handle them are demanding. Done well, the results are equally as rewarding. The key is knowing—knowing your supplier, knowing your equipment, knowing your lessor and knowing your deal. This involves knowledge of lease pricing and structuring, preserving your flexibility during the lease term, negotiating skills and, of course, in-depth knowledge of lease contracts.

#### Learn the Solution

ICN's Leasing Lab focuses on every important aspect of leasing, including the latest contract pitfalls and dangerous trends. Built around first-hand experience from clients of all industries and sizes, the Lab includes helpful information for the novice as well as the experienced lessee.

Adding to the overall success of the Lab are instructors, veterans who have years of experience both as lessor representatives and negotiators of complex lease transactions for ICN's clients. ICN has chosen its instructors for this practical experience and their impressive teaching credentials.

You will not find a more comprehensive course on this critical subject. And, as with all ICN Lab offerings, it deals with up-to-the-minute realities.

#### Why Attend?

While leasing is a popular financing option, it is also complex and involves many disciplines. The following questions address many of the important issues you face in a leasing deal and will be answered during this Lab.

- How do you build negotiating power to get the deal you want?
- How do you select a leasing company?
- How do you maximize competition among lessors?
- How can you be sure the lessor can meet your special needs?
- How do you ensure that your company assesses all aspects of the leasing transaction fully and negotiates them prudently?
- How do lessors price deals, and how can this knowledge benefit you?
- Can you decipher and analyze correctly the lessor's financial terms?

- How do you lock in the rent payment and interest rates?
- How do you ensure that the equipment meets all your expectations before the lease begins?
- How do you preserve the right to make the upgrades/additions to the equipment you desire?
- How do you avoid surprise expenses with returned equipment?
- Can you extend your lease on favorable terms?
- Do you know how to avoid paying "extra rent"?
- How do you avoid the shortened actual use of the equipment due to install/de-install issues?

#### Who Benefits?

No matter how extensive your leasing experience, we are confident you will pick up new, useful and profitable tools and tactics. In fact, ICN makes dramatic revelations about specific lessor practices that can dramatically affect your lease transaction, the potential consequences of these practices and what you must do to avoid these practices.

The material is easy to understand and offers step-by-step ways to put a deal together. Financial officers, contract negotiators, IT executives, attorneys, procurement managers, administrators—everyone in the leasing transaction benefits from the practical, in-depth training this Lab course offers.

## Workshop Outline

Workshop Length: 2 Days

**1. Let's Pay for This Lab**—*Money-saving disclosures, including*

- a. Stealth "gotchas" everyone misses
- b. Financial tricks lessees fall for
- c. How small deal lessors overcharge you
- d. Captive lessors can be very costly
- e. What is a lease?
- f. When is commencement date?
- g. Interim rent
- h. Payments in advance or arrears?

**2. A Revealing Look at Lessors**

- a. Types of lessors
  - Captive
  - Independent/third party
  - Financial institution
- b. How lessors make money—the actual profit computation, not what they tell you
- c. Clever ploys lessors use to squeeze you
  - Tricks to increase profits after the deal is done
  - Rent schemes
  - Tax-benefit scams
  - End-of-lease windfalls
  - Undisclosed purchase arrangements
- d. Lessor's primary obligation
- e. Are all lessors equal?

**3. Lessee Challenges/Decisions**

- a. Decision to lease
- b. Lessor selection by lease rate
- c. Reexamining the lease decision at lease end
- d. Lessor solicitation, negotiations, selection via proven, multidisciplinary process
- e. Countering lessor ploys

**4. The Lease Parties' Roles**

- a. Who buys the equipment?
- b. When is the equipment paid for? By whom?
- c. Who negotiates the purchase deal?
- d. Who gets ownership advantages?
- e. Who determines how long equipment will be used?

- f. What are a lessee's rights?
- g. Who gets supplier's performance guarantees and warranties?

**5. Lease Accounting for the Business Person**—*Important accounting considerations, including*

- a. Critical lease accounting rules
- b. Surviving the period of FASB uncertainty
- c. Operating leases—myth or reality?
- d. Capital leases—join the reporting club
- e. Lease accounting structuring tricks—are there any?
- f. Who makes the real lease classification decision?

**6. Lease Financial Analysis Made Simple**—*Critical considerations, including*

- a. The time value of money concept
- b. Strategies that simplify complex decisions
- c. State-of-the-art software resources that can be used
- d. How to read a lessor's lease analysis
- e. Computation illusions that mislead
- f. Deciding if the financial analysis should control

**7. Tax Benefits for the Business Person**—*All you need to know about leasing tax benefits, in 45 minutes*

- a. What tax benefits are available?
- b. How can anticipated tax benefits be lost?
- c. Are you sure you have a tax lease?
- d. Who is at risk if your lease is not a tax lease?
- e. What tax risk should you assume?

**8. The Best-Practices Lease Deal Process (LDP)**—*An overview*

- a. Form team
- b. Collect/prioritize objectives
- c. Tailor ICN lessee form lease

- d. Develop/issue RFQ
- e. Conduct potential lessors' conference
- f. Qualify lessors for competitive negotiations
- g. Conduct assertive negotiations
- h. Finalize contract/select lessor
- i. Manage lessor/contract

**9. Collect/Prioritize Objectives**

- a. Bring diverse disciplines together
- b. Resolve conflicts of opinions
- c. Gain support
- d. Blend varied experiences
- e. Build team
- f. Establish commitment
- g. Develop negotiating power
- h. Who can negotiate the deal after prioritized objectives are documented?
- i. How? An exercise

**10. Lease Documentation**

- a. What is a fair contract?
- b. What is a good contract?
- c. Which 10 documents should you know about?
- d. How do you control the documentation process?
- e. The advantages of using your lease
- f. Effectively managing the use of a lessor's form lease

**11. Reviewing/Discussing ICN's Lessee Form Lease**

- a. Understanding the lease purpose
- b. Analyzing key provisions
  - From the lessee's perspective
  - From the lessor's perspective
- c. Negotiating and winning key lessee provisions
- d. Understanding what happens in a lease default
- e. Managing the negotiating process to maintain leverage
- f. Discussing real world negotiating experiences

continued...

**12. Lease Tailoring and Negotiating Considerations**

- a. Identifying lessee remedies for equipment nonpayment
- b. Fixing the lease rate
- c. Addressing equipment trade-ups and upgrades
- d. Incorporating flexible purchase options
- e. Building in flexible renewal options
- f. Fixing the rent structure
- g. Agreeing on equitable lease termination options
- h. Agreeing on fair default provisions
- i. Setting realistic default-cure rights
- j. Negotiating equitable equipment return provisions
- k. Eliminating onerous casualty and replacement provisions
- l. Identifying common lease traps
- m. Assessing merger, reorganization and assignment restrictions
- n. Keeping tax indemnities within reason
- o. Having flexible equipment maintenance provisions
- p. Controlling equipment access
- q. Ensuring end-of-lease notification
- r. Controlling lessor assignment rights
- s. Deciding between arbitration and litigation

**13. Request for Quotes**

- a. Why?
  - Document evaluation criteria
  - Maximize competition
  - Gain information
  - Commit potential lessors
  - Address contract
  - Level the field
  - Increase negotiating power
- b. Exercise
  - Review
    - RFQ template
    - Deal checklist
  - Discuss

**14. Conduct Potential Lessors' Conference**

- a. Increase leverage
- b. Answer questions
- c. Address critical issues
- d. Create level field
- e. Review/discuss RFQ

**15. Hall of Shame—Onerous lessor**

- contract provisions, including*
- a. "Deemed accepted"
  - b. Tax indemnification
  - c. Maintenance certification
  - d. Rolling rent
  - e. Cross-default
  - f. Redelivery obligation
  - g. Risk of loss
  - h. Lessor assignment rights

**16. Negotiating Better Rates and Rights**

- a. Two or more "potential" lessors qualify for competitive negotiations
- b. Lessor evaluation continues based on your prioritized objectives
- c. Lessor selection at any time—no "Best and Final"
- d. Proven negotiation tips, tactics, strategies, meeting arrangements and related methodologies
- e. Lessor selection and award

**17. Contract and Relationship(s) Management**

- a. Determine who owns the deal
- b. Monitor and manage
  - Rights
  - Remedies
  - Obligations
  - Event dates
  - Money
  - Quality
  - Performance
  - Relationship(s)
- c. Debrief/document lessons learned

# LEASING Lab™

Forms • Training • Templates

