

City Commission Policy <del>ADMINISTRATIVE POLICY &amp; PROCEDURES MANUAL</del>		Date 6/12/84	
		No. 240 660	
Title Industrial Revenue Bond (IRB) Issuance Policy		Org. Agency City Manager/ Treasurer-Clerk	Approved.

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AUTHORITY (City Commission - Approved June 12, 1984)

Under applicable State and Federal laws, the City of Tallahassee may issue IRBs on its own or must approve in some cases, the request of other public bodies (e.g., DIA) to issue such bonds. This document provides guidance to staff, other issuers and applicants both as to under what conditions the City would approve IRBs and the basic process for applying to the City for issuance of IRBs. These policies are designed to apply to for-profit entities and not-for-profit entities will be reviewed on a case-by-case basis.

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POLICY

The City of Tallahassee will employ the following guidelines in determining the eligibility and desirability of issuing IRBs for a particular project:

A. Any Project Must:

- (1) create export-type jobs and be, as commonly understood, an "export industry". This criteria rules out retail, restaurants, and other service/support facilities. Examples of industries included are manufacturing, research and development, tourism/hotel/hospitality facilities, headquarters facilities, regional distribution activities, regional health care. The City Commission will consider exceptions to the export job requirement in an Enterprise Zone or defined Pocket of Poverty.
- (2) locate in an area served by City utilities and ensure energy efficient design and construction techniques be considered with emphasis on facilities and equipment that use alternatives to conventional electric energy resources.

B. The use of Industrial Revenue Bonds is viewed as particularly appropriate in the following circumstances:

- (1) when the project is located in an Enterprise Zone, defined Pocket-of-Poverty, CDBG

Neighborhood Service Area, the downtown area or Innovation Park.

- (2) when associated with a UDAG-eligible project.
- (3) when associated with the creation of expansion of small businesses.
- (4) when the applicant has an employment plan providing for the recruitment and training of low and moderate income residents.

However, in these cases, the primary activity supported must be of an "export industry" nature.

C. Specific Criteria to be met are:

- (1) The project must create at least one full time equivalent permanent job per \$100,000 of the IRB, except that projects eligible under Paragraph B above must provide one full time equivalent permanent job per \$200,000 of IRB issue. Exceptions to this criteria may be made where it is demonstrated that the nature of the industry is highly capital intensive and that other benefits to the community justify the project.
- (2) That the City be able to make all findings required by applicable State law.
- (3) That the project provide reputable and reasonable demonstration and evidence of feasibility, of secure financing and of the stability of the company(ies) involved.
- (4) That the project be consistent with the comprehensive plan and area-related plans, if any.
- (5) That a public purpose exist for the project and be demonstrated.
- (6) That the applicant have an equity investment in the project at least equal to 25% of the capital cost of the project. Except that projects qualifying under Paragraph B above must have an equity investment of at least 10% of the capital cost of the project.
- (7) That the use of bond proceeds is for assets, (e.g., demolition) whose useful life is at

least equal to the term of the bonds (except for such legal financial and issuance costs normal to such issues).

- (8) That the project contribute to the minority business participation and affirmative action policies of the City.

D. Other Policies

It is not the intent of the City, in issuing IRBs, to create or foster unfair competition within the community. It is, however, its intent to help to create an economic environment conducive to quality growth, particularly in areas where the problems of urban decline have been identified and where barriers to economic entry and redevelopment exist.

Further, it is the intent of the City to insure that Tallahassee can compete effectively with other communities for job creation, tax-base improvement and economic base diversification. The review of applications for IRBs will include comment on these issues.

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PROCEDURES

A. Policy

All policy costs associated with the issue will be paid by the applicant. These include bond counsel, underwriting fees and such other fees as required, including an issuing agency fee to the City of 0.5% of the face amount of the issue to a maximum of \$10,000 and a minimum of \$1,000. The City is authorized to charge an application fee of \$1,000 to be credited to the agency fee if the financing is consummated. When the City acts only as the "local elected body" under applicable State law, the applicant will pay a one-time processing fee of \$1,000.

All applications will be submitted to the Office of the City Manager. The City Manager, or his designee, will, jointly with the City Treasurer-Clerk, or his designee, review each application and report to the City Commission at a regular meeting their findings and recommendations. The City Manager and City Treasurer-Clerk are authorized to develop and implement such forms and procedures as are necessary and appropriate to carry-out the intent of these policies.

KENT SPAIGG  
MAYOR/CITY MANAGER

HURLEY W. RUDD  
MAYOR PRO TEM/COMMISSIONER

CAROL BELLAMY  
COMMISSIONER

JAMES R. FORD  
COMMISSIONER

JACK L. McLEAN JR.  
COMMISSIONER



CITY HALL  
32301

DANIEL A. McLEAN  
CITY MANAGER

ROBERT B. INZER  
CITY TREASURER/CLERK

JAMES G. GOULD  
CITY AUDITOR

JAMES R. ENGLISH  
CITY ATTORNEY

TELEPHONE  
(904) 599-8100

### INDUSTRIAL REVENUE BOND APPLICANT:

The City of Tallahassee on May 29, 1984, adopted an Industrial Revenue Bond Policy. The policy speaks to certain specific criteria the Commission has established and will use in evaluating projects prior to approval. These criteria are in addition to information necessary to meet certain State and Federal requirements.

Attachment (A) is a copy of the Policy for Industrial Development Revenue Bond financing. Please review the policy and if you feel your project and your company meet the criteria established therein, then feel free to submit an application.

Your application should be organized and provide, at a minimum, all the information requested on the Attachment (B).

By policy, the Commission has delegated the responsibility to review and recommend acceptance or denial to the City Manager and the City Treasurer-Clerk. Three copies of your application should be sent to the City Manager's Office along with the application fee of \$1,000 as established by the policy; this will be credited to the issuing fee at sale.

## APPLICATION INFORMATION

### I. GENERAL INFORMATION

- A. Name, address, and telephone number of project company.
- B. Names, addresses, and telephone numbers of parent company and/or other principals (officers, directors and shareholders having 10% or more ownership interest in project).
- C. Names, addresses, and telephone numbers of other related parties that will be actively involved in the project. Identify the nature of their involvement and their relationship to the other principals.
- D. Brief discussion of the company, its products, history, and operations.

### II. PROJECT

- A. Brief discussion of project. At a minimum, discussion should include: location, nature of business to be constructed, size of facilities, present use and ownership of site, all new construction or reconstruction of existing facilities, and specifications for all major energy consumption equipment to be used in project. Provide engineering projections of the energy demand required by the structure and projected energy use per square foot. Attach drawings showing location of project, scale, easements, if any.

### III. FINANCIAL INFORMATION

- A. Attach a study (by an independent recognized authority) indicating that a need exists locally for the project and that the project is financially feasible. Study must indicate that the project company can support both the operating cost and debt service.
- B. Audited financial statements of the applicant and guarantors for the preceding three years.
- C. Detail listing of estimated capital expenditures by categories (ie. land, architecture, buildings, equipment, interest during construction, etc...) for the project.
- D. List other capital expenditures in Leon County during the past three years.
- E. Identify the proposed sources and uses of funds for the project.

#### IV. FINANCING INFORMATION

- A. Briefly identify and describe the proposed financing arrangements. Discussion should include the proposed security and guarantor(s) of the bonds.
- B. Describe the proposed method of sale of bonds and the parties involved.

#### V. ECONOMIC IMPACT ON THE CITY

- A. Describe the expected economic impact of the project both to the City and local governments. Discussion should include the number and type of jobs created and approximate annual wages as a result of project. Identify any recruitment, training plans, and special efforts focused on the disadvantaged and EEO data on existing employment.
- B. Identify the additional revenues by type that this project will create for City government (ie. property tax, utility tax, etc...).
- C. Briefly identify and describe the impacts of the project on the City or City services. The discussion should, at a minimum, include: police and fire services, electric, water and sewer requirements, waste disposal, pollution, traffic, street improvements, drainage, and other specialized services the City must provide.
- D. Briefly identify and describe any other requirements or actions required of the City.
- E. Identify the positive and negative effects on other businesses located in the Tallahassee area.

#### VI. OTHER

- A. Briefly describe additional reasons why the City should issue Industrial Revenue Bonds for this project.