City Commission Policy 240

Industrial Revenue Bond Issuance Policy

DEPARTMENT: Treasurer-Clerk

DATE ADOPTED: June 12, 1984

DATE OF LAST REVISION: N/A

240.01 AUTHORITY

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. Not-for-profit entities will be reviewed on a case-by-case basis.

240.02 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 IRE, 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.

240.03 PROCEDURES

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.