

City Commission Policy 240

Industrial Revenue Bond Issuance Policy

DEPARTMENT: City Treasurer-Clerk

DATE ADOPTED: June 12, 1984

DATE OF LAST REVISION: June 2, 2021

240.01 AUTHORITY:

Under applicable State and Federal laws, the City of Tallahassee may issue Industrial Revenue Bonds (IRBs) on its own or must approve in some cases the request of other public bodies (e.g., Downtown Improvement Authority (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 PURPOSE:

This policy applies to all industrial revenue bonds the City is requested to issue on behalf of a private entity. 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 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.

240.03 STATEMENT OF POLICY:

The policy establishes guidelines for the issuance of conduit debt in the form of Industrial Revenue Bonds on behalf of a private entity for manufacturing, research and development, tourism/hospitality, business headquarters, regional distribution facilities and regional health care, as provided for in Florida State Statutes, Chapter 159.

240.04 DEFINITIONS:

- Export industry: Goods or services expected to be purchased primarily by people that live outside of Leon County.

240.05 EXCEPTIONS:

Any exceptions to the Policy must be approved by the City Manager, City Treasurer-Clerk and the City Commission.

240.06 CRITERIA FOR APPROVAL:

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 an export industry. Examples of industries included are manufacturing, research and development, tourism/hotel/hospitality facilities, headquarters facilities, regional distribution activities and regional health care. This criteria does not include retail, restaurants, and other service/support facilities. The City Commission may 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 (IRB) is particularly appropriate in the following circumstances:

1. When the project is located in a Community Redevelopment Agency District, an Enterprise Zone, Opportunity Zone, Promise Zone, Community Development Block Grant (CDBG) Neighborhood Revitalization Strategy Area, the downtown area or Innovation Park.

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

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 and the financing is authorized under Federal rules and guidelines.
3. That the project provides 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 exists for the project and be demonstrated.
6. That the applicant has an equity investment in the project at least equal to 25% of the capital cost of the project. 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.

240.07 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.

240.08 ADMINISTRATION: The City Treasurer-Clerk shall be responsible for this policy.

240.09 SUNSET PROVISION: This policy is subject to sunset review by the City Commission no later than five (5) years from the date of adoption. Subsequent reviews by the City Commission are to occur no later than five (5) years from the date of the prior review. Revisions will become effective immediately upon City Commission approval.

240.10 REVISIONS:

October 23, 1984