



PINELLAS COUNTY ECONOMIC DEVELOPMENT AUTHORITY

Industrial Revenue Bond (IRB) Program

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PINELLAS COUNTY ECONOMIC DEVELOPMENT AUTHORITY

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**PINELLAS COUNTY ECONOMIC DEVELOPMENT AUTHORITY
Industrial Revenue Bond (IRB) Program Summary and Project Eligibility
Questionnaire**

Below are the program summary and application for Pinellas County's Industrial Revenue Bond (IRB) Program. The following items are needed to process the application.

1. Completed IRB Project Eligibility Questionnaire (PEQ).
2. Copy of your company's certified financial audit statements for the last three years.
3. Copy of your company's current balance statement.
4. Application fee in the amount of \$2,000 made payable to Pinellas County.
5. Copy of letter of commitment from the bank/investment firm that will be purchasing the bonds.

Other Fees due at closing:

1. A fee in the amount of $\frac{1}{2}$ of 1% of the total issue, up to a maximum of \$20,000, will be payable to the Pinellas County Board of County Commissioners.
2. Bond counsel fees should be obtained directly from Bond Counsel

Industrial Revenue Bond (IRB) Program Financing Program Summary

The Pinellas County Economic Development Authority (PCEDA) is authorized by Chapter 159, Part II and Part III, Florida Statutes (the "Act") to issue Revenue Bonds for qualified projects. Certain procedures as set out in Florida and Federal law must be adhered to in order to secure and maintain the exclusion from gross income for federal income tax purposes of the interest on the bonds.

Tax-exempt Industrial Revenue Bonds (IRBs) are a type of municipal bond issued by state and local governments that offer below-market-rate financing to qualified private enterprises. These bonds are payable from and secured by the revenues of the projects they finance. Currently, small issue IRB uses are limited and are usually for manufacturing projects. The program provides long-term, low cost, fixed rate loans of \$1 million to \$10 million.

Sale of the Industrial Revenue: It is the borrower's responsibility to provide for the sale and placement of the Revenue Bond issue. Neither the Pinellas County Economic Development Authority nor Pinellas County will be obligated for repayment of the bond indebtedness. If the bonds will be sold by private placement, then a letter of commitment from the financial institution that will purchase the bonds will need to be forwarded with the completed Project Eligibility Questionnaire upon application. If the bonds are to be sold to the public, then the bonds must be eligible for an investment grade rating, from a nationally recognized rating agency. Such publicly offered bonds must be sold in denominations of not less than \$100,000 each. If the bonds sold to the public are to be credit enhanced, then a letter of commitment from the credit provider must be provided upon application.

Upon the applicant's request, the PCEDA may provide the applicant with a list of credit providers/bankers who have advised the PCEDA of their interest in Industrial Development Revenue Bonds. The PCEDA reserves the right to review the credentials of any investor, credit provider or investment banker chosen and to reject the same upon good cause shown. The PCEDA in reviewing the credentials of any investor, credit provider or investment banker will consider their experience particularly in the State of Florida and Pinellas County, their commitment to Pinellas County and the State of Florida and appropriate financial criteria.

Due to the limitations on the amounts of Industrial Development Revenue Bonds that may be issued each year, the PCEDA reserves the right to reject the application of any potential borrower upon good cause shown. In reviewing the application of a potential borrower, the PCEDA will consider compliance with Florida and federal law, experience in the business to be financed with the proceeds of the proposed Industrial Development Revenue Bonds, financial stability of the potential borrower and the potential benefits to Pinellas County associated with the proposed financing.

After consideration by the Executive Director of the PCEDA and determination of eligibility for a revenue bond issue has been made, you will be notified to present the application before the Board of County Commissioners of Pinellas County at a public workshop. The approval by the Pinellas County Board of County Commissioners will then be at a public hearing duly advertised at least fourteen (14) days prior to said hearing. The allocation request cannot be submitted to the Division of Bond Finance until the public hearing is held.

Validation proceeding, if required by bond counsel or the bond purchaser, will be accomplished as expeditiously as permitted by law. A fee (part of which is to reimburse the PCEDA for its administrative costs incurred in connection with the Industrial Development Revenue Bond issue) in the amount of $\frac{1}{2}$ of 1% of the total issue will be payable to the Pinellas County Board of County Commissioners upon closing. Bond counsel fees are per the approved schedule.

No cost incurred by the company will be reimbursed as eligible expenditures from the bond proceeds unless: (1) said costs qualify as eligible expenditures under the Internal Revenue Code and the Act, and (2) said costs were incurred subsequent to or within 60 days prior to the resolution of inducement by the PCEDA. Bond counsel should be consulted as to whether or not reimbursement for expenditures would be eligible under the Internal Revenue Code and the Act.

The total cost of issuing a bond (discount, bond counsel's fee, company's counsel fee, purchaser's counsel fee, issuer's fee, trustee's fee and any other fees associated with issuing the bond) that can be financed with proceeds of the bond is limited to 2% of the proceeds of the sale of the bond. A disclosure statement setting forth the fees, costs and expenses associated with issuing the bond will be completed at the closing.

In order for the interest on the bonds to be excluded from gross income for federal income tax purposes, certain representations will need to be made at closing. One of those will be that at least 95% of the proceeds resulting from the sale of the bond less the amount, if any, deposited in a reasonably required reserve or replacement fund must be used to provide a facility which is used in the manufacturing and production of tangible personal property including the processing resulting in the change in condition of such property.

Although bond issues are tailored to specific projects, most participants in the issuance process are approximately the same. The parties involved in an IRB financing transaction include: the agency or authority legally able to issue the bonds; the borrower that uses the bond proceeds to finance some sort of development activity; a bank or similar entity that buys the bonds or provides a letter of credit to enhance the rating of the bond; an investment banker who structures and often helps sell the bonds; other bond marketing agents; and the bond counsel.

PROJECT QUALIFICATIONS
(Please see changes from the Recovery Act above)

- The facility being financed must be for manufacturing purposes or be a 501(c)(3) organization.
- Uses of funds must be for land, buildings (new or existing) and new equipment.
- Maximum 25% of the bond issue for land.
- 70% of facility must be for actual production of goods; 25% of facility or less may be for storage/distribution; 5% of facility or less may be for offices. Bonds may be issued to finance office space if the space is ancillary to the manufacturing operations, and together with the costs of other financed ancillary assets, does not exceed 25% of the total financed asset costs.
- If acquiring existing buildings, borrower must perform rehabilitation of 15% of building value.
- IRBs cannot be used for inventory, working capital, or refinancing of existing debt.
- Projects commenced or already financed would be considered as financed and ineligible.
- Maximum permitted project size if \$10,000,000 for manufacturing facilities.
- No minimum project size, but \$1,000,000 is considered minimum economically feasible.
- Project must demonstrate job creation, and be an environmentally safe, desirable industry.
- Must spend bond proceeds within 3 years, 2 years for rehabilitation expenditures.
- New equipment only, no refinancing, no working capital or inventory financing.

Please contact Cindy Margiotta at 727-464-7398 or cmargiotta@pinellascounty.org for more information.

In order to facilitate the determination that compliance with the requisite procedures is possible, please submit with the completed attached Project Eligibility Questionnaire (PEQ) an application fee in the amount of \$2,000, non-refundable, payable to the Pinellas County Board of County Commissioners, and certified financial audits for the past three years. These documents should be sent to: *Cindy Margiotta, Division Director, Pinellas County Economic Development Authority, 13805 58th Street North, Suite 1-200, Clearwater, Florida, 33760.*

PINELLAS COUNTY ECONOMIC DEVELOPMENT AUTHORITY

IRB Project Eligibility Questionnaire (PEQ)

1. Corporation that will enter into the financing agreement with the Pinellas County Economic Development Authority for the acquisition of the proposed project. (This entity is referred to as the principal user of the project for the remainder of this questionnaire.) THERE CAN BE NO OTHER TENANT OR USER OF THE FACILITY WITHOUT BOND COUNSEL AND ISSUER APPROVAL.

Name of Entity _____
State of Incorporation _____
Address _____
City _____ State _____ Zip _____
Phone _____ Fax _____ E-mail _____
Contact _____ Title _____

2. Guarantor of Bond Repayment, if any _____
Address _____
City _____ State _____ Zip _____
Phone _____ Fax _____ E-mail _____
Contact _____ Title _____

3. Company Counsel _____
Address _____
City _____ State _____ Zip _____
Phone _____ Fax _____ E-mail _____
Contact _____ Title _____

4. Underwriter Bank _____
Address _____
City _____ State _____ Zip _____
Phone _____ Fax _____ E-mail _____
Contact _____ Title _____

5. If manufacturer, product to be manufactured at principal user's project

If 501(c)3, list use of funds _____

6. Principal user's current net worth _____
7. Principal user's annual sales last year _____
8. Principal user's annual payroll last year _____

OWNERSHIP

9. Is the principal user related to any other organization by more than 50% common ownership? If so, indicate name of related organization and relationship.

10. List all stockholders or partners having 10% or more interest in the principal user.

11. If any of the above persons own more than 50% of the principal user, list all other organizations which are related to the principal user by virtue of such persons having more than a 50% interest in such organizations.

LOCATION OF PROJECT

12. Street Address _____
City _____
Is the project in an unincorporated area? _____
If so, list unincorporated area _____

PROJECT SITE (LAND)

13. Approximate size (in acres or square feet) of project site _____
Are there buildings now on the project site? _____ Yes _____ No

a) Number and size of buildings:
New _____ Used _____

b) Present use of project site: _____

c) Present owner of project site: _____

14. Date of purchase _____ Purchase price _____
Balance of existing mortgage _____
Holder of existing mortgage _____

15. If the principal user is not now the owner of the project site, does the principal user have an option to purchase the site and any buildings on the site? If yes, indicate
a) Date option agreement signed with owner _____
b) Purchase price under option _____
c) Expiration date of option _____

16. Has the principal user entered into a contract to purchase the site? If yes, indicate:
a) Date signed _____
b) Purchase price _____
c) Settlement date _____

17. If the principal user is not the owner of the project site, does the principal user now lease the site or any buildings on the site? _____ Yes _____ No

18. Is there a relationship legally or by virtue of common control or ownership between the principal user and the seller/lessor of the projects site? If yes, describe the relationship.

19. Do you know of any adverse environmental conditions of the project site?

20. Are there any underground storage tanks on the project site?

21. Has an environmental study ever been made of the project site? _____

PROPOSED USES AND CHANGES AFTER PURCHASE

22. Does the project consist of the construction of a new building or buildings? If yes, indicate number and size of new buildings. _____

23. Does the project consist of additions and/or renovations to existing buildings or equipment?

If yes, indicate nature of expansion and/or renovation. Under the Internal Revenue Code, at least 15% of the cost of any existing building and equipment therefore and 100% of the cost of any other existing facilities financed with the bond proceeds must be expended for rehabilitation expenditures, as such are defined in Section 147(d) of the Internal Revenue Code. _____

24. What will be the use of the buildings to be acquired, constructed or expanded by the principal user for this project? _____

25. Has construction work on this project begun? _____ Yes _____ No

If yes, complete the following:

- a) Site clearance _____ Yes _____ No _____ % Complete
- b) Foundation _____ Yes _____ No _____ % Complete
- c) Footings _____ Yes _____ No _____ % Complete
- d) Steel _____ Yes _____ No _____ % Complete
- e) Masonry work _____ Yes _____ No _____ % Complete
- f) Other (describe below) _____ Yes _____ No _____ % Complete

EQUIPMENT

26. List principal items or categories of equipment to be acquired as part of the project.

27. Has any of the above equipment been ordered or purchased? If yes, indicate:

| <u>Item</u> | <u>Date Ordered</u> | <u>Date Delivered</u> | <u>Price</u> |
|-------------|---------------------|-----------------------|--------------|
|-------------|---------------------|-----------------------|--------------|

28. For each item of equipment listed in 26 above, give the present class life under the Asset Depreciation Range (ADR) systems (the midpoint life of such item is published in Revenue Procedure 83-35). If its class life cannot be determined, list the actual useful life, not the depreciable life, of each item and explain the facts and circumstances upon which such determination of actual life was made. Consultant with an accountant or a tax attorney may be required in answering this question.

| <u>Item</u> | <u>ADR Midpoint Life</u> | OR | <u>Actual Useful Life</u> |
|-------------|--------------------------|----|---------------------------|
|-------------|--------------------------|----|---------------------------|

OTHER PROJECTS

29. List the face amount of all tax-exempt financing previously arranged by or for the benefit of the principal user or any related person in Pinellas County, regardless of whether the issuer of the bonds was the Pinellas County Economic Development Authority or any other authority or governmental unit, including cities.

| <u>Date of Issue</u> | <u>Original Face</u> | <u>Current Outstanding</u> |
|----------------------|----------------------|----------------------------|
|----------------------|----------------------|----------------------------|

30. List the face amount of all tax-exempt financing (not including as outstanding any obligation which is to be redeemed from the proceeds of the proposed issue) previously issued for the benefit of the principal user or any related person.

| <u>Date of Issue</u> | <u>Original Face</u> | <u>Current Outstanding</u> |
|----------------------|----------------------|----------------------------|
|----------------------|----------------------|----------------------------|

BOND PROCEEDS

31. State the proposed uses of the bond proceeds.

| <u>Description of Cost</u> | <u>Amount</u> |
|------------------------------|---------------|
| Land | \$ |
| Buildings | |
| Equipment | |
| Rehabilitation | |
| Engineering | |
| Architecture | |
| Interest during construction | |
| Bond discount | |
| Cost of financing | |
| Other (please explain) | _____ |
| Face amount of issue | \$ |

32. Are costs of working capital, moving expenses, work in process, or stock in trade included in the proposed use of the bond proceeds? _____ Yes _____ No
33. Will any of the funds to be borrowed through the Authority be used to repay or refinance an existing mortgage or outstanding loan? _____ Yes _____ No

If so, amount of loan and name of lender: _____

CAPITAL EXPENDITURES

Complete questions 34 and 35 only if the proposed financing is an industrial development financing in excess of \$1 million, or if when the amount of the proposed financing is added to the amount listed in response to question 26, such aggregate amount is in excess of \$1 million. Capital expenditures for purposes of questions 34 and 35 broadly defined, please refer any questions to bond counsel.

34. List capital expenditures by the principal user in Pinellas County not to be financed with the proposed industrial development revenue bond.

| | <u>Past 3 Years</u> | <u>Next 3 Years</u> |
|------------------------------|---------------------|---------------------|
| Land | \$ | \$ |
| Buildings | | |
| Equipment | | |
| Engineering | | |
| Architecture | | |
| Research and Development | | |
| Interest during construction | | |
| Other (please explain) | _____ | _____ |
| Total | \$ | \$ |

35. List capital expenditures with respect to other facilities of the principal user or any related person, if the facilities are located in the same incorporated municipality as the proposed project, or with respect to facilities located in unincorporated Pinellas County if the posed project is located in unincorporated Pinellas County. Capital expenditures in regard to facilities located outside of the corporate boundaries of the proposed project but which facilities are integrated with the proposed project should be included.

| | <u>Past 3 Years</u> | <u>Next 3 Years</u> |
|------------------------------|---------------------|---------------------|
| Land | \$ | \$ |
| Buildings | | |
| Equipment | | |
| Engineering | | |
| Architecture | | |
| Research and Development | | |
| Interest during construction | | |
| Other (please explain) | _____ | _____ |
| Total | \$ | \$ |

IMPACT ON COMMUNITY

36. a) Number of individuals currently employed in Pinellas County _____
 b) Approximate number of new individuals who will be employed in Pinellas County after completion of project _____
 c) Number of people who will be hired from local labor force _____
 d) Describe type of labor force _____

37. Do any of said employees require specialized training or skills to qualify for said employment? If so, please indicate whether or not training programs will be instituted or whether or not local technical and vocational education can provide such training.

38. Please indicate utility needs, i.e., electrical, water and sewer. Include quantity and character of needs. _____

39. Does the project produce emissions which would subject it to the jurisdiction of the Florida Department of Environmental Regulation? _____

40. Does the project produce sewage, industrial effluent, or discharge of an unusual character requiring specialized treatment? _____

MISCELLANEOUS

41. Principal user's federal employer identification number _____.

42. Principal user's North American classification codes for its manufacturing activities (formally known as the Standard Industry Code) _____.

(SEAL)

Authorized Company Officer

Date

Title