

**GUIDE TO
INDUSTRIAL DEVELOPMENT REVENUE
BOND FINANCING AND APPLICATION
FOR BOND AUTHORIZATION IN THE
COUNTY OF VOLUSIA**

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**GUIDE TO INDUSTRIAL DEVELOPMENT REVENUE BOND FINANCING
IN THE COUNTY OF VOLUSIA**

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DISCLAIMER

The Volusia County Industrial Development Authority reserves the right to adjust its policies and procedures in order to comply with changes to the Federal Tax Code or to applicable Florida Statutes.

Guide to Industrial Development Revenue Bond Financing

1. CAPITAL FORMATION

The formation of capital to finance new and expanding industrial and business facilities is one of the most important aspects of a corporate facility planner's function.

An Industrial Development Revenue Bond (IDRB) is a funding alternative that can provide access to long term financing for capital projects at favorable interest rates. In some instances, IDRB funding may make the difference between a project being deemed impracticable and one that is feasible.

The narrative below provides a working description of Industrial Development Revenue Bonds as they pertain specifically to Volusia County, Florida and is not intended as a precise interpretation of Federal or State laws. Where applicable, the appropriate sections of the United States Internal Revenue Code and Florida Statutes are given for reference.

2. INDUSTRIAL DEVELOPMENT REVENUE BONDS DEFINED

By definition, Industrial Development Revenue Bonds (qualified small issue bonds or IDRBs) are securities issued by a local government agency for the purpose of acquiring or constructing capital facilities for use by private business and industry. Customarily, the facilities are then leased or sold by the agency to qualifying industries for the lease or installment purchase payments necessary to retire the bonds. The debt service on the bonds is paid solely from the revenues or payments received from the company, and there is no undertaking on the part of the local agency, county or any other governmental unit to make such payments other than from the lease or installment payments received.

In its simplest form, IDRB financing may be compared to ordinary note and mortgage financing, i.e., a private lender (bond purchaser) agrees to lend funds (buy bonds) to a private company. The facilities (capital project) which the lender's funds are used to finance are mortgaged to secure the repayment of the loans (bonds). In many cases, the repayment schedule (debt service) is structured similarly to level debt amortization schedules for typical mortgage loans.

In the case of IDRBs, the local issuing agency (Industrial Development Authority) serves as a conduit. The loan is made through the Authority; the Authority relends the bonds (bond proceeds) to the private company to pay the cost of the capital project. For IRS purposes, the action of passing the loan through the Authority results in the loan being treated as a special obligation of a local governmental agency.

3. ADVANTAGES

a. **Interest Cost Savings**

Under current law, IDRBs are considered special obligations of a governmental unit, and providing the project meets qualifying conditions as described later, interest on the IDRBs will not be subject to federal income tax (Section 144 (a), U.S. Internal Revenue Code). The bond purchaser, therefore, will not require the same interest rate in order to receive the same net rate of return (after tax) as if the financing were accomplished on a conventional taxable basis. The resultant interest savings is passed on to the borrower as a differential between the interest rate which the borrower could obtain through IDRB financing and conventional financing. This interest differential may range from 2% to 4%. As an example, consider the following hypothetical case:

XYZ Company, Inc., Plant Expansion*

Amount Borrowed \$20,000,000

Term 20 yrs. (monthly installments)

Annual Payments @ 8.5% (conventional)	\$ 211,342
--	------------

Total interest expense @ 8.5% (conventional)	\$2,226,839
---	-------------

Annual Payment @ 5.0% (IDRBs)	\$ 160,485
----------------------------------	------------

Total interest expense @5.0 % (IDRBs)	\$1,209,703
--	-------------

Annual Savings (IDRBs)	\$ 50,857
------------------------	-----------

Total interest savings	\$1,017,136
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*The above simplified model assumes a fixed rate of interest and a level debt amortization schedule. In reality, the bonds may be placed with short term tax-exempt money funds on a floating rate basis (lower floater).

b. **100% Financing**

Generally, all capital costs associated with qualified projects may be financed, including: acquisition of land and existing buildings, construction of new facilities and purchase of capital equipment. The ability of a company to obtain 100% financing for capital costs will depend upon factors such as company financial strength, nature of project to be financed and other considerations.

c. Accounting

Most commonly, the company occupying the facility (or majority stockholder if privately held) is treated as the owner for federal income tax purposes. Except as limited by federal law, the accounting treatment of any project financed with IDRBs allows the company to receive all applicable tax credits, depreciation expense, interest expense and capitalization of project costs.

The tax exempt status of IDRBs and the accounting treatment of the projects financed are periodically reviewed by the U.S. Congress and the Florida Legislature. Prior to proceeding, applicant should inquire as to the status of legislation that may affect IDRBs.

4. QUALIFICATIONS

Federal law limits the use of IDRBs to financing construction or upgrade of manufacturing facilities, including processing, assembly, printing, food processing and others in which raw material is converted or combined with other materials to produce a finished or semi-finished product. Certain pollution control, hazardous waste and solid waste disposal facilities are also included. Additionally, facilities used in the normal course of business of 501(c)(3) corporations, including special education use areas that are built, installed, or established to serve primarily the educational purposes of operating any nonprofit private school established under chapter 617 or chapter 623 of the Florida Statutes or that is owned or operated by an organization described in s.501(c)(3) of the United States Internal Revenue Code, Empowerment Zone projects and certain airport and seaport facilities are eligible to apply. Costs which may be financed with the proceeds of IDRBs include:

- a. Project capital costs, including land not exceeding 25% of the net proceeds of the bond issue, the construction of new facilities and expansion of existing facilities, acquisition of existing buildings provided that at least 15% of the cost basis of the building is spent in refurbishing the building, the purchase of new capital production equipment, the interest accrued during construction and the architectural and engineering fees.
- b. Bond issuance expenses (e.g., attorney's fees, underwriters' commissions, recording fees) to the extent that the aggregate of such expenses do not exceed 2% of the bond net proceeds.
- c. Credit enhancement fees paid at the time of closing to the extent they directly result in a dollar for dollar reduction in bond interest expense.

Florida Statutes, Chapter 159, Parts II and III, further describe project component costs and findings and tests that affect the eligibility of projects.

5. SIZE OF FINANCING

Several sections of the Internal Revenue Code address the size of Industrial Development Revenue Bond issues.

\$10 Million Issues (Section 144 (a)(4))

This section provides the option to increase the limit of the IDRB financing from \$1 million up to \$10 million for manufacturing projects, however; other capital expenditure restrictions are imposed. In general, these restrictions require that capital expenditures made by the company (user) and all affiliated entities located within the same government jurisdiction (city, county) in which the proposed capital project is located during the three years immediately prior to the date of the issuance of the bonds and three years after the issuance must be aggregated in arriving at the \$20 million limitation. If during this six year period, the aggregate of capital expenditures of the user and affiliated entities within the same governmental jurisdiction, including the amount raised with industrial development revenue bonds, exceeds \$20 million (as of January 2007), the federal tax-exempt status of the interest on the IDRBs is lost from the date the limit is exceeded. Federal law also prohibits any owner or user of a project financed with IDRBs and affiliated persons or companies from having more than \$40 million in IDRBs outstanding at any given time.

There is no maximum issuance size for airport, seaport, hazardous waste, solid waste, pollution control, or 501(c)(3) projects.

Minimum Issue Size - While the maximum issue size is limited by federal regulation, the minimum issue size is a function of market conditions. Generally, the break-even point, above which savings will be realized and below which conventional forms of financing may prove to be less expensive overall, is considered to be at least \$2.0 million. This is primarily a result of the fact that the issuance costs (see "Issuance Costs") associated with this type of financing do not decrease proportionately as the size of the financing decreases.

6. SOURCES OF FINANCING

The market for tax-exempt IDRBs is essentially confined to taxpayers who stand to gain a tax advantage by making investments which will earn interest income not subject to federal income tax. To gain the maximum interest rate advantage, the borrower must usually structure an IDRB financing for sale into the national public bond market. In practical terms this will require that the borrower be an investment grade rated corporation or obtain a third party guarantee of debt sufficient to gain such a rating. If a borrower is not a nationally known corporation with its own credit rating, the borrower will usually need to seek a Letter of Credit guarantee from a rated financial institution or financial guarantee insurance through an organization such as Ambac Assurance Corporation which carries triple-A claims-paying

ability ratings from Moody's Investors Service, Inc., Standard & Poor's Ratings Group, and Fitch Investors Service, Inc. Bonds issued with such guarantees are usually structured as fixed rate insured bonds or with variable interest rates. The advantages and costs attendant to each structure should be explored by the borrower and compared with the interest savings gained over the life of the bond issue.

7. ISSUANCE COSTS

Issuance costs will vary depending on the structure and complexity of the bond issue but most will typically include bond counsel, local and lender's counsel's fees, underwriting discount or lender's commitment fees, issuing agency financing fee, bond and official statement printing costs (if required), trustee's fees, title insurance, credit enhancement fees and other miscellaneous expenses.

The total of bond issuance costs may range from 4% to 10% of the bond issue size. A more definitive estimate of issuance costs can be made as the parameters of the issue become known. The aggregate of issuance costs not to exceed 2% of the total bond issue may be financed from bond proceeds. The balance over 2% must be financed by the borrower from other conventional sources.

8. INDUCEMENT AND TIMING

Most IDRBs processed through the Volusia County Industrial Development Authority will require approximately 12 to 15 weeks from the point of initial processing to a noticed IDA meeting to review and approve final bond documents. The bonds may be validated in the manner prescribed by Chapter 75, Florida Statutes, in which case this time period will be increased by 30 days. Included in this time period is the controlling date which establishes the project's tax-exempt status. This date is termed the date of "official action" or "inducement". Official action by the Authority is required by federal regulation and is established by an agreement between the applicant and the Authority.

The bonds may be validated in the manner prescribed by Chapter 75, Florida Statutes.

Any expenditure on the project such as the cost of land acquisition, equipment purchase, etc. made prior to the date of inducement cannot be financed with the proceeds of IDRBs. However, the applicant may be reimbursed from bond proceeds for costs incurred for eligible expenses **after** the date of official action. The procedures for processing a revenue bond application in Volusia County are included in the following section.

In order to facilitate the issuance of Industrial Development Revenue Bonds for the purpose of enhancing the economic well-being of the residents of Volusia County, the Volusia County Industrial Development Authority has adopted a Guide for the issuance of such bonds set forth below.

9. GUIDELINES

a. Use of Bond Proceeds

The use of proceeds realized from the sale of Industrial Development Revenue Bonds shall be governed by the appropriate regulations and statutes of the State of Florida and the U.S. Internal Revenue Code. In general, costs permitted to be financed include:

- * The cost of acquisition of property, including rights in land and other property, both real and personal, improved and unimproved; however, no more than 25% of bond net proceeds may be used to acquire land. If an existing building is acquired, an expenditure not less than 15% of the cost basis of the building must be made in refurbishment of the building.
- * The cost of construction of new buildings;
- * The cost of demolishing, removing, or relocating any buildings or structures on lands acquired;
- * The cost of new machinery and equipment;
- * The cost of issuance expenses (up to 2% of the net proceeds of the issue);
- * The cost of engineering and architectural surveys, plans and specifications;
- * Interest expense during construction.

b. Financial Structure

- * The legal structure of the proposed financing may take such forms as are permitted by the various federal and state statutes in effect at the time of the closing of the bond(s).
- * Generally, the Industrial Development Authority will require that assets to be financed with the proceeds of Industrial Development Revenue Bonds be pledged as security for the repayment of the bonds.
- * If the project to be financed is for a subsidiary of a larger parent company, the Authority will generally require that the parent company guarantee the bond(s).
- * The user of facilities financed by Industrial Development Revenue Bonds shall pay, as they become due, all applicable taxes, fees and other assessments levied upon the facilities financed with the proceeds of the bond(s) by all state, county, and local governmental agencies having jurisdiction over the facilities.
- * Any sale or other disposition of the project financed with IDRBs issued by the Authority shall be subject to Industrial Development Authority approval.

c. Fees

- * **Application Fees** -- Applicants for bonds (tax-exempt and taxable) issued by the Industrial Development Authority shall remit an application fee of \$1500.

Financing Fees (Original Issues, Refinancing and Assumptions) -- For all bonds issued by the Industrial Development Authority (tax-exempt and taxable) a financing fee shall be due upon the successful close of the financing in accordance with Exhibit A.

For financings arranged through the Industrial Development Authority but not issued by the Authority, a financing fee in accordance with an estimate of expenses, legal exposure and benefits gained will be assessed. See Exhibit A Fees and Exhibit B Costs.

10. PROCEDURES

a. Application

Applications for the issuance of Industrial Development Revenue Bonds shall be made to the Industrial Development Authority on company letterhead, accompanied by the application fee and shall include the following minimum information.

*** Applicant* (entity which will own facility financed with IDRBs)**

Name: Corporation, partnership, individual
Mailing Address: Self-explanatory
State of Incorporation: If an individual, give legal residence
Representative: Person authorized to speak on behalf of applicant,
plus address and telephone number (if different from applicant)

** If applicant is a corporation or partnership, list all parties having a 10% or greater interest in the corporation or partnership.*

*** Entity Using Project Financed with IDRBs**

Name: Self-explanatory
Mailing Address: Self-explanatory
State of Incorporation: Self-explanatory
Representative: Person authorized to speak on behalf of using
entity, plus address and telephone number (if different from project user)

*** Applicant's Attorney**

Name: If none, provide when selected
Mailing Address: Self-explanatory
Telephone No.: Self explanatory

*** Application Amount \$ _____**

*** Applicant's Background**

Describe the applicant. If an individual, give place of usual residence, usual occupation, experience in that occupation, relationship to the entity which will use the project, etc.

* **Project User's Background (if other than applicant)**

Give corporate structure (i.e. a division of _____ corporation, a sole proprietorship, a partnership, a 501(c)(3) corporation, etc.). Indicate the type of business engaged in; indicate the type of business the project will be used for if different from usual business. Indicate the length and depth of experience in the business for which the project will be used. Provide other information necessary to give a clear picture of operations.

* **Project Description**

Describe in detail the components of the project to be financed with IDRBs.

Land Acquisition: _____ acres, include exact location if known at the time of application (approximate location otherwise), provide the cost if known or an estimate. If an existing facility, provide the size and the cost of the land included.

Building: Provide the size in square feet and detail by functional use, i.e. manufacturing # square feet; office # square feet; storage # square feet; total # square feet _____

Provide the projected cost of construction; include site preparation, architectural and engineering costs, etc. If an existing building, provide the estimated cost of necessary renovations by type, i.e. new roof, repair air conditioning, etc. _____

Equipment: List by major type and cost _____

Other: Itemize _____

* **Financial Sufficiency**

Sources and Uses of Funds: Provide detail on all the sources of funds for the project and all the uses of funds that will be applied to the project. Sources must equal uses.

Source of Funds Use of Funds

IDRB proceeds	Land Acquisition
Equity (cash, fixed assets, etc.)	Building Construction
Equipment Purchase	
Other (conventional other costs (itemized) loans, etc.)	

Ongoing Operations: Provide financial statements for previous completed three years of operations; include a balance sheet, income statement and notes to financial statements, plus interim statements for the current year.

Start-Up Ventures: Provide feasibility report on the project to include at minimum, market analysis, cash flow projections, discussions of factors enhancing or detracting from attainment of projections, etc.

Guarantors: Indicate what form of **third party guarantee** will be provided, i.e. **Letters of Credit, Bond Insurance, etc.**

Sale of Bonds: Indicate the method of marketing of the bonds, i.e. private sale, public offering.

Personal Statements: If the entity owning the facility is a privately held corporation, partnership or individual in which control of the entity is vested, personal statements of those individuals should be provided.

*** Economic Impact**

Indicate how the community will benefit by the completion of the project with Industrial Development Revenue Bonds, i.e. new jobs created, existing jobs preserved, business to remain viable in the community, new capital investment added to tax rolls, additional payroll in circulation, project to be located in economic target area, etc.

b. Application Review

Florida Statutes require that agencies issuing Industrial Development Revenue Bonds make a determination that projects financed are appropriate to the needs and circumstances of and will make a significant contribution to the economic growth of the community in which located. In addition, issuing agencies must also determine that the applicants for such projects are financially responsible and fully capable and willing to operate and maintain the project and to make payments as required to pay principal and interest on the bonds.

In determining financial responsibility and the ability and willingness to make required payments of principal and interest, the Authority will consider financial sufficiency factors in the following areas related to the project and the applicant.

i. History of Financial Performance

Audited financial statements (balance sheet, income statement, changes in financial condition and notes thereto) are required for the most recently completed three years of operations. Statements should be submitted on the entity owning the project, third party guarantors and other parties from which revenues to repay the debt are dependent. An examination of submitted statements must lead to the conclusion that the owner, guarantor and/or other users of the project will be able to generate revenues sufficient to operate and maintain the project and to make all required payments of principal and interest on the bonds. Should audited financial statements not be available, statements in unaudited form supported by corporate income tax returns may be submitted in order to commence processing of the application. Prior to the closing of the bonds, however, statements for the most recently completed period of operations must be submitted with an audit opinion from a certified public accountant. If the bonds are to be secured by guarantees from investment grade rated institutions, corporations, etc., the Authority at its discretion may waive the requirement that statements submitted by the applicant be audited. An applicant company in business for less than three years must also submit pro-forma statements covering the three years following the commencement of operation of the project.

ii. Collateral Value of the Project Financed

The collateral of the project financed should be sufficient to collateralize the debt. If not, then consideration may be given to additional collateral.

iii. Additional Security/Guarantees

The Authority may require the guarantee(s) of the principals and/or third party guarantee(s), letters of credit, or debt service insurance. In determining the need for such additional security or guaranty, consideration will be given to the ratio of the applicant's net worth to the size of the financing and other factors as the Authority may deem appropriate.

The application for Industrial Development Revenue Bonds will be received and reviewed by the Industrial Development Authority Executive Director. If accepted for processing, the Authority may instruct the

Director to obtain an in-depth analysis of the project. After deliberation, the Authority may, if it decides that the project is sound and will benefit the residents of the County of Volusia, adopt a resolution to authorize the Chairperson and the Secretary to sign a Memorandum of Agreement for a one year period. **This action constitutes official action or inducement for IRS purposes.**

Projects approved for financing will be scheduled for a public hearing in accordance with the provisions of the U.S. Internal Revenue Code. Following the public hearing, the project report, action of the Authority and a transcript of the public hearing will be forwarded to the County of Volusia Council for its review and approval. Prior to the issuance of the bonds for manufacturing projects, confirmation of sufficient state volume cap allocation must be obtained by the Authority from the State Division of Bond Finance.

c. Bond Counsel and Preparation of Bond Documents

After review and approval by the County Commission, the applicant, in consultation with the Authority's Executive Director, County Attorney and bond purchaser may initiate appropriate steps leading to the final preparation of the bond documents by contacting bond counsel and providing the terms of the financing and a copy of the financial institution purchase or guarantee commitment. In addition to other expenses specified in the various documents pertinent to the issue, the applicant is responsible for all legal fees of bond counsel and of the County Attorney. Such fees must be paid at the closing of the bond issue unless other arrangements are made in advance.

d. Sale of Bonds

The action of the Authority in entering into a Memorandum of Agreement with the applicant for the issuance of Industrial Development Revenue Bonds and the approval of the County Commissioners following a public hearing should not be construed as indicating the marketability of the bonds, but rather, as an agreement by the Authority to issue its bonds only if a willing purchaser can be found and upon the execution of bond sale documents mutually agreeable to all parties thereto.

As the obligation for the repayment of Industrial Development Revenue Bonds rests solely with the applicant, and neither the Authority, the County, the State nor any political subdivision thereof is responsible for their repayment or any associated expense, it is the policy of the Authority that subject to the conditions contained herein or as may be adopted at a later date, the manner in which the

bonds shall be sold, so long as complying with all applicable federal and state statutes shall be the prerogative of the applicant. The Authority reserves the right to review the credentials of any investor, financial institution or investment banker chosen, and to reject the same upon good cause shown.

In general, prospective bond issues not considered to be of investment-grade quality may be sold only by private placement or by limited public offering in bond denominations of not less than \$1,000,000 each. Prospective issues of investment-grade quality may be sold by public offering or private placement in smaller bond denominations. Investment-grade quality shall be determined as meeting one of the following tests:

a) A rating of the issue equal to or better than Moody's Baa or Standard and Poor's BBB

b) A rating of recently issued debt instrument(s) of the company of similar term and security as that of the prospective bond issue equivalent to or better than the stated above

For purposes of this paragraph, the term "limited public offering" shall be defined as an offering made only to institutional investors, not more than 35 in number.

e. Disposition of Proceeds of Bond Sale

Following the sale of the bonds, the proceeds will be deposited with the Trustee for the bond holders or in a trust account, to be disbursed for the acquisition and/or construction of the project according to a schedule provided in one or more of the bond documents. The Authority will be concerned with the disposition of the proceeds to the extent that they are used for items allowed by governing statutes for portions of the project as authorized in the Memorandum of Agreement and bond sale documents. To this end the Authority requires that it will be furnished with copies of all requisitions for the expenditure of bond proceeds.

The Industrial Development Authority reserves the right to waive, upon good cause shown, any of the aforesaid Guidelines and Procedures except provisions requiring a public hearing and County Commission approval prior to the closing of Industrial Development Revenue Bonds.

The intent of this paragraph is applicable not only to the initial sale of the bonds, but to resales, if any, in secondary markets and shall be incorporated in the bond sale documents.

Application For Bond Authorization

Ten (10) Printed Copies of Application Required
or PDF version of completed Application

Name of Applicant: _____

Mailing Address: _____

State in which incorporated: _____

Contact Representative: _____

Mailing Address: _____

Telephone #: _____

Applicant's Attorney: _____

Mailing Address: _____

Telephone #: _____

Name of Architect or Engineer (if retained): _____

Mailing Address: _____

Telephone #: _____

Name of Contractor (if retained): _____

Mailing Address: _____

Telephone #: _____

State in which Incorporated: _____

Is the Applicant registered with the Florida Division of Corporations? _____

How long has applicant (company) done business in Florida? _____

When the IDA serves as an issuer of bonds, Section 159.29, Florida Statutes., requires it to "observe the following": "(2) No financing agreement for a project shall be entered into with a party that is not financially responsible and fully capable and willing to fulfill its obligations under the financing agreement, ..."

Therefore, please include the following financial information:

1. For Existing Companies: Two 2 years of audited financial statements and financial projections prepared by a Certified Public Accountant ("CPA"). Where personal guarantors are to be required by lender, include a signed statement of assets and liabilities for all guarantors, which is not more than 60 days old.

2. For New Companies: Copies of projected financial statements covering three years of operations. When personal guarantors are to be required by lender, include a statement of assets and liabilities signed by a CPA for all guarantors, which is not more than 60 days old.

Proposed Location: _____

Current Zoning: _____

Is Rezoning Required? _____

Present Location: (If more than one, list on separate page): _____

Is Applicant owner of land? _____ If no, attach copy of option or contract.

Type of Industry: _____

Product (s) Manufactured: _____

Will this product result in a new product line? _____

If Yes, name of product: _____

Number of employees at new location (estimated): _____

Type of building to be constructed (describe construction, square footage, amount for each operation such as manufacturing, storage, office, etc.):

Estimated value of land and building for County real estate purposes when complete:

\$ _____

When was the company formed (date)? _____
Is Applicant a subsidiary of any company? _____
If Yes: Name: _____
Address: _____
Telephone #: _____

Amount of Bond Authorization Requested: _____

Allocation of Loan Proceeds:

Land	\$ _____
Construction	\$ _____
(If not known, estimate)	
Machinery / Equipment	\$ _____
Financing Expenses	\$ _____
Other	\$ _____

Note state pollution control expenditures separately.

Description of purpose for which bond revenue will be used: _____

Explain how financial assistance from the Industrial Development Authority will enable applicant to locate or remain in Volusia County: _____

Benefits to be derived by County of Volusia: _____

Additionally, Section 189.051, Florida Statutes provides that if a referendum is not required, the IDA ensures that, at the time of closing, the bonds met at least one of the following criteria:

1. The bonds were rated in one of the highest four ratings by a nationally recognized rating service;
2. The bonds were privately placed with or otherwise sold to accredited investors;
3. The bonds were backed by a letter of credit from a bank, savings and loan association, or other credit worthy guarantor, or by bond insurance, guaranteeing payment of principal and interest on the bonds; or

4. The bonds were accompanied by an independent financial advisory opinion stating that estimates of debt service coverage and probability of debt repayment are reasonable, which opinion was provided by an independent financial advisory, consulting, or accounting firm registered where professional registration is required by law and which is in good standing with the state and in conformance with all applicable professional standards for such opinions.

As a condition precedent to any bond issue under the statute, one of the above criteria must be evidenced before closing. State which of these statutory criteria will be met by the applicant: _____

Bond Rating of Applicant: _____

By: _____

Bank Reference: _____

Credit Rating: _____

Has applicant ever defaulted on a loan? _____

Has applicant ever declared bankruptcy? _____

If Yes to either preceding questions, please explain in detail: _____

Applicant acknowledges and agrees that it will be responsible to pay the attorney, accountant and if requested by the IDA, financial advisor fees incurred by the IDA in connection with consideration of this application and the proposed bond issue, regardless of whether the bonds are ultimately issued. The initial amount of such professional fees will not exceed the amounts set forth on **Exhibit B** hereto. Should the application be approved by the IDA, the Applicant agrees to pay the professional fees set forth regardless of whether the bonds are ultimately issued for any reason.

From time to time, the IDA board members reviewing the application of the borrower and its exhibits, may have specific questions about the numbers before them. In such cases, the IDA reserves the right to engage the professionals on staff at an advisory firm for a review of the application as it relates to the item or items causing concern or any accounting question that is

not readily evident on the documents before them. It is agreed that the advisory firm will in such cases, upon request from the IDA, review the documents to endeavor to answer the question(s). The review timeline shall be ten to fourteen (10-14) business days and the final work product shall be the basic report for a fee of \$5,000 per occurrence to be paid by the applicant.

Name of Bond Counsel Desired: _____

Address: _____

Telephone #: _____

By signing below, Applicant confirms that all information herein is true and accurate. Applicant also confirms that it has received, reviewed and agrees to comply with the Guide To Industrial Development Revenue Bond Financing in The County of Volusia document, Exhibit A, Fee Schedule (revised 2017), and Exhibit B, Costs.

Applicant/Representative:

Authorized Signatory

Printed Name

Title

Date: _____

Exhibit A

Industrial Development Authority
Fee Schedule as Adopted in 2005
revised 2010, revised 2011, revised 2017

1. Application fee: **\$1500** made payable to: Volusia County Industrial Development Authority
Application fee is due at time of application

and

2. a. Processing fee: 0.005 of the first \$5,000,000
0.0025 of any amount over \$5,000,000
Processing fee is payable at closing or can be rolled into the overall loan package.

OR

2. b. Refinancing fee: 0.001 of the outstanding balance refinanced and (profit & not-for-profit) 0.005 of the additional funds financed
Refinancing fee is payable at closing or can be rolled into the overall loan package.

NOTE: Professional Fees (e.g. Attorney, CPA) that are incurred by the Authority in considering the application will also be paid by the Applicant

Exhibit B: Costs

The Applicant agrees to pay for the following professional services rendered to the IDA up to and including Bond Inducement hearing:

- A. Attorney's Fees
 - 1. Bond Counsel: Not to exceed \$8,000
 - 2. IDA Counsel: Not to exceed \$4,000
- B. CPA Fees
 - 1. Certified Public Accountant Not to exceed \$500
- C. Investment Advisory Fees*

*N/A unless recommended by the Authority as a request for clarification or follow up to application. If recommended, \$5,000.

After the bond inducement hearing, if approved, Applicant agrees to pay (i) IDA counsel \$270/hr. or a fixed cost, and (ii) bond counsel a fixed cost or hourly rate agreed upon by Applicant and bond counsel.

Note: Invoices shall be made directly to the Applicant as it is the Applicant who agrees by signing this Application to be responsible for the above services.

Exhibit C

INDUSTRIAL DEVELOPMENT AUTHORITY (IDA) APPLICATION PROCESS

<u>Start process</u>	County staff receives application and application fee for new industrial revenue bond (IRB) financing
1-2 weeks	Review of application for new IRB financing by IDA members, support members and county staff
4-5 weeks	Preparation of appropriate legal documents by applicant counsel, bond counsel, IDA's attorney's and County Attorney's office
IN PARALLEL WITH	
1-2 weeks	Preparation of finding of financial feasibility / suitability by IDA's financial advisor
Requires 14 day notice	1st noticed IDA meeting/TEFRA hearing to consider application & associated legal documents for new IRB financing
Requires 15 day notice	Volusia County Council meeting to consider and approve application & associated legal documents for new IRB financing
1-2 weeks	Noticed IDA meeting to review and approve final bond documents

Total timeframe for application process is typically 12-15 weeks