Agenda Item #: 31-3

PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date:	July 2, 2013		[] Regular [] Public Hearing
Department:	Department of Economic	Sustainability	

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: A) Economic Development Bond Financing Program Participation Criteria for the Industrial Revenue Bonds Program relating to underwriting institutions for the placement of Industrial Revenue Bonds, 501-C-3 Bonds and taxable bonds; and B) delegation of authority to the County Administrator, or his designee, to execute a Memorandum of Understanding (MOU).

Summary: The Department of Economic Sustainability (DES) administers various lending programs and financial instruments, which provide financing to for-profit and non-profit institutions in order to facilitate significant investment in the County. Industrial Revenue Bonds are typically used to raise capital in excess of \$1 Million and provide access to low interest and long-term financing. DES intends to publicly solicit participation by bond underwriters who are registered with the Municipal Securities Review Board (MSRB), which is the governing body for bond underwriters. To register with the MSRB, bond underwriters must be registered with the Securities and Exchange Commission, must be registered with the Financial Industry Regulatory Authority and must comply with MSRB rules. A referral list of registered bond underwriters who execute an MOU with the County will be compiled through this solicitation. Borrowers without an established working relationship with a bond underwriter, if requested, will be referred to firms on the list to assist them with facilitating their project. The County will enter into an MOU establishing a working relationship with a bond underwriter. DES will collect a consulting and structuring fee of 25 basis points (0.25%) of the face value of any issued bonds. The last five (5) years of bond issuance have led to over \$112 Million in financing and an estimated 2,265 jobs created. There is no local match required. Countywide (PFK)

Background and Justification: Industrial Revenue Bonds are used to raise capital for the construction of fixed assets for manufacturing entities, 501-C-3 bonds are used to raise capital for fixed asset financing for non-profit entities and taxable bonds are used to leverage public funds provided by various federal agencies for fixed asset and working capital financing for private for-profit businesses. These instruments are used to provide long term capital at favorable interest rates to assist these institutions to grow and prosper in Palm Beach County. Pursuant to Florida Statute 159, Palm Beach County is authorized to issue bonds in order to improve the prosperity and welfare of the State.

Attachments: 1. Criteria		
Recommended By: _	Educate & Johnson Department Director	6/17/2013 Date
Approved By:	Haun Dung Assistant County Administrator	6/20/13 Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Department Director

Fisc	al Years	2013	2014	2015	2016	2017		
Сар	ital Expenditures							
Ope	rating Costs	· · · · · · · · · · · · · · · · · · ·						
Exte	rnal Revenues					-		
Prog	ram Income							
In-K	ind Match (County)							
NET	FISCAL IMPACT	*						
	DDITIONAL FTE SITIONS (Cumulative)							
is Ite i Budgi	m Included In Currer et Account No.:	t Budget?	Yes	No				
Fund	Dept Ur	nit Ob	oject	Program Cod	le/Period			
В.	Recommended Sou	rces of Fur	nds/Summa	ry of Fiscal I	mpact:			
*	The fiscal impact as collected will depend	ssociated will on the num	ber and valu	ue of projects	approved for	time. Fee financing.		
C.	Departmental Fisca	l Review:	Shairette N	Major, Fiscal N	lanager I	-		
		III. <u>RE</u>	VIEW COMI	MENTS				
۹.	OFMB Fiscal and/o	r Contract [Developmer	nt and Contro	ol Comments	s:		
	*							
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В.	Legal Sufficiency:							
	Assistant County Att	orney	20/13					
3 .	Other Department F	Review:						
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Economic Development Bond Financing Program Participation Criteria

Summary of Bond Financing Program:

For credit worthy manufacturing companies, a 501(c)3 not-for-profit organization, Palm Beach County's Bond Financing Program is available to provide long-term financing, generally with lower cost, through a fixed or variable rate.

Bonds can be applied for in the amount of:

- \$500,000 to \$10 million for for-profit companies, with either a fixed or variable rate, and terms up to 20 years for real estate and 10 years for equipment
- \$500,000 with no dollar limit in tax-exempt bonds for qualified not-for-profit organizations.

Eligible Uses:

- Tax-exempt bonds for eligible for-profit companies can be used to finance capital improvements and expansions, including real estate acquisitions, new equipment, machinery, building construction and renovations.
- Tax-exempt bonds for not-for-profit organizations seeking capital to expand community services can be used to finance land and building acquisitions, new construction and renovations, equipment purchases, debt refinancing and working capital.
- Taxable bonds may be used for working capital, fixed assets and debt refinancing.

Bond Underwriter Participation Criteria:

Adherence to the following qualifications is required for bond underwriters to participate in a referral list for placement of:

- Industrial Revenue Bonds in compliance with Section 114 (a) of the Internal Revenue Code,
- 501-C-3 Bonds for non-profit institutions under the IRS Code of 1986 as Amended and,
- Taxable bonds in association with programs of the U.S. Small Business Administration, the U.S Department of Housing and Urban Development, the U.S. Environmental Protection Agency, the U.S. Department of Agriculture and the U.S. Department of Energy.

Qualified bond underwriters are those who are registered with the Municipal Securities Review Board (MSRB), which is the governing body for bond underwriters.

- To register with the MSRB, bond underwriters must be:
 - Registered with the Securities and Exchange Commission,
 - Registered with the Financial Industry Regulatory Authority, and
 - Comply with MSRB rules.
- A consulting and structuring fee of 25 basis points (0.25%) of the face value of any issued bonds will be collected by Palm Beach County.