

Procedure Part 4, Financial Administration Chapter 2, Budget and Management Analysis Section 2, Conduit Debt Financing Application Procedures	Last Update: October 2017
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References: County Policy Manual- Debt Policy

Procedure: Bond Application Procedures

Purpose: To establish criteria for applications of Conduit Debt Financing

A. General and Financial Criteria

1. The applicant must have an investment grade bond rating from a nationally recognized rating agency, with or without credit enhancement or meet the following criteria:
 - a. Net operating earnings before deductions for interest payments and depreciation should cover maximum debt service by at least 1.25 to 1.
 - b. The applicant's five (5) year historical trend as reflected in its financial statements and statistics and the applicant's five (5) year revenue projections must demonstrate financial strength showing a revenue stream which exceeds expenditures.
 - c. The amount of bonds authorized should not exceed the aggregate audited tangible net worth of the applicant.
2. Applicant must demonstrate that the project will benefit the residents of Jefferson County.
3. The transaction must be completed within one (1) year of the date of application.

B. County Planning Criteria

1. Proposed project must meet the goals, concepts and objectives as set forth in the county's Comprehensive Master Plan.
2. The property on which any such project is to be located shall be within that portion of the corporate boundaries of the County of Jefferson that lies without the territorial limits of any incorporated City, unless otherwise approved by the Board of County Commissioners.

3. The plans for the proposed project shall be in compliance with appropriate zoning and subdivision regulations. Projects with pending land use applications before the Board of County Commissioners will not be considered for bond issuance funding.

C. Application Requirements

The applicant will provide:

1. A legal opinion from an attorney who is a nationally recognized bond counsel, acceptable to the Board, stating that the applicant's proposal falls within the intent and meaning of the County and Municipality Development Revenue Bond Act and that the bonds when issued will constitute "private activity bonds" as defined in section 141 of the Internal Revenue Service Code.
2. A letter from an underwriter acceptable to the county, investor or group of investors indicating that the proposed bond issue can be marketed either publicly or privately to a group of sophisticated investors.
3. The name of the investment banker that the applicant is using for this project. (The county reserves the right to approve or reject applicant's selected investment banker.)
4. The projected date of closing of the proposed bond issuance.
5. The amount requested of the county's Private Activity Bond (PAB) allocation, if applicable. If PAB allocation in addition to the county's PAB allocation is required to fund the project it is the responsibility of the applicant to identify the source or sources of that PAB allocation.
6. The basic information concerning the applicant including, but not limited to corporate status, office location, operations within Jefferson County, number of years of doing business and litigation history.
7. A general history of the applicant including a description of its operations.
8. Financial statements, statistics and information acceptable to the county including, but not limited to the following:
 - a. Historical financial statistics of the applicant and any guarantor for the last five (5) years to include:
 - (1) Balance sheet
 - (2) Income statements
 - (3) Debt service coverage

- b. A projection of future revenues and expenditures of the applicant for the five (5) years following the year of application supported by a feasibility study.
- c. Estimated bond redemption and interest payment schedule.
- d. The applicant's and any guarantor's financial statements prepared on a generally accepted accounting principles basis for the preceding five (5) years and any interim statements for the most recent year.
- e. A description of the proposed use of the bond proceeds including expenses incidental to the project and costs of the sale of the bonds and a time table for the use of the proceeds.
- f. Procedures established by the applicant for the performance of arbitrage rebate calculations. It is the responsibility of the applicant to perform the required arbitrage rebate calculations and to provide a copy of the calculations to the county.
- g. Evidence satisfactory to the county that the applicant shall be able to repay the bonds and pay all of the project expenses of the issuance of the bonds and complete the project.
- h. In the event the application is approved by the county and the bonds are issued, the applicant will be responsible for providing an annual audited financial statement to the county.
- i. A resume of principal and key employees of applicant, including directors and officers, if applicant is a corporation.
- j. A general description of the project including, but not limited to the following:
 - (1) A legal description of the property upon which the project will be located.
 - (2) A general description of the assets to be purchased or constructed.
 - (3) Size of the project and identification of the portion of the project proposed to be funded with the proceeds of the bond issuance.
 - (4) If the project is to be funded from sources other than the proceeds of the bonds those sources must be identified.

k. A description of any other efforts to request other governmental entities to issue these bonds. The names of the entities and the status of the applications must be included.

l. Such other matters specifically desired by the county.

D. Fees

1. Application Fee: A non-refundable application fee, payable to the county of Jefferson, in the amount of \$2,000.00
2. Cost and Issuance Fee: A county cost and issuance fee of one-half (1/2) of one percent (1%) of the gross proceeds, but in no event shall the county's cost and issuance fee exceed \$10,000.00.
3. Review Fees: Costs associated with the required review incurred by the county for outside professional services (legal or financial) will be borne by the applicant and payable to the county.

E. Approval/Acceptance

1. If/once the application is approved by the county, the applicant will be required to provide:
 - a. An engagement letter between bond counsel, applicant, and the county which must be acceptable to the County Attorney.
 - b. An engagement letter between disclosure counsel, applicant and the county which must be acceptable to the County Attorney.
 - c. In the event the application is approved by the county and the bonds are issued, the applicant will be responsible for providing an annual audited financial statement to the county.