Private Activity Bonds for Local Officials

"Other Uses"

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Private Activity Bonds Strengthen Communities

- Private Activity Bonds are designed to offer low-cost financing that encourages private sector investment in communities throughout the country.
- PABs encourage investment in projects that increase the tax base of a local community, including:
  - Housing
  - Economic Development/Manufacturing
  - Infrastructure; and,
  - Environmental Projects

2

Categories of Private Activity Bonds

- Qualified Small Issue Bonds
- Exempt Facility Bonds
- Qualified Redevelopment Bonds

3

Qualified Small Issue Bonds (IDBs / Manufacturing)

- Industrial Development Bonds are revenue bonds targeted to manufacturers or companies that assemble, fabricate, manufacture or process a product for resale.
- Purpose of Funds:
  - Acquisition of Land
  - New Construction of Facilities, Buildings
  - Acquisition of Machinery, Equipment, Furnishings
  - Ancillary facilities **
  - Soft Costs

4

Qualified Small Issue Bonds (IDBs / Manufacturing)

- Manufacturers who assemble, fabricate, or process a product for resale
- Used for facilities, machinery and equipment, furnishings, land, costs of architects, engineers, attorneys and permits as well as costs of issuance
- Below market tax exempt rates

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5

Restrictions

- Size and capital expenditures
- 95% of the proceeds must be used for the defined project.
- 2% of bond proceeds can be used for costs of issuance.
- 25% of bond proceeds can be used for land costs.
- Existing building requires rehab.

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6

mini bonds

- Increase access to tax exempt financing for manufacturers and 501 (c)(3)nonprofits
- Project size ranges from $500,000 to $2,000,000
- Lower fees
- Streamlined process
- Privately placed

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IDB Projects Financed with Private Activity Bonds

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financing the places where people live and work

Alpine Research Optics

- $4,000,000 transaction, located in Boulder, Colorado.
- Leading manufacturer of high performance lasers, and laser-based systems for multiple markets.
- 35,000 S.F. Manufacturing Facility; including 10,000 S.F. clean room.
- 100 Jobs

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9

Leitner-Poma of America

- $15 million transaction located in Grand Junction, Colorado ($8 million in tax exempt).
- Poma of America engineers, manufactures, installs and services all types of ropeway systems and gondolas for the ski industry, amusement parks, and urban transport.
- 90,000 square foot design, manufacturing, and service center facility/plant.
- 100 existing jobs, 100 new jobs.

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12

LEITNER
POMA

Qualified Redevelopment Bonds

- Bonds used for redevelopment of designated blighted areas.
- What Qualifies as a Redevelopment Purpose?:
  - Acquisition of Land in blighted areas.
  - Clearing and preparation of land for redevelopment.
  - Rehabilitation of real property in designated blighted areas acquired through eminent domain.

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15

Exempt Facilities Bonds

- Used primarily to finance critical community needs, including:
  - multi-family rental housing
  - hazardous waste facilities
  - solid waste disposal facilities
  - water and sewer facilities
  - energy, gas, and power facilities

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16

Exempt Facilities Bonds (Solid Waste Facilities)

- With respect to Solid Waste Facilities, the most common uses include expanding local capacity by providing low-cost financing for:
  - collection vehicles;
  - transfer stations;
  - processing and recycling centers;
  - landfill operations; and,
  - waste-to-energy incinerators.

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17

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20