

# **INDUSTRIAL REVENUE BOND POLICY**

## **Johnson County, Iowa**

INDUSTRIAL REVENUE BOND  
POLICY AND PROCEDURES  
FOR JOHNSON COUNTY, IOWA

I. POLICY

A. INTRODUCTION

Chapter 419 of the Code of Iowa provides Johnson County with the authority to issue Industrial Revenue Bonds (IRBs) for certain private enterprise projects. All IRBs issued pursuant to Chapter 419 are limited obligations of the County. Industrial Revenue Bonds are not indebtedness of the County or a charge against its general credit or taxing powers.

B. INTENT

It is the intent of this policy to facilitate the issue of Industrial Revenue Bonds for private enterprise projects within Johnson County and within those municipalities where no adopted policy exists. Further, this policy is intended to provide an organized and consistent method for the processing and evaluation of IRB requests. The county is in no way obligated to grant the issue of Industrial Revenue Bonds upon request but will evaluate each request based on the criteria set forth in this policy. It should be clearly understood that it is not the intent of Johnson County to compete against local municipalities for the location of private enterprise projects. Rather, it is the expressed intent of this policy to assist only those projects which improve and benefit all of Johnson County.

C. LEGAL COMPLIANCE

All procedures leading to the issuance of an IRB, as well as the applicant's utilization of the proceeds from any IRB issue, shall be in compliance with applicable federal, state, and local laws, and the policies and requirements as are contained herein. The responsibility for compliance shall in all cases rest with the applicant. The only covenant or warranty which the municipality shall be required to make in connection with the proposed IRB issuance, either to the applicant or to any other interested party, is that said municipality is a corporation or political subdivision of the State of Iowa, organized and existing under the laws of said State.

D. APPLICANT'S RESPONSIBILITIES

Except as hereinafter provided, and except as required by law, it shall be the applicant's responsibility to provide all necessary documents, forms, and related materials, and to advise the County and other parties of all required actions.

E. POLICIES APPLICABLE TO INDUSTRIAL PROJECTS

1. Consistent with state law, the County will consider issuance of IRBs for industrial projects as designated below:
  - (a) Certain non-profit facilities (see Chapter 419.2);
  - (b) Facilities that manufacture, process, and/or assemble products;
  - (c) Commercial enterprises in storing, warehousing, and/or distributing;and (d) Pollution control facilities for industry, commercial enterprises, or utility companies;
  - (e) And other uses as allowed by state law.
2. Projects requesting IRBs must be located within the legal boundaries of Johnson County.
3. The County will use the information provided by the applicant in the IRB Application Form to evaluate the proposed project in terms of fulfillment of all goals and objectives contained in the Johnson County Rural Development Policy.

4. FINANCING CRITERIA

The County urges that the applicant, prior to application, make a substantial good faith effort to obtain conventional financing upon such reasonable terms and conditions as prevail in the market place at the time.

The applicant shall provide to the County information relative to the marketing and purchase of the requested IRB's. This may include such information regarding any commitment or interest in the financing or purchase of said bonds.

However, an applicant may choose to apply for an IRB without first seeking conventional financing, but the burden shall be on the applicant to establish that its proposed project serves the public purposes described below. The Staff, in reviewing such requests, may waive the conventional financing requirement and offer a recommendation thereon to the Board of Supervisors. The Board of Supervisors shall have sole discretion to approve or to reject such requests for waiver of the conventional financing requirement.

5. PUBLIC PURPOSES TO BE SERVED THROUGH ISSUANCE OF IRBs

The County will consider and evaluate applications for IRBs on the basis of the following criteria:

- a. The extent to which the proposed project will create new or preserve existing employment opportunities within the community.
  - b. The extent to which the proposed project with IRBs will increase the County's tax base compared to the extent to which the proposed project without IRBs will increase the County's tax base.
  - c. The extent to which the proposed project will enhance and strengthen the County as a manufacturing location.
  - d. The extent to which the proposed project will upgrade and improve structures, improve site accessibility and usefulness, and otherwise provide for the public health, safety and welfare.
6. Furthermore, the total aggregate amount of IRBs outstanding at one time shall not exceed, for industrials projects, 5% of the total assessed valuation of Johnson County.

## II. PROCEDURES

### Requirements

1. It is in the public interest that the issuance of IRBs be made only after the County has been fully informed concerning the applicant and its current status and future plans; the protection of the County's interests requires thorough investigation of any request for IRBs.
2. The applicant will be required to submit certain information and assume the cost of the County's review and issuance of the IRBs.
3. Matters of confidentiality for public disclosure, relating to the applicant or his business, shall be honored to the extent that such information withheld is not required as a matter of law, as determined by the County's legal counsel.
4. If the applicant retains its own legal counsel to prepare Council proceedings and legal documents, all such proceedings and documents must be reviewed and approved by the County's bond counsel.
5. The applicant must not incur any project costs other than those authorized by the Internal Revenue Code prior to the preliminary approval (Memorandum of Agreement) being authorized by the County Board of Supervisors.
6. The Board of Supervisors reserves the right to deny any application for financing at any stage of the proceedings prior to adopting the final resolution authorizing the issuance of the bonds.
7. All applications and supporting materials and documents shall remain the property of Johnson County.
8. The applicant shall adhere to the following procedures in submitting a request and application to Johnson County for the issuance of Industrial Revenue Bonds.

### Application and Review Procedures

1. Any person or firm desiring to request that Johnson County issue IRBs shall first secure from the County Planning Director a copy of the County's Industrial Revenue Bond Policy and Procedures.
2. A written request accompanied by the application form, the required supplemental information and a non-refundable fee shall be submitted to the office of the County Planning Director. The amount of the fee will include a base fee of \$500 plus one tenth of one percent (.001) of the value of bonds actually issued in excess of \$500,000. The applicant shall agree to reimburse the City for all expenses which are incurred for services requiring expertise beyond that of the County.

3. Following the receipt of the written request, the application form, the supplemental information and the fee, the County Planning Director will notify the Board of Supervisors of the request.

In those instances when circumstances dictate review which requires expertise beyond that of the County, the proposal will be submitted to an independent consultant hired by the County. Before this expense is incurred, the applicant shall be notified and given an opportunity to withdraw its application.

4. The staff shall prepare a recommendation on the advisability of the issuance of IRBs to be presented to the Board of Supervisors at its next regularly scheduled meeting following completion of the staff's review. This review should be completed within 30 days from the receipt of the request unless the applicant is otherwise notified. The Board of Supervisors will not take formal action on the request until the review has been completed.
5. The Board of Supervisors will then take preliminary action to approve or deny the applicant's request to issue bonds. If such preliminary approval is granted, the Memorandum of Agreement will be executed.

If the applicant retains its own legal counsel to prepare proceedings and legal documents, all such proceedings and documents must have been reviewed and approved by the bond counsel and then received by the County Planning Director seven days prior to the Board of Supervisor's formal meeting in order to be included on the agenda of that meeting. Any proceedings or documents received late will not be added to the Board of Supervisors Agenda.

6. The applicant should then request that the Board of Supervisors schedule a Public Hearing on the proposal to issue the bonds. The Public Hearing provides the opportunity for any member of the public to speak for or against the bond issue. Notice of the public hearing including the amount and purpose of the bond issue, and the time and place of the hearing will be published in the Iowa City Press-Citizen not less than 15 days before the date of the hearing.
7. After the public hearing the Board of Supervisors will then vote on a resolution to determine whether or not to proceed with the issuance and sale of the bonds. If such approval is received, the applicant may then proceed with the preparation of final documents.
8. The County will review all final documents and if the terms are mutually agreeable, the Board of Supervisors will authorize final approval of the terms, execution and delivery of the bonds.

APPLICATION FOR INDUSTRIAL REVENUE BOND FINANCING  
Johnson County, Iowa

I. PROPOSED PROJECT INFORMATION

- 1) Name of Company: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Local Contact: \_\_\_\_\_
- 2) Please explain why Industrial Revenue Bond financing is being requested.
- 3) Complete explanation detailing how bond issue proceeds will be used:
- 4) Potential other uses of this facility:
- 5) Brief description of products to be produced:
- 6) Does a need for this service or product exist within Johnson County?
- 7) Will this product compete with other local businesses?
- 8) Type and number of products produced and/or type and amount of services to be provided:
- 9) Explain how this facility will attract other related industries.
- 10) Number of local employees currently employed at local business (if business exists at this time) on a full-time and part-time basis:
- 11) Number of new jobs to be created on full-time and part-time basis:
- 12) Number of management level employees at Johnson County location:
- 13) Skill type and salary levels of jobs created and/or retained by this project:
- 14) Will new jobs be on a seasonal or on an annual basis?
- 15) Number of people expected to reside in Johnson County as a result of project:
  - a) Number of people moving to Johnson County.
  - b) Number of people already living in Johnson County.
- 16) Anticipated demographic profile of workforce:
- 17) A. Current payroll if already located in Johnson County (monthly/annual):  
B. Projected payroll (monthly/annual):

- 18) Projected appraisal/assessed property value.
- 19) Will company rent or own equipment?
- 20) Number of years which applicant has been in current business:
- 21) Numbers of plant relocations since 1955 (give reasons why relocation occurred):
- 22) Location of other facilities currently operated by applicant:
- 23) Location of headquarters of applicant (address, phone number, and contact person):

II. ECONOMIC FACTORS (All information to be provided by applicant)

1. Have you ever been in bankruptcy?
2. Have you ever defaulted on any bond or mortgage commitment?
3. Have you applied for conventional financing for this project?

III. SUPPLEMENTAL INFORMATION (Ten copies of each of the following should be submitted with this application)

1. Prospectus and report(s) used in connection with any recent debt or equity financing.
2. SEC filings (10-Ks or 10-Qs)
3. All reports to shareholders for immediate past 3 fiscal years.
4. Audited financial statements of immediate past 3 fiscal years.
5. Evidence of valid contractual arrangements with other established businesses which indicate the probable financial success of the proposed project.

IV. ENVIRONMENTAL FACTORS

1. Exact location of proposed project (plat, map, or diagram)
2. Size of project facilities (sq. ft./acres)
3. Amount of land required (acreage)
4. Compliance with existing zoning

5. Pollution criteria:

A. Water

1. Project requirements (gallons per day)
2. Use of water (heating, for product use, etc.)
3. Flowage rates (hourly, daily, seasonal, annual)
4. Water line requirements for fire protection
5. Is a water withdrawal permit required?

B. Sewerage

1. Compliance with Clean Water Act
2. Effluent constituents (type and amount)
3. Toxic or hazardous wastes (as defined by EPA)
4. Proposed treatment system

C. Air

1. Compliance with Clean Air Act
2. Impact on State Implementation Plan (SIP)
3. Air pollution constituents (types and amounts)
4. Odor(s)
5. Visual impact (smoke plume, haze, fog, water vapor, etc.)

D. Noise

1. Compliance with Noise Control Act
2. Change in noise and vibration levels
3. Impact on near-by properties (can be shown diagrammatically using frequency and temporal distribution, and magnitude)

E. Other

1. Visual appearance of plant and landscaping
2. Impact on fragile area(s) (e.g. headwaters area)

V. COMMUNITY SERVICE FACTORS

1. Ability of existing trafficways to carry additional traffic load.
2. Projected number of vehicles due to:
  - a. Workers
  - b. Manufacturing process
  - and c. Other transportation modes to be used by facility (rail, air)
3. Utilities (other than water and sewerage)
  - a. Natural gas
  - b. Electricity (detail load requirements)
  - c. Use of alternative energy sources (solar, co-generation, etc.)