

Industrial Revenue Bonds

A tax-exempt alternative to conventional financing



ABOUT US

40+

years of experience issuing IRBs

\$1 BILLION+

in financing issued

240+

organizations impacted

1,000+

jobs created or retained

SUCCESS STORY

Harris House Foundation is a St. Charles County-based non-profit that provides services for individuals struggling with drug and alcohol addiction. Harris House used \$11.7 million in IRB financing through the St. Charles County IDA to finance a state-of-the-art new in-patient treatment center.

HOW IT WORKS

Banks pay taxes on interest revenue generated by conventional loans. However, banks **do not** pay taxes on the interest generated by Industrial Revenue Bonds (IRBs), creating cost savings that are passed along to the customer in the form of lower interest rates.

ELIGIBLE INDUSTRIES/PROJECTS

IRBs can be issued in lieu of conventional financing to fund eligible fixed-asset projects located in St. Charles County, Missouri with a minimum project value of \$500,000. Manufacturing projects are capped at \$10 million, with no cap on other industries. Eligible industries include:



Manufacturing



Non-Profit
501(c)(3)



Special Taxing
District



Multi-Family
Housing
(Income Guidelines)

ADVANTAGES

- ✓ Competitive interest rates compared to conventional financing
- ✓ Fast, streamlined, local application and approval process
- ✓ Less invasive than other types of bond financing
- ✓ Easy to overlay other incentives such as CID and TIF bonds
- ✓ Allows for a longer maturity on bonds (compared to the 20-year limit on CID bonds and the 23-year limit on TIF bonds)



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Bond Financing Steps

Tax-exempt bond financing typically follows the steps below. However, each issuance is unique, and procedures may vary depending on individual circumstances.



Timeline: Three to six months on average, from application to closing

- 1** Applicant decides to purchase, construct, or renovate a qualified project within St. Charles County (the "Project").
- 2** Applicant consults with IDA or Bond Counsel who determines that the Project qualifies for financing under federal and state laws and that the interest on the Bonds will be exempt from state and federal income tax.
- 3** Applicant obtains a commitment to purchase or place the bonds with a bank or investment banking firm which structures credit requirements.
- 4** Applicant completes and files an application requesting the IDA to issue its bonds in an amount estimated to cover the eligible costs of the Project.
- 5** Bond Counsel prepares a preliminary opinion with respect to the availability of the bond financing for the Project.
- 6** Notices of a special meeting of the IDA are published.
- 7** The IDA holds a special meeting on the Project, and if the application is in order, adopts a resolution approving the application.
- 8** The applicable governing authority(ies) for the jurisdiction in which the Project is located meets and adopts a resolution/ordinance approving the bond issue.
- 9** Bond Counsel prepares bond documents and a final resolution authorizing the issuance of the bonds.
- 10** The bond documents are reviewed by all parties to the transaction and revisions are circulated until all documents are finalized.
- 11** A bond allocation application is submitted to the Missouri Department of Economic Development.
- 12** Notices of a TEFRA hearing are published.
- 13** The TEFRA hearing is held by the IDA.
- 14** Financing documents are prepared and the final resolution authorizing the issuance of the bonds is adopted by the IDA.
- 15** All parties meet to execute the bond documents and close the bond issue. At closing, the bond proceeds are deposited into a special account to be requisitioned by the borrower to pay for costs of the Project.

Local Organizations & Projects Funded by the IDA

SOUTHERNSIDE
APARTMENT HOMES



CenterPointe
HOSPITAL

