

IRB Program Overview

Presentation to the Federation of Citizen's Associations

Dr. Gerald Gordon, President and CEO

Rodney Lusk, Director National Marketing

March 31, 2016



Background on IRB Program

- **Tax Exempt Revenue Bonds have been permitted by IRS Code since early 1930's to finance certain types of facilities and to help stimulate the economy.**
- **On September 17, 1984 the BOS designated the EDA as the sole issuing authority for Revenue Bonds within Fairfax County.**
- **Prior to revision of the Federal Tax Code in 1986 the EDA financed a number of different not-for-profit and for-profit facilities with the exception of risky retail establishments.**



Background on IRB Program Cont'd.

- **The revision of the Federal Code of 1986 dramatically curtailed the facilities that would be eligible for IRB financing.**
 - **501 ©(3) entities – governmental and charitable organizations.**
 - **Manufacturing Facilities – any facility that is used to manufacture or produce tangible personal property, including processing resulting in a change in condition of such property.**



Key Benefits of IRB Financing

- **These bonds can be used to finance the acquisition of land, buildings, or new capital equipment. The benefit to the qualifying organization is that the bonds are tax exempt from federal and state tax and therefore allow the borrowers to get a lower interest rate on its financings. The interest rates are often 2-3% less than conventional sources.**
- **These bonds are not like General Obligation bonds which require the County's full faith and credit.**
- **The FCEDA does not charge a processing fee for this bond issuance.**



FCEDA's IRB Processing Steps

Applicant decides to acquire, construct, or renovate real property in Fairfax County



Applicant consults with bond counsel to determine eligibility for tax exempt financings



Applicant begins to arrange for financings, either through a financial institution/underwriter



Applicant schedules a meeting with FCEDA to discuss application submission. Rodney Lusk and Tom Lawson meet with the applicant on site to review the request and discuss the EDA's process. Have a checklist of questions that we review with the applicant



FCEDA's IRB Processing Steps Cont'd.

Questions that we ask applicants

What is scope of project? Square footage, acreage, compliance with underlying zoning, number of employees

What are project costs? Land, site development, professional services, furniture, construction period interest and contingency

Who is underwriting institution?

Who is bond counsel?

What are public benefits associated with project? Job creation, taxes generated, procured goods and services from Fairfax County based firms

What are community benefits associated with project? Use of facilities by community organizations, provision of scholarships for disadvantaged students, volunteer/community service by employees, diversity programs



FCEDA's IRB Processing Steps Cont'd.

Applicant submits IRB application to FCEDA for Tax Exempt Financing



Application is put on Agenda for FCEDA Commission meeting



Public Hearing is published in newspaper once a week for two consecutive weeks



FCEDA conducts a public hearing where the applicant makes a short presentation to FCEDA Commission



Commission Questions

What are the community benefits of this project?

Use of facilities by community

**Community service by organization
(scholarships, tutoring, financial /volunteer support)**

Does the applicant have the ability to service the debt/repay the loans?

Review audited financials

**Ask questions of the CFO
on how debt will be serviced**



Commission Questions Cont'd.

What are the fiscal impacts of the project?

Employment projections

Real estate square footage and construction costs

Procurement by women-owned and minority/disadvantaged businesses

Other Questions

Are there any zoning or county regulatory issues that need to be addressed?

Personal property tax and average salary of employees



FCEDA's IRB Processing Steps Cont'd.

FCEDA Commission vote on resolution. If recommend approval will send resolution to Fairfax County Board of Supervisors



If BOS adopts a resolution approving the issuance of bonds the bond counsel prepares the documents reflecting the financial transactions relating to the issuance of the bonds



The FCEDA adopts a final resolution authorizing the issuance of the bonds



Applicant can then go out to market the bonds as tax exempt



Sample of IRB Financings

501© (3)



PBS

Public
Broadcasting
System (PBS)



Smithsonian
Institution

Smithsonian
Institute



Potomac School



Vinson Hall



FOR THE P

Wolf Trap
Foundation



George Mason
University

Public Facilities



Public Safety Center



Wiehle Avenue Parking
Garage



Providence District Office &
Community Center



Government Center
Properties

Manufacturing Facilities



S. Zivic Family LLC



Balmar, Inc.



Nomadic Display

Questions?