



Subject: **Industrial Revenue Bond Policy**

A. BACKGROUND AND PURPOSE

The purpose of this policy is to establish the official position and procedures of the City of Manhattan, Kansas, for considering applications for the issuance of Industrial Revenue Bonds (IRBs) pursuant to State law.

B. DEFINITIONS

APPLICANT: Includes the business, property owner or owners, their officers, employees, and agents requesting industrial revenue bond financing.

ECONOMIC DEVELOPMENT: Relating to the establishment of a new business or the expansion of an existing business, medical facility, service industry business, or any other business which provides additional employment and/or substantial unique opportunities or significant community benefits.

MANAGEMENT COMMITTEE: A review committee comprised of the Assistant City Manager, the Director of Finance, and the City Clerk or their designees.

C. POLICY

1. **Goals:** The primary goal of IRB financing is to promote and stimulate economic development of the City and the region by providing an attractive financing tool, which does not constitute a debt obligation of the City.
2. **Eligibility:** Only those projects which qualify under Kansas law will be eligible for IRB financing. IRB financing will generally be discouraged when the effect would be to grant an unfair financial advantage to one firm over other firms within the local market structure. Commercial-retail and service businesses will receive particularly close scrutiny in this regard when applying for IRB financing.

A housing project will only be considered for IRB financing if such project will either set aside a minimum of one half of the units for individuals earning 50% or less of the median area income or set aside a minimum of three-fourths of the

units for individuals earning 60% or less of the median area income as defined in state tax credit guidelines for affordable housing projects.

3. **Criteria For Evaluating Industrial Revenue Bond Applicants:** The following criteria and factors shall be used in evaluating applications for IRB financing.
 - a. Quality job creation
 - b. Capital investment
 - c. Diversification of the local economy
 - d. The extent to which the project would meet an identified need in the community
4. **Tax Abatements:** Tax abatements authorized in conjunction with IRBs must follow the policies and procedures set forth in the City's Tax Abatement Policy.
5. **Sales Tax Exemptions:** Labor and materials used in construction as well as equipment purchased with IRB proceeds are typically exempted from State and local sales tax. Payments-in-lieu of sales tax may be made as negotiated between the City and the Applicant.
6. **Bond Counsel:** Applicants will be encouraged to utilize the City's designated bond counsel. In the event that other bond counsel is selected, the City may require its bond counsel to be involved in the transaction in a review capacity, depending upon the amount of the transaction and the project involved. Bond counsel fees and other fees associated with the transaction shall be paid by the applicant.

D. PROCEDURES

1. **Formal Application.** An applicant shall complete a formal application and file it with the City Manager. A fee of \$1,000 is due upon filing in order to help defray the City's cost in processing the application. Such fee shall be collected regardless of the City Commission's action on the application or if the bond issue closes.
2. **Preliminary Review.** The Management Committee will provide an initial review of the application to ensure that it meets with City policy. In the event that the applicant is requesting a tax abatement in conjunction with the IRB financing, the policy and procedures regarding tax abatements will be followed in addition to those herein.
3. **Coordination with Bond Counsel:** The Management Committee will coordinate with the applicant and bond counsel a schedule for the issuance of the bonds, which meets the needs of all parties involved. During the process, bond counsel will assist with the preparation of other documents needed for filing through the State of Kansas.

4. **Resolution of Intent and Ordinance Provisions:** The City Commission shall consider a Resolution of Intent followed by two readings of an ordinance authorizing the issuance of the bonds.
5. **Documents:** All documents related to Industrial Revenue Bonds will be kept on file with the City Clerk.

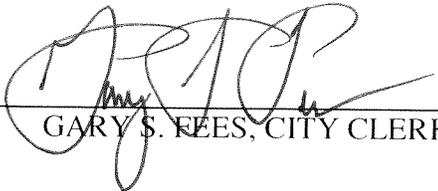
E. WAIVER OF POLICY OR PROCEDURES

Any portion of this policy or the procedures outlined herein may be waived by the City Commission if it is in the best interest of the City and in accordance with State law.

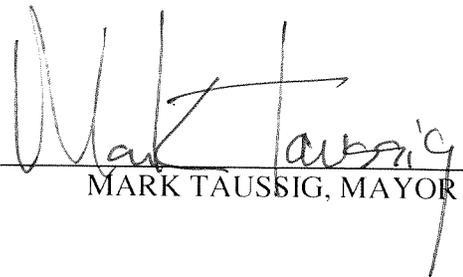
NOW THEREFORE, BE IT RESOLVED that the foregoing is adopted as the official policy of the City of Manhattan with respect to the subject matter thereof this 1st day of July, 2003.



ATTEST



GARY S. FEES, CITY CLERK



MARK TAUSSIG, MAYOR