

COMMUNITY IMPROVEMENT CORPORATION OF SANDUSKY COUNTY

PURPOSE:

The Community Improvement Corporation of Sandusky County, Ohio (CIC) was established to assist in the financing of industrial and commercial expansion through the issuance of Industrial Revenue Bonds exempt from Federal Income Tax. Under Ohio law, manufacturing, distribution, commercial or research facilities are eligible.

Tax-free revenue bond financing permits 100% financing of land, building and equipment, as well as, the development and financing costs of the project at interest rates lower than those usually obtained through other methods of financing. Principle and interest on the bonds are paid solely from the lease rental or installment payments made by the company.

The function of the CIC is to certify to the issuing authority, either the city or county, that the project is in accordance with the Plan of industrial, commercial, distribution and research development for the city or county. Actual approval of the issuance of the bonds must be obtained from the issuing authority.

GUIDELINES:

1. The project must provide potential additional jobs or preserve jobs in industry, research, distribution or commercial operations.
2. The applicant must show proof of financial ability.
3. Applicant must have arranged for placement of the bonds with an underwriter or through private placement, contingent only on Community Improvement Corporation of Sandusky County, Ohio certificate and approval by the appropriate governmental body.
4. Projects will not be considered which depend on speculative investment of capital in real or personal property.
5. Prevailing wage rates must be paid to laborers and mechanics employed on construction of the project.
6. Projects concerned with air and water pollution control and solid waste disposal may be eligible.
7. Projects considered must be a minimum of \$250,000.

PROCEDURE FOR DEALING WITH COMMUNITY IMPROVEMENT CORPORATION OF SANDUSKY COUNTY, OHIO:

1. Preparation of the company's proposal (contents described under "Required Information for Industrial Revenue Bond Issue Proposals").
2. Submission of copy of proposal to members of the CIC, the appropriate governmental body and to legal counsel of the CIC (if considered necessary).
3. Meeting of full Board of Directors of the CIC with the company submitting proposal.
4. Official certification of approval of the project to the appropriate governmental body.
5. Certification of the project for Industrial Revenue Bond financing by the CIC can be accomplished within six (6) weeks after receipt of the proposal providing the applicant's proposal is complete and accurate and presented in accordance with the requirements of the CIC.
6. The CIC meets on the 4th Tuesday of the month. Applications to be considered must be submitted by the 15th of the month.

REQUIRED INFORMATION FOR INDUSTRIAL REVENUE BOND ISSUE PROPOSALS

(Borrower and/or Lessee)

- * 1. Name of company
- * 2. Address
- * 3. Chief executive officer
- * 4. Principal contact
- * 5. Telephone number
- 6. Bond purchaser (if not sold on open market)
- 7. Letter of commitment from underwriter to market the bonds
- 8. Certified Public Accountants
- * 9. Commercial bankers
- * 10. Company counsel
- 11. Bond counsel
- 12. Bond purchaser's counsel, if any
- 13. Description of business:
 - a) history of company
 - b) products or services
 - c) major customers
 - d) major suppliers
 - e) major competition
 - f) ownership (if not public) (real partners in interest)
 - g) material litigation
 - h) 5-year audited financial, if available. If not, unaudited financials for last 5 years with last balance sheet audited.
 - i) any appraisals
- * 14. Amount of financing required
- * 15. Application of proceeds, including cost breakdown
- 16. Detailed project description
- 17. Plot plan and building elevation
- 18. Construction dates
- 19. Cash flow projections (5 years)
- 20. Artist's sketch or photograph of building
- 21. Number of jobs created or preserved by project:
 - *a) Approximately how many new jobs will be created in Sandusky County by construction of the proposed project after it is in full operation?
 - b) What is the approximate new annual dollar amount of payroll increase to be expected in Sandusky County?
 - c) If the project is constructed, will any existing jobs be lost by reason of reduction or cessation of operations in Sandusky County?
 - d) If the proposed project should not be approved for tax exempt financing, is there any substantial possibility that loss of existing jobs would occur in Sandusky County? If the answer is affirmative, what would be the approximate net annual dollar amount of payroll loss?
- 22. Status of zoning and building permits
- 23. Copy of land purchase agreement of lease if on leased ground

In addition, other information on the borrower and/or lessee may be requested by the CIC where necessary for a determination as to certification.

* Information included on application form; all other information must accompany application.

EXPLANATION OF BASIC DOCUMENTS

SALE, LOAN OR LEASE AGREEMENT: The basic security instrument is a lease, loan or sale agreement written on "net-net" basis between the applicant and the county or the city. It is an unconditional obligation of the company to pay specified amounts sufficient to amortize the bonds over the terms of the agreement.

GUARANTY AGREEMENT: If the basic security instrument is a lease agreement, a separate guaranty agreement guaranteeing the payment of the principle and interest on the bonds is executed by the company. If the basic security instrument is a sale agreement, the guaranty agreement is not required.

MORTGAGE & TRUST INDENTURE: The Trust Indenture, a contractual agreement between the issuing agency and a corporate trustee, is for the benefit of the bondholders and directs the administration of the financial aspects of the project during the term of the bond issue. The trustee, normally a commercial bank, receives the proceeds from the sale of the bonds upon delivery. The trustee is responsible for the disbursement and the investment of the construction funds with company approval until completion of the project. Throughout the term of the agreement, the trustee receives the periodic (usually semi-annual) payments and pays the principle and interest on the bonds. For these services, the trustee receives an initial acceptance fee and an annual administration charge.

BOND COUNSEL:

A law firm with a national reputation in municipal bond law must be retained to serve as bond counsel and to issue an unqualified opinion as to the validity and tax exemption of the issue. Bond counsel will prepare all of the basic documents. Fees of bond counsel may be paid from the bond issue proceeds.

UNDERWRITER:

The underwriter provides investment banking services, including the marketing of Industrial Revenue Bonds, to corporations, financial institutions and individual investors. There are numerous investment bankers in Ohio available for Industrial Revenue Bond Financing advice and assistance.

COUPON RATES AND ISSUANCE COSTS:

The pricing of the issue involves the determination of an interest rate acceptable in the market and to the company. Among the factors affecting the coupon rate and underwriter's fees are the credit standing of the company, the supply of tax free bonds currently on the market, prevailing money market conditions and the complexity of the issue. When the company and the investment banker have agreed on the principle maturity schedule, purchase price and coupon rate, the bonds are then underwritten by a contract between the investment banker and the issuing agency. The principle issuance costs include the fees of bond counsel, local counsel (if applicable), printing of the bond forms and official statement and underwriting fees. An estimate of issuance costs and coupon rates may be obtained in the early stages on an issue.

COMMUNITY IMPROVEMENT CORPORATION OF SANDUSKY COUNTY CHARGES:

A \$400.00 non-returnable deposit, payable upon presentation of the applicant's proposal to the CIC.

ADDITIONAL INFORMATION:

For additional information, contact the Community Improvement Corporation of Sandusky County, 101 South Front Street, Fremont, Ohio 43420 or call (419) 332-2882.