

INDUSTRIAL DEVELOPMENT BOND FINANCING PROGRAM



Medical University of South Carolina (MUSC)

JEDA
SOUTH CAROLINA
Jobs-Economic Development Authority

BOND PARTICIPANTS

The following is a list of potential participants in a bond issue

- *JEDA (Conduit Issuer)*
- *Borrower*
- *Borrower's Counsel*
- *Bond Counsel*
- *Issuer's Counsel*
- *Lender & Counsel*
- *Trustee & Counsel*
- *Underwriter & Counsel*
- *Financial Advisor*

THE JEDA PROCESS

1. SELECTION OF BOND COUNSEL & OTHER PROFESSIONALS	Applicant selects Bond Counsel from list of approved bond firms and other professionals involved in financing.
2. APPLICATION	A JEDA application requesting approval of bond issue must be completed by borrower, reviewed by Bond Counsel and filed, along with a \$1,000 non-refundable application fee, with the South Carolina Jobs-Economic Development Authority.
3. INDUCEMENT RESOLUTION	JEDA will review the application for completeness, and Bond Counsel will prepare an Inducement Resolution as an agenda item for JEDA's next Board of Director's meeting. The inducement resolution represents preliminary approval only, and is non-binding to all parties.
4. PUBLIC HEARING	Federal regulations require a public hearing to be held by JEDA in the city or county of the project prior to final approval; notice must be published at least 15 days prior to the hearing. [This requirement is handled by Bond Counsel].
5. NEGOTIATE TERMS OF BONDS	The borrower negotiates with a financial institution for the sale of the bonds via a public sale or private placement. The company may enlist the assistance of an underwriter or placement agent to assist in the sale. Additionally, many local banks may also assist in this process.
6. FINALIZE TERMS OF BOND	Bond participants meet, often via a telephone conference call, to finalize bond documents.
7. SC COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT	Hearing before CCED for approval of bond issue [State Volume cap is approved by SFAA]
8. ADOPTION OF FINAL BOND RESOLUTION	JEDA adopts the final bond resolution approving the issuance of the bonds.
9. CLOSING	At closing, bond proceeds are deposited for the benefit of the borrower, for use as permitted in the financing documents. The Issuer fee for JEDA is due at closing.
TIMETABLE	Provided all steps proceed smoothly, the entire process from application to delivery of bonds typically requires between 45-90 days

JEDA AS A CONDUIT ISSUER

JEDA acts as a “conduit” issuer of bonds on behalf of a borrowing entity. Under the Internal Revenue Code, certain for-profit entities and Section 501(c)(3) organizations can finance their projects with tax-exempt bonds, but these entities cannot do so directly. They must borrow through a “conduit” issuer of bonds in order to receive the tax-exempt financing. Therefore, entities do not borrow from JEDA, but rather through JEDA, using JEDA as access to the capital markets at tax-exempt rates.

- Bonds issued by JEDA are payable solely by the underlying borrower from the funds and assets pledged for each individual bond issue. JEDA does not enhance the credit of the underlying borrower.
- JEDA funds are not at risk in connection with a financing and no funds of the State of South Carolina or any political subdivision thereof are at risk. Each JEDA bond contains language to that effect.
- The marketplace determines if a bond is marketable, not JEDA.
- JEDA and its counsel analyze each project’s eligibility for tax-exempt bond financing, as specified by Federal law.
- JEDA does not assume the responsibility of determining the creditworthiness of a project or borrower, nor does it assume the resulting legal liability from making such a determination.





Goodwill Industries

TAX-EXEMPT REVENUE BONDS

Tax-Exempt bonds, also referred to as Industrial Revenue Bonds (IRBs or IDBs) may be used to finance qualified manufacturing facilities, non-profit 501(c)(3) facilities and solid waste disposal facilities.

GENERAL PARAMETERS

- Interest rate to borrower generally 70-80% of taxable rate
- 95% of net bond proceeds must be spent on capital assets
- Issuance costs may not exceed 2% of net bond proceeds
- Bond maturity may not be greater than 120% of average expected economic life of asset(s) financed
- Limited exception for expenses incurred within 60 days prior to inducement date
Please seek advice of bond counsel

ENTERPRISES

NON-PROFIT ORGANIZATIONS -501(c)(3)

- No project size limitations
- No State Volume Cap Allocation required
- May refinance existing taxable debt

EDUCATIONAL FACILITIES

- K-12 Schools
- Charter Schools
- Private Colleges

HEALTHCARE FACILITIES

- Acute Care Hospitals
- Assisted Living Facilities
- Fitness & Wellness Centers
- Alcohol & Drug Rehab Facilities

OTHER

- Foundations
 - Museums
 - Goodwill Industries
 - Charities
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SMALL ISSUE MANUFACTURING FACILITIES

- \$10MM maximum tax-exempt bond issue per project
 - \$20MM capital expenditures limit for three years prior to and three years subsequent to bond issue
 - \$40MM aggregate nationwide limit of outstanding tax-exempt bonds for any borrower
 - Subject to State Volume Cap Allocation
 - Acquisition, rehabilitation or construction of manufacturing facilities
 - Existing structures require substantial rehabilitation of at least 15% of building cost
 - Acquisition of new equipment
 - Used equipment may only be financed if contained in an acquired building/facility
 - Purchase of land may not exceed 25% of tax-exempt bond
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SOLID WASTE DISPOSAL FACILITIES

Solid Waste Disposal Facilities are defined by the Internal Revenue Code rules as facilities used for the collection, storage, treatment, utilization, processing, or final disposal of solid waste.

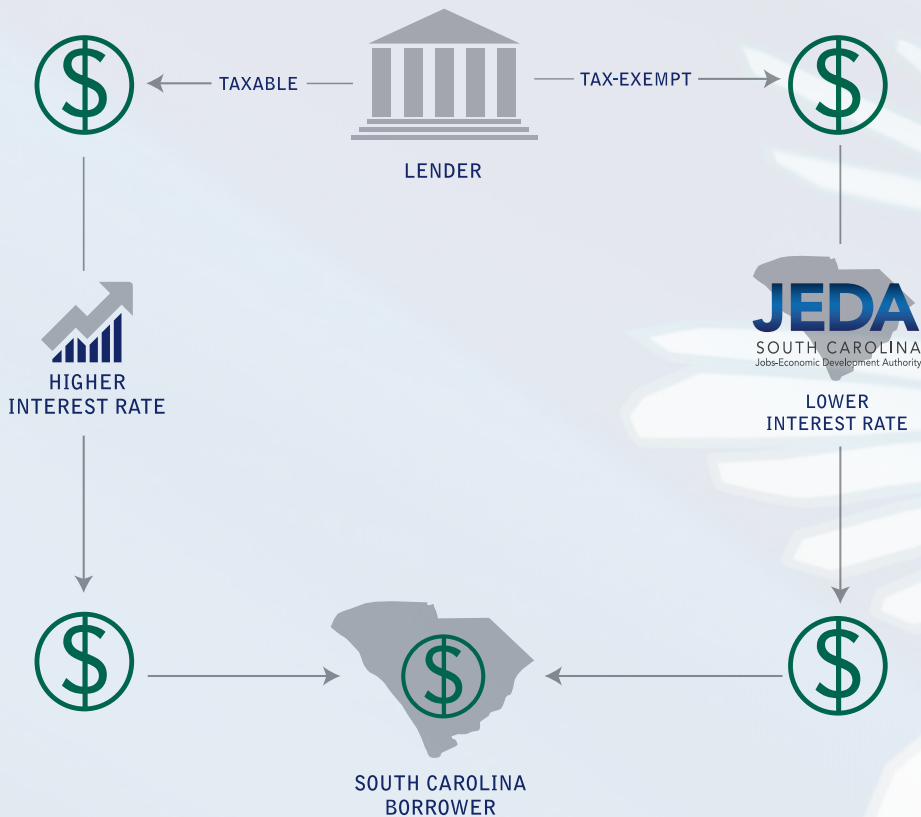
- Subject to State Volume Cap Allocation
- Project size limited only by available volume cap allocation

EXAMPLES

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|------------------------------|--------------------------------|
| • Wood Pellet Producers | • Pollution Control Facilities |
| • Tire Recycling Facilities | • Waste-to-Energy Facilities |
| • Metal Recycling Facilities | • Cement Manufacturers |
| • Traditional Landfills | |

DIAGRAM OF LENDING PRACTICES

JEDA assists in the financing of eligible projects by serving as a conduit issuer of special obligation revenue bonds. Qualifying entities borrow money through, not from, JEDA. This allows the entity to reduce its borrowing costs using tax-exempt bonds.



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