

Instructions to Applicants for Tax Exempt Bond Financing

The following instructions are provided as a guide to potential applicants for tax exempt bond financing to the Loudoun Economic Development Authority. Questions concerning this form or any other aspect of the financing process through the Authority are welcome. Please [contact us on our website, eda.loudoun.gov](#).

This Authority provides an institutional vehicle for obtaining tax exempt financing under Section 103 of the Internal Revenue Code, 1986, as amended. Under current federal tax law, certain “manufacturing” facilities, as defined by the United States Treasury, and certain capital facilities owned by 501(c)(3) organizations, are the primary users of such bonds. Proceeds from such financing must be used for capital expenditures and not for operational capital. You are advised to check with bond counsel as to eligibility requirements. See the [list of approved bond counsel](#) on our website.

As a general statement, the interest paid to the lender on such financing is exempt from federal and state income taxation and this tax advantage results in a substantial discount off of taxable interest rates to the user of the borrowed funds. Financing is authorized by the Authority, and it is provided through private lenders, including institutions, or through public issue. Neither Loudoun County nor this Authority pledges its credit in support of these bonds.

The Process:

Entities wishing to obtain such financing must do so through application to this Authority as provided for hereafter. It is important to make application as early in the project development process as possible in order to maximize the amount of capital expenditures which may be financed through the Authority.

Under relevant federal law, applications, other than for refinancing where no new financing is involved, require a “public approval” procedure which consists of a public hearing by the Authority, and, thereafter, the formal approval of the Loudoun County Board of Supervisors.

Suggested Steps for Applicant:

1. Determine Eligibility. Bond counsel and counsel to this Authority should be consulted. Numerous criteria are established by both federal and state law.
2. Retain bond counsel. See [list of approved bond counsel on our website](#). The Authority will consider the names of other bond counsel proposed to it. The bondholder, i.e., lender, as well as the Authority, will require that a recognized bond counsel approve the financing as meeting various legal requirements.
3. Determine balance of dollar limits allocated to the Commonwealth of Virginia for year of proposed issue. Most issues are required to obtain an allocation of the statewide cap on private activity bonds. This allocation requirement does not apply to bonds issued for 501(c)(3) entities.

Instructions to Applicants for Tax Exempt Bond Financing

4. Submit Application. In general, only financial obligations incurred after, or no more than 60 days prior to, the date an original Inducement Resolution is obtained are fundable through the Authority.
5. Seek financing commitment. This Authority does not make loans, nor does the Authority or the County of Loudoun guarantee loans. This Authority issues its tax-free notes or bonds, and it is the applicant's responsibility to locate a purchaser for them. Such purchasers include, but are not limited to, banks, insurance companies or purchasers of a public issue. Click here for a [list of recent closings](#). This list provides a record of institutions that have financed past issues through this Authority, from 1976 to the present. This list is provided as an informational guide only.
6. Have bond closing in accordance with the terms of the Resolutions passed by this Authority and approved by the Loudoun County Board of Supervisors.

Form of Application:

Forward a letter soliciting a resolution of Inducement for tax exempt revenue bonds addressed to the Chairman of the Authority at the following addresses:

Loudoun County Economic Development Authority
c/o Stephen P. Robin, Esquire
PO Box 7
Leesburg, VA 20178

AND

Stephen P. Robin, Esquire
141 Woodberry Rd. NE
Leesburg, VA 20176

The letter (with numbered paragraphs as below) should be signed by an authorized principal or other authorized representative of the applicant. It is important that the named applicant is in fact authorized to apply for the entity for whose benefit the bonds are to be issued. Use enclosures as appropriate. In cases where the requested information is not available, give a brief explanation of the reasons why such information is not available, including if the information is not provided because you wish to avail yourself of an exclusion under Sec. 2.2-3705.6.2 & 3, Code of Virginia, 1950, as amended (sections of the Virginia Freedom of Information Act) dealing with certain financial statements and certain proprietary records. Note that the EDA will respect a request by you to have such information withheld from the public in the event it is submitted to us pursuant to this application form.

The Authority meets regularly on the fourth Thursday of the month, but can meet on an as-needed basis if circumstance warrants. Applications should be received no later than 7-10 days prior to the date on which you wish the Authority to hear your application. Note; in most cases, a public notice

Instructions to Applicants for Tax Exempt Bond Financing

of the meeting, prepared by bond counsel, must be published prior to the meeting in a paper of general circulation in Loudoun County.

1. Background Information for Applicant
 - a. Address of applicant and name and telephone number of contact person.
 - b. Organization structure.
 - c. Description of markets and products and services.
 - d. Past sales growth and projected sales.
 - e. Financial statements for the past three years of operation and current year's estimates (In the case of proprietorships, partnerships, closely held corporations, or newly-formed ventures, submit current personal financial statements of the principals). Financial statements should be certified or audited where practical. If such statements are not certified or audited, give reasons.
 - f. Relation of this project to the organization and marketing and sales strategy of applicant.
2. Project Outline
 - a. Location of facilities to be financed.
 - b. Description of facilities to be constructed and/or renovated (sketches, plans, photos).
 - c. Status of Land Use approvals (zoning, subdivision, etc.) and construction permits, if applicable.
 - d. Schedule of estimated cost of the project (breakdown by cost of land, design, site development, construction and equipment).
 - e. Statement of amount of tax exempt revenue bond financing sought.
 - f. Details of current lending commitments in force relative to the project and proposed structure of the subject tax exempt financing.
 - g. Will the construction, occupation, operation or use of the project involve the creation of any pollutants or other emissions, or the use or manufacture of any toxic or hazardous substances? Will operation of the project involve consumption or use of large amounts of electricity, water, gas or other services or products customarily furnished by utilities? Will construction or operation of the project have any impact upon local businesses or residents, such as emission of odors, traffic in and out of the project, or storage of large amounts of materials at the project site? Please provide particulars.
 - h. Detailed statement of benefits to Loudoun County and the Commonwealth of Virginia from project.
3. Is the applicant or any major shareholder or partner, or holder of a major financial interest in the proposed project currently a subject of any pending or concluded litigation or governmental investigation, the outcome of which might reasonably be expected to have a negative impact on the proposed project? If so, please provide details.
4. Enclose a completed [Fiscal Impact Statement](#).
5. Enclose a check in the amount of \$2,500.00 for the application fee (non-refundable) if required by the EDA [Fee Schedule](#).

Instructions to Applicants for Tax Exempt Bond Financing

6. Enclose a signed copy of the [Agreement for Payment of Expenses](#).
7. Make a statement that applicant understands that the selection of a bond counsel must be approved by the Authority. See [list of approved bond counsel](#) on our website. The EDA will consider other bond counsel at the applicant's request.
8. Any additional pertinent information.