



Tax-Exempt Revenue Bonds

Fact Sheet for Manufacturers

What are tax-exempt revenue bonds?

- Form of financing – from the borrower’s perspective, similar to a loan
- Bonds (funds) are issued by a bank
- Grand Traverse Economic Development Corporation (GT EDC) involvement allows for the tax-exempt status
- Borrower receives a lower interest rate because of the purchasers benefit of tax-exempt income
- Interest rate is set by bank and based off credit of borrower – Typically 1 to 2 points below prime
- Term is variable and set by bank

What can be financed?

- Manufacturers (\$10 million maximum):
 - Finance manufacturing facilities in the manufacture or production of tangible property
 - Land
 - New construction
 - New equipment
 - Acquisitions of existing buildings (must use 15% of bond proceeds for improvements)
 - Used equipment

Process:

1. Potential borrower meets with Traverse Connect to determine eligibility
2. Traverse Connect assists borrower with application
3. Traverse Connect reviews application with bond counsel to develop resolution to bring to GT EDC Board
4. Bond counsel issues a legal opinion validating the tax-exempt status of the bonds
5. GT EDC Board approves resolution
6. Notice of public hearing
7. Public hearing
8. Request Bond Volume Cap Allocation from Michigan Department of Treasury
9. Traverse Connect works with bond counsel to create second resolution
10. Grand Traverse County Board of Commissioners approves resolution
11. Michigan Department of Treasury issues award letter of bond allocation
12. Bond closing