

Industrial Revenue Bond Program

The IDFA (Illinois Development Finance Authority) issues tax-exempt Industrial Revenue Bonds on behalf of manufacturing companies to finance the acquisition of fixed assets such as land, buildings and equipment. Bond proceeds may also be used for either new construction or renovation.

Benefits of Industrial Revenue Bond Financing:

- ◆ Long-term financing at interest rates lower than conventional financing---usually below Prime
- ◆ Fixed or variable rate financing
- ◆ Financing of up to 100% of project cost

Type of Financing:

- ◆ Industrial Revenue Bond issues of less than \$1.5M generally are not cost effective due to significant up-front costs of issuance
- ◆ Smaller fixed-asset projects may be eligible for financing through other IDFA loan programs
- ◆ For most companies, bank participation is necessary before bonds can be sold to investors; the participating bank makes the credit decision, structures the terms and sets collateral requirements

Eligibility:

- ◆ Qualified Industrial Revenue Bond projects include facilities which are primarily used to manufacture or process tangible products.
- ◆ Final determination of project eligibility is subject to a legal opinion from a recognized municipal bond attorney

Fee:

- ◆ \$1,500 non-refundable application fee
- ◆ Closing fee equal to 75 basis points on the par amount of the bonds