



# Low-Cost Financing for Manufacturing and Processing Companies



## What are Industrial Development Bonds (IDBs)?

IDBs are tax-exempt securities issued by a governmental entity to provide money for the acquisition, construction, rehabilitation and equipping of manufacturing and processing facilities for private companies. IDBs can be issued by the State through the I-Bank, local Industrial Development Authorities, or by Joint Powers Authorities.

## General IDB Eligibility Requirements

- **Manufacturers and Processors Only** — the bonds must be used to finance manufacturing or processing facilities and/or equipment.
- **\$10 Million Maximum** — tax-exempt securities can only be issued up to \$10 million, any remaining project costs over \$10 million can be financed as taxable or otherwise paid by the borrower.
- **\$20 Million Limit** — capital expenditures of the borrower, including the bond proceeds, cannot exceed \$20 million in the public jurisdiction in which the project is located during the six-year period beginning three years prior to the issuance date of the bonds and ending three years after the issuance date.
- **Public Benefit** — the project must meet established public benefit criteria, including but not limited to, the creation of new jobs.
- **Funding Letter of Credit** — the borrower must secure a letter of credit from a bank with a minimum long-term credit rating of “A.”

## Benefits of IDB Financing

- **Low Interest Rates** — the all-in annualized cost for most borrowers is generally 20% to 35% below conventional alternatives.
- **Long-Term Maturity** — the maturity of an IDB will typically be longer than conventional financing, often up to 30 years.
- **Comprehensive Funding** — the funds can be used for construction and take-out to finance land, buildings and equipment.
- **No Pre-Payment Penalty.**

## The IDB Process

The IDB financing process can generally be completed within 150 days. The I-Bank staff and a financing team, which typically consists of an underwriter, bond counsel and financial advisor, will assist the applicant through each stage of the process.

## How to Apply

Applications are accepted on a continuous basis. Additional information and applications maybe obtained from the I-Bank's website located at [www.ibank.ca.gov](http://www.ibank.ca.gov), or by calling 916.322.1399.

### Disclaimer

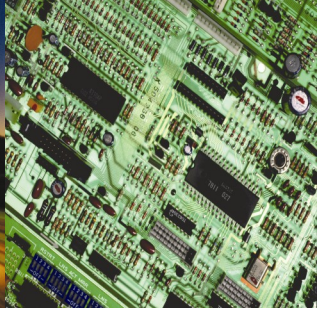
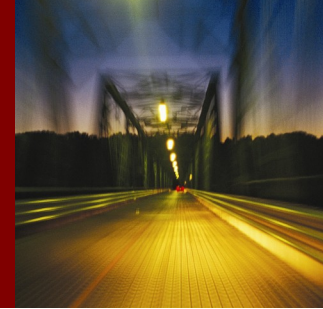
*Nothing contained in this brochure should be construed or relied upon as legal advice. Instead, this brochure is intended to serve as an overview of the general subject of the use of tax-exempt bonds by manufacturing companies, from which better informed requests for advice, both legal and financial, can be formulated.*



## California Infrastructure and Economic Development Bank (I-Bank)

The I-Bank is the only general purpose State of California financing authority that promotes the economic growth, quality of life and revitalization of California communities through low-cost financing of infrastructure and economic development projects. The I-Bank's programs include the Infrastructure State Revolving Fund Program, which provides low-cost, long-term financing to local governments for a variety of public infrastructure projects, and the Revenue Bond Financing Program, which provides tax-exempt Revenue Bond financing to qualified manufacturing companies, nonprofit corporations, and other tax-exempt revenue bond financing to public agencies.

This brochure explains Industrial Development Revenue Bond financing. For more information on the I-Bank, please see our website at [www.ibank.ca.gov](http://www.ibank.ca.gov).



## Low-Cost Financing for Manufacturing and Processing Companies

## Industrial Development Revenue Bonds



California Infrastructure and  
Economic Development Bank

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