

RESOLUTION NO. 5239

A RESOLUTION EXPLAINING THE POLICY OF THE CITY OF LAWRENCE, KANSAS, GOVERNING THE ISSUANCE OF INDUSTRIAL REVENUE BONDS WHENEVER REQUESTS FOR SUCH BONDS ARE RECEIVED AND REPEALING RESOLUTIONS NO. 4171, 4353, 4495, 4535, 4692, 4735, AND 5006 ON THE SAME SUBJECT.

WHEREAS, the authority to approve the issuance of industrial revenue bonds is and shall be the responsibility of the City Commission, and

WHEREAS, the City Commission desires to establish by resolution the criteria for approval or disapproval of applications for industrial revenue bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF LAWRENCE, KANSAS:

The following policy of the City Commission with respect to the issuance of industrial revenue bonds will be applied whenever requests for such bonds are received:

Authority to Issue Industrial Revenue Bonds

The authority to approve the issuance of industrial revenue bonds shall be the responsibility of the City Commission. The Commission's decision for approval or disapproval will be based on the analysis made by the City staff and the recommendations the staff provides to the City Commission from its review of all the pertinent data relating to a particular request for bonds.

Requirements for Requesting Industrial Revenue Bonds

An application to the City of Lawrence requesting the issuance of industrial revenue bonds shall set forth the following: the name, officers, and principals of the proposed tenant industry; the estimated amount of the issue; the purpose for which the funds will be used; the proposed date of the issue; the estimated annual rental; and the supporting financial statements.

Criteria for the Issuance of Industrial Revenue Bonds

The criteria for judging the feasibility of each application for industrial revenue bonds are divided into eight (8) classifications:

1. The financial responsibility of a prospective tenant;
2. The marketing of the bonds;
3. The type of tenant to be considered;
4. The nature of improvements;
5. The economic growth or impact from the project;
6. Tax abatement;
7. Expiration of Resolution of Intent; and
8. City approval of bond attorney.

1. Financial Responsibility

The prospective tenant shall be required to show substantial financial responsibility. Items required for an evaluation of the prospective tenant are the number of years the tenant has been in business, the amount of proposed equity the tenant industry will have in the project, and any other information which might ensure the financial success of the tenant.

2. Marketing of the Bonds

Where industrial revenue bonds are proposed to be marketed through a bond underwriter, such underwriter shall be required to submit to the City an analysis of current market conditions which shall indicate that the bonds are marketable. The consideration of the marketability of the bonds will be accomplished on the basis of the financial soundness of the firm to meet the debt obligations incurred by the issuance of the bonds and whether or not a market exists for the bonds. If the industrial revenue bonds are to be placed privately, then the applicant should submit substantiating evidence as to how the bonds are going to be placed.

3. Type of Intent

The nature of the tenant's business shall be such that its establishment or expansion will give measurable growth or diversification to the local economic base. The issuance of industrial revenue bonds shall be encouraged for manufacturing, processing and service industries. Generally, industrial revenue bonds shall not be issued when the project is retail in nature, or when the project would cause pollution of the environment. The location of the facility shall be determined to be advantageous to the City's development strategies. The City Commission encourages tenants which practice energy conservation.

However, any project located in the downtown central business district (described as the Kansas River on the north; Rhode Island from 6th to 9th Street; the alley one-half block east of New Hampshire from 9th to 11th; Rhode Island from 11th to North Park Street on the east; North Park Street on the south from Rhode Island to Vermont on the south; Vermont from North Park to 11th; 11th from Vermont to Kentucky and Kentucky from 11th to the Kansas River on the west), and which has a positive economic on that area may be considered.

Proposed tenants must present an employment plan. This plan should include permanent and/or temporary construction jobs. The City Commission encourages the employment of local residents for the jobs created to whatever extent that is feasible.

Proposed tenants must be in conformance with local affirmative action ordinances and local land use regulations.

4. Nature of Improvements to be Financed

Industrial revenue bonds shall generally be used to finance the purchase of land, land improvements, buildings, machinery and equipment which have an asset life span equal or greater than the terms of the lease.

5. Measurement of Economic Growth and Benefits

The primary aim of industrial revenue bond financing is to promote, stimulate and develop the general economic welfare of the region. Generally speaking, tenants shall be ones that export a substantial part of its products from the community or ones that increase the number of jobs or expand the type of skills or services available to the workers and citizens of the community.

6. Tax Abatement

The maximum ad valorem tax abatement will be ten (10) years for each project. At the discretion of the City Commission, a payment in lieu of tax may be imposed for the tax abatement period. Applicants should refer to the current tax abatement policy adopted by the City Commission.

7. Resolution of Intent

The City Commission may issue a Resolution of Intent after review of the application for industrial revenue bonds and proceed to set a public hearing date following a fourteen (14) day public notice.

8. Expiration of Resolution of Intent

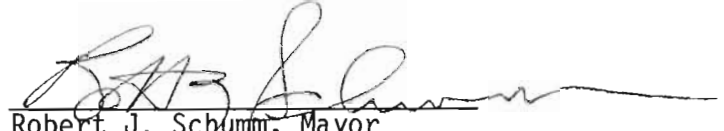
Any Letter of Intent issued by the City shall expire six (6) months after issuance, although the applicant may seek an extension.

9. Bond Attorney Approval

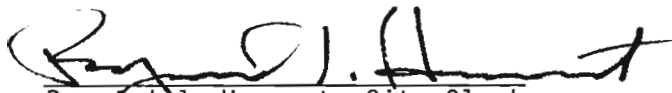
The City of Lawrence reserves the right to approve the bond attorney for the issuance of an industrial revenue bond.

BE IT FURTHER RESOLVED THAT: Resolutions No. 4171, 4353, 4495, 4535, 4692, 4735 and 5006 are hereby repealed and of no further force and effect, it being the intent of this resolution that its provisions be substituted in place thereof.

ADOPTED by the Governing Body of the City of Lawrence, Kansas, this 9th day of May, 1989.


Robert J. Schumm, Mayor

ATTEST:


Raymond J. Hummert, City Clerk