



State of Nevada Department of Business and Industry

Preliminary Application Form for Bond Financing Requests

Industrial Development • Qualified Energy Conservation Projects • Export Financing
• Venture Capital • Water, Sewer & Utility Infrastructure Projects

General Overview of Nevada's Private Activity/Industrial Revenue Bond Program

The Director of the Department of Business and Industry is authorized by law to issue bonds within the State of Nevada for the purposes of industrial development; export financing; venture capital; water, sewer and utility infrastructure projects; and qualified energy conservation projects. This Preliminary Application Form is intended to assist the Director in quickly determining a proposed project's viability; a prospective applicant's ability to repay debt funding, if or when authorized; the degree to which a proposed project may contribute to policy objectives of the State of Nevada; and whether the proposed project and financing is likely to conform to applicable state and federal laws, including requirements of the U.S. Internal Revenue Code.

The form must be completed in its entirety before the Director of the Department of Business and Industry will consider it. Review of the form and a subsequent favorable disposition may result in an official Letter of Inducement from the Director, which, in conjunction with the payment of applicable fees by the applicant, would initiate the formal application requirements and financing development process required by law.

The bonds encompassed by this form are not direct obligations of the State of Nevada. The entity on whose behalf they are issued is legally obligated to repay them. The state has no obligation to repay the bondholders and does not guarantee the bonds. Bonds issued by state and local governments for the benefit of private firms are defined by the federal government as private activity bonds. The issuance of tax-exempt private activity bonds is governed by the U.S. Internal Revenue Code of 1986, as amended. There are a number of restrictions on tax-exempt bonds and, if the restrictions are violated, the bonds may lose their tax-exempt status. Both tax exempt and non-tax exempt bonds are possible; however, there is a cap on tax-exempt bonds of \$10,000,000.

To make sure your project qualifies for tax exempt bonds, prospective applicants are expected to consult with appropriate legal, bond and tax counsel prior to submission of the form and pursuing any request for tax-exempt financing. The State of Nevada is not responsible for any failure on the part of an applicant or its agents to understand the many requirements, costs or potential consequences of the bond financing process.

To this end, the applicant must certify in writing as part of the Preliminary Application Form that it has read and understands the respective Nevada statute(s), Nevada administrative code(s), as well as any applicable federal laws, regulations and/or Internal Revenue Code requirements, governing the particular financing that is sought. In addition, any material misrepresentation of fact within the form (or subsequent financing process, if induced) shall be grounds for the Director of the Department of Business and Industry to deny or withdraw project eligibility at any time, and to recover from applicant the Department's costs for the financing process up to that point.

The goal of the Department of Business and Industry is to assist individuals, businesses, other governmental units and non-profits in financing projects that promote industry, employment, education and trade in areas of interest to Nevada. The Director of the Department of Business and Industry is committed to making that assistance available in an expeditious manner, while meeting all necessary statutory and administrative requirements. *Providing a complete and accurate Preliminary Assessment Form will assist us in meeting that goal.*

Keep a copy of the completed form for your records. Submit the original with required attachments to the State of Nevada Department of Business and Industry, Office of the Director, 1830 College Parkway, Suite 100, Carson City, NV 89706. Phone (775) 684-2999 and Fax (775) 684-2998

Fees

An applicant is responsible for paying costs incurred by the Department of Business and Industry in connection with the bond financing process, whether bonds are issued or not. Specific public fees outlined in statute or administrative code are described below. In addition, financial institutions and other parties involved in the issuance and purchase of bonds may charge a variety of private fees, depending on what services are rendered. This can include underwriting fees, placement fees, letter of credit fees, remarketing fees, rating agency fees (if the bonds will be rated) and transfer agent fees. These fees are in addition to other private fees typically charged for commercial loans and property transactions such as appraisals, survey, permits, filings, recordings and title insurance. Lastly, issuance of bonds requires considerable time and effort by a bond counsel who must be compensated by the applicant or obligor. At this time, bond counsel fees are negotiated between the applicant/obligor and the bond counsel with no state involvement. The State will retain its own bond counsel.

Preliminary Application Form. There is an Application Fee charged for review of the Preliminary Application Form. If a Letter of Inducement results from the Director's review of the form, then the full Deposit Fee outlined below must be paid to the Department as part of the formal application and financing development process.

Application Fee. Nevada law (NAC 349.040) requires a nonrefundable application fee of \$500 for industrial revenue bond requests of \$5,000,000 or less, and \$1,250 for requests over \$5,000,000. For water project bond requests, Nevada law (NAC 349.290) requires a nonrefundable application fee of \$2,000 or 0.25 percent of the principal amount of the total financing for the water project, whichever is less.

Deposit Fee. If the Director issues a Letter of Inducement, the applicant must deposit \$75,000 with the Department of Business and Industry prior to the initiation of the formal finance development process to help pay the Department's costs for processing an application and financing the project. Any excess of the initial deposit over the Department's final costs will be refunded to the applicant. Any amount of the Department's final costs above the initial deposit must be paid by the applicant before or at the time of bond issuance.

Extension Fee. If an applicant does not exercise financing within one year of approval, the applicant may request an extension for an additional \$1,250 fee.

Formal Volume Cap Allocation and Fees. In the case of a request for formal allocation of a portion of the state's available volume cap for a prospective revenue bond financing application, Nevada law (NAC 348A.300) requires an applicant to pay the Department of Business and Industry a nonrefundable fee of \$600 per \$1,000,000 increment of prospective bond issuance, prorated for any portion above or below \$1,000,000 increment. At the discretion of the Director, this allocation fee may be paid at the time of formal transfer or assignment of volume cap, at the time an allocation certificate is issued, or at the time bonds are issued. In the absence of a formal Allocation Certificate, an approved revenue bond financing application provides no guarantee that the requested amount of revenue bond financing will be available, even if all other requirements of the review and financing development process have been met.

Annual Inspection and Compliance. The Department may also establish an annual inspection and compliance fee to be charged to the obligor for the financing. This fee will be based upon the percentage of bonds outstanding at the end of each year and adjusted, if appropriate, in accordance with the terms of the financing agreement.

Final Step in the State Process. Once the Department feels that the requirements have been met and that all questions have been answered, a TEFRA hearing must be held in the project area, and then the Department will place an item in front of the State Board of Finance. The Board of Finance has final approval before bond financing may be issued. The Department and the applicant are expected to appear and answer any and all questions of the Board of Finance.

Preliminary Application Form

Please provide the information requested in each section and answer all questions as accurately as possible. All items must be addressed or the form will be considered incomplete.

I. The Request

Organization Name: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

Primary Contact for Application: _____

Hereby requests bond financing for the following type of project (*check one box only*):

- Industrial Development Export Financing Venture Capital
 Qualified Energy Conservation Water, Sewer or Utility Infrastructure

Requested Amount of Bond Financing: \$ _____

II. List of Contacts

Write in the contact information for the organization's Legal Counsel; Bond Counsel; Financial Advisor(s); and any Developer, General Contractor, Management Company, Lender, Credit Enhancement Entity, or Syndicator associated with the project. Additional space for contacts is provided on the next page.

Legal Counsel: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

Bond Counsel: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

Financial Advisor: _____

Address: _____

Phone: _____ Fax: _____ Email: _____

Additional Contacts Page (if needed)

Identify the nature of the contact (for example, Developer, Lender, etc.) in the first blank space, provide the name of the firm or company in the second blank space, and then provide the other items as indicated.

_____ : _____

Address: _____

Phone: _____ Fax: _____ Email: _____

_____ : _____

Address: _____

Phone: _____ Fax: _____ Email: _____

_____ : _____

Address: _____

Phone: _____ Fax: _____ Email: _____

_____ : _____

Address: _____

Phone: _____ Fax: _____ Email: _____

_____ : _____

Address: _____

Phone: _____ Fax: _____ Email: _____

_____ : _____

Address: _____

Phone: _____ Fax: _____ Email: _____

_____ : _____

Address: _____

Phone: _____ Fax: _____ Email: _____

15. How many current employees in your organization?
16. How many employees do you expect to hire for the project during the first three years of operation?
17. What is the anticipated payroll increase (in dollars) expected directly from the project for the first three years?
18. Have you or do you intend to set up a Nevada Corporation or LLC for the project? Yes No
19. Is the project in a federally designated economically distressed area or enterprise/empowerment zone? Yes No
20. Have you discussed the project with the governing board(s) of the political jurisdictions (city, county, etc.) in which it is located? Yes No
- If yes, can you provide a letter of support from the political entity?* Yes No
21. Have you quantified any additional benefits the proposed project will bring to the local community or state? *If yes, describe below.* Yes No

IV. Financial Information

Answer the following questions to help us understand the numbers for the project and to assess the potential viability of the bond financing request.

1. Indicate your projected use of the requested bond proceeds:

	Bond Amount	Total Project Amount
Equipment	\$	\$
Buildings	\$	\$
Land	\$	\$
Other (specify)	\$	\$
Subtotals	\$	\$

Bond Issue Amount as a Percent of Total Project Cost: _____ %

2. Will any costs be reimbursed to the applicant and/or project's developer?

Yes No

If yes, what is the estimated amount (in dollars)?

3. Are there other proposed sources of funds for the project (for example, debt, equity, grants, etc.)?

Yes No

If yes, what are they and how much (in dollars)?

4. Have you developed a schedule for when costs will be incurred and then paid out of available funds?

Yes No

5. Are you able to provide audited financial statements for the organization and federal income tax returns for the organization (and/or principals of the partnership, if the organization is a partnership) as follows –

If your bond request is \$5,000,000 or more, for the preceding five (5) years, or

If your bond request is less than \$5,000,000, for the preceding three (3) years?

Yes No

IV. Financial Information *(continued)*

6. Are you able to provide the most recent interim financial statements for the organization? Yes No
7. Have you developed pro forma financial projections for the organization for the first three (3) years of the proposed project's operation? Yes No
8. If requested, have you prepared balance sheet, income statement, and monthly cash flow projections reflecting debt service on the bond financing requested? Yes No
9. Are you a corporate applicant that is not publicly traded and has a net worth of \$2 million or less? Yes No
- If yes, are you able to provide federal income tax returns or audited personal financial statements for the preceding five (5) years from all persons owning 20 percent or more of the organization and all persons having a controlling interest in the organization?* Yes No
10. Does the organization have a tentative financial commitment to purchase the bonds? Yes No
11. Does the organization intend to have a binding commitment from a rated credit enhancer covering the amount and life of the proposed bond issue? Yes No
12. Is this a private placement bond? Yes No

V. Certification

The undersigned hereby certifies that all information provided in connection with this Preliminary Application Form for bond financing through the State of Nevada Department of Business and Industry is, to the best of his or her knowledge, true, accurate, complete and current. The undersigned further certifies that:

1. He or she has legal authority to represent the applicant, and to act on its behalf in making a formal application for bond financing to the Director of the Department of Business and Industry.
2. The applicant has the legal authority and financial ability to function as an obligor to borrow and repay the proceeds of state securities.
3. The applicant, its legal counsel and tax advisor, have reviewed and understand (a) the Nevada Revised Statutes (NRS) and Nevada Administrative Code (NAC) chapters pertaining to revenue bond financing (particularly NRS Chapters 244A, 268, 348A and 349; and NAC Chapters 348A and 349) and (b) the Internal Revenue Code of 1986, as amended, particularly as the latter relates to federal requirements for private activity bonds, both exempt and non-exempt, and the rules governing the types of projects that can be funded with such bonds.
4. No litigation is current, pending or threatened in any court or other tribunal or competent jurisdiction, state or federal, in any way contesting, questioning or affecting the eligibility of the applicant to apply for this financing, the ability of the applicant to complete the project, or the validity or enforceability of any covenant of document executed by the applicant in connection with the application of any of the procedures for the authorization of sale, execution, registration or delivery of the bonds, nor are there any unasserted claims outstanding.
5. The applicant has never filed for reorganization or sought relief or been involuntarily declared bankrupt under any provision of the United States Bankruptcy Code, and no officer, director, partner or owner of a ten percent interest (legal or beneficial) of the applicant has ever filed for reorganization or sought relief or been involuntarily declared bankrupt under any provision of the United States Bankruptcy Code.
6. All members of the applicant and project development teams, including any sponsor, minority/limited partners, contractors, owners, agents, affiliates, or any other person or entity associated with control of the project, have complied with all statutes, rules and regulations required by law to operate within the State of Nevada. Further, no member has ever been under investigation by the U.S. Department of Housing and Urban Development (HUD) or any federal agency which supervises low-income housing projects; on any debarred list with HUD; disciplined, fined or subject to civil/criminal penalties by any federal or state

agency; or subject to past or pending action by any state contractor board or oversight agency which may negatively affect the proposed project.

7. If approved for bond financing, the applicant agrees to provide the Nevada Department of Business and Industry future information on employment, payroll and financial performance of the project as requested, and to permit the Department access to such information now and in the future for the purposes of assessing economic benefits to the state from the issuance of bond financing.

The undersigned, in his or her representative capacity for the applicant organization, acknowledges and agrees that any material misrepresentation of fact is basis for the Director of the Nevada Department of Business and Industry to deny or withdraw project eligibility at any time.

Attest:

Authorized Applicant and/or Organizational Representative (*signature*)

Name and Title (*print or type*)

Date

----- **PROOF OF JURAT** -----

State of Nevada)
County of _____)

This Certification Document was signed, and sworn to, before me on _____
Date

by _____
Name of Person

Signature of Notarial Officer

VI. Required Attachments

Please attach the following items to your completed form or it will not be processed by the Department.

1. A concise written summary of the project. Provide the location with street address and include basic details on acreage, buildings, square footages, equipment required, etc. Briefly describe the project's purpose and function, including any product to be produced and/or service to be provided. If the project is a relocation or renovation, explain why. You may also include an aerial photograph, map, site plan and/or diagram showing the general location of the project site and any facility proposed to be funded with the requested bond financing.
2. A formal letter signed by your legal counsel attesting to:
 - a. Your legal authority to function as obligor in borrowing and repaying the proceeds of state securities.
 - b. Your actual need for the project.
 - c. Your ability to comply with all legal requirements pertaining to the project.
 - d. The status of your project's conformance to all zoning, permitting and environmental requirements of the jurisdiction in which the project will be located.
3. A formal letter signed by your accountant, banker, auditor, financial advisor and/or financial representative attesting to your control of, or available access to, sufficient financial resources to place the project in operation, continue its operation inclusive of the proposed debt service, and meet the Department's fee and deposit requirements for the bond process.
4. The Certification provided in Section V – signed, dated and notarized.