

# Private Activity Bond (PAB) Allocation



## LARIMER COUNTY POLICIES AND PROCEDURES

### FINANCIAL POLICY AND PROCEDURE 320.12A

#### SUBJECT: LARIMER COUNTY PRIVATE ACTIVITY BOND (PAB) ALLOCATION

DATE: December 15, 2020

EFFECTIVE PERIOD: Until Superseded

REVIEW SCHEDULE: Every three years, or as needed

CANCELLATION: None

ENCLOSURE: None

#### REFERENCES:

- A. Colorado Private Activity Bond Ceiling Allocation Act, Section 24-32-1701 , et seq., CRS. Section 24-32-1706
- B. Internal Revenue Code (IRC) Pertaining to Private Activity Bonds , including but not limited to Section 142 through 145 and 1394
- C. Governing Policies Manual 3.3 – Financial Planning

**PURPOSE:** To establish the policy and procedure for Larimer County's Private Activity Bond Allocation.

**SCOPE:** This Policy and Procedure applies to the County's annual private activity bond allocation.

**RESPONSIBILITY:** The Board of County Commissioners has the overall, final responsibility for assigning the County's Private Activity Bond allocation (reference C). However, the Board gives the Finance Director the primary operating responsibility for coordinating the process under this policy.

**SPECIFIC REQUIREMENTS:** Private Activity Bond allocation applications are due in writing to the County by March 1 in 2021, and February 1 each year thereafter.

## **REVISION LOCATOR: NEW POLICY AND PROCEDURE**

### **POLICY AND PROCEDURE:**

- A. **RECEIPT OF ALLOCATION:** Larimer County receives an annual Private Activity Bond (PAB) allocation under the Colorado Private Activity Bond Ceiling Allocation Act, Section 24-32-1701, et seq., CRS. pursuant to Section 24-32-1706 (reference A). The allocation is based on the population of the unincorporated area of the county. A PAB allocation is not cash or a grant. It is the authority to issue tax-advantaged debt on behalf of a qualified private sector project.
- B. **AUTHORIZED PROJECTS:** Private activity bond projects must meet IRS qualifications (IRS sections 141 through 150) (reference B). Debt repayment is the responsibility of the private entity. The most common uses of PAB debt are affordable housing, mortgage revenue bonds, and economic development projects.
- C. **PERMITTED USE OF ALLOCATION:** Using the allocation, the County may: 1) issue PAB debt under the name of the County; 2) assign the allocation to another qualified issuer (such as a housing authority or other issuer allowed under IRS code), for one or more specific projects, unspecified projects, or future projects; or 3) allow the allocation to revert to the State-wide balance for use anywhere in the State. If the County does not take steps for 1) or 2) to occur by September 15 of each year, 3) happens automatically per the State process.
- D. **ASSIGNMENT OF ALLOCATION:** The County will assign its allocation to another qualified issuer for projects within Larimer County. Assignment reduces administrative investment and leverages the efficiency and expertise of qualified issuers who issue PABs regularly. The County reserves the right to issue debt under its name under unusual circumstances and with specific approval by the Board of County Commissioners. If serving as issuer, the County will charge fees for its role as issuer, including, but not limited to application fees, recovery of legal, administrative, and financial analysis costs, issuance fees, and any direct allocation fees passed through from the State. Such fees will be set by the Board of County Commissioners when agreeing to act as the issuer. The owner or developer of the project is responsible for payment of the fees.
- E. **APPLICATION DEADLINES:** Written applications for the County's private activity bond allocation are due by March 1 in 2021 and February 1 each year thereafter. Applications received after that date will be approved on a first-come-first-served basis to the extent that the County has any remaining allocation. If no applications are received for specific projects which meet the County's criteria, the County will consider assigning its allocation to the Colorado Housing Finance Authority or other qualified issuers for future projects within Larimer County.
- F. **APPLICANT QUALIFICATION:** Applicants for the County's PAB allocation may be: 1) a qualified issuer on behalf of its own projects; or 2) a private sector entity who has partnered with a qualified issuer.
- G. **APPLICATION REQUIREMENTS:** The application shall take the form of a letter signed by the applicant, together with appropriate attachments, describing the following:
  - 1. Applicant contact information
  - 2. Contact information for the issuer, if other than the applicant

3. Type of project and location (drawings and maps are helpful)
4. Type and number of individuals who will be served by the project
5. Amount of allocation requested
6. Applicant experience with similar projects
7. Current stage of the project, and estimated date of groundbreaking
8. Resources being leveraged to develop and support the project
9. Extent of collaboration with public and private sector partners
10. Completed or anticipated review of the project by the public in surrounding areas and neighborhoods
11. Any additional information needed by the County to evaluate the project against the criteria below

H. COUNTY REVIEW CRITERIA: The Board of County Commissioners will take the following criteria into account when approving or denying an allocation application. The criteria is subject to change at the discretion of the Board.

1. Experience of applicant with similar projects, particularly within the region.
2. Demonstrated support of an experienced issuer.
3. Project location which is consistent with County priorities.
4. Number of units created/preserved.
5. Income levels supported by the project.
6. Number of project units designed to serve special needs populations, such as older adults over age 60, or persons with disabilities.
7. On-site services provided by the applicant, such as childcare, economic self-sufficiency, and housing retention services.
8. Proximity to essential services, such as transportation, health care, and grocery.
9. Degree of site control and readiness to proceed.
10. Innovative design including standards for energy and water efficiency and conservation, and renewable energy.

I. COUNTY REVIEW PROCESS: Applications received by the deadline will be reviewed and evaluated against the criteria stated above. The evaluation committee will consist of the Finance Director, Human Services Director and Economic and Workforce Development Director, or their designees. The committee will make its recommendation to the Board. The Board has final approval over all allocations.

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Steve Johnson  
Chair, Board of County Commissioners  
*(Approved by BCC – Consent Agenda – 12/15/2020)*  
*(Signature on original filed in Records Management)*

Distribution:  
All Elected Officials and County Departments  
Records Management SOP Manual (original)

