



### **What is the FDFC?**

The Florida Development Finance Corporation (“FDFC”) is a statewide financing authority and is tasked to assist for-profit and not-for-profit businesses (“borrowers”). As a conduit issuer (“Conduit”), the FDFC provides qualifying projects with access to capital and supports job creation in Florida. The FDFC is not an extension of the Executive Office of the Governor (EOG), a public agency of the State of Florida (State), nor is it a division of Enterprise Florida, Inc. (EFI).

### **How/when was it created?**

The FDFC was formed in 1993 as a public bond corporate and politic (meaning the FDFC is a legal entity or corporation of a special sort and with a public function) in Florida Statutes Chapter 288, Part X. It is a 501(c)4 not-for-profit.

### **What does FDFC do/purpose?**

FDFC’s sole purpose is to provide financing for qualified projects and borrowers.

### **What is the process of FDFC approval for the issuance of bonds?**

Subject to direction from the FDFC Board and other requirements/guidelines, below is a general outline of the bond process:

#### FDFC Bond Process

1. Pre-submittal Meeting
2. Formal Submittal of application and fees
3. Staff

- a. Declaration of Intent
  - b. Project Review and Summary
4. FDFC Board Meeting
  - a. Presentations or Considerations
5. Private Activity Bond Certification (if needed)
6. TEFRA
  - a. Advertisement
  - b. Public Hearing
  - c. Packet to Division of Bond Finance
7. FDFC Board Meeting - Bond Resolution
8. TEFRA approval
9. Private Activity Bond Allocation Request (if needed)
10. Posting of Limited Offering or Public Offering Memorandum (if needed)
11. Pricing/BPA
12. Pre-closing/Closing

**What is a conduit issuer?**

A conduit issuer is an organization that is granted authority to issue municipal bonds to investors. Municipal bonds provide tax-exempt financing for certain qualified purposes, organizations or in the furtherance of governmental purposes. This is typically facilitated by exemptions granted to 501(c)3 organizations and private activity bonds. Examples include charter schools, small manufacturers, airports, healthcare, housing and foundations.

**What is a “TEFRA” hearing?**

Once the project meets the qualifications for tax-exempt bonds, the FDFC process includes an approval according to the Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”). IRS Code Section 147(f)(2)(B)(i) outlines this approval by requiring reasonable public notice and a public hearing prior to approval of the bond documents by the FDFC Board. Although this public hearing is an opportunity for the public to speak for or against the project, there are no FDFC

Board members present and no FDFC Board actions via vote on the subject of the public hearing. TEFRA approval only pertains to the public notice and public hearing requires, not local government entitlements, such as zoning, site plans and permitting.

### **When is a project approved?**

Following the TEFRA hearing, the last step in the process is FDFC Board approval of the Bond Resolution and financing/offering documents in substantially final form. If approved, the borrower and their finance team are permitted to market and sell the bonds. As such, a Conduit acts as a “borrower for the borrower” by placing their name on the bonds, but stipulated repayment of the bonds as the sole financial obligation of the borrower and based on the revenues generated by the project. Investors buy the bonds in return for a tax-exemption on the interest payments. The FDFC does not pledge any revenue in support of the bonds. Once the bonds are sold, all documents are updated with final numbers and funds are dispersed by a third-party Trustee at closing, who will track and disperse funds between the bondholder(s) and the borrower.

### **How does FDFC work with Enterprise Florida, Inc. (EFI)?**

FDFC is solely administratively housed at EFI. There is a services agreement whereby EFI staff provide administrative services on behalf of the FDFC Board for the day-to-day operations of the corporation.

### **What are EFI’s responsibilities related to FDFC?**

Administrative services provided by EFI include:

- The use of EFI’s business address and facilities for meetings;
- Office services for copies, communications for matters relating to FDFC;
- Managing and assisting the external auditors as it pertains to FDFC financials and tax preparation;

- Accounting services such as, but not limited to, paying FDFC related bills, preparing FDFC financials, handling expense reimbursement for its board members, as it relates to FDFC activities;
- Handling any matters that pertain to Directors & Officers (D&O) insurance coverage for the FDFC board members; and
- Any administrative duties, such as, but not limited to, preparing and distributing FDFC board materials, and annual reports as required by legislation.

### **What is PACE?**

PACE stands for “Property Assessed Clean Energy.” It allows property-owners to voluntarily request a special assessment be placed on their tax roll in order to pay for property improvements related to energy conservation, energy efficiency and wind hardening per Florida Statutes Chapter 163.08.

### **What is the FDFC role with regard to PACE in Florida?**

In Florida Statutes Chapter 288.9606(7)(c), the FDFC has the authority to issue bonds for the purposes of financing PACE improvements without an interlocal agreement. The FDFC is the financing vehicle, not the program administrator or provider. No property owner or PACE Provider is required to use the FDFC’s financing authority.

### **Who would serve as the PACE Provider for FDFC financing?**

The FDFC Board has made it clear that FDFC financing will not have an exclusive relationship with any PACE provider. Any PACE Provider who is licensed in Florida and has the elements required to properly administer a Florida-based PACE program can seek approval by the FDFC Board after FDFC staff has performed due diligence.

**When will the FDFC be able to begin financing a PACE program in Florida?**

The FDFC was required by Florida Statutes to go through a bond validation process. On January 15, 2014, the FDFC Board unanimously approved Resolution 14-02 to move forward with the PACE Program and bond validation. The bond validation was approved on July 18, 2014.