



CITY OF GREELEY PRIVATE ACTIVITY BONDS INFORMATION

Private Activity Bond Program Description

Private Activity Bonds are tax-exempt bonds that can be issued for specific purposes. The federal government grants annual allocations of this bonding authority to states under the Internal Revenue Code of 1986, as amended. The State of Colorado established its Private Activity Bond (PAB) allocation program by statute (24-32-1701 et seq, C.R.S.) to provide for the allocation of Colorado's PAB authority. The program consists of two major elements:

Direct PAB Allocations

Fifty percent (50%) of the state ceiling is allocated directly to statewide authorities, typically the Colorado Housing and Finance Authority (CHFA) and the Colorado Agricultural Development Authority (CADA). Statewide authorities may utilize this allocation from January 1 through September 15 of each year.

The remaining 50% of the PAB ceiling is allocated directly to local governments. Governments whose populations warrant allocations of \$1 million or more receive a direct allocation. These allocations are available to designated local governments from January 1 through September 15 of each year. The remainder is retained in the Statewide Balance.

If any portion of a direct allocation is not used by a statewide authority or local government (1) to issue bonds, (2) for a carryforward purpose, or (3) for a mortgage credit certificate election, the remaining allocation reverts to the Statewide Balance on September 15.

Program Purposes

The primary purpose of the PAB program is to meet federal requirements in the Tax Reform Act of 1986. The program is designed to accomplish the following:

1. Establish an orderly and equitable process of allocating tax-exempt PAB's.
2. Encourage private investment in creating and sustaining affordable housing, higher education, jobs, solid and hazardous waste treatment, and water and sewer facilities.
3. Encourage development in areas of the state where housing, higher education, jobs, and certain infrastructure improvements are most needed.
4. Encourage the increase or maintenance of the local tax base.

5. Maximize the use of the state's tax-exempt PAB ceiling allocation.

Selected Eligible Uses of the PAB Program within the City Allocation

Eligible uses of the PAB program are wide ranging and include:

Qualified residential rental projects: Bond proceeds are used to finance new construction or acquisition/rehabilitation of housing for persons with low and moderate incomes.

Single-family mortgage revenue bonds (SFMRB): Bonds sold by local and state agencies, to be used for mortgages for persons with low and moderate incomes.

Mortgage Credit Certificates (MCC): Local issuers can elect to use a bond allocation as mortgage credit certificates for qualified homebuyers.

Manufacturing "small issue" industrial development bonds (not to exceed \$10,000,000): Bonds sold for construction of manufacturing facilities that cause a change in the condition of goods or products.

Qualified redevelopment bonds: Bonds sold to acquire property in blighted areas; prepare land for redevelopment; and relocate occupants of structures on the acquired property.

Exempt facility bonds: Hazardous waste facilities, solid waste disposal facilities, water and sewer facilities, mass commuting facilities, local district heating and cooling facilities, local electric energy or gas facilities, and multifamily housing bonds.

Statewide Balance Program Purposes

The primary purpose of Colorado's PAB program is to meet federal requirements in the Tax Reform Act of 1986. The program is designed to accomplish the following:

- Establish an orderly and equitable process of allocating tax-exempt PAB issuance authority.
- Encourage private investment in creating and sustaining housing, higher education, jobs, solid and hazardous waste treatment, and water and sewer facilities.
- Encourage development in areas of the state where housing, higher education, jobs, and certain infrastructure improvements are most needed.
- Encourage the increase or maintenance of the local tax base.
- Maximize the use of the State's tax-exempt PAB allocation.

Structure of Private Activity Bond Issues

The principal documents generally involved in a PAB bond issue are the bonds, financing agreement, trust indenture, and official statement.

- A. The Bonds--The bonds may be issued on a serial, term or a combination serial-term basis. Debt retirement schedules on the bonds can be tailored to suit the company although it is common to structure the repayment schedule so that the annual debt service payments are level.

The maximum maturity of the bonds is 30 or 40 years, depending upon the applicable state statute. The state statutes do not contain maximum interest rate limitations, and the bonds are not required to be sold at a public, advertised sale.

B. The Financing Agreement--The basic instrument securing the bond issue is the financing agreement between the company and the Inducement Entity. This may take the form of a lease agreement, installment sale agreement or, in some states, a loan agreement.

Under a lease agreement or an installment sale agreement, title to the project is held by the Inducement Entity and either leased or sold on an installment basis to the company. The company acquires title to the project when the bonds are retired. Under the loan agreement, title to the project is held by the company throughout the life of the bond issue. There is, however, no property tax exemption if the title is held by the local government (i.e., City of Longmont). The tax benefits to the company (i.e., depreciation, investment tax credit, etc.) with respect to the project are the same regardless of which type of financing agreement is used.

Under all forms of financing agreements, payments are structured to retire the bonds, fund any reserve accounts, and pay any trustee or municipal/county handling charges. The company is responsible for any maintenance costs, taxes, insurance premiums and any other costs incurred with respect to the project. Other matters generally contained in a financing agreement include (1) control and authority of the company in constructing the project; (2) operational control of the project by the company; (3) maintenance and insuring of the project by the company; (4) assignment and leasing or subleasing by the company; (5) consequences or condemnation or destruction of the project; (6) criteria and remedies in the event of default; and (7) prepayment of the bonds by the company.

C. The Trust Indenture--The trust indenture is a contract between the Inducement Entity and a trust company acting as trustee for the bondholders. The trust indenture sets forth the details of the bonds, including interest rates and maturity dates, and provides for the administration of all financial aspects of the bond issue. The trustee is responsible for, among other things, disbursement of bonds proceeds.

investment of idle construction funds and reserve account moneys (at the direction of the company), receipt of financing agreement payments made by the company and the payment of principal and interest on the bonds. The trustee's fees are paid by the company.

D. The Official Statement--The official statement is a document describing in detail the bond issue prepared by the investment banker, the company and bond counsel. The official statement generally conforms to the disclosure requirements of the Securities and Exchange Commission with respect to corporate securities issues, although it does not have to be registered with the Securities and Exchange Commission or any other federal agency. The official statement summarizes the financing agreement, trust indenture, and the project, and contains a description of the company including its financial statements. The official statement is distributed to potential bond purchasers, state agencies and other interested parties.

Application Schedule

The City of Greeley will accept applications for allocations from its PAB balance and will follow this schedule:

	Activity	Date
1	Advertise Request for Application	2/25/2026
2	Application Submission Deadline <i>Submit one (1) hard copy of the application form and all supporting documentation OR one (1) electronic version to:</i> City of Greeley Housing Solutions Department 1100 10 th Street; Greeley, CO 80631 housinginfo@greeleygov.com	3/20/2026 4:00 pm
3	City staff review of PAB applications and summary report preparation	March 2026
4	City staff presents preliminary rankings to Housing for All Advisory Board; HAAB evaluation of options and recommendation for approval of requests for PAB; City provides resolution of endorsement to Inducement Entity.	May 2026
5	PAB Allocation Announcements	May & June 2026
6	Inducement Entity adopts resolution or ordinance authorizing carryforward or issuance of bonds.	September 2026

City of Greeley Application Review Criteria

Each PAB application will be reviewed for completeness, eligibility, and financial feasibility. Preference will be given to applications that demonstrate the following:

- Project readiness. The ability to close in the current calendar year (or the following year, for year- end awards). COG will give preference to projects that are ready to underwrite over pipeline requests.Efficient use of PAB allocation, such as LIHTC projects that only require PAB to cover 55% or less of their aggregate basis.
- Leverage of equity sources such as the 4% Low Income Housing Tax Credits and State Housing Tax Credits.
- Community support through financial commitment of local PAB allocation, other local financial subsidies or reduced fees.
- The impact of the PAB-financed project or program on a demographic or economic need. Indicators of need may include low housing vacancy rates, increasing gap between housing costs and local wages, high unemployment, or economically distressed areas.
- Consistence with local development plans.
- Experience with PAB financing.
- Priority for services that benefit the community.

Fees (will be detemined at a later date)

Application Submission Assistance

Completed applications and supporting materials should be submitted electronically via an electronic application process: [Private Activity Bond Application](#)

If you have any questions regarding this information, please contact: Rosine Bouobda at rosine.bouobda@greeleygov.com.