

PUBLIC NOTICE

Recovery Zone Facility Bonds

At its October 27, 2009 meeting, the Ramsey County Board of Commissioners adopted Resolution #2009-363 and associated procedures to allocate \$11,655,000 in bonding authority to local units of government in Ramsey County, for Recovery Zone Facility Bonds (RZFBs) as authorized by the American Recovery and Reinvestment Act of 2009 (ARRA).

Recovery Zone Facility Bonds are authorized for the financing of projects located in designated economic recovery areas. Recovery Zone Facility Bonds are tax-exempt private activity bonds, similar to Industrial Revenue Bonds. Qualifying projects include any depreciable property that is to be constructed, reconstructed, renovated, or acquired by a private user within a recovery area as designated by the local unit of government. Projects can be for any trade or business conducted within economic development areas, except for residential rental housing and other limited exceptions. The bond principal and interest is repaid by the revenues generated from the private project.

Counties and major cities throughout the U.S. have been allocated maximum amounts of bonding authority for these types of bonds, which are established through ARRA and the enacted federal formula. Ramsey County has been allocated \$11,655,000 of RZFB authority by the U.S. Treasury Department and will re-allocate its bonding authority to local units of government within the County and/or to the State of Minnesota. Applications will be accepted from local units of government in Ramsey County according to the timelines prescribed by the adopted procedures.

A qualifying project must be located in a Recovery Zone having significant poverty, unemployment, rate of home foreclosures, or general distress; or within an area that is economically distressed by reason of the closure or realignment of a military installation; or within a designated Empowerment Zone or Renewal Community area. Recovery Zone Facility Bonds must be issued by December 31, 2010.

The application process has the following features:

- Ramsey County does not anticipate issuing RZFB bonds itself. Instead, allocations of bonding authority will be provided to local units of government through an application process for economic development projects in their jurisdictions.
- Allocations will be awarded competitively. The first round of allocations will be awarded to qualified applications received by December 31, 2009, based on statutory project criteria including jobs created, jobs retained, the local unemployment rate, and tax base created. Allocations on or after January 1, 2010 will be awarded to qualified projects on a first-come, first-served basis. Any remaining bonding authority available after August 31, 2010 will be transferred to the State of Minnesota for re-allocation statewide.
- An application fee of \$20 per \$100,000 of allocation authority is established to offset administrative costs.
- Allocations will be awarded by Board resolutions.
- The Board reserves the right to amend application procedures and materials, as necessary.

According to the Federal Act, projects that are *not* eligible include: residential rental projects, private golf courses, country clubs, massage parlors, hot tub facilities, suntan facilities, racetracks, gambling establishments, and off-sale liquor stores.

Application forms and procedures are available on the Ramsey County website.

Questions may be directed to Lee Mehrkens, Ramsey County Chief Financial Officer, at 651-266-8040.