

RAMSEY COUNTY

**PROCEDURES FOR
APPLICATION AND ALLOCATION OF
RECOVERY ZONE FACILITY BONDING AUTHORITY**

**APPROVED
October 27, 2009**



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Related Documents

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- Scoring Worksheet for Recovery Zone Facility Bond Projects

I. Introduction

This application and allocation process was developed by Ramsey County to prescribe the policies and procedures to be used when allocating its bonding authority for the issuance of Recovery Zone Facility Bonds (RZFBs).

In agreeing to allocate its RZFB Authority, Ramsey County assumes no liability with respect to the project feasibility, the quality or structuring of the offering, representations made to investors, the security or tax-exempt status of the obligations issued, the credit worthiness of the project, the repayment of any financing; or the establishment of the Recovery Zone, Empowerment Zone, or Renewal Community area.

Applications will only be accepted from local units of government in Ramsey County that are authorized under Federal Tax law to issue bonds. Applicants are required to possess financial advisors and bond counsel knowledgeable regarding the developmental, legal, and financial aspects of RZFBs and the project to be financed.

II. Policy Statement

Allocation of RZFBs is undertaken pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA) and the Internal Revenue Service (IRS) tax code.

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 County or 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.

Ramsey County has been allocated \$11,655,000 of RZFB bonding authority by the U.S. Department of the Treasury. Ramsey County can re-allocate its bonding authority to local units of government within the County or to the State of Minnesota in accordance with ARRA and the IRS tax code.

Ramsey County will provide bonding authority in accordance with these procedures. Ramsey County will not issue RZFBs on its own behalf, will not issue on behalf of any other government jurisdiction in Ramsey County, nor will the County issue on behalf of a private entity. By these procedures, Ramsey County will consider allocating its bonding authority to other qualified government jurisdictions so they may issue RZFBs on their own behalf.

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, according to Federal Tax Law.

III. Definitions

“AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, OR ARRA” – Federal legislation enacted in 2009 that authorizes the issuance of Recovery Zone Facility Bonds and prescribes eligible uses, allocation limits, and deadline for issuance.

“APPLICANT” – the local unit of government that is applying to the County to be granted RZFB bonding authority. Applicants must be qualified to issue such obligations under Federal Tax Law.

“APPLICATION FEE” – the non-refundable fee that is payable to the County by each applicant and must accompany the submitted application form. The fee is equal to \$20 for every \$100,000 of entitlement requested rounded up to the nearest \$100,000, or \$500, whichever is greater.

“APPLICATION FORM” – the form established by the County that must be submitted by the applicant to the County to apply for bonding authority to issue Recovery Zone Facility Bonds.

“BOARD, OR COUNTY BOARD” – the Ramsey County Board of Commissioners.

“BOND” – a qualified Recovery Zone Facility Bond issued in accordance with the American Recovery and Reinvestment Act of 2009 and Federal Tax Law.

“BOND COUNSEL” – the attorney or firm of attorneys, appointed by the local government issuer, who will render an approving legal opinion as to the bonds and as to the qualified tax-exempt status of the Bonds.

“COUNTY” – Ramsey County, Minnesota

“COUNTY MANAGER” – the County Manager of Ramsey County, who is the Chief Administrative Officer of the County and is authorized to act on behalf of the County Board.

“EMPOWERMENT ZONE” – an economic development area authorized by the U.S. Department of Housing and Urban Development.

“FEDERAL TAX LAW” – includes those provisions of the Internal Revenue Code of 1986, as amended, and the American Recovery and Reinvestment Act of 2009, that define and limit the types of obligations that can be issued whose interest is excluded from gross income for purposes of Federal income taxation.

“ISSUER” – the local unit of government serving as the issuer of the bonds that is qualified to issue obligations under Federal Tax Law.

“PROCEDURES” – requirements established by this document, “Procedures for Application and Allocation of Recovery Zone Facility Bonding Authority”, as approved by the Ramsey County Board.

“PROJECT” – an economic development project that is qualified under Federal Tax Law and the American Recovery and Reinvestment Act for which the applicant seeks authority to issue Recovery Zone Facility Bonds.

“RECOVERY ZONE” – an economic development area authorized by the American Recovery and Reinvestment Act. This may include an Empowerment Zone or a Renewal Community area.

“RECOVERY ZONE FACILITY BONDS, OR RZFBs” – tax exempt private activity bonds are authorized under the American Recovery and Reinvestment Act of 2009 that may be used to finance economic development projects within a qualified economic recovery area.

“RENEWAL COMMUNITY AREA” – an economic development area authorized by the U.S. Department of Housing and Urban Development.

“SCORING WORKSHEET” – a form that establishes criteria to be used in determining the allocation of Recovery Zone Facility Bonds that must accompany the submitted application form.

“STATE OF MINNESOTA” – the Commissioner of Management and Budget, Department of Employment and Economic Development, or any other State agency or department that is authorized to receive bonding authority and issue Recovery Zone Facility Bonds.

“TAX-EXEMPT BONDS” – Bonds with interest that are exempt from federal taxation under Internal Revenue code (IRC), Section 103.

IV. Application Process

All applications and official correspondence regarding the Recovery Zone Facility Bond application and allocation process in Ramsey County should be directed to:

Ramsey County Manager's Office
15 Kellogg Blvd W, Room 250
St Paul, MN 55102
Attn: Recovery Zone Facility Bond Applications

Questions may be directed to Lee Mehrkens, Ramsey County Chief Financial Officer, at (651) 266-8040 or lee.mehrkens@co.ramsey.mn.us

A. Deadline Dates and Times

All applications and other materials required to be filed or submitted pursuant to these procedures must be postmarked or received by the County no later than 4:30 p.m. on the deadline day or date. When an application or other required material is required to be filed or submitted to the department on or before a prescribed day or date and the prescribed day or date falls on a Saturday, Sunday, or legal holiday, it is timely filed or submitted if it is received by the department by 4:30 p.m. on the next succeeding date which is not a Saturday, Sunday, or legal holiday.

First round of applications – The first round of allocations will be awarded by the Board for applications received or postmarked by Thursday, December 31, 2009. If there are two or more applications and there is insufficient authority to provide allocation for all applicants, the available bonding authority shall be awarded based on the number of points contained in their scoring worksheets, with those projects receiving allocation first based on their requested amount.

Second round of applications – Applications received or postmarked from January 1, 2010 through August 31, 2010 will be awarded by the Board on a first-come, first-served basis. If there are two or more applications received or postmarked on any individual day, the available bonding authority shall be awarded based on the number of points contained in the scoring worksheets, with those projects receiving the greatest number of points receiving allocation first based on their requested amount.

Closing of the application period – No applications will be accepted by the County after August 31, 2010. Any remaining bonding authority after that time will be transferred by the Board to the State of Minnesota for re-allocation and use by the State for statewide projects, in accordance with applicable State program rules and requirements.

The County will notify applicants whether the application materials are complete within five (5) business days of the receipt of the application. Any allocation, award, or transfer of RZFB bonding authority as specified in these procedures must be authorized by adoption of a Board resolution. County staff will attempt to schedule a meeting of the Board to take action on the request within 30 days of the receipt of the application or application deadline date, and will prepare required agenda materials.

B. Application Fee

Every applicant shall pay a nonrefundable application fee to the County to offset the cost of program administration. The application fee is \$20 for each \$100,000 of allocation authority requested with the request rounded to the nearest \$100,000, or \$500, whichever is greater. Fees received by the County will be credited to its general fund.

C. Application Form

The applicant must be a local government that is qualified to issue obligations under Federal Tax Law and must prepare an application form according to these procedures. The completed application form must be accompanied by:

- (1) A nonrefundable application fee payable from the issuer to the County;
- (2) A resolution adopted by the governing body of the issuer establishing a Recovery Zone, or a statement from the issuer that the project will be located in an Empowerment Zone or Renewal Community area;
- (3) A map showing the location of the Recovery Zone, Empowerment Zone, or Renewal Community area;
- (4) A statement of the criteria used for establishment of a Recovery Zone, if applicable;
- (5) A statement from the issuer's bond counsel that the local government is qualified to issue bonds and proposed issue of obligations qualifies under ARRA as a Recovery Zone Facility Bond; and
- (6) A project scoring worksheet.

D. Scoring Worksheet

A project scoring worksheet must be completed with a County application form. The following data must be provided on the scoring worksheet:

- (1) the number of direct new jobs in the County generated by the proposed project for the next two years per \$100,000 of proposed allocation authority, multiplied by 15;
- (2) the number of direct existing jobs in the County multiplied by .625 due to the proposed project for the next two years per \$100,000 of proposed allocation authority, multiplied by 15;
- (3) the average hourly wage paid to employees by the proposed project for the next two years, exclusive of benefits mandated by law, based on the following scale.

Average wages paid per hour	\$8	\$10	\$12	\$14	\$16
Points awarded	0	10	15	20	25

- (4) the quotient of the estimated total net increase in property taxes generated in the County by the project in the first full year of operation divided by the proposed bond allocation authority, multiplied by 500;
- (5) the seasonally unadjusted unemployment rate in the community where the proposed project is located measured as a percent of the state's unemployment rate, multiplied by ten. The community seasonally unadjusted unemployment rate used in determining the points must be the most recent rate for the city or county in which the proposed project is located as provided by the Minnesota Department of Economic Security.

V. LEGAL COMPLIANCE

A. Reservation of Rights

The County reserves the right to:

- Reject any application in whole or in part.
- Decide not to issue any bonding authority allocations to any applicant.
- Require corrections or amendments to any application materials and required documents.
- Impose any other requirements or conditions precedent to the issuance of its bonding authority.
- Consult with the applicant's bond counsel concerning the project or issuance of bonds. Any resulting fees for such consultation shall be paid by the applicant.
- Change or waive any requirements or procedures included herein at any time if the County feels it is in the interest of the County to do so.

B. Bond Issuance

Issuance of bonds by the local issuer must be consistent with these procedures and the allocation awards granted by the Board.

Bonds issued by the applicant must be issued by December 31, 2010, in accordance with Federal Tax Law.

The County may not revoke an allocation to any applicant after it is awarded by the Board, unless the applicant notifies the County in writing that it will not be able to issue bonds for the project.

Bonds may only be issued for the project contained in the application and as awarded by the Board. Bonding authority may not be transferred by the applicant to another project or issuer.

C. County Held Harmless

The County is not liable in any manner to any applicant, issuer, holder of obligations, or other person for carrying out the duties imposed on it by these procedures.

D. Notice of Available Authority

The County will send a written notice of these procedures to each municipality in Ramsey County upon adoption of these procedures by the Board. The County will post on its official web site until December 31, 2010, a copy of these procedures, and a statement of the amount of bonding authority that is available for allocation.

E. Return of Allocation Authority

If the applicant that is awarded an allocation by the Board determines that it will not be able to issue bonds for the project, the applicant must notify the County in writing, in a timely

fashion. Upon receipt of this written notification, the original allocation is immediately cancelled to the applicant and is available for re-allocation by the County.

F. Exclusive Method of Allocation

These procedures, until and unless amended by the Board, are the exclusive method of allocating RZFB bonding authority by the County for the purpose of complying with the American Recovery and Reinvestment Act and Federal Tax Law.