

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: December 7, 2009

SUBJECT: Resolution – Recovery Zone Bonds

ATTACHMENTS: Draft Resolution
Notice of Intent to Issue Recovery Zone Bonds

SUMMARY OF REQUEST:

Recovery Zone Economic Development Bonds (RZEDBs) and Recovery Zone Facility Bonds (RZFBs) were created by the American Recovery and Reinvestment Act (ARRA) as financing vehicles for state and local governments.

Henderson County has been authorized to issue \$3,925,000 in Recovery Zone Economic Development Bonds by December 31, 2010 to finance projects that are for qualified economic development purposes. The projects can include capital expenditures paid or incurred with respect to property in a recovery zone and expenditures for public infrastructure and construction of public facilities. These bonds have a 45 percent interest payment subsidy to the issuer of the bonds. Our bond counsel has indicated that the County projects we have outstanding would qualify for this type of bond financing.

Also, \$5,888,000 in Recovery Zone Facility Bonds may be issued by the County to loan proceeds of tax-exempt bonds to private businesses by the end of 2010. Eligible RZFB projects include construction, reconstruction or renovation projects such as industrial or manufacturing facilities; distribution or warehouse facilities; shopping centers or other retail facilities; restaurants; hotels and office buildings all within a designated recovery zone. These bonds would be issued by our Industrial Facilities and Pollution Control Financing Authority.

Staff is presenting to the Board a resolution prepared by our bond counsel to secure the County's allocations for both bond types for possible issuance in 2010. Several County projects including renovation of the former health department building, the community college campus-wide facility repairs and renovations and a new law enforcement center qualify for Recovery Zone Economic Development Bonds. Mr. Andrew Tate with the Partnership for Economic Development has identified one or more private businesses that may make use of the Recovery Zone Facility Bonds.

The County is required to file a Notice of Intent with the N.C. Department of Commerce to secure the authorized bond allotments by December 15, 2009.

BOARD ACTION REQUESTED:

Request that the Board approve the attached resolution authorizing projects to utilize Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds to secure allotments that have been authorized for possible issuance in 2010 should the Board choose to use these financing options.

Suggested Motion:

I move approval of the Resolution Authorizing Projects to Utilize Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds and authorize the Finance Director to file a Notice of Intent to Issue Recovery Zone Bonds with the N.C. Department of Commerce.

A regular meeting of the Board of Commissioners of the County of Henderson, North Carolina, was duly held on December 7, 2009 at 5:30 p.m. in the Commissioners' Meeting Room, Henderson County Historic Courthouse, 1 Historic Courthouse Square, Hendersonville, North Carolina. Chairman Bill Moyer presiding.

* * *

The following members were present:

The following members were absent:

Also present:

* * *

Commissioner _____ moved that the following resolution (the "*Resolution*"), a copy of which was available with the Board and which was read by title:

**RESOLUTION AUTHORIZING PROJECTS TO UTILIZE
RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS
~~AND RECOVERY ZONE FACILITY BONDS~~**

WHEREAS, Recovery Zone Economic Development Bonds (RZEDBs) were created by the American Recovery and Reinvestment Act (ARRA) as a financing vehicle for state and local governments to use to finance certain economic development projects in recovery zones created by state and local governments; and

WHEREAS, a state or local government may designate a recovery zone in any area (a) having significant poverty, unemployment, rate of home foreclosures or general distress, (b) any area designated by the issuer as economically distressed because of the closure or realignment of a military installation pursuant to the Defense Base Closure and Realignment Act of 1990, and (c) any area for which a designation as an empowerment zone or renewal community is in effect; and

WHEREAS, ARRA authorized \$10 billion of RZEDBs, which may be issued before January 1, 2011, of which, \$3,925,000 may be issued by the County of Henderson, North Carolina (the "*County*"); and

WHEREAS, RZEDBs must be used to finance qualified economic development purposes, which ARRA defines as “expenditures for purposes of promoting development of other economic activity in a recovery zone” and includes capital expenditures paid or incurred with respect to property in the zone and expenditures for public infrastructure and construction of public facilities; and

WHEREAS, Recovery Zone Facility Bonds (RZFBs) were also created by ARRA to authorize state and local governments to loan proceeds of tax-exempt bonds to private businesses; and

WHEREAS, ARRA authorized \$15 billion of RZFBs, which may be issued before January 1, 2011, of which, \$5,888,000 may be issued on behalf of the County; and

WHEREAS, eligible projects for the use of these RZFB include construction, reconstruction or renovation projects such as industrial or manufacturing facilities; distribution or warehouse facilities; shopping centers or other retail facilities; restaurants; hotels and office buildings all within a designated recovery zone; and

WHEREAS, eligible projects for both the RZEDBs and RZFBs must be identified by December 15, 2009 and bonds issued by April 15, 2010, or be on the agenda for the Local Government Commission's May 2010 meeting; otherwise, the bond allocation will be deemed waived to the State, which will reallocate the authority to other projects that can meet the established deadlines; and

WHEREAS, the County expects to issue installment financing obligations during calendar year 2010 (the “2010 RZED Bonds”) to finance the capital costs of constructing, renovating or repairing various County facilities, including school and community college facilities (the “2010 RZEDB Projects”) and plans to use all of its allocation of RZEDBs for such financing.

WHEREAS, the County expects to issue industrial development revenue bonds during calendar year 2010 (the “2010 RZF Bonds”) to finance construction of or improvements to industrial and manufacturing facilities (the “2010 RZFB Projects”) and plans to use all of its allocation of RZFBs for such financing.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF HENDERSON, NORTH CAROLINA, AS FOLLOWS:

Section 1. That the Board of Commissioners of the County hereby authorizes the 2010 RZEDB Projects as being eligible for RZEDBs and designates the 2010 RZED Bonds as RZEDBs.

Section 2. That the Board of Commissioners of the County hereby authorizes the 2010 RZFB Projects as being eligible for RZFBs and designates the 2010 RZF Bonds as RZFBs.

Section 3. That the Board of Commissioners of the County hereby finds that the entire County is experiencing significant unemployment and general distress and, therefore, establishes the designated recovery zone to be coterminous with the boundaries of the County.

Section 4. That this Resolution is effective on the date of its adoption.

On motion of Commissioner _____, the foregoing resolution entitled **“RESOLUTION AUTHORIZING PROJECTS TO UTILIZE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS AND RECOVERY ZONE FACILITY BONDS”** was duly adopted by the following vote:

AYES:

NAYS:

STATE OF NORTH CAROLINA)
)
COUNTY OF HENDERSON) ss:

I, *Teresa Wilson*, Clerk to the Board of Commissioners of the County of Henderson, North Carolina, ***DO HEREBY CERTIFY*** that the foregoing is a true and exact copy of a resolution entitled “**RESOLUTION AUTHORIZING PROJECTS TO UTILIZE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS AND RECOVER ZONE FACILITY BONDS**” adopted by the Board of Commissioners of the County of Henderson, North Carolina, at a meeting held on the 7th day of December, 2009.

WITNESS my hand and the corporate seal of the County of Henderson, North Carolina, this the ___th day of December, 2009.

Teresa Wilson
Clerk to the Board
County of Henderson, North Carolina

NOTICE OF INTENT TO ISSUE RECOVERY ZONE BONDS

[Due no later than Tuesday, December 15, 2009]

Attn: North Carolina Tax Reform Allocation Committee
c/o Commerce Finance Division
North Carolina Department of Commerce

Hand/Overnight Delivery
301 N. Wilmington Street
4th Floor, Education Building
Raleigh, North Carolina 27603

US Mail
4318 Mail Service Center
Raleigh, North Carolina 27699-4318

A. DESCRIPTION OF ALLOCATION (Mandatory)

1. County or Large Municipality: Henderson County ("Recipient")
2. Total amount of Recovery Zone Allocation received by the Recipient:
 - a. Recovery Zone Economic Development Bond Allocation: \$ 3,925,000
 - b. Recovery Zone Facility Bond Allocation: \$ 5,888,000
3. Recipient expresses its intent to **use** the following amounts of its:
 - a. Recovery Zone Economic Development Bond Allocation: \$ 3,925,000
 - b. Recovery Zone Facility Bond Allocation: \$ 5,888,000

If the Recipient intends to **use** Allocation, it must complete Exhibit A - Recovery Zone Project for **each project** to be financed with Recovery Zone Bonds

4. Recipient elects to **waive** the following amounts of its:
 - a. Recovery Zone Economic Development Bond Allocation: \$ _____
 - b. Recovery Zone Facility Bond Allocation: \$ _____
5. Recipient requests that its waived Allocation be used for the following project (if applicable) (must include resolution of governing body of Recipient approving request for specific purpose in another County):

The undersigned, on behalf of the above described Recipient, hereby certifies that it is authorized by the Recipient to make this filing and the waivers and requests contained herein on behalf of the Recipient.

Date: _____

By: _____

Signature of Authorized Official

Name (please print): _____

Title: _____

Address: _____

Phone No.: _____

RECOVERY ZONE BOND PROJECT

[Use separate form for each project]

1. GENERAL INFORMATION

- A. County or Large Municipality: _____
- B. Issuing Entity: _____
- C. Name of Project or Purpose: _____
- D. Type of Bonds
- ☐ Recovery Zone Economic Development Bonds
- ☐ Recovery Zone Facility Bonds
- E. Amount of Recovery Zone Allocation to be used: \$ _____

2. PROJECT INFORMATION

- A. General Description of the Project or Purpose, as applicable:

- B. Location of Project or Purpose (City or Town and County) _____

- D. Name, address, phone number, and tax ID number of the proposed issuer and, if Recovery Zone Facility Bonds, private borrower or developer, as applicable (use separate sheet if needed).

3. ATTACHMENTS - THIS PROJECT VERIFICATION REPORT IS NOT COMPLETE UNLESS ORIGINALS OR CERTIFIED COPIES OF ALL ATTACHMENTS ARE INCLUDED HERewith.

- A. Resolution of county or large municipality designating recovery zone.
- B. Inducement resolution, reimbursement resolution or other documentation of the preliminary approval of the project by the issuing entity, in conformity with applicable federal and state law.
- C. If the issuer is different from the county or large municipality that received the allocation, approval of the use of the allocation for the project or purpose by the governing body.

4. Note: If the county or large municipality seeks additional Recovery Zone Bond allocation from the Tax Reform Allocation Committee for this Project, please complete a Request for Reallocation (also available at www.nccommerce.com) indicating the additional allocation requested and include that

The undersigned, on behalf of the county or large municipality set forth below, hereby certifies that he or she is authorized by such governmental unit to make the request contained herein on behalf of such governmental unit.

Name of Unit: _____

By: _____
Signature of Authorized Official

Name (please print): _____

Title _____

Unit Address: _____

Phone Number of Authorized Official: _____

Date _____