

**LIVINGSTON COUNTY
RECOVERY ZONE FACILITIES BONDS
MARCH, 2010**

SELECTION CRITERIA

BACKGROUND

On June 12, 2009, the Internal Revenue Service released Notice 2009-50, (Under Sections 1400-1 through 1400-3 of the Internal Revenue Code) which provides guidance on two new types of bond programs that were enacted under the American Recovery and Reinvestment Act of 2009 (ARRA).

Recovery Zone Economic Development Bonds (public sector projects) and Recovery Zone Facility Bonds (private sector projects) are to provide tax incentive and reduced finance costs for public and private borrowers to generate projects and stimulate economic growth in designated recovery zones. On March 1, 2010, the Livingston County Board of Commissioners approved a resolution designating the entire County of Livingston as a recovery zone to maximize potential qualifying projects. These programs are subject to volume cap limitations and bonds must be issued by **December 31, 2010**.

LIVINGSTON COUNTY ALLOCATION

Livingston County has been issued a volume cap allocation of \$23,767,000 for Recovery Zone Economic Facility Bonds. This allocation was determined by federal formula according to relative employment declines in 2008. This bonding will be allocated by the county and may be used by private companies and developers to finance projects located within the Livingston County Recovery Zone.

ELIGIBLE PROJECTS

Eligible Recovery Zone Facility Bond projects must meet the minimum project requirement of the published IRS guidelines. Projects may include any trade or business with the exception of:

- Rental properties
- Residential properties
- Golf courses
- Country clubs

- Massage parlors
- Hot tub and suntan facilities
- Any store where the principal business is the sale of alcoholic beverages for off-premise consumption
- Racetracks
- Facilities primarily used for gambling businesses

BOND USE GOALS

It is the intent of Livingston County to stimulate private sector growth, attract new business investment, retain existing jobs, create new jobs and enhance revenue for local government including Livingston County. Any and all costs associated with the processing and distribution of Recovery Zone Bonds must be borne by the applicant. Livingston County will not pledge its full faith and credit for Recovery Zone Bond projects.

Priority use of Recovery Zone Bonds will be given to “shovel ready” projects (ready within 90 days after bonding is complete) that offer the best return on the dollar for strengthening the economy.

LIVINGSTON COUNTY THRESHOLD CRITERIA

Before project proposal applications can be reviewed, applicants must provide documentation and/or attest to the following criteria:

- A. The applicant must demonstrate a firm commitment from a financial institution or bond underwriter to purchase the bonds demonstrating that the project is credit worthy. Documentation supporting this criterion is required before an application can be accepted for review.
- B. The applicant must demonstrate new net county and local government property tax generation within one year of project completion.
- C. The applicant must be current with all Federal, State, and local government taxes including, but not limited to; business taxes, income taxes, sales and use taxes, employee and employer taxes, real and personal property taxes, service fees, government utility fees, and special assessments.
- D. The applicant must demonstrate the financial ability to place funds that may be determined necessary by the Livingston County Board of Commissioners into an escrow account to be used for a performance bond and/or project related legal costs.
- E. Approved Recovery Zone Facility Bond projects must be bonded by December 31, 2010.

LIVINGSTON COUNTY PROJECT EVALUATION CRITERIA

Project proposals for tax exempt Recovery Zone Facility Bonds meeting the threshold criteria will be reviewed and considered based on the following factors:

- A. The amount of the new investment and the amount of new property taxes projected to be generated by the project.
- B. The amount of new investment in buildings and equipment.
- C. The type of proposed project and product and service rendered. (i.e. advanced manufacturing, technology/research, service, tourism, hospitality, etc.)
- D. The number of full-time jobs created and/or retained over 24 months.
- E. The history, growth, and success of the business or proposed project measured in sales/revenues, job growth, product/service, and business diversification.
- F. The potential that the proposed project investment will result in attracting future investment and enhance additional job growth in the area.
- G. The percent of proposed project investment financed with Recovery Zone Bond proceeds and the strength of the financial rating (i.e. Dunn & Bradstreet rating classification) of the proposed project, company, or developer.
- H. Bond use preference will be given to applicants with a project that is shovel ready (90 days or less after bonding is complete) that offer the best return on the investment and strengthen the local economy.
- I. Proposed projects must demonstrate the consistency of the project with the local government's Master Plan and Zoning Ordinance and the Livingston County Comprehensive Plan.

SELECTION PROCESS

Livingston County Administration and Planning Departments and the Economic Development Council of Livingston County, will review requests for allocation pursuant to federal and county criteria and will make recommendations to the County Board of Commissioners and its Finance Committee.

The decisions to commit or not to commit money from the Recovery Zone Facility Bond to any project, and the decisions to transfer money into and out of the fund, are discretionary in nature and may not be appealed.

SELECTION TIMELINE

Applications Due:

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