



# Selection Criteria

## Ottawa County

### Recovery Zone Facility Bond (RZFB)

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#### **Background**

On June 12, 2009, the Internal Revenue Service released Notice 2009-50, (under Sections 1400U-1 through 1400U-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 and Recovery Zone Facility Bonds are to provide tax incentives for State and local units of government by allowing designated projects to be financed with lower borrowing costs to promote job creation and economic recovery in areas affected by employment decline. These programs are subject to volume cap limitations and expire January 1, 2011.

The Ottawa County Planning and Performance Improvement Department will review requests for allocation pursuant to the criteria and make recommendations to the County Board of Commissioners.

#### **Bond Use Goals**

It is the intent of Ottawa County to remain consistent with its economic development goals and objectives and to stimulate private investment, job creation and enhanced revenue for local units of government including Ottawa County. Ottawa County or the Ottawa County Economic Development Corporation (EDC) shall not incur any cost associated with the processing and distribution of RZFBs. Ottawa County will not pledge its full faith and credit. All costs must be borne by the applicant.

#### **Federal Project Threshold Criteria**

The following criteria must be met by the applicant to be considered for consent to market Recovery Zone Facility tax exempt bonds:

- A. Meet the minimum project requirement of the published IRS guidelines. Eligible projects include any trade or business, *with the exception of*, residential rental, golf courses, country clubs, massage parlors, hot tub and suntan facilities, racetracks, facilities primarily used for gambling businesses or any store, the principal business of which is the sale of alcoholic beverages for off-premise consumption.

#### **Ottawa 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.
- B. The applicant must demonstrate new net County property tax generation within one year of project completion.
- C. The applicant must be current with all federal, State, County, and local unit of government real and personal property taxes, service fees and government utility fees and assessments.
- D. Proposed projects must be ready for construction within 30-45 days of application submittal.
- E. Applicants of approved projects must place an amount as determined by the County Board into an escrow account to be used for any bond and/or legal counsel.

F. Approved RZFB Projects must be bonded by December 31, 2010

### **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. Number of permanent, full-time jobs created over 24 months
- B. Average starting hourly wage of proposed jobs
- C. Type of proposed product or service (i.e. service/tourism/hospitality, general manufacturing, alternative energy manufacturing, food processing manufacturing, technology/research)
- D. Proposed investment amount
- E. Percent of investment financed with RZFB
- F. Company financial rating (Based on Dunn & Bradstreet Rating Classification)
- G. Other factors deemed to be important by the Board of Commissioners

### **Selection Process**

- A. The Ottawa County Planning and Performance Improvement Department will review and score requests for allocation pursuant to the criteria
- B. Projects will be recommended by the County Board of Commissioners
- C. Board approved projects will be forwarded to the Ottawa County Economic Development Corporation or Michigan Economic Development Corporation (Michigan Strategic Fund) to be considered for bond processing and issuance

### **Selection Timeline**

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|--------------------------------------|--|
| Applications Due:                    | November 12, 2009                      |
| Review of Proposed Projects:         | November 13, 2009 to November 26, 2009 |
| Board Approval of Selected Projects: | December 10, 2009                      |

### **Other Provisions**

The decisions to commit or not to commit money from the RZFB to any project, and the decisions to transfer money into and out of the fund, are legislative in nature. These decisions are absolutely discretionary with the Ottawa County Board of Commissioners and are not appealable. Further, any statement made by an employee of Ottawa County regarding specific funding requests or specific projects will not be binding upon the County.