



Muskegon Area First

MUSKEGON COUNTY RECOVERY ZONE FACILITY BOND USE CRITERIA September, 2009

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.

Muskegon Area First will review requests for allocation pursuant to the criteria and make recommendation to the County Board of Commissioners and its Finance Committee.

Two Muskegon County Allocations

Muskegon County has been issued a volume cap allocation of **\$13,890,000 for Recovery Zone Economic Development Bonds**. This bonding may be issued by the county and used for improving or constructing qualifying governmentally owned and operated facilities.

A second allocation of **\$20,835,000 called Recovery Zone Facility Bonds** may be used by private companies and developers to finance projects located in the recovery zone (Muskegon County) without having to qualify within the other limited categories of private activity bond financing.

Bond Use Goals

It is the intent of Muskegon 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 Muskegon County.

Federal Project Threshold Criteria

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

Meet the minimum project requirements 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.

Muskegon County Threshold Criteria

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

- a. Development interests 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. Development interest must demonstrate new net County property tax generation within one year of project completion.
- c. Development interest must be current with all State of Michigan, Muskegon County and local unit of government real and personal property taxes, service fees and government utility fees and assessments.
- d. Development interest must be current with all federal taxes.

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 net new property taxes projected to be generated by the investment.
- b. The amount of investment in buildings and equipment.
- c. The number of jobs retained, created or relocated to Muskegon County from outside the State of Michigan.
- d. The history, growth and success of the business measured in sales/revenues, job growth, product/service diversity.
- e. The potential that the project investment will enhance a geographic area of the County and/or result in additional private investment.
- f. The consistency of the project with a local unit of government's Master Plan and Zoning Ordinance.
- g. Extent to which the development interest commits to purchase services, equipment and construction services with companies located in Muskegon County.
- h. Projects where construction activities can commence within 90-120 days of bond placement.
- i. Projects eligible for LEED certification.