



Office of Administrative Services

207 Fourth Ave. North
Kelso, WA 98626
TEL (360) 577-3065
FAX (360) 423-9987

www.co.cowlitz.wa.us

Board of County Commissioners
Kathleen A. Johnson District 1
George Raiter District 2
Axel Swanson District 3

Office of Financial Management
Claire J. Hauge, Director

OFM
Claire J. Hauge
Director

Kathy Sauer
Systems Administrator

RISK MANAGEMENT
Clyde Carpenter
Risk Manager

INVITATION TO SUBMIT PROPOSALS FOR PROJECTS THAT QUALIFY FOR FINANCING WITH RECOVERY ZONE BONDS AUTHORITY: AMERICAN RECOVERY & REINVESTMENT ACT

October 12, 2009

Cowlitz County is accepting proposals for projects eligible for funding with Recovery Zone Facility Bonds and Recovery Zone Economic Development Bonds. The American Recovery and Reinvestment Act, passed by Congress in February 2009, expanded public financing opportunities for local governments by providing new funding options and expanding existing ones. The goals include bringing new investors into the public finance market, allowing financing for new types of projects and lowering the cost of capital for borrowers.

Ability to utilize this financing mechanism has a limited window. Bonds must be issued prior to January 1, 2011. Cowlitz County was allocated approximately \$3.7 million of Recovery Zone Economic Development Bonds and \$5.5 million of Recovery Zone Facility Bonds.

Important Note: This program allocates authority to issue bonds in order to finance facilities; it is not a direct funding program that allocates public dollars. The purpose is to provide funding for **new** projects. This is not a refinancing or restructuring tool.

Those wishing to present project proposals for consideration by the Board of Commissioners or to receive more information should contact the Cowlitz County Office of Administrative Services, 207 Fourth Avenue North, Kelso, WA 98626; telephone (360) 577-3065 to obtain an application. Applications are also available at the County website. Access the document entitled "Recovery Zone Bond Application" at:

<http://www.co.cowlitz.wa.us/financialmanag/fm/financialmgt.html>.

Proposals are due not later than **November 13, 2009 before 4:30 p.m.**

I. Recovery Zone Facility Bonds (RZ-FB)

Recovery Zone Facility Bonds are **tax-exempt private activity bonds** that may be used to finance depreciable property in areas of significant economic distress which have been designated as recovery zones. (Private activities are those activities that benefit businesses or individuals). Cowlitz County has authority to issue bonds in the amount of approximately \$5.5 million. Typically bonds for these purposes would be issued as taxable bonds but the RZ-FB program allows them to be sold as tax-exempt bonds. Eligible expenditures include:

- Property that was constructed, reconstructed, renovated or acquired by purchase after it was deemed in a Recovery Zone,
- Property first used in a Recovery Zone by a taxpayer, and

Substantially all of the property must be in a designated Recovery Zone and be used as a qualified business. Some kinds of property specifically do not qualify under this program such as land, rental property, golf courses, country clubs, etc.

II. Recovery Zone Economic Development Bonds (RZ-EDB)

Recovery Zone Economic Development Bonds are **taxable bonds** with a federal interest “subsidy.” These bonds may be used to finance qualified economic development purposes within designated as recovery zones. Cowlitz County has authority to issue bonds in the amount of approximately \$3.7 million. Eligible expenditures include:

- Capital expenditures paid or incurred for property located in a Recovery Zone
- Public infrastructure and construction of public facilities that promote economic activity in a Recovery Zone

SUMMARY OF THE PROGRAMS	Recovery Zone Economic Development Bonds (RZ-EDB)	Recovery Zone Facility Bonds (RZ-FB)
Interest Rates	Taxable	Tax-Exempt
Federal Subsidy	45% of interest	n/a
Cost of Issuance	2% limitation	
Use of Proceeds	Governmental purposes: new public infrastructure & facility projects	Private activity: At least 10% of facility is used for private business (nongovernmental persons or the federal government)
Volume Allocation (Cowlitz)	\$3,668,000 ((\$10B nationally; Washington State \$90M))	\$5,502,000 ((\$15 B nationally; Washington State \$135 M))
Program Sunset	12/31/2010	
Allocation	Based on relative employment decline from 2007 to 2008	
Eligible Issuers	Direct allocation to cities over 100,000 and counties; counties will allocate to smaller cities and unincorporated areas.	
Applicability Limits	<p align="center">“Recovery Zone” designated by issuer</p> <p>A Recovery Zone may be established by a city or county. It designates an area with significant poverty, unemployment, home foreclosure activity or general distress. Other qualified areas include those with a federal designation of Empowerment Zone or Renewal Community.</p>	
Debt Service Repayment Sources	Any legal source: general fund, tax increment, utility, or special tax revenues	
Other Comments		At least 10% of payments derived from a private business use
Other Comments	Federal prevailing wage requirements apply	Federal prevailing wage requirements apply