



Recovery Zone Bonds Presentation

July 14, 2009



Recovery Zone Bonds Summary

- The American Recovery and Reinvestment Tax Act of 2009 (ARRA) created a new category of bonds called Recovery Zone Bonds.

- There are 2 types of Recovery Zone Bonds:
 - Recovery Zone Economic Development Bonds
 - Recovery Zone Facility Bonds

- Bonds must be issued on or before December 31, 2010.



Recovery Zone Economic Development Bonds

- Governmental bonds to be used for public infrastructure, construction of public facilities and job training.
- Taxable Bonds issued by the County with a 45% interest rebate incentive.
- Broad eligibility definition allows bond to be used for almost any projects within the designated Recovery Zone.
- Charlotte County Volume Cap Allocation: \$8,005,000.



Economic Development Bond Example

Example: \$ 8 million bond / 20 years

- taxable rate = 8.00%
- tax-exempt rate = 5.50% - 6.00%
- taxable rate with 45% subsidy = 4.40%

- total interest at 8.00% = \$ 8,296,353
- interest rebated at 45% = \$ 3,733,358
- net interest cost = \$ 4,562,995

*Calculations assume a repayment schedule of 1 payment per year.



Economic Development Bonds – Examples of Projects for Charlotte County

- Road Projects
 - Midway Blvd Widening
 - Burnt Store Road – Phase I
 - Edgewater Phase II

- Expansion of County Utilities
 - Sewer system expansion
 - Rotonda Villas MSBU Wastewater Expansion

- Construction of County Facilities
 - Parking Garage at Event Center
 - Family Services Center
 - Bay Heights Parks West County Boat Ramp



Recovery Zone Facility Bonds

- Allows the County to provide tax-exempt financing to local businesses within the Recovery Zone.
- The County serves as the bond holder (bank) for the local businesses.
- The County would develop a project application and application review process for determining eligible businesses/projects.
- Nearly all businesses within the Recovery Zone would be eligible with the exception of a small number of specifically excluded businesses (e.g. residential rental facilities, golf courses, gambling facilities, etc).
- Charlotte County Volume Cap Allocation:
\$12,008,000.



Facility Bonds – Examples of Local Business Use

- Expansion of small locally owned businesses
- Creation of new businesses
- Retention of current businesses



Recovery Zone

- Recovery Zone Bonds are meant to stimulate the economy within designated “Recovery Zones”.
- A Recovery Zone is defined as any area that has been designated by the County as having significant poverty, unemployment, home foreclosure or general distress.
- Surrounding counties have designated the entire County as a “Recovery Zone” based on unemployment and foreclosure rates over past 3 years compared to the national average.



Next Steps

- Designate Charlotte County as a Recovery Zone through a County Ordinance.
- Identify projects to fund under Recovery Zone Economic Development Bonds.
- Establish financial committee for Recovery Zone Facility Bonds to develop:
 - Eligibility Criteria
 - Application Documents
 - Application Review and Selection Process