

**SEMINOLE COUNTY GOVERNMENT  
AGENDA MEMORANDUM**

**SUBJECT:** Administrative Code Amendment - Section 16.5 Recovery Zone – Build America Bonds

**DEPARTMENT:** Fiscal Services

**DIVISION:** Administration - Fiscal Services

**AUTHORIZED BY:** Lisa Spriggs

**CONTACT:** Angela Singleton

**EXT:** 7168

**MOTION/RECOMMENDATION:**

Approve and authorize the Chairman to execute a Resolution amending the County’s Administrative Code with the addition of Section 16.5 Recovery Zone – Build America Bonds.

County-wide

Lisa Spriggs

**BACKGROUND:**

Section 1400U-1(b) of the Internal Revenue Code requires each governmental issuer of Recovery Zone Bonds to designate an eligible Recovery Zone or Zones within its geographical jurisdiction prior to the issuance of Recovery Zone Bonds. Attached for Board consideration of approval is a resolution amending the County’s Administrative Code with the addition of Section 16.5 Recovery Zone – Build America Bonds, which establishes Seminole County as a recovery zone. At this time Seminole County has no immediate plans for issuance of Recovery Zone Bonds, but establishing the framework pro-actively will allow the County to utilize this type of financing if deemed in the best interest of the County.

**STAFF RECOMMENDATION:**

Staff recommends that the Board approve and authorize the Chairman to execute a Resolution amending the County’s Administrative Code with the addition of Section 16.5 Recovery Zone – Build America Bonds.

**ATTACHMENTS:**

- 1. Resolution

<p><b>Additionally Reviewed By:</b></p> <p>■ County Attorney Review ( Arnold Schneider )</p>
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A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF SEMINOLE COUNTY, FLORIDA DESIGNATING SEMINOLE COUNTY A RECOVERY ZONE FOR PURPOSES OF SECTIONS 1400U-1, 1400U-2 AND 1400U-3 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; PROVIDING FINDINGS OF FACT; PROVIDING FOR ELIGIBLE ACTIVITIES/PROJECTS FOR RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS; PROVIDING FOR ELIGIBLE ACTIVITIES/PROJECTS FOR RECOVERY ZONE FACILITY BONDS; PROVIDING FOR COMPLIANCE; PROVIDING FOR SEVERABILITY; PROVIDING FOR A SUNSET DATE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Section 1401 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 ("ARRA") added Sections 1400U-1 through 1400U-3 to the Internal Revenue Code (the "Code"), authorizing state and local governments to issue recovery zone economic development bonds ("Recovery Zone Economic Development Bonds") and recovery zone facility bonds ("Recovery Zone Facility Bonds" and together with the Recovery Zone Economic Development Bonds, the "Recovery Zone Bonds") through December 31, 2010 which provide tax incentives to state and local governments by lowering borrowing costs as a means to promote job creation and economic recovery to targeted areas particularly affected by employment declines; and

WHEREAS, the United States Treasury Department established a national bond volume limitation ("Volume Cap") of \$10 billion for Recovery Zone Economic Development Bonds and \$15 billion for Recovery Zone Facility Bonds which is allocated among the states in the proportion that each state's 2008 state employment decline bears to the aggregate of the 2008 state employment declines for all of the states ("Recovery Zone Bond Allocation"); and

WHEREAS, Recovery Zone Economic Development Bonds are taxable tax-credit governmental bonds that may be used to finance certain "qualified economic development purposes," defined as expenditures promoting development or other economic activity within an area designated by the County as a recovery zone (the "Recovery Zone"), including (1) capital expenditures paid or incurred with respect to property located in the Recovery Zone, (2) expenditures for public infrastructure and construction of public facilities, (3) expenditures for job training and educational programs, and (4) any other "qualified economic development purposes" as allowed under Internal Revenue Service Notice 2009-50 (Recovery Zone Bond Volume Cap Allocations) and under any further guidance that may be released by the Internal Revenue Service regarding Recovery Zone Economic Development Bonds. Recovery Zone Facility Bonds are private activity bonds that may be used to finance certain property located within a designated Recovery Zone; and

**WHEREAS**, each state that has received a Recovery Zone Bond Allocation is required, without discretion, to reallocate such allocation among the counties and large municipalities (min. 100,000 population) in such state in the proportion that each county's or municipality's 2008 employment decline bears to the aggregate of the 2008 employment declines for all the counties and municipalities in such state; and

**WHEREAS**, the County has been allocated \$12,243,000 in Recovery Zone Economic Development Bonds and \$18,365,000 in Recovery Zone Facility Bonds, which must be issued on or before December 31, 2010; and

**WHEREAS**, Section 1400U-1(b) of the Code requires each governmental issuer of Recovery Zone Bonds to designate an eligible Recovery Zone or Zones within its geographical jurisdiction using the following criteria: (1) significant poverty, unemployment, rate of home foreclosures, or general distress; (2) any area distressed by reason of the closure or realignment of a military installation pursuant to the Defense Base Closure and Realignment Act of 1990; and (3) any area for which a designation as an empowerment zone or renewal community is in effect as of the effective date of ARRA; and

**WHEREAS**, the Florida Agency for Workforce Innovation in cooperation with the United States Department of Labor, Bureau of Labor Statistics reports that the seasonally unadjusted unemployment rate in the County for the most current reporting period through October 2009 is 10.5%, above the unadjusted national rate of 9.5% but lower than the unadjusted statewide rate of 11.2% for the same period; and

**WHEREAS**, according to RealtyTrac®, the leading on line marketplace for foreclosure properties reports that in the month of October, 2009, there were 1,288 new foreclosure filings in the County, a substantial and steady increase from approximately 800 for the month of October 2008 and worse, Seminole County's current foreclosure rate of 8.3 units per every 1000 properties substantially exceeds the state and national averages of 6 units per 1000 and 2.5 units per 1000, respectively and when compared by ranking according to metropolitan statistical areas ("MSA"), the Orlando-Kissimmee MSA, which includes the County, ranks 9<sup>th</sup> highest in the nation in number of reported foreclosures; and

**WHEREAS**, the stubbornly high unemployment and home foreclosure rates in the County have impacted citizens and businesses County-wide, resulting in general as well as economic distress throughout the County. Accordingly, it is in the best interests of the County that the entire geographic area of the County be designated a "Recovery Zone" for purposes of issuing Recovery Zone Bonds to promote job creation and economic recovery;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SEMINOLE COUNTY, FLORIDA, THAT:

**SECTION 1. RECITALS.** The above recitals constitute findings of fact determined by the Board and are incorporated herein by reference as an integral part of this Resolution.

**SECTION 2. DESIGNATION OF RECOVERY ZONE.** Pursuant to Section 1400U-1 of the Code, the entire geographic area of the County is hereby designated as a "Recovery Zone" for the purpose of issuing Recovery Zone Bonds.

**SECTION 3. ISSUANCE OF RECOVERY ZONE BONDS.** Issuance of Recovery Zone Bonds will be at the discretion of the Board of County Commissioners of Seminole County, Florida (the "Board") based on project qualifications as provided herein and further subject to Section 8 of this Resolution.

**SECTION 4. RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS - ELIGIBLE ACTIVITIES/PROJECTS.** Eligible activities/projects that qualify for issuance of Recovery Zone Economic Development Bonds shall include activities/projects within the Recovery Zone that promote economic development, as measured by such criteria as the Board deems appropriate and may include:

(A) Capital expenditures paid or incurred with respect to property located in the Recovery Zone, including working capital expenditures to promote development or other economic activity;

(B) Expenditures for public infrastructure and construction of public facilities; and

(C) Expenditures for job training and educational programs.

**SECTION 5. RECOVERY ZONE FACILITY BONDS - ELIGIBLE ACTIVITIES/PROJECTS.** Eligible activities/projects that qualify for issuance of Recovery Zone Facility Bonds include any and all private activity bonds issued on behalf of qualified borrowers for projects located within the Recovery Zone, including qualifying capital improvements and infrastructure projects; provided, however, qualifying projects do not include any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

**SECTION 6. COMPLIANCE.** Notwithstanding any provisions to the contrary which may be contained within this Resolution, activities/projects financed through the issuance of Recovery Zone

Bonds shall comply with all applicable existing Federal, State, and local laws, rules, and regulations.

**SECTION 7. SEVERABILITY CLAUSE.** If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications hereof which can be given effect without the invalid provision or applications. To this end, the provisions of this Resolution are declared severable.

**SECTION 8. LIMITATIONS ON BOND ISSUANCE.** Authority for the issuance of Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds shall automatically sunset at the later of (i) 11:59 p.m. Eastern Standard Time on December 31, 2010 or (ii) the last date on which such Bonds can be issued pursuant to any extension of, or an amendment to, Section 1401 of the Code and for which the County has received additional allocations.

**SECTION 9. EFFECTIVE DATE.** This Resolution shall be effective immediately upon its adoption.

**ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

ATTEST:

BOARD OF COUNTY COMMISSIONERS  
SEMINOLE COUNTY, FLORIDA

\_\_\_\_\_  
MARYANNE MORSE  
Clerk to the Board of  
County Commissioners of  
Seminole County, Florida.

By: \_\_\_\_\_  
BOB DALLARI, Chairman

Date: \_\_\_\_\_

AWS/sjs

11/17/09, 12/18/09

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