



Livingston County, Illinois  
Economic Development and Recovery Zone  
Facility  
Bond Programs

Program Overview and Application

Livingston Economic Development Council, Processing Agent

For additional information, please contact  
Larry Vaupel, CEO  
Phone: 815-842-2900 Fax: 815-842-2929  
E-mail: [larry@glcedc.org](mailto:larry@glcedc.org)  
GLCEDC website – [www.glcedc.org](http://www.glcedc.org)



## **Economic Development & Recovery Zone Facility Bond Programs**

Livingston Economic Development Council  
901 W. Howard Street  
Pontiac, IL 61764  
Phone: 815-842-2900 Fax: 815-842-2929  
E-mail: [larry@glcedc.org](mailto:larry@glcedc.org)  
GLCEDC website – [www.glcedc.org](http://www.glcedc.org)

### **Executive Summary**

- Recovery Zone Facility Bonds or RZFBs are a new type of tax-exempt private activity bonds created in the American Recovery and Reinvestment Act of 2009 (ARRA) to finance certain depreciable property, including new or used equipment, located or to be located in a designated recovery zone.
- RZFBs can be used for the construction of new or expanded buildings and for the purchase of equipment used in the trade or business. Certain restrictions on the use of funds apply. The benefit of RZFBs to the private sector is a lower cost of financing than traditional methods.
- “Recovery Zones” are areas that have significant poverty, unemployment, rate of home foreclosure or general distress. Livingston County met the qualifications for designation as a Recovery Zone and has an allocation of \$4,596,000 for private sector projects.
- Economic Development Bonds are designated for taxing bodies. They operate in a similar fashion as the RZFBs. Livingston County has an allocation of \$3,064,000 in Economic Development Bonds.
- The Greater Livingston County Economic Development Council (GLCEDC) has been charged to work with the Livingston County Board to administer the RZFB Program.

- Businesses and Taxing Districts interested in this type of low cost financing should submit an application to the GLCEDC, which must be postmarked by **April 30, 2010** and deliverable to GLCEDC.

### **Background**

In February 2009, as part of ARRA Congress enacted Sections 1400U-1 and 1400U-3 of the Internal Revenue Code of 1986 permitting state and local governments to issue RZFBs, which is a new tax-exempt private activity bond, to finance certain depreciable property, including new or used equipment, located or to be located in a designated recovery zone. There is a \$15 billion national limitation on the issuance of RZFBs, known as the “volume cap”.

The total amount of RZFBs Livingston County can issue is limited to \$4,596,000. In certain circumstances Livingston County *may* (but is not required to) cede a portion of its volume cap to permit a municipality located in Livingston County to issue Recovery Zone Facility Bonds, provided that the County has approved the proposed project and that such municipality has also designated the proposed project site as a recovery zone.

Economic Development Bonds are available for public sector projects. These bonds include a federal subsidy of interest costs and can provide low-cost financing to taxing bodies that are not otherwise able to offer tax-free municipal bonds. Livingston County has the ability to allocate \$3,064,000 in Economic Development Bonds to taxing bodies located within Livingston County.

### **Recovery Zones**

- “Recovery Zones” are areas that have significant poverty, unemployment, rate of home foreclosure or general distress.
- The Livingston County Board approved a Resolution designating all of Livingston County as a recovery zone.
- Livingston County has an allocation of \$4,596,000 for private sector projects through the RZFB Program. The allocation for public sector projects is \$3,064,000. The GLCEDC has been charged to work with the Livingston County Board to administer the RZFB Program.

### **Recovery Zone Facility Bonds**

Recovery Zone Facility Bonds are obligations, the interest on which is tax-exempt if the following requirements are satisfied:

- (i) 95% or more of the net proceeds of the bond issue are to be used for “recovery zone property;”

- (ii) the obligation is issued pursuant to a local allocation of volume cap;
- (iii) the obligation is **issued on/or before December 31, 2010**; and
- (iv) the issuer designates the obligation as a recovery zone facility bond.

Recovery zone property is depreciable property that meets the following requirements:

(i) the property was constructed, reconstructed, renovated or acquired by purchase by the taxpayer after the date on which the designation of the recovery zone took effect;

(ii) the original use of which in the recovery zone commences with the taxpayer (subject to an exception for certain renovations); and

(iii) substantially all of the use of which is in the recovery zone and is in the active conduct of a “qualified business” by the taxpayer in such recovery zone.

A qualified business is any trade or business **except** residential rental property, 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 in which is the sale of alcoholic beverages for consumption off premises.

**Benefits of RZFBs include:**

- Tax-exempt bonds typically bear lower interest rates.
- Longer debt term, e.g., 20 years versus 5 year bank financing.
- Is not limited to industrial firms but also can be used by other qualified businesses including retail, commercial, office and service providers.
- Is less restrictive than traditional industrial revenue bond financing.

**Basic Program Guidelines**

- Qualified businesses include most for-profit businesses, including manufacturing, distribution, service providers and retail, *with the following exceptions:* residential rental property, 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 principle of which is the sale of alcoholic beverages for consumption off premises.
- Qualified property is any depreciable property which a qualified business purchases, constructs, or renovates after a “Recovery Zone” is designated.

- Substantially all of the use of the property must be in the Recovery Zone, and must be actively used by qualified businesses. At least 95% or more of the net proceeds of the bond issue amount must be used for “recovery zone property.”
- RZFBs and Economic Development Bonds must be issued on/or before December 31, 2010. (Federal legislation is pending that would extend the deadline for bond issuance.)
- Livingston County RZFBs and Economic Development Bonds will be sold at public sale or by private placement as the borrower and Livingston County may agree.
- Approved projects will be authorized to use RZFB and Economic Development Bond financing pursuant to proceedings to be adopted by the Livingston County Board.
- Successful applicants will have 90 days following the Livingston County Board’s approval of their projects to close on the bond financing.
- The applicant is required to retain a nationally recognized bond counsel that is acceptable to Livingston County.

## Selection Criteria

The GLCEDC will use the following criteria in evaluating and making recommendations to the Livingston County Board for projects to be approved for Economic Development Bonds and Recovery Zone Facility Bonds.

- Evidence of financial commitment
- Attract or retain quality jobs in Livingston County
- Stimulate capital investment in Livingston County
- Increase the tax base and increase economic diversity
- Total economic impact of the project
- Shovel-ready status of the project
- Experience of the applicant
- Support of local municipality (if within municipal boundaries)
- Use of local labor, supplies and materials

## Pre-Submission Requirements

- If there are questions relating to the application process, please contact Larry Vaupel at the GLCEDC at 815-842-2900.
- If there are questions relating to the eligibility to of the project, or the savings that may be realized by using one of the bond programs, please contact Brad Townsend at Ehlers, Inc. (630-271-3335), our financial consultant on this project.

## Application Process

- Identify Financial & Bond Consultant – Ehlers, Inc.
- Clearly define project in the description detail.
- Confirm the site, zoning and required lot size. (ED Bonds)
- Complete application, including certification and signature page.
- Applications must be postmarked by **April 30, 2010** deliverable to  
GLCEDC  
PO Box 528 or 901 W Howard Street  
Pontiac, IL 61764
- Completely answer all questions and provide all required documentation/ attachments.
- During initial consideration of the application, representatives of the applicant should be prepared to make a brief presentation to the GLCEDC and representatives of the Livingston County Board, and be prepared to respond to questions about the project.
- Work with Ehlers to retain nationally known bond counsel.

- The GLCEDC and the bond consultant retained by Livingston County will review the applications and forward qualified applicants to the Livingston County Board.
- Final approval will be made by the Livingston County Board.
- Once approved, the allocation to the applicant is valid for 90 days during which time the RZFBs must be issued. In warranted cases, the County may grant extensions.
- Applicants shall provide Livingston County with relevant bond closing documents for approved projects. Successful applicants will be required to report employment and payroll generation for approved project as prescribed by Livingston County.

**Livingston County, Illinois**  
**Economic Development and Recovery Zone Facility Bond Application**  
(Please note that not all of the questions are applicable to public sector projects. Answering "NA" is acceptable in those instances.)

**Please submit 5 copies of application & attachments**

**I. APPLICANT INFORMATION**

1. Applicant (legal name): \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone number: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Fed. ID: \_\_\_\_\_ Referred by: \_\_\_\_\_

**II. PROJECT INFORMATION:**

- Private Sector Project (RZFB) or  Public Sector Project (EDB)
1. Indicate the total amount of Livingston County allocation requested (in current dollars): \_\_\_\_\_
2. Has any real estate property tax assistance been provided to the Applicant or to the property? (Check One):     Yes         No
- If so, describe the type and amount of assistance provided:
- \_\_\_\_\_
- \_\_\_\_\_
3. Have you applied for, or been granted, any sales tax relief or other tax relief concerning the property? If so, describe the type and amount of assistance provided:
- \_\_\_\_\_
- \_\_\_\_\_
4. Is the project located in an Enterprise or Empowerment Zone?

Yes     No

Name of Enterprise or Empowerment Zone: \_\_\_\_\_

5. Is the project located in a Tax Increment Financing District?

Yes     No

Name of the Tax Increment Financing District: \_\_\_\_\_

Amounts and date issued of any TIF obligations for the proposed project: \_\_\_\_\_

\_\_\_\_\_

6. Type of Project:

Indicate the type of project proposed (check all that apply):

- Municipal
- Other Taxing District (School, Library, etc.)
- New Construction
- Expansion
- Reconstruction or Renovation
- Machinery and Equipment
- Inventory

7. Location of Project:

Street address or Lot No. \_\_\_\_\_

8. Is the contemplated facility to be located within the corporate limits of a Livingston County municipality?

Yes: \_\_\_\_\_      No: \_\_\_\_\_

Unincorporated Area: \_\_\_\_\_

If Yes, which municipality? \_\_\_\_\_

9. Has that municipality approved the project? \_\_\_\_\_

a. Has the municipality designated the project site as a recovery zone?

Yes: \_\_\_\_\_ No: \_\_\_\_\_

b. If yes, where? \_\_\_\_\_

c. If no, how and when do you plan to obtain municipal approval?

\_\_\_\_\_

10. Is the project site either owned, leased, or under option or contract to purchase by the borrower? (Please specify) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Description of Project:

11. Briefly describe the project to be financed, including type of construction, and other pertinent information about the project assets: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

12. Briefly describe all elements of the proposed project, including building construction, acquisition, reconstruction or renovation, equipment purchase and installation, etc. Give the estimated project timeframe (project commencement and completion dates). If the Applicant will occupy less than 100% of the building, provide information regarding the tenants. Include tenant name, type of business, amount of space to be leased and term of lease agreement. Describe what the facility is to be used for and by whom.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

13. Describe the products to be produced at the proposed facility by the Applicant and any tenants.

---

---

---

14. Description of Machinery and Equipment to be acquired with proceeds of the bond issue:

---

---

---

15. List all major equipment, or categories of equipment. Include the cost, and whether it is new or used. State the amount of lead time necessary between placement of an order and delivery. (Include attachments, if any).

<u>MACHINERY &amp; EQUIPMENT</u>	<u>LEAD TIME</u>	<u>NEW/USED</u>	<u>COST</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

16. Site Information:

Number of acres or square feet: \_\_\_\_\_

Access Roads:     No     Yes

Rail Siding:     No     Yes

Utilities Available:

Water

Sewer

Electricity

Natural Gas

17. Site Improvements (i.e., parking, driveways, landscaping):

---



---



---

18. Building Information:

	<u>Existing Structure(s)</u>	<u>New Construction</u>
Name of Buildings	_____	_____
Dimensions	_____	_____
Square Feet	_____	_____
Number of Stories	_____	_____
Construction Type:		

Masonry

Metal

Other: \_\_\_\_\_

<u>Type of Use:</u>	<u>Square Footage</u>	<u>Square Footage</u>
Office	_____	_____
Retail	_____	_____
Manufacturing	_____	_____
Warehouse/Distribution	_____	_____

19. Project Zoning, Permitting

Is the proposed project site properly zoned for the contemplated use? \_\_\_\_\_

If zoning changes are required, please describe what changes are needed and explain status of the changes: \_\_\_\_\_

---

Are utilities at the site and adequate for applicant's needs? Give brief status regarding:

Water/Sewer: \_\_\_\_\_

Natural Gas: \_\_\_\_\_

Electric: \_\_\_\_\_

Telecommunications: \_\_\_\_\_

20. Project Related Studies: Describe briefly any environmental impact of the proposed project and attach any applicable studies conducted. Please attach a copy of site and building plans if available. \_\_\_\_\_

---

---

---

---

21. Financial Impact: \_\_\_\_\_

---

---

---

**SOURCES & USES OF FUNDS**

<b>Summary of Project Costs</b>	<b>Amount</b>	<b>Percent</b>
Land Acquisition.....	\$ _____	_____
Building Acquisition.....	_____	_____
Reconstruction or Renovation.....	_____	_____
New Construction.....	_____	_____
New Machinery & Equipment.....	_____	_____
Architectural & Engineering.....	_____	_____
Legal & Professional.....	_____	_____
Other .....	_____	_____
Total Project Costs.....	\$ _____	<u>100%</u>
 <b>Source of Funds</b>		
Bond Amount.....	\$ _____	_____
Bank Financing.....	_____	_____
Other* .....	_____	_____
Equity.....	_____	_____
Total Source of Funds.....	\$ _____	<u>100%</u>
 <b>Use of Bond Proceeds</b>		
Land Acquisition.....	\$ _____	_____
Building Acquisition.....	_____	_____
Reconstruction or Renovation.....	_____	_____
New Construction.....	_____	_____
New Machinery & Equipment.....	_____	_____
Used Machinery & Equipment.....	_____	_____
Architectural & Engineering.....	_____	_____
Legal & Professional.....	_____	_____
Other** .....	_____	_____
Total Bond Proceeds.....	\$ _____	<u>100%</u>

\*Identify other sources: equity, bank financing, use of Federal, State or Local financing program, etc.

\*\*Identify other uses.

**III. PROJECT IMPACT ON ECONOMIC DEVELOPMENT**

<b>Applicant's number of Current Employees</b>	
<b>Applicant's Current Annual Payroll</b>	<b>\$</b>
<b>Number of temporary jobs (including construction) created as a result of the Project</b>	
<b>Number of new permanent jobs initially created as a result of the Project</b>	
<b>Number of new permanent jobs created LONG-TERM as a result of the Project (Permanent jobs is defined as employment in the on-going operations of the enterprise funded from bond proceeds)</b>	
<b>Number of existing jobs that will be retained as a result of the Project</b>	
<b>Applicant's projected Annual Payroll after the first year of the Project</b>	<b>\$</b>
<b>Outline benefits (health/life/disability) offered to employees (Plan information may be attached to application)</b>	
<b>State likely impact of project, if any, on property taxes</b>	
<b>State likely impact of project, if any, on sales taxes</b>	

List all local labor, suppliers, and materials to be used on the proposed project:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**IV. PROJECT FINANCING**

- Existing financing arrangements for project (if any): List lines of credit, current loans, etc. Identify bank and account officer.

\_\_\_\_\_

\_\_\_\_\_

- Please provide target dates on the following:

Issuance of the bonds: \_\_\_\_\_

Begin the project: \_\_\_\_\_

Complete the project: \_\_\_\_\_

3. Proposed bond purchaser, underwriter or investment banker: (If a commitment or letter of interest has been received please attach copy).

---

Contact Person: \_\_\_\_\_

Address: \_\_\_\_\_

Phone ( ) \_\_\_\_\_ Fax ( ) \_\_\_\_\_

E-mail address: \_\_\_\_\_

4. Regarding the placement of the bonds, will there be a private placement \_\_\_\_\_ or public issuance \_\_\_\_\_? (check one)

5. Do you anticipate credit enhancement for the bonds? Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, who is providing credit enhancement? \_\_\_\_\_

6. Will the bonds be rated? Yes \_\_\_\_\_ No \_\_\_\_\_

If so, by which rating agency? \_\_\_\_\_

What rating on the bonds do you anticipate? \_\_\_\_\_

V. **PROJECT-RELATED CONTACTS**

<b>Applicant's Bank</b>	
<b>Contact Person</b>	
<b>Address</b>	
<b>Phone</b>	
<b>Fax</b>	
<b>E-Mail</b>	

<b>Applicant's Legal Counsel</b>	
<b>Contact Person</b>	
<b>Address</b>	
<b>Phone</b>	
<b>Fax</b>	
<b>E-Mail</b>	

<b>Applicant's CPA</b>	
<b>Contact Person</b>	
<b>Address</b>	
<b>Phone</b>	
<b>Fax</b>	
<b>E-Mail</b>	

**CERTIFICATION**

I, \_\_\_\_\_ certify that I am an official of the Applicant business with authority to make application for the Recovery Zone Facility Bond Program, that I have read this Application and that the Application and attachments hereto are true and correct. I further understand the program description and requirements, including the fees that will be incurred. I further understand that inaccurate information or misrepresentations may be cause for rejection of the Application. I give Livingston County and the GLCEDC permission to discuss the Applicant’s financial information among the Applicant’s financial services lender(s), the underwriter/bond purchaser and bond counsel.

Livingston County and the GLCEDC expressly reserve the right to ask such additional questions or request such additional materials as in their sole discretion each shall reasonably require.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

Legal Disclaimer: Completion of this Application does not entitle the Applicant to an allocation of volume cap. Any such allocation of volume cap must be approved by the Livingston County Board.

Livingston County, Illinois  
Recovery Zone Facility Bond Application  
Attachments Checklist

*Please attach the following items. Indicate if attached (x) or not applicable (N/A).*

**FINANCIAL DOCUMENTATION**

Accountant prepared balance sheet and profit & loss statement for past three fiscal years, including any schedules and notes to financial statements and accountant's opinion letters \_\_\_\_\_

Interim statement, current within 90 days \_\_\_\_\_

Three year projection of sales and earnings \_\_\_\_\_

**OTHER**

Site & Building Plans \_\_\_\_\_  
EPA Study (if applicable) \_\_\_\_\_

**Deadline for submission of Application is April 30, 2010.**