

## **RECOVERY ZONE FACILITY BONDS (RZF) FACT SHEET**

1. The American Recovery and Reinvestment Act of 2009 created several new bond programs. One of these is the “Recovery Zone Facility” (RZF) bond program which is available to private entities.
2. RZF bonds offer tax-exempt financing rates for private projects that otherwise would be financed on a taxable basis.
3. Both the City of Reno and Washoe County received an allocation of RZF bonding capacity in the amount of \$65,604,000 and \$59,648,000, respectively.
4. The City’s bonding allocation must be used within the City limits (City Zone).
5. The County’s bonding allocation must be used within the County limits (County Zone), which includes but is not limited to the Cities of Reno and Sparks.
6. Proceeds must be used to finance depreciable property in the Recovery Zone. Specifically, land purchases are ineligible, but infrastructure and construction are eligible.
7. RZF bonds cannot be used for land acquisition, rental residential projects, or “sin” businesses including golf courses, hot tub facilities, country clubs, massage parlors, liquor stores, racetracks, suntan parlors, gambling facilities, etc.
8. Developers must identify the repayment source for the cost of the issuance and the bond as well as reimbursing either the City or County for the staff time and their consultants to undertake the necessary due diligence work.
9. Developers should follow the application process, fees, procedural matters and bond issuance guidelines as set forth for City and the County in the published guidelines and comply with the requirements pursuant to NRS 268.530-568 for the City and NRS 244A.669-763 for the County.
10. All requests must be received by the City by December 15, 2009 and by the County by June 30, 2010.
11. Bonds must be issued by December 31, 2010 and the proceeds expended within 36 months of issuance.
12. Both the City and County will give a preference to projects that generate permanent employment opportunities.
13. Specific qualifications required include:
  - a. The developer must have a 5-year operating history.

- b. The developer must have an investment-grade credit rating or may require credit enhancements such as reserves, a Letter of Credit, etc.
- c. There is an application filing fee of \$50,000.

14. Other provisions include:

- a. Bond maturities may vary from 20-40 years.
- b. The Davis-Bacon Act is not applicable.

Your company may qualify for Recovery Zone Facility conduit bonding through the American Recovery and Reinvestment Act if:

- Your company or the obligor on the bonds has an investment-grade credit rating of A or better
- Your company is able to pay costs of issuance for the bonds or finance the costs up to 2% with proceeds of the bonds.
- Your company can demonstrate the ability to fully repay the bonds.
- Your company can complete the bond issuance process by December 31, 2010.
- Your company can complete construction on the project within three years of bond issuance

**If you answer YES to ALL of these questions, you may contact Maureen McKissick at 334-4228 for additional information.** If you answer NO to ANY of these questions, your company does not qualify to apply for a bond through this program