

Cook County  
Department of Planning & Development  
Suite 2900  
69 W. Washington St.  
Chicago, IL 60602



# COOK COUNTY Recovery Zone Facility Bonds

# RZFB

**Todd H. Stroger**  
President  
Cook County Board  
of Commissioners

As part of the American Recovery and Reinvestment Act of 2009 (“ARRA”), Congress enacted Sections 1400U-1 and 1400U-3 of the Internal Revenue Code of 1986 (the “IRC”) permitting State and local governments to issue “recovery zone facility bonds,” 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.

Cook County is now authorized to issue one or more series of tax exempt recovery zone facility bonds, as described below, in the aggregate principal amount of \$196,814,000, for qualifying projects undertaken since July 2, 2009, the date on which the Cook County Board of Commissioners designated Cook County as a recovery zone.

In certain circumstances Cook County may (but is not required to) cede a portion of this authorized amount to

# (RFZB) RECOVERY ZONE FACILITY BOND

permit a municipality located in Cook 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.

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

- 95% or more of the net proceeds of the bond issue are to be used for “recovery zone property;”
- the obligation is issued pursuant to a local allocation of volume cap;
- the obligation is issued before December 31, 2010; and
- the issuer designates the obligation as a recovery zone facility bond.

## Recovery Zone Property Is Depreciable Property That Meets The Following Requirements:

- 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. In the case of Cook County, that date is July 2, 2009;
- the original use of the property in the recovery zone commences with the taxpayer (subject to an exception for certain renovations); and
- substantially all of the use of the property 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 real 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 of which is the sale of alcoholic beverages for consumption off premises.

## Benefits:

- Tax exempt bonds typically provide lower rates.
- Longer debt term, e.g. 20 years versus 5 year bank financing.
- Gives companies with good credit a way to enter the long-term debt market at desirable rates allowing to retain and create jobs and sales.
- This bond financing is not limited to industrial firms but also can be used by qualified business including retail, commercial, office and service providers.
- This bond financing is less restrictive than current IRB financing.

- No maximum amount on individual issue. The dollar amount is based on project request and companies' credit worthiness to pay back the bonds.

## APPLICATION, APPROVAL, & SALE

Cook County is empowered to allocate recovery zone volume cap to private manufacturing, office and retail activities in Cook County. Cook County will provide an application to the business interested in this type of low cost financing and the Department of Planning and Development will review all requests. Approved projects will be authorized to use recovery zone facility bond financing pursuant to proceedings to be adopted by the Cook County Board.

The County intends to allocate not less than 30% of its \$196,814,000 recovery zone facility bond volume cap for projects (such projects being, collectively, the "Target Projects") in

those areas of the County with low incomes and high unemployment rates (as established by U.S. Census data and Illinois Department of Employment Security statistics). Any portion of the 30% designated for Targeted Projects not utilized by June 1, 2010, is expected to be allocated to other recovery zone facility bond projects.

Cook County Recovery Zone Facility Bonds can be sold at public sale or by private placement as the borrower and Cook County may agree.

The applicant is required to retain a nationally recognized bond counsel that is acceptable to Cook County.

An application fee of \$1,500.00 is required with the application, made out to Cook County.

Inquiries should be directed to the Cook County Department of Planning and Development at **(312)-603-1070**.