Memorandum

MIAMI-DADE COUNTY

Date: December 1, 2009

Agenda Item No. 12(A)(3)

To: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Resolution Establishing Miami-Dade County's Recovery Zone

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Recommendation

It is recommended that the Board of County Commissioners (Board) approve the attached Resolution which does the following:

- Designates a geographic area of Miami-Dade County as the Recovery Zone for which only projects within such zone can receive proceeds from two categories of Recovery Zone Bonds: (1) Recovery Zone Economic Development Bonds (Economic Development Bonds) and (2) Recovery Zone Facility Bonds (Private Facility Bonds); and
- Delegates the authority to issue Private Facility Bonds, which are issued on behalf of private businesses to finance qualified projects in the Recovery Zone, to the Miami-Dade Industrial Development Authority (IDA) after approval by the IDA and the Board.

Scope

The attached map indicates the geographic area recommended for designation as the Recovery Zone.

Only economically distressed areas qualify for Recovery Zone designation. As such, staff is recommending that Miami-Dade County's Enterprise Zone, Empowerment Zone, and census tracts already eligible for the U.S. Treasury's New Markets Tax Credits (NMTC) program be designated as the County's Recovery Zone as indicated on the attached map.

Fiscal Impact

The Resolution itself will have no fiscal impact on the County. The designation of the projects eligible for all or a portion of the allocation available to the County of $40.281 million in Economic Development Bonds and $60.422 million in Private Facility Bonds will be determined by subsequent Board resolution. These amounts exclude the cities of Miami and Hialeah which received their own separate allocations.

Background

The American Recovery and Reinvestment Act of 2009 (the Act) signed into law in February 2009 authorized the issuance of Recovery Zone Bonds to stimulate economic recovery in designated Recovery Zones. Both the Economic Development Bonds and the Private Facility Bonds must be issued by December 31, 2010 so eligible projects must be ready to proceed with construction.

The Board has the authority under the Act to designate the geographic area that will comprise Miami-Dade County's Recovery Zone. The Act defines a recovery zone as: (1) any area designated by the issuer as having significant poverty, unemployment, rate of home foreclosures, or general distress; (2) any area designated by the issuer as economically 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 mentioned previously in the Scope Section of this cover memorandum, staff is recommending that the current Enterprise Zone, Empowerment Zone, and NMTC eligible areas be designated as the County's Recovery Zone. These areas were selected for the Recovery Zone designation because they are

comprised of economically distressed areas that meet the general criteria of high poverty and unemployment rates and high number of low-income residents. More specifically, the proposed area in 2000 (the last year for which official socio-economic data is available for small geographic areas) had a poverty rate of 27 percent and an unemployment rate 12.1 percent. The median household income in the proposed recovery zone ($25,900) was 33 percent below the countywide median income in 2000.

Although the geographical area recommended for designation as the Recovery Zone is approximately 39 percent of the County's urbanized area, the current allocations are not enough to support projects across the entire designated area. However, any future allocations from the federal government for Recovery Zone Bonds can be used for eligible projects that lie within the designated Recovery Zone.

Economic Development Bonds

The first category, Economic Development Bonds, is a special class of Build America Bonds that may be issued by state and local governments for qualified economic development purposes. The Act defined such qualified purposes as expenditures promoting development or other economic activity in a designated recovery zone, including: (1) public capital expenditures paid or incurred with respect to property located in such zone, (2) expenditures for public infrastructure and construction of public facilities, and (3) expenditures for job training and educational programs. Essentially, these bonds can only be used for public projects. It is the responsibility of the local government to issue the bonds and identify the appropriate revenue source to cover the associated debt service costs. However, the federal government will reimburse the bond issuer for 45 percent of the interest payments on the bonds, making these taxable bonds a potentially lower cost option than issuing traditional tax-exempt bonds.

As stated earlier, it is not feasible to have the $40.281 million allocation for Economic Development Bonds spread across the entire area given the large size of the Recovery Zone. It is strongly recommended that County staff use the Economic Development Bonds to reduce the interest paid by the County for debt payments on specific planned public projects located in the Recovery Zone that are shovel ready and have an identified funding source because of the December 31, 2010 issuance deadline. Allocating to projects that are still on the drawing board or where full funding has not been identified are not guaranteed to meet the federally required deadline. If the County were to receive a future allocation of Economic Development Bonds, it can be used for any eligible public projects that lie within the designated Recovery Zone as designated by the Board at that time.

Private Facility Bonds

The second category is tax-exempt Private Facility Bonds that are issued on behalf of private businesses to finance new qualified capital improvements in a designated recovery zone. Qualified projects/businesses include almost any legal business activity, but exclude residential rental property, private golf courses, country clubs, massage parlors, hot tub or suntan facilities, race tracks or gambling facilities, and establishments where the principal business is the sale of alcoholic beverages for consumption on premises. At least 95 percent of the net bond proceeds must be used for new depreciable property in a designated recovery zone. Staff is recommending that the Board delegate the authority to issue Private Facility Bonds to the IDA after the approval by the IDA and this Board.

Currently, the IDA accepts applications from private businesses and approves financings on their behalf based on certain criteria including the financial stability of the applicant, the creditworthiness of the financing (collateral), the eligibility of the project, the number of jobs to be created and other like factors. Once a financing is approved by the IDA, and presented to the Board for review of the public hearing record, it acts as a conduit and issues the private activity bonds.. Bonds issued by the IDA are the sole responsibility of the applicant and neither the County nor the IDA is responsible for the repayment of the Bonds.

With respect to Private Facility Bonds, staff recommends that the IDA continue to accept and review applications but that it present approved projects, along with a list of any rejected projects, to the County. County staff will present the list of projects to the Board with a recommendation on how to allocate the $60.422 million in Private Facility Bonds. The IDA is instructed to advise each applicant that its project will be subject to final allocation by the Board.

Attachment

Cynthia W. Curry
Senior Advisor to the County Manager

MEMORANDUM

(Revised)

TO: Honorable Chairman Dennis C. Moss and Members, Board of County Commissioners

DATE: December 1, 2009

FROM: R. A. Cuevas, Jr. County Attorney

SUBJECT: Agenda Item No. 12(A)(3)

Please note any items checked.

_____ **"3-Day Rule" for committees applicable if raised**

_____ **6 weeks required between first reading and public hearing**

_____ **4 weeks notification to municipal officials required prior to public hearing**

_____ **Decreases revenues or increases expenditures without balancing budget**

_____ **Budget required**

_____ **Statement of fiscal impact required**

_____ **Ordinance creating a new board requires detailed County Manager's report for public hearing**

_____ **No committee review**

_____ **Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous_____) to approve**

_____ **Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required**

Approved_____ Mayor
Veto _____
Override _____

Agenda Item No. 12(A)(3)
12-1-09

RESOLUTION NO. _____

RESOLUTION DESIGNATING AREA OF MIAMI-DADE COUNTY AS RECOVERY ZONE FOR ISSUANCE OF RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS AND RECOVERY ZONE FACILITY BONDS AUTHORIZED PURSUANT TO AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009; AND DELEGATING AUTHORITY TO INDUSTRIAL DEVELOPMENT AUTHORITY OF MIAMI-DADE TO TAKE CERTAIN ACTION IN CONNECTION WITH ISSUANCE OF RECOVERY ZONE FACILITY BONDS

WHEREAS, this Board of Miami-Dade County Commissioners ("Board") desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated in this Resolution by reference ("Memorandum"), in order to designate the area of Miami-Dade County, Florida ("County") depicted on the map attached to the Memorandum as a Recovery Zone for the issuance of Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds for eligible public and private projects pursuant to the American Recovery and Reinvestment Act of 2009 and to delegate the authority to the Industrial Development Authority of Miami-Dade County ("IDA") to take certain actions in connection with the issuance of Recovery Zone Facility Bonds,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that the area of Miami-Dade County depicted on the Map attached to the Memorandum is designated a Recovery Zone for the issuance of Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds pursuant to the American Recovery and Reinvestment Act of 2009 and the IDA is authorized to take certain action as described in the Memorandum in connection with the issuance of Recovery Zone Facility Bonds.

The foregoing resolution was offered by Commissioner , who moved its adoption. The motion was seconded by Commissioner and upon being put to a vote, the vote was as follows:

Dennis C. Moss, Chairman
Jose "Pepe" Diaz, Vice-Chairman

Bruno A. Barreiro	Audrey M. Edmonson
Carlos A. Gimenez	Sally A. Heyman
Barbara J. Jordan	Joe A. Martinez
Dorrin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

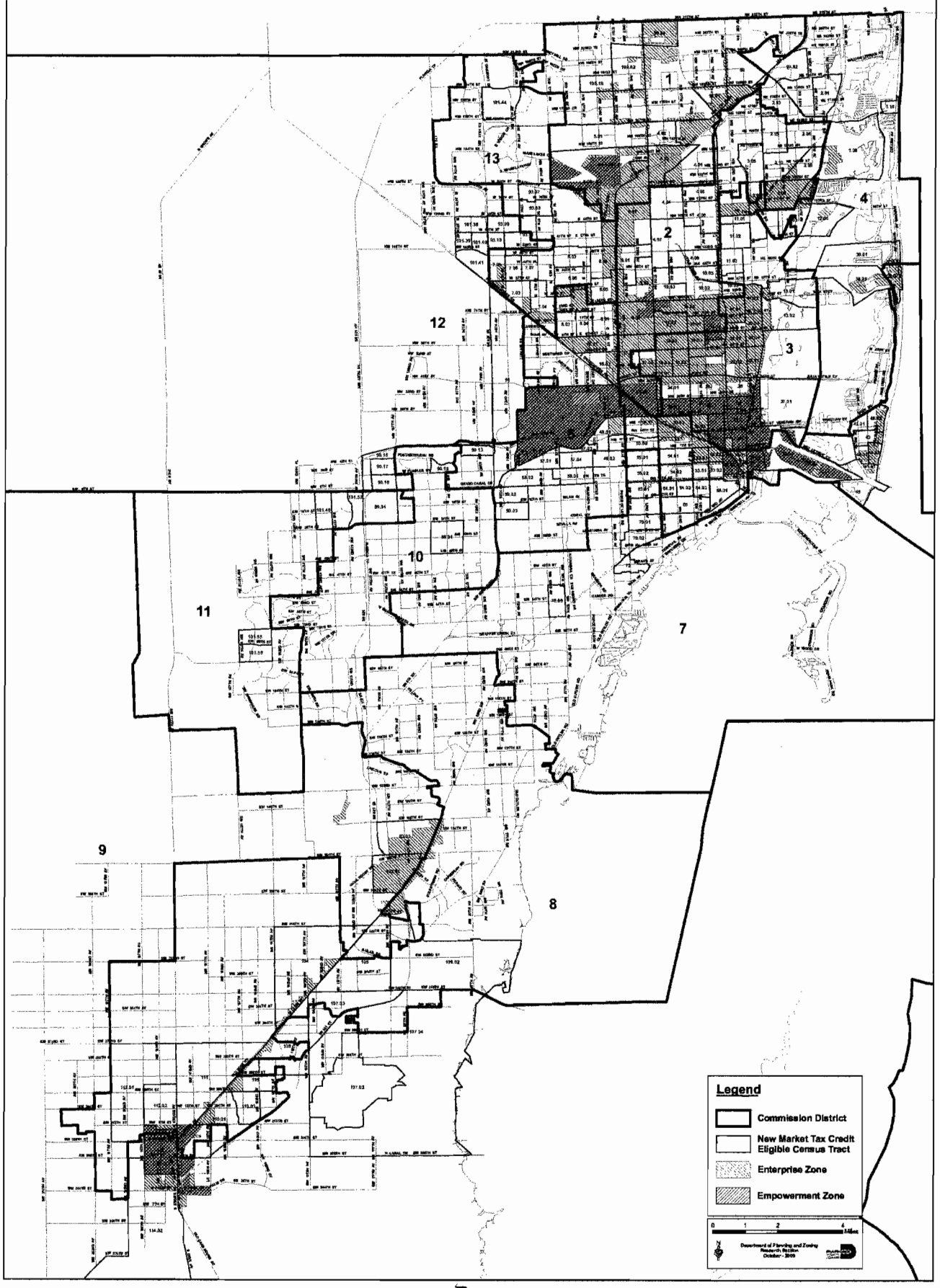
The Chairperson thereupon declared the resolution duly passed and adopted this 1st day of December, 2009. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By:_____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

Gerald T. Heffernan

Proposed Miami-Dade County Recovery Zones