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City of Pompano Beach • 100 West Atlantic Boulevard • Pompano Beach, FL 33061

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Recovery Zone Bond Program

The City of Pompano Beach is accepting applications from businesses interested in making use of the City's Recovery Zone Facility Bond allocation for private development projects. The City's Tax-Exempt Recovery Zone Facility Bond Program was enabled by the American Recovery and Reinvestment Act and is designed to aid certain businesses through the issuance of tax-exempt bonds. The City of Pompano Beach received an allocation of just over six million dollars for this program.

The American Recovery and Reinvestment Act, passed by Congress in February 2009, created several new bond programs. One of these is the Recovery Zone Facility Bond (RZFB) program which is available to private entities. These bonds allow State and local governments to borrow funds for eligible projects at lower borrowing costs based on Federal tax incentives. These bonds are not direct grants or appropriations like some stimulus programs. RZFBs offer tax-exempt financing rates for private projects that otherwise would be financed on a taxable basis. The bonds are sold to a bank or other qualified financial institution or privately placed with qualified financial institutions. The proceeds of the bonds are loaned to the business. The bonds are secured solely by the loan repayments and other collateral pledged by the business to secure the bonds. The City of Pompano Beach will serve as a conduit issuer, thereby enabling eligible borrowers to access the tax-exempt market. RZFBs issued by the City do not constitute a debt, liability, or obligation of the City and bondholders shall never have the power to compel the exercise of ad valorem taxation for their payment.

These bonds can only be used in designated recovery zones. A recovery zone, among other factors, is an area designated by a State, county or large city as having significant poverty, unemployment, rate of home foreclosures, or general distress. The U.S. Treasury guidance indicates that State and local governments that receive volume cap allocations may designate recovery zones in any reasonable manner as they determine in good faith in their discretion. On October 27, 2009 **the City Commission designated the entire City as a recovery zone.**

The Act requires making the allocations based on employment declines in 2008. The employment data comes from the Bureau of Labor Statistics. The U.S. Treasury provided the local numbers to make this program as easy as possible for State and local governments. The U.S. Treasury had no discretion in the allocations. The City of Pompano Beach received an allocation of RZF bonding capacity in the amount of \$6,014,000. The State of Florida allocated this amount to the City based on its population, as well as relative decline in employment in 2008, as compared to other cities in Florida and Broward County.

The application and additional information regarding program qualifications and evaluation criteria can be downloaded by visiting the City of Pompano Beach website at <http://www.mypompanobeach.org/economic/index.html> or obtained by visiting the Finance Department, 100 W. Atlantic Blvd., Room 480, Pompano Beach, Florida, 33060. Telephone 954-786-4680.

Sandra King, Public Information Officer • Phone: 954-786-4527

