



Lake County Partners transforms economic opportunities into business realities by facilitating public/private collaboration to improve the business climate in the region. We focus on attracting, retaining and expanding businesses; advocating for infrastructure improvements; and spearheading initiatives that bolster business success. As a result, Lake County maintains and continues to improve its appeal as a great place to live and work.

2009

Economic Recovery Zone Facility Bond Program

Application Information Kit

Lake County Partners, Processing Agent

**For additional information, please contact
Frank Brisbois, Interim President And Commercial
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Recovery Zone Facility Bonds

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Executive Summary

- Recovery Zone Facility Bonds are a new type of exempt facility bonds created in the American Recovery and Reinvestment Act of 2009 (ARRA – aka the Stimulus).
- These bonds dramatically broaden financing opportunities for corporate, for-profit borrowers with capital infrastructure projects. Whereas manufacturing concerns are the only type of for-profit business that qualifies for traditional tax-exempt financing under the Federal Tax Code, the new Recovery Zone Facility Bonds may be used by manufacturers, distributors, service providers and retail businesses.
- Recovery Zone Facility Bonds (RZFB's) provide a method of financing the capital expenditures of businesses at interest rates that range from 65% to 80% of the borrower's conventional bank interest rates.

Recovery Zones

- Recovery Zones are areas in our country having significant poverty, unemployment, rate of home foreclosures or general distress.
- Lake County met the qualifications for designation as a Recovery Zone, based on the county's declining employment during 2008. Lake County's allocation of bond authority is \$59,581,000.
- The Lake County Board approved Resolution 09-1797 on August 11, 2009 authorizing this designation and enabling the County to issue Recovery Zone Facility Bonds.
- Lake County Board's resolution charged Lake County Partners to work with the County to market and assist with the use of these bonds. LCP also acts as Lake County's authorized agent to act as a conduit for Industrial Revenue Bonds (IRB's). In the past ten years, LCP has assisted in 26 IRB transactions representing more than \$166 million in investment by Lake County businesses.

Basic Program Guidelines

- Qualified businesses include most for-profit businesses, including manufacturing, distribution, service providers, and retail.
- In Section 1400U-3 of the Internal Revenue Code, a qualified business is defined as "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 principle business of which is the sale of alcoholic beverages for consumption off premises.”

- The Recovery Zone Facility Bonds have the same benefits to the qualifying business as traditional Industrial Revenue Bonds. Investors purchase these bonds as tax-exempt investments. The bonds support a loan to the qualifying business that typically has an interest rate well below market rates, because of the tax savings allowed to the bond purchasers.
- Qualified property is any depreciable property which a qualified business purchases, constructs, or renovates after a “Recovery Zone” is designated (the date President Obama signed the ARRA bill into law, February 17, 2009).
- Substantially all of the use of the property must be in the Recovery Zone, and must be actively used by qualified business. 95% of the proceeds of the bonds must be used for Recovery Zone property.
- The original use of the property must commence with the taxpayer, with an exception for a purchase / rehab project. Acquisition of existing property is allowed, provided that the substantial rehabilitation and sale-leaseback rules under the enterprise zone bond rules are met:
 - The amount of the renovations are at least equal to the adjusted basis of the facility, and the renovations must be completed within a 24-month period beginning at a date after February 17, 2009.
 - The Sale-Leaseback rule allows a property constructed under a sale-leaseback arrangement to be treated as placed in service after commencement of the leaseback period.
- Recovery Zone Facility Bonds must be issued before January 1, 2011. Applications **must be received no later than October 1, 2010**.
- Lake County Partners requires a \$2,500 non-refundable application fee, due at the time of application, as well as a processing fee of 1% of the bond amount, due when the bond is sold. Out-of-pocket legal fees are responsibility of the applicant, as well.

Issuance Process – Overview

- **Financing Process:** Work with the Bank to develop a financing plan either to enhance the issue with a letter of credit or to purchase the bonds directly.
- **Working with Lake County Partners:** Apply to Lake County Partners for an Inducement Resolution, which is an action by the municipal approving body inducing the company to locate its project/expand its facility within the jurisdiction of Lake County. The Inducement Resolution represents an intention to issue bonds subject to review of the documentation and legal opinion of bond counsel.
- **Documentation:** Select bond counsel and authorize draft documentation.
 - Bond counsel, an attorney with expertise in bond law, delivers an opinion upon closing of the bonds regarding the tax-exempt qualifications of the issue. Bond counsel also drafts the majority of the bond documents.
 - Lake County Partners has working relationships with several firms that can act as bond counsel, bank counsel and, if necessary, underwriter’s counsel. This packaging of services results in lower expenses for the borrower.
- **Public Approval Process/Final Bond Resolution**
 - Return to Lake County Partners with completed documentation for bond resolution hearing (formal approval).

- Prior to passage of the bond resolution, a public hearing (TEFRA hearing) is held to give the public an opportunity to speak out on the issue. It is extremely rare for any opposition to be expressed in tax exempt transactions.

- **Closing and Funding the Transaction**

All the bond proceeds are drawn down at closing. Funds not immediately needed may be reinvested with the trustee subject to strict limitations on earnings from those investments. Investment earnings cannot exceed interest expenses.



Economic Recovery Zone Facility Bond Application

An application to secure a Recover Zone Facility Bond (RZFB) is attached. Please fill this out and forward five copies to:

Frank Brisbois, Interim President And Commercial Lending
Phone: 847-247-0137 Fax: 847-247-0423
e-mail: fbrisbois@lakecountypartners.com
LCP Website: www.lakecountypartners.com

Pre-Submission Requirements

- You have identified an underwriter for the project
- You have retained a bond counsel
- You have a clear understanding of the project
- You have confirmed that the site's zoning/lot size will facilitate the project

Bond Process

Do not view these steps as sequential; they can be done concurrently, as long as there is continuous communication between the parties:

- Please answer the questions on the attached application and provide LCP with five copies, at the above address.
- Attach a non-refundable check for \$2,500 to your application, made payable to Lake County Partners, Agent.
- Attach a copy of your company's last three years and current interim financial statements to your application; we will keep your financials confidential.
- Please be advised that the remainder of your fee will be due when the bond is sold. Your total processing fee will equal 1% of the total project amount. This is in addition to the \$2,500 application fee.
- Staff will review your application and forward its recommendation to the appropriate committees.
- Staff will contact you to conduct a site tour as part of their due diligence (where applicable).
- Your application will be scheduled for review first by the appropriate Lake County Board committee(s), then at a public hearing, and finally by the Lake County Board.
- Concurrent with this process, your Bond Counsel and the County of Lake's Counsel, Barbara Adams of Holland & Knight, LLP (312-578-6563), will be

working to prepare and approve the required documents, including Resolutions, a Notice of Public Hearing, the Bond Purchase Agreement and the myriad of closing documents required to fulfill the tests of the IRS tax exempt regulations and the demands of a Bond Sale and Closing.

- The process of securing an Inducement Resolution can take up to 45-60 days after we receive your application.
- Bonds must be issued prior to January 1, 2011. Therefore, ***all applications are due no later than October 1, 2010.***

Selection Criteria

- Lake County Partners will process Recovery Zone Facility Bonds that:
 - attract or retain quality jobs in Lake County;
 - stimulate capital investment in Lake County; and
 - increase the tax base and increase economic diversity.

APPLICANT INFORMATION

Please Submit Signed Original and 5 copies of application & attachments

Applicant			
Applicant legal name			
Contact person			
Address			
Phone		Fax	
Email			
Fed. ID #		Referred by	

If Applicant is trustee or holding company for primary business, list business contact:			
Business legal name			
Contact person			
Address			
Phone		Fax	
Email			
Fed. ID #		Referred by	

Applicant Financial Information	
Attach a complete set of accountant prepared financial statements, including notes, for the last three fiscal years.	
Attach an interim statement, current within 90 days.	
Attach a bank commitment letter for requested loan.	

PROJECT INFORMATION

Type of Project			
Construction of new facilities			
Expansion / improvement of existing facility			
Acquisition of facility with expansion / improvement			
Building Square Footage		Land in acres	

Location of Project			
Street Address or Lot No.			
Property in Lake County?		Property incorporated / unincorporated?	
Municipality (or closest municipality)		Zip Code	
U. S. Congressional District			

Narrative description of project

List of Machinery / Equipment, if applicable

Project Costs		Project Financing	
Land acquisition		Bond Issue Amount	
Site Development		Equity	
New Construction		Other (specify)	
Purchase land, building			
Renovation Costs			
Equipment, Machinery			
Furniture, Fixtures			
Professional Fees			
Other (specify)			
Total Project Cost (round up to \$100's)		Total Sources (must equal Project cost)	

Project Zoning, Permitting	
Status of municipality / county approval process:	
Remaining steps to approval process:	
Current zoning of property	
If zoning changes are required, explain status:	
Are Utilities at the site and adequate for applicant's needs? Give brief update regarding:	
Water / Sewer	
Electric	
Natural Gas	
Telecommunications	

Project-related Studies (attach copies of all studies available)
Describe briefly the environmental impact of the proposed Project, including air, noise, and water pollution issues, as well as the proposed appearance of the building, including its relationship to the site, outdoor storage, and fencing. Attach copy of site and building plans, if available.

Has an Environmental Phase 1 Report been complete? Summarize findings, and state if further studies are required.
Has a Business Plan been prepared that incorporates the project?
Have traffic studies / market studies / feasibility studies been prepared?

Project Impact on Economic Development	
Applicant's current number of employees	
Applicant's current annual payroll	
Number of new jobs anticipated in the next three years as a result of this project	
Applicant's projected annual payroll – Year 1 after project	
Applicant's projected annual payroll – Year 2 after project	
Applicant's projected annual payroll – Year 3 after project	
Number of existing jobs that will be retained as result of this project	
State likely impact of project, if any, on property taxes	
State likely impact of project, if any, on sales taxes	

Bond Financing
Describe status of bond sale arrangements, including whether a lender and bond purchaser have been identified, and whether the sale will be public or private.

Project-Related Contacts			
Applicant's Bank			
Contact person			
Address			
Phone		Fax	
Email			

Bond Counsel			
Contact person			
Address			
Phone		Fax	
Email			

Applicant's Legal Counsel			
Contact person			
Address			
Phone		Fax	
Email			

Applicant's CPA			
Contact person			
Address			
Phone		Fax	
Email			

By signing this Application, the undersigned attests that he / she has read and understands the program description and requirements, including the fees that will be incurred.

A check in the amount of \$2,500 for a non-refundable application fee is attached, made payable to Lake County Partners. A processing fee of 1% of the bond proceeds will be payable at the time of bond sale. In addition, the borrower will reimburse the County for costs associated with processing the bond, including but not limited to, any direct cost from bond counsel, outside attorney's fees, and document preparation.

Applicant Representative

Print Name: _____

Title: _____

Date: _____