

NEWS

From County Supervisor Paul
Biane

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Board Makes Recovery Zone Designation to Tap into Federal Program

SAN BERNARDINO – San Bernardino County businesses wanting to expand and public agencies planning major infrastructure improvements could save hundreds of thousands of dollars by tapping into more than \$115 million in low-interest bonds authorized by the Board of Supervisors Tuesday.

The Board approved the creation of a countywide Recovery Zone that enables the issuance of more than \$46 million in economic development bonds and more than \$69 million in private facility bonds. The program aims to spur economic development and job creation by offering attractive financing to businesses and public agencies. The Recovery Zone program was made possible by the American Recovery and Reinvestment Act signed by President Obama earlier this year.

“These bonds can help the County expedite critical transportation projects like the reconstruction of the interchange at Cherry/I-10 or the widening of the railroad overcrossing on Cherry Avenue,” Second District Supervisor Paul Biane said. “At the same time, these bonds can provide local businesses with the type of low-interest financing they need to expand and enhance their operations.”

The County of San Bernardino Economic Development and Redevelopment agencies will administer the program. The County will issue conduit revenue bonds, meaning it will be neither the lender nor the borrower of the funds. Costs associated with issuing the bonds will be the responsibility of the borrower. The bonds can be issued through Dec. 31, 2010.

The Recovery Zone program is designed to boost economic development in areas experiencing significant poverty, unemployment, high rates of home foreclosures and

other economic ills. The unemployment rate in San Bernardino County is currently 13.9%.

The facility bonds are tax-exempt private activity bonds that allow issuers with a letter of credit to finance private depreciable property that involves the construction of new facilities or the modernization of existing facilities. Interested businesses will be considered on the basis of whether their plans are ready to proceed and would create jobs and stimulate economic activity.

The economic development bonds are taxable government bonds that can be used to finance public facilities and infrastructure. County departments or other local agencies will issue their own bonds for “shovel ready” projects, and the federal government will reimburse local governmental issuers 45 percent of the interest paid.

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