

NEWS

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Supervisors approve plan to help businesses expand

Businesses and public agencies in San Bernardino County that want to expand or renovate their facilities could save thousands of dollars in interest costs by accessing more than \$115 million in low-interest bonds that will be available through a program approved today by the Board of Supervisors.

The board today unanimously agreed to create a countywide Recovery Zone to allow for the issuance of more than \$46 million in economic development bonds and more than \$69 million in private facility bonds. The program is designed to spur economic development and job creation by offering attractive financing options to interested parties.

"The Recovery Zone program will provide a great incentive for our local businesses to move forward with potential expansion plans," Board of Supervisors Chairman Gary Ovitt said. "This is an important step in the county's continuing efforts to work in partnership with our local business community to rejuvenate our economy."

The Recovery Zone program will be created and administered by the county's Economic Development Agency and the County of San Bernardino Redevelopment Agency. The county will issue conduit revenue bonds, meaning the county will be neither the lender nor the borrower of the funds. Costs associated with issuing the bonds will be the responsibility of the borrower, and bonds can be issued through Dec. 31, 2010.

The program will operate according to the following tentative schedule:

- Nov. 4 – Proposers' conference
- Nov. 13 – Deadline for submission of questions
- Nov. 30 – Questions/answers posted to County Web site

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- Dec. 14 – Deadline for submitting proposals
- Jan. 8 – Successful applicants notified
- Jan. 12 or 26 – Board of Supervisors approval of bond allocations
- May 31 – Deadline for applicants to complete financing or lose allocation

“Not all businesses are in a position to expand during this difficult economy,” said county Economic Development Agency Administrator Mark Dowling. “But for those businesses that are considering an expansion, this Recovery Zone program could provide the boost they need.”

The Recovery Zone program was made possible through the federal American Recovery and Reinvestment Act signed by President Obama earlier this year. The program is designed to boost economic development efforts in areas that are experiencing significant poverty, high unemployment, high rates of home foreclosures, and other economic ills.

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. The bonds are similar to Industrial Development Bonds, but do not have the manufacturing or small issuance requirements. 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 which 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.

The bond allocations can be used for projects in all cities and unincorporated areas of San Bernardino County. The federal program also provided allocations to cities with populations exceeding 100,000 people, which would include Fontana, Ontario, Rancho Cucamonga, San Bernardino and Victorville. Businesses that are a part of the allocation process, in a city, can also participate in the county program.