



Legislation Details (With Text)

File #: 0262-2010 **Version:** 1
Type: Ordinance **Status:** Passed
File created: 2/3/2010 **In control:** Finance & Economic Development Committee
On agenda: 2/22/2010 **Final action:** 2/24/2010
Title: To authorize the allocation and transfer of \$24,500,000.00 of the Federal Recovery Zone Facility Bond Volume cap allocation of the City of Columbus, Ohio, to the Columbus-Franklin County Finance Authority, Franklin County, Ohio; and to declare an emergency. (\$24,500,000.00) (REPEALED BY ORD. 0541-2010 PASSED 5/3/2010)

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
2/24/2010	1	CITY CLERK	Attest	
2/23/2010	1	MAYOR	Signed	
2/22/2010	1	Columbus City Council	Approved	Pass
2/22/2010	1	COUNCIL PRESIDENT	Signed	
2/12/2010	1	Dev Drafter	Sent to Clerk's Office for Council	
2/11/2010	1	Dev Drafter	Sent for Approval	
2/11/2010	1	Auditor Reviewer	Reviewed and Approved	
2/11/2010	1	CITY AUDITOR	Reviewed and Approved	
2/11/2010	1	Dev Drafter	Sent for Approval	
2/11/2010	1	CITY ATTORNEY	Reviewed and Approved	
2/10/2010	1	FINANCE DIRECTOR	Reviewed and Approved	
2/4/2010	1	Finance Reviewer	Reviewed and Approved	
2/3/2010	1	Dev Drafter	Sent for Approval	
2/3/2010	1	DEVELOPMENT DIRECTOR	Reviewed and Approved	
2/3/2010	1	Dev Drafter	Sent for Approval	
2/3/2010	1	Finance Reviewer	Reviewed and Approved	

BACKGROUND: Issuance of Recovery Zone Bonds was authorized by the American Recovery and Reinvestment Act of 2009 (ARRA). The City received an allocation of \$24,500,000.00 in Recovery Zone Facility Bonds that must be issued by December 31, 2010. Recovery Zone Facility Bonds are a new category of tax-exempt private activity bonds. Facility Bonds allows projects to be financed tax-exempt which prior to the ARRA were not eligible for tax-exempt financing. Tax-exempt financing provides a lower cost of money for the borrower. Almost any type of capital investment project in a designated Recovery Zone is eligible. Examples include commercial projects, office complexes, hotels and warehouses. Ineligible projects include residential rental properties, golf courses, massage parlors, and stores that sell alcoholic beverages to be consumed off-site as its primary product. The entire City has been designated a Recovery Zone by Resolution 0159X-2009.

The City is currently working in partnership with the Columbus-Franklin County Finance Authority to identify eligible private commercial development which is eligible to issue Recovery Zone Facility Bonds. Both entities are confident that the entire bond allocation will be expended within the given timeframe.

This legislation will designate the Columbus-Franklin County Finance Authority as the issuer of the Recovery Zone Bonds for the City of Columbus. The Finance Authority is also acting as the bond issuer for the Franklin County Recovery Zone Bond allocation.

Emergency action is requested to allow the transfer of the Recovery Zone Bond allocation to the Columbus-Franklin County Finance Authority in a timely manner to allow projects to be financed within the given timeframe.

FISCAL IMPACT: No funding is required for this legislation. The Columbus-Franklin County Finance Authority will provide conduit financing and issue the Recovery Zone Facility Bonds in order for the project to be eligible and benefit from the interest rate reduction. The private entity that will receive the proceeds from the bond sale will be responsible for the repayment. In case of default neither the City nor the Finance Authority will be impacted. The Recovery Zone Facility Bond allocation is not actual dollars; it is a mechanism for the private entity to get a lower interest rate.

To authorize the allocation and transfer of \$24,500,000.00 of the Federal Recovery Zone Facility Bond Volume cap allocation of the City of Columbus, Ohio, to the Columbus-Franklin County Finance Authority, Franklin County, Ohio; and to declare an emergency. (\$24,500,000.00) **(REPEALED BY ORD. 0541-2010 PASSED 5/3/2010)**

WHEREAS, the American Recovery and Reinvestment Act of 2009 (the "Act") revised the Internal Revenue Code of 1986, as amended (the "Code") to create Recovery Zone Facility Bonds (the "Recovery Zone Facility Bonds") and Recovery Zone Economic Development Bonds (the "Recovery Zone Economic Development Bonds" and together with the Recovery Zone Facility Bonds, the "Recovery Zone Bonds"), which must be issued for projects in a property designated a recovery zone (the "Recovery Zone") under Section 1400U-1 of the Code; and

WHEREAS, the City of Columbus, Ohio (the "City") has received a federal Recovery Zone Facility Bond volume cap allocation of \$24,500,000 for the years 2009 and 2010 (the "Allocation"); and

WHEREAS, the territory within the jurisdiction of the City has been designated a Recovery Zone by Resolution No. 0159-2009 approved by this Council on October 19, 2009; and

WHEREAS, the issuance of Recovery Zone Facility Bonds can potentially promote job creation and economic recovery in areas particularly affected by employment decline, significant poverty, increased home foreclosures, or general economic distress; and

WHEREAS, the City desires to allocate and transfer \$24,500,000.00 of the Allocation (the "Finance Authority Allocation") to the Columbus-Franklin County Finance Authority, Franklin County, Ohio, a port authority duly organized and validly existing under Chapter 4582, Ohio Revised Code (the "Finance Authority"), for use by the Finance Authority to fund the costs of eligible projects within recovery zone property located in, or attributable to, the benefit of the territory of the Finance Authority and territory of the City; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to transfer the bond allocation, all for the immediate preservation of the public health, peace, property, safety and welfare; **NOW, THEREFORE**,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

Section 1. Under Section 1400U-1(a)(3)(A) of the Code, \$24,500,000.00 of the State of Ohio's Recovery Zone Facility Bond volume cap limitation has been allocated to the City for the issuance of Recovery Zone Facility Bonds to finance certain projects within the territory of the City designated as a Recovery Zone.

Section 2. This Council finds that the Finance Authority is an eligible issuer of Recovery Zone Facility Bonds for projects located within the territorial jurisdiction of the City of Columbus.

Section 3. This Council hereby allocates and transfers the Finance Authority Allocation to the Finance Authority as ultimate

beneficiary, pursuant to the authority granted the City to perform such allocation transfer under Section 1400U-1(a)(3)(A) of the Code.

Section 4. The Finance Authority is directed to use the Finance Authority Allocation to issue Recovery Zone Facility Bonds in accordance with applicable federal and state laws and regulations to finance eligible costs for qualified economic development purposes or recovery zone property, as applicable, in property located within, or attributable to, the jurisdiction of both the Finance Authority and the City that has been designated a Recovery Zone in accordance with Section 1400U-1(b) of the Code.

Section 5. The Finance Authority is directed to notify the Director of Finance and Management or City Auditor should it anticipate an inability to fully utilize the portion of the Finance Authority Allocation transferred to it by the City ninety (90) days prior to the expiration of the Allocation, to permit reversion of the unused portion of the Finance Authority Allocation to the City for such use as the Director of Finance and Management or City Auditor determine.

Section 6. It is hereby found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were adopted in an open meeting of this Council, and that all deliberations of this Board and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements including Section 121.22 of the Ohio Revised Code.

Section 7. In accordance with Section 55(b) of the Charter of the City of Columbus, Ohio, and for the reasons stated in the preamble hereto, which is hereby made a part hereof, this Ordinance is declared to be an emergency measure necessary for the immediate preservation of the public peace, health, and safety and therefore, except as otherwise provided herein, shall take effect and be in force from and immediately after its passage and approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.