



**COUNTY OF BERGEN**  
**DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT**

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**Dennis McNerney**  
*County Executive*

**Farouk Ahmad, P.E.**  
*Department Director*

July 1, 2010

Dear Mayor/Council:

*Re: Recovery Zone Economic Development Bonds (RZEDBs)*

Dear Mayor/Council:

As County Executive, I am well-aware that municipal resources in Bergen County communities are being stretched thinner than ever, and that our charge to provide essential public infrastructure, facilities, and services is becoming more and more difficult.

Ensuring our continued quality of life is of paramount concern to me, and in light of this I am pleased to announce that Bergen County is making available a key opportunity for relief in the form of a Federal program extending Recovery Zone Economic Development Bonds (RZEDBs).

The American Recovery and Reinvestment Act (ARRA) of 2009 has authorized the issuance of RZEDBs to finance public projects that meet certain “qualified economic development purposes” within designated “recovery zones”. Of the \$10 billion authorized by the Act, Bergen County has been allocated with \$27,429,000 and we have elected to extend our allocation to Bergen County municipalities with qualified projects. By resolution, the Bergen County Board of Chose Freeholders declared the entirety of Bergen County a Recovery Zone, and all 70 municipalities are eligible to utilize this bonding authorization subject to County review and allocation.

RZEDBs are structured as taxable bonds issued by governmental units to finance public infrastructure, promote development, or promote other economic activity. Unlike traditional taxable bonds, the Federal government provides direct subsidy payments to the issuer equal to 45 percent of the interest payable over the life of the Bonds. The net result is that the cost of financing these public projects could be less than that would be incurred with traditional tax-exempt financing.

These bonds can be used to finance government projects with economic development outcomes, which include expenditures for infrastructure and public facilities, as well as job training and education programs.

In addition, we would like your help in reaching out to qualified businesses and developers in the private sector to notify them of the availability of stimulus funds available through the Recovery Zone Facility

Bonds (RZFBs) program, for which Bergen County is receiving an allocation of \$41,143,000 under ARRA. RZFBs represent a new type of private activity bond that may be used in designated recovery zones to finance certain recovery zone property on a tax-exempt basis.

These may be issued for any depreciable property that:

- Was acquired (by purchase) after the date of designation of recovery zone
- The original use of which occurs in the recovery zones.
- Substantially all of the use of the property is in the active conduct of a “qualified business”, defined as “any capital asset used in any trade or business, except residential rental property, golf courses, country clubs, massage parlors, hot tub facilities, suntan facilities, racetracks or other gambling facilities, or stores that principally sell alcoholic beverages for consumption offsite.”

Program details for both of these Federal bond opportunities are available on the New Jersey Economic Development Authority website at:

<http://www.njeda.com/web/pdf/FinancingPrograms-BondFinancing.pdf>

Bergen County will administer a program for the issuance of these RZEDBs and RZFBs. Please note that these bonds **must be issued prior to the January 1, 2011 deadline** imposed by the Act.

If you have a project that may be eligible for either of these programs, please contact Farouk Ahmad, P.E., Director, Bergen County Department of Planning and Economic Development at (201) 336-6446.

We hope that this information proves helpful and we look forward to your participation in this and other economic development opportunities.

Sincerely,

Dennis McNerney  
County Executive