



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

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Memorandum #1131

June 30, 2009

TO: Officials of Local Governments and Public
Authorities and Their Independent Auditors

FROM: Tim Romocki, Director
Debt Management Section

SUBJECT: U. S. Treasury Allocations for Recovery Zone Economic Development Bonds and
Recovery Zone Facility Bonds;
Application Deadline for New Clean Renewable Energy Bond Allocation

This memorandum provides updated information on allocations for Recovery Zone Economic Development and Facility Bonds and the approaching application deadline for New Clean Renewable Energy Bonds.

Allocations for Recovery Zone Bonds

State, County and City allocations of Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds were released by the U. S. Treasury on June 12, 2009. These bonds are authorized under the American Recovery and Reinvestment Act of 2009 (ARRA) adopted by the US Congress on February 17, 2009.

ARRA imposes a national bond volume limitation (volume cap) of \$10 billion for Recovery Zone Economic Development Bonds and \$15 billion for Recovery Zone Facility Bonds. The volume cap for Recovery Zone Bonds is allocated among the States and counties and large municipalities within the States based on relative declines in employment in 2008.

The attached pdf file contains the allocations to the cities and counties in N. C. that were released by the U. S. Treasury on June 12. ARRA also authorizes states to establish a process and procedure for reallocating back to the state any individual city or county allocations that would not be used. The N. C. General Assembly adopted legislation on June 16, 2009 that assigns responsibility for the process of reallocating several types of bonds authorized by ARRA, including the recovery zone bonds, to the N. C. Federal Tax Reform Allocation Committee established in Article 51B of Chapter 143. The Committee has not yet completed guidelines and regulations concerning the reallocations.

The link to the IRS Notice containing the new rules (2009-50) for the Recovery Zone Development Bonds and Recovery Zone Facility Bonds is: <http://www.irs.gov/pub/irs-drop/n-09-50.pdf>.

As authorized by ARRA, Recovery Zone Economic Development Bonds may be used by governments to finance certain "qualified economic development purposes", which are defined as capital expenditures for property located in the recovery zone or expenditures for infrastructure or

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public buildings located in the recovery zone. Recovery Zone Economic Development Bonds are subject to tax rules similar to those that apply to all tax exempt bonds and Build America Bonds issued by governments, and entitle the government to a 45% credit calculated on the amount of interest payable on the bonds. Recovery Zone Facility Bonds, on the other hand, are another kind of private activity bond (similar to industrial development bonds) that can be used to finance "recovery zone property" in a recovery zone for qualifying businesses (which are any trade or business other than residential rental property or certain specific excluded businesses). Recovery zone property must be a capital investment. Under Session Law 2009-140, county industrial facilities and pollution control financing authorities now have the power to issue such bonds and loan the proceeds to qualifying businesses that have eligible projects in a recovery zone.

Section 1400U-1(b) provides that the term "recovery zone" means: (1) any area designated by the issuer as having significant poverty, unemployment, rate of home foreclosures, or general distress; (2) any area designated by the issuer as economically distressed by reasons of the closure or realignment of a military installation pursuant to the Defense Base Closure and Realignment Act of 1990; and (3) any area for which a designation as empowerment zone or renewal community is in effect as of the effective date of ARRA which is February 17, 2009.

If any local government unit or private entity is considering the issuance of either type of recovery zone bonds, it is imperative that a "recovery zone" be designated by the appropriate local governing body before any actions or steps are taken towards investing in economic development purposes or recovery zone property or issuing these bonds. If interested, the unit or entity should contact its bond counsel for assistance in the required process for designating a recovery zone and any initial action towards the issuance of this type of debt.

New Clean Renewable Energy Bonds (New CREBs)

The deadline to apply to the U. S. Treasury for an allocation of volume cap for new CREBs is August 4, 2009. Additional information can be found in Treasury Notice 2009-33. The website link to this notice is <http://www.irs.gov/pub/irs-drop/n-09-33.pdf>. The application is available at the following website link: http://www.irs.gov/pub/irs-tege/crebs-appendix_a.rtf.

More detailed information about Recovery Zone Economic Development and Facility Bonds, new CREBs and other types of bonds authorized under ARRA was included in Memorandum #1116 issued by our office on April 29, 2009.

As additional information becomes available concerning these bonds, we will notify our local units. We have been informed by the N. C. League of Municipalities that the UNC-Chapel Hill Office of Economic Development and Business Development has created the Carolina Economic Recovery Corps (CERC) to help smaller cities, towns and counties research, apply for and possibly acquire ARRA funds. The Corps includes eight UNC graduate students who will spend 10 weeks this summer working as interns with Councils of Government (GOGS), specifically focused on recovery funds.

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Our staff is available to provide additional information to any units or authorities who may have an interest in or need for these types of financing. For more information related to debt issues, please contact Jim Baker at (919) 807-2370 or jim.baker@nctreasurer.com or Tim Romocki at 919-807-2360 or tim.romocki@nctreasurer.com.

Area	Recovery Zone	
	Economic Development Residual	Recovery Zone Facility Bond
North Carolina		418,154,000
Cary town, NC		2,337,000
Charlotte city, NC		29,670,000
Durham city, NC		0
Fayetteville city, NC		1,569,000
Greensboro city, NC		12,713,000
High Point city, NC		5,007,000
Raleigh city, NC		7,381,000
Winston-Salem city, NC		8,186,000
Alamance County, NC		5,899,000
Alexander County, NC		2,047,000
Alleghany County, NC		1,191,000
Anson County, NC		842,000
Ashe County, NC		1,706,000
Avery County, NC		0
Beaufort County, NC		3,886,000
Bertie County, NC		1,650,000
Bladen County, NC		2,871,000
Brunswick County, NC		2,810,000
Buncombe County, NC		9,749,000
Burke County, NC		4,473,000
Cabarrus County, NC		6,981,000
Caldwell County, NC		4,239,000
Camden County, NC		691,000
Carteret County, NC		3,391,000
Caswell County, NC		1,197,000
Catawba County, NC		8,570,000
Chatham County, NC	Residual	0
Cherokee County, NC		1,171,000
Chowan County, NC		1,781,000
Clay County, NC		802,000
Cleveland County, NC		7,373,000
Columbus County, NC		4,669,000
Craven County, NC		5,902,000
Cumberland County, NC	Residual	1,138,000
Currituck County, NC		271,000
Dare County, NC		2,270,000
Davidson County, NC	Residual	11,077,000
Davie County, NC		1,594,000
Duplin County, NC		6,487,000
Durham County, NC	Residual	0
Edgecombe County, NC		2,228,000
Forsyth County, NC	Residual	5,326,000
Franklin County, NC		970,000
Gaston County, NC		8,131,000
Gates County, NC		830,000
Graham County, NC		1,395,000
Granville County, NC		1,026,000
Greene County, NC		755,000
Guilford County, NC	Residual	6,537,000
Halifax County, NC		4,873,000
Harnett County, NC		5,684,000
Haywood County, NC		2,212,000
Henderson County, NC		3,925,000
Hertford County, NC		1,577,000
Hoke County, NC		400,000
Hyde County, NC		657,000
Iredell County, NC		12,106,000
Jackson County, NC		4,090,000
Johnston County, NC		2,712,000
Jones County, NC		657,000
Lee County, NC		4,342,000
Lenoir County, NC		4,216,000
Lincoln County, NC		5,279,000
McDowell County, NC		4,362,000

Area	Recovery Zone	
	Economic Development Residual	Recovery Zone Facility Bond
Macon County, NC		1,993,000
Madison County, NC		794,000
Martin County, NC		1,809,000
Mecklenburg County, NC	Residual	8,852,000
Mitchell County, NC		1,090,000
Montgomery County, NC		2,829,000
Moore County, NC		5,603,000
Nash County, NC		4,364,000
New Hanover County, NC		6,176,000
Northampton County, NC		1,829,000
Onslow County, NC		0
Orange County, NC	Residual	0
Pamlico County, NC		766,000
Pasquotank County, NC		2,698,000
Pender County, NC		1,390,000
Perquimans County, NC		786,000
Person County, NC		0
Pitt County, NC		6,515,000
Polk County, NC		1,230,000
Randolph County, NC		7,247,000
Richmond County, NC		3,352,000
Robeson County, NC		7,532,000
Rockingham County, NC		4,283,000
Rowan County, NC		8,776,000
Rutherford County, NC		5,357,000
Sampson County, NC		12,039,000
Scotland County, NC		2,170,000
Stanly County, NC		3,909,000
Stokes County, NC		1,854,000
Surry County, NC		7,208,000
Swain County, NC		1,328,000
Transylvania County, NC		1,222,000
Tyrrell County, NC		190,000
Union County, NC		7,778,000
Vance County, NC		1,471,000
Wake County, NC	Residual	6,333,000
Warren County, NC		1,395,000
Washington County, NC		1,496,000
Watauga County, NC		4,524,000
Wayne County, NC		6,006,000
Wilkes County, NC		7,225,000
Wilson County, NC		5,849,000
Yadkin County, NC		1,487,000
Yancey County, NC		1,518,000