



Bob Riley
Governor

Bill Newton
Acting Director of Finance

State of Alabama
Department of Finance
Office of the Director

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www.finance.alabama.gov

January 25, 2010

TO ALL INTERESTED PARTIES

**RE: USE OF ALABAMA RECOVERY ZONE VOLUME CAP ALLOCATIONS
PROVIDED UNDER THE AMERICAN RECOVERY AND REINVESTMENT
ACT OF 2009**

Background

The American Recovery and Reinvestment Act of 2009 ("ARRA") created Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds (together, "Recovery Zone Bonds"), that must be issued before January 1, 2011 (the "Expiration Date"). Recovery Zone Bonds are intended to lower the costs of borrowing for purposes of promoting job creation and economic recovery in areas designated as Recovery Zones. Pursuant to ARRA and as described in Notice 2009-50 of the Internal Revenue Service ("Notice 2009-50"), the State of Alabama (the "State") received volume cap allocations of \$244,676,000 in Recovery Zone Economic Development Bonds and \$367,014,000 in Recovery Zone Facility Bonds (together, the "State Allocation"). Notice 2009-50 further provides that the State Allocation be initially allocated among counties and cities of the State as provided on Exhibit A (the "Originally Awarded Localities" and the "Original Allocations").

Together, the ARRA and Notice 2009-50 provide that all or any portion of the Original Allocations may be waived or deemed waived by the Originally Awarded Localities, and upon such waiver, the State shall be authorized to re-allocate the waived volume cap in any reasonable manner as it shall determine in good faith in its discretion. For additional information on Recovery Zone Bonds please visit www.irs.gov/pub/irs-drop/n-09-50.pdf and/or www.finance.alabama.gov.

Governor Riley recognized that it is essential that the State and its localities take advantage of this financing mechanism to create jobs, promote economic development, and develop critical infrastructure. Therefore, he has declared it to be the policy of this State that to the extent any

**RE: USE OF ALABAMA RECOVERY ZONE VOLUME CAP ALLOCATIONS
PROVIDED UNDER THE AMERICAN RECOVERY AND REINVESTMENT
ACT OF 2009**

Original Allocation will not be used by the Originally Awarded Localities, it is imperative to provide for the re-allocation of such unused amounts to projects that would promote economic recovery within the State prior to the Expiration Date. He has directed that the Department of Finance manage this policy, and he has delegated to me the duty to establish a process and procedure for its administration.

Accordingly, by virtue of the authority vested in me by Governor Riley, a procedure for the waiver of allocations by Originally Awarded Localities and a process for the re-allocation of such allocations waived by the Originally Awarded Localities are hereby implemented.

Administration

This program will be administered by the Alabama Development Office.

Waiver Requirements

1) By February 26, 2010, Originally Awarded Localities intending to utilize all or any portion of the Original Allocations must file a completed Notice of Intent with the Alabama Development Office. The amount so indicated will be reserved for such Locality (the "Reserved Amount"). The form for such Notice of Intent is attached as Exhibit B and is available from the Association of County Commissions of Alabama, The Alabama League of Municipalities, and at www.finance.alabama.gov.

2) Failure by any Originally Awarded Locality to file such Notice of Intent shall be deemed a waiver of its entire Original Allocation. Any amounts so waived, with any amounts in excess of Reserved Amounts and such other amounts described herein, will be considered waived by the Originally Awarded Locality (together, "Waived Amounts").

3) By March 31, 2010, any Originally Awarded Locality with a Reserved Amount must file a Project Verification Report, attached as Exhibit C, with the Alabama Development Office. Such documentation will include, as applicable, (i) a resolution or action designating the Recovery Zone in accordance with Section 1400-U-1 through 1400U-3 of the ARRA, (ii) a resolution of the issuer approving the project, which may take the form of a reimbursement resolution or an inducement resolution, (iii) documentation of the appropriate governing bodies' or elected official's approval of the project, in conformity with applicable federal and state law, (iv) an opinion of bond counsel opining that the proposed use of bond proceeds qualifies as a Recovery Zone bond project, and (v) a commitment letter from a purchaser or underwriter of the subject bonds, or such other evidence of the Originally Awarded Locality's ability to sell the subject bonds before July 30, 2010, as may be reasonably acceptable to the Alabama Development Office (such as, for example, a letter from the financial advisor to an Originally Awarded Locality stating that the Locality reasonably expects, based on the Locality's credit ratings, to be able to sell the subject bonds in a competitive

**RE: USE OF ALABAMA RECOVERY ZONE VOLUME CAP ALLOCATIONS
PROVIDED UNDER THE AMERICAN RECOVERY AND REINVESTMENT
ACT OF 2009**

or negotiated sale). The form for such Project Verification Report including applicable attachments is available from the Association of County Commissions of Alabama, the Alabama League of Municipalities, and at www.finance.alabama.gov.

4) Failure to provide a Project Verification Report shall be deemed a waiver of the Reserved Amount, and such amount so waived shall be included in the Waived Amounts.

5) Within 30 days of issuance of any Recovery Zone Bonds, the Originally Awarded Locality (or the entity issuing Recovery Zone Bonds on its behalf) shall provide to the Alabama Development Office the completed Internal Revenue Service reporting form then in effect for the type of Recovery Zone Bonds being issued.

6) Any Original Allocation, including any Reserved Amount, of Recovery Zone Bonds not issued by July 30, 2010, will be deemed waived, and such amount so waived shall be included in the Waived Amounts.

Any Waived Amounts, including amounts voluntarily waived, deemed waived or returned to the Alabama Development Office pursuant to the process, will be available for re-allocation by the Alabama Development Office to another Locality or issuer ("Subsequent Awarded Entity"). Notwithstanding anything herein to the contrary, any Originally Awarded Locality or any Subsequent Awarded Entity may voluntarily waive its allocation at any time by providing notice to the Alabama Development Office.

Additional Allocation Process

If an Originally Awarded Locality desires to obtain an allocation greater than its Original Allocation, the Originally Awarded Locality is required to submit to the Alabama Development Office an application for the additional allocation. The application must be received by the Alabama Development Office on or before May 14, 2010. There is a separate application for Recovery Zone Economic Development Bonds (Exhibit D) and Recovery Zone Facility Bonds (Exhibit E).

Re-Allocation Process

1) Bond re-allocations will occur by June 1, 2010. All applications for distribution of the bonds available for re-allocation must be made by an authorized official of the local governing body. A local governing body may apply for such bonds "on behalf of" an economic development authority or similar body.

2) If applications received by May 14, 2010, request more than the amount of bonds available for re-allocation, the following criteria and weighting process will be used. These criteria are focused on job creation and economic recovery as required by the ARRA. The criteria will be the same for the two types of bonds.

**RE: USE OF ALABAMA RECOVERY ZONE VOLUME CAP ALLOCATIONS
PROVIDED UNDER THE AMERICAN RECOVERY AND REINVESTMENT
ACT OF 2009**

3) Each complete application will start with a score of 5, with points added or subtracted based on the scoring of the criteria below:

a. Unemployment rate between December 2007 and April 2010. An additional point will be added to the score if the change in the Locality's unemployment rate is greater than the change to the statewide rate; or if the Locality's unemployment rate is higher than the statewide average during the period. This item will be completed by the Alabama Development Office.

b. Free/reduced lunch program eligibility for school year 2009-2010 (Department of Education Official Data dated May 1, 2010). An additional point will be added to the score if the Locality's eligibility percentage is greater than 50 percent, and a point will be subtracted if less than 33 percent. This item will be completed by the Alabama Development Office.

c. Date of financial closing of bond sale. An additional point will be added if the financial close of the bond sale will occur by August 31, 2010.

d. Date of actual construction start. An additional point will be added if construction award date will occur by August 31, 2010.

e. Amount of other funding in project. An additional point will be added if more than 25 percent of project funding is from other sources.

4) Re-allocated Recovery Zone Bonds that are re-allocated by June 1, 2010, must be financially closed by November 1, 2010, and notification and reporting requirements shall follow processes for the Original Allocation. If any additional Recovery Zone bonds are waived or are returned after June 1, 2010, the re-allocation process will start again at the beginning of each month until all are allocated.

5) All applications must be postmarked, hand-delivered, or e-mailed by 5:00 PM on May 14, 2010, to Linda Swann, CEcD, Assistant Director, Alabama Development Office. Linda's contact information is below, and she can answer any additional questions you may have:

Linda P. Swann, CEcD, Assistant Director
Alabama Development Office
401 Adams Avenue; Suite 670
Montgomery, AL 36104
Office: (334) 353-0221
Cell: (334) 300-4348
Fax: (334) 242-5669
Email: linda.swann@ado.alabama.gov

January 25, 2010
Page 5

**RE: USE OF ALABAMA RECOVERY ZONE VOLUME CAP ALLOCATIONS
PROVIDED UNDER THE AMERICAN RECOVERY AND REINVESTMENT
ACT OF 2009**

6) Determination of compliance with the procedures and requirements set forth herein or in the additional guidance, including any filings to be made and the timing and substance thereof, shall be subject to my sole discretion as directed by Governor Riley. Also, I shall have sole discretion as to the manner and location of any on-line postings required herein or pursuant to such further rule and procedures promulgated so long as such postings are on an official website of the State.

Very truly yours,

A handwritten signature in black ink that reads "Bill Newton". The signature is written in a cursive style with a large initial "B" and a long horizontal stroke at the end.

Bill Newton
Acting Director of Finance

BN/YJB:dw
Attachments

EXHIBIT A

ALABAMA RECOVERY ZONE VOLUME CAP ALLOCATIONS

<u>AREA</u>	<u>RESIDUAL</u>	<u>RECOVERY ZONE ECONOMIC DEVELOPMENT BOND</u>	<u>RECOVERY ZONE FACILITY BOND</u>
Alabama		244,676,000	367,014,000
Birmingham city, AL		12,286,000	18,429,000
Huntsville city, AL		7,522,000	11,283,000
Mobile city, AL		6,434,000	9,651,000
Montgomery city, AL		10,069,000	15,103,000
Autauga County, AL		2,571,000	3,856,000
Baldwin County, AL		4,999,000	7,498,000
Barbour County, AL		1,186,000	1,779,000
Bibb County, AL		1,088,000	1,632,000
Blount County, AL		3,326,000	4,988,000
Bullock County, AL		253,000	379,000
Butler County, AL		1,034,000	1,551,000
Calhoun County, AL		6,550,000	9,825,000
Chambers County, AL		5,150,000	7,725,000
Cherokee County, AL		1,881,000	2,822,000
Chilton County, AL		2,461,000	3,691,000
Choctaw County, AL		398,000	597,000
Clarke County, AL		1,899,000	2,849,000
Clay County, AL		1,614,000	2,421,000
Cleburne County, AL		529,000	793,000
Coffee County, AL		2,559,000	3,838,000
Colbert County, AL		2,600,000	3,901,000
Conecuh County, AL		793,000	1,190,000
Coosa County, AL		434,000	651,000
Covington County, AL		2,244,000	3,366,000
Crenshaw County, AL		701,000	1,052,000
Cullman County, AL		4,119,000	6,179,000
Dale County, AL		2,452,000	3,678,000
Dallas County, AL		2,583,000	3,874,000
DeKalb County, AL		5,569,000	8,354,000
Elmore County, AL		3,774,000	5,661,000
Escambia County, AL		366,000	548,000
Etowah County, AL		3,605,000	5,407,000

EXHIBIT A**ALABAMA RECOVERY ZONE VOLUME CAP ALLOCATIONS**

Page 2

<u>AREA</u>	<u>RESIDUAL</u>	<u>RECOVERY ZONE ECONOMIC DEVELOPMENT BOND</u>	<u>RECOVERY ZONE FACILITY BOND</u>
Fayette County, AL		1,554,000	2,331,000
Franklin County, AL		3,361,000	5,042,000
Geneva County, AL		1,376,000	2,064,000
Greene County, AL		312,000	468,000
Hale County, AL		672,000	1,007,000
Henry County, AL		883,000	1,324,000
Houston County, AL		5,644,000	8,465,000
Jackson County, AL		4,565,000	6,847,000
Jefferson County, AL	Residual	26,830,000	40,245,000
Lamar County, AL		1,025,000	1,538,000
Lauderdale County, AL		4,440,000	6,660,000
Lawrence County, AL		2,021,000	3,031,000
Lee County, AL		4,493,000	6,740,000
Limestone County, AL	Residual	3,031,000	4,547,000
Lowndes County, AL		478,000	718,000
Macon County, AL		285,000	428,000
Madison County, AL	Residual	6,544,000	9,816,000
Marengo County, AL		1,180,000	1,770,000
Marion County, AL		3,103,000	4,654,000
Marshall County, AL		4,520,000	6,780,000
Mobile County, AL	Residual	7,308,000	10,962,000
Monroe County, AL		1,831,000	2,746,000
Montgomery County, AL	Residual	1,031,000	1,547,000
Morgan County, AL		7,293,000	10,940,000
Perry County, AL		458,000	687,000
Pickens County, AL		975,000	1,462,000
Pike County, AL		1,186,000	1,779,000
Randolph County, AL		666,000	999,000
Russell County, AL		1,492,000	2,238,000
St. Clair County, AL		4,493,000	6,740,000
Shelby County, AL	Residual	12,473,000	18,709,000
Sumter County, AL		490,000	736,000
Talladega County, AL		6,535,000	9,803,000
Tallapoosa County, AL		1,706,000	2,559,000
Tuscaloosa County, AL		8,749,000	13,124,000
Walker County, AL		3,590,000	5,385,000
Washington County, AL		1,569,000	2,354,000
Wilcox County, AL		547,000	820,000
Winston County, AL		2,918,000	4,378,000

EXHIBIT B

NOTICE OF INTENT – RECOVERY ZONE BONDS

[Due no later than February 26, 2010]

VIA HAND-DELIVERY OR U.S. MAIL ADDRESSED AS FOLLOWS:

ATTENTION: LINDA P. SWANN, CE&D, ASSISTANT DIRECTOR
Alabama Development Office
401 Adams Avenue; Suite 670
Montgomery, AL 36104

A. MANDATORY

1. Locality: _____
2. Locality's Recovery Zone Limitation for:
 - a. Recovery Zone Economic Development Bond Allocation: _____
 - b. Recovery Zone Facility Bond Allocation: _____
3. Locality expresses its intent to use the following amounts of its:
 - a. Recovery Zone Economic Development Bond Allocation: _____
 - b. Recovery Zone Facility Bond Allocation: _____
4. Locality elects to waive the following amounts of its:
 - a. Recovery Zone Economic Development Bond Allocation: _____
 - b. Recovery Zone Facility Bond Allocation: _____

B. OPTIONAL: As attachments hereto, the Locality provides the following information, if any: a description of the project or purpose to be financed with proceeds of the issuance of Recovery Zone Bonds, the issuer thereof and participants therein, and the expected schedule for such project or purposes, and issuance.

EXHIBIT B
NOTICE OF INTENT – RECOVERY ZONE BONDS
Page 2

On behalf of the Locality, the undersigned duly authorized official¹ of the Locality hereby certifies on behalf of the Locality that it has read the letter from the Acting Director of Finance dated January 26, 2010, is familiar with the matters therein, and is authorized by the Locality to make this filing and to discuss the matters herein.

By: _____
Signature of Authorized Official

Name (please print): _____

Title: _____

Locality Address: _____

Telephone Number of Authorized Official:

Email Address: _____

Date: _____, 2010

¹ Authorized official shall mean the Chief Executive Officer or, if not available, the highest elected official.

EXHIBIT C

PROJECT VERIFICATION REPORT – RECOVERY ZONE BONDS

[Due no later than March 31, 2010]

VIA HAND-DELIVERY OR U.S. MAIL ADDRESSED AS FOLLOWS:

ATTENTION: LINDA P. SWANN, CEcD, ASSISTANT DIRECTOR
Alabama Development Office
401 Adams Avenue; Suite 670
Montgomery, AL 36104

A. GENERAL INFORMATION

1. Locality: _____
2. Issuing Entity: _____
3. Name of Project or Purpose: _____
4. Type of Bonds:
 - a. Recovery Zone Economic Development Bonds: _____
 - b. Recovery Zone Facility Bonds: _____
5. Bond allocation reserved: \$ _____
6. Waived allocation(s) and type(s): \$ _____

B. PROJECT INFORMATION

1. General Description of the Project or Purpose, as applicable:

EXHIBIT C

PROJECT VERIFICATION REPORT – RECOVERY ZONE BONDS

Page 2

2. Location of Project or Purpose (City, County, or Town): _____

3. Name, address, telephone number, and Tax ID number of each proposed issuer, borrower, and developer: _____

4. Name, address, and telephone number of Bond Counsel: _____

C. ATTACHMENTS – THIS PROJECT VERIFICATION REPORT IS NOT COMPLETE UNLESS ALL ATTACHMENTS ARE INCLUDED HEREWITH. ALL DOCUMENTATION MUST BE CURRENT.

1. Inducement Resolution, Reimbursement Resolution, or other documentation of the preliminary approval of the project by the issuing entity, in conformity with applicable federal and state law.

2. Recovery Zone designation

3. Appropriate elected official's or governing body's (or bodies') formal approval of the project or purpose, as applicable, in conformity with applicable federal and state law.

4. Written opinion of Bond Counsel that the project is eligible to utilize Recovery Zone Bonds pursuant to the Internal Revenue Code of 1986.

5. A commitment letter from a purchaser or underwriter of the bonds for the project, or other evidence of ability to sell the subject bonds before June 30, 2010¹.

EXHIBIT C
PROJECT VERIFICATION REPORT – RECOVERY ZONE BONDS
Page 3

On behalf of the [Issuer/Locality], the undersigned duly authorized official² of such hereby certifies on its behalf that such person has read the letter from the Acting Director of Finance dated January 25, 2010, is familiar with the matters therein, and is authorized by the [Issuer/Locality] to make this filing and to discuss the matters herein.

By: _____
Signature of Authorized Official

Name (please print): _____

Title: _____

Locality Address: _____

Telephone Number of Authorized Official:

Email Address: _____

Date: _____, 2010

¹Must be reasonably acceptable to the Acting Director of Finance.

²Unauthorized official shall mean the Chief Executive Officer or, if not available, the highest elected official..

EXHIBIT D

**APPLICATION FOR ADDITIONAL RECOVERY ZONE
ECONOMIC DEVELOPMENT BONDS THROUGH THE
RE-ALLOCATION PROCESS**

Locality: _____ on behalf of _____

Name of Authorization Official: _____

On behalf of the Locality, the following additional amount of Recovery Zone Economic Development Bonds is requested: \$ _____

1. The specific project(s) to be financed with the Bonds is(are): _____

2. The project(s) will begin its construction phase no later than: _____

3. The Locality agrees to issue such Bonds (along with any original allocation) by no later than _____, 2010.

4. The Locality will _____ will not _____ accept an amount less than that requested if the total applications exceed the amount available for re-allocation. The minimum amount that will allow the locality to fully fund the project(s) to be financed in part by Recovery Zone Economic Development Bonds is: \$ _____.

5. In addition to the Recovery Zone Economic Development Bonds, the project will be financed with the following sources: _____

On behalf of the Locality, the undersigned duly authorized official of the Locality hereby certifies on behalf of the Locality that the information in this application is true and correct. The Official further understands that the application will be evaluated against the criteria included in the letter from the Acting Director of Finance dated January 25, 2010.

By: _____
Signature of Authorized Official

Name (please print): _____

Title: _____

EXHIBIT E

**APPLICATION FOR ADDITIONAL RECOVERY ZONE
FACILITY BONDS THROUGH THE RE-ALLOCATION
PROCESS**

Locality: _____ on behalf of _____

Name of Authorization Official: _____

On behalf of the Locality, the following additional amount of Recovery Zone Economic Development Bonds is requested: \$ _____

1. The specific project(s) to be financed with the Bonds is(are): _____

2. The project(s) will begin its construction phase no later than: _____
3. The Locality agrees to issue such Bonds (along with any original allocation) by no later than _____, 2010.
4. The Locality will _____ will not _____ accept an amount less than that requested if the total applications exceed the amount available for re-allocation. The minimum amount that will allow the locality to fully fund the project(s) to be financed in part by Recovery Zone Facility Bonds is: \$ _____.
5. In addition to the Recovery Zone Facility Bonds, the project will be financed with the following sources: _____

On behalf of the Locality, the undersigned duly authorized official of the Locality hereby certifies on behalf of the Locality that the information in this application is true and correct. The Official further understands that the application will be evaluated against the criteria included in the letter from the Acting Director of Finance dated January 25, 2010.

By: _____
Signature of Authorized Official

Name (please print): _____

Title: _____