

THIRD ROUND
RZ Facility Bond Applications

NOTICE OF GUIDANCE
Minnesota Recovery Zone Bond Reallocation
Minnesota Management & Budget
October 8, 2010

On February 1, 2010, Minnesota Management & Budget (MMB) issued [guidance](#) on Recovery Zone Economic Development and Facility Bond allocations for the state of Minnesota and the process for reallocation of the authority.

MMB began accepting applications for the RZ bonds reallocated to the state programs on March 1, 2010, using a new form developed by MMB, the Department of Employment & Economic Development (DEED) and its counsel entitled "Request for Reallocation of Recovery Zone Facility Bond Authority." This form (and others) can be found on the MMB website at www.mmb.state.mn.us/bonds-home/1020-1020. Applications were accepted until June 1, 2010.

Throughout the summer MMB reallocated over \$60 million of RZ Facility Bond authority to projects throughout the state. Following the second round of awards in September, several applicants granted RZ Facility Bond authority returned their reallocations to the state; coupled with the return of several other direct allocations, MMB currently has approximately \$40 million in RZ Facility Bonding authority available for reallocation.

MMB plans to conduct a third round of Facility Bond applications, due by close of business on October 27, 2010, and will award RZ Facility Bond authority based on the allocations returned at that time. Bond reallocations will conclude no later than November 5, 2010. Application forms can be found online at www.mmb.state.mn.us/bonds-home/1020-1020.

What are Recovery Zone Facility Bonds?

RZ Facility Bonds are traditional tax-exempt bonds which have lower interest rates because the interest is tax-exempt to the investors for Federal tax purposes. The RZ Facility bonds can be used by private businesses for depreciable capital projects (e.g., buildings and equipment) for original use in active businesses in recovery zones. These bonds cannot be used for multi-family housing. Products funded by these bonds are not covered under the Davis-Bacon Act.