


# CITY COMMISSION POLICY

<b>GRAND RAPIDS</b>  <b>MICHIGAN</b>	<b>NUMBER:</b> 900-51	<b>HISTORY</b> <b>FILE #      DATE</b>
	<b>DATE:</b> August 25, 2009	
	<b>FILE NUMBER:</b> 78592	
	<b>DEPARTMENT:</b> Economic Development	

**SUBJECT:** AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) RECOVERY ZONE

**PURPOSE:** To establish qualifications for economic development tax-exempt bond allocations.

**POLICY:**

I. GOALS

- a. To create jobs;
- b. To encourage private investment;
- c. To reutilize vacant and underutilized properties.

II. THRESHOLD CRITERIA

Must meet the following criteria to be considered for ARRA tax exempt bonds:

- a. Meet the minimum requirements of published IRS guidelines. Those include: any trade or business except – residential rental, golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack, gambling business, or sale of alcoholic beverages for off-premises consumption;
- b. Investment can only occur after the date the Recovery Zone goes into effect;
- c. Must have a firm commitment to purchase the bonds from a financial institution or bond underwriter demonstrating that the project is credit worthy;
- d. Project will be a catalyst for development or for multiple redevelopment opportunities in the City;
- e. Project will create new City income tax and/or property taxes within three years of commencement for the project.

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## III. EVALUATION FACTORS

Proposals for tax exempt bonds which meet the appropriate threshold criteria will be considered based on the extent to which a project addresses the following evaluation factors:

- a. The amount of income tax to be generated by new jobs and/or new property taxes to be generated by the project;
- b. The amount of investment in buildings and equipment;
- c. The project allows a business to expand in the City, retains a significant number of jobs in the City, and/or will add jobs;
- d. The project is eligible for LEED certification;
- e. The project includes other investment in neighborhood revitalization or public infrastructure improvements or utilizes other public and private financing tools to maximize redevelopment benefits;
- f. The project will enhance an area of the City and/or cause additional investment;
- g. Property has been vacant, or fifty percent of building(s) has been unoccupied, for at least one year;
- h. Project shows other evidence of under-utilization or disinvestment;
- i. The project is consistent with the City's Master Plan;
- j. Compliance with the following City ordinances and policies:
  1. All applicants must be current with all real and personal property taxes;
  2. All applicants must not be under orders for violations of the zoning ordinance;
  3. All applicants must have a satisfactory record of compliance with regulations enforced by the City's Environmental Protection Department.

## IV. OTHER CONDITIONS

The Economic Development Corporation of the City of Grand Rapids (EDC) will review requests for allocation pursuant to the criteria and make recommendation to the City Commission. The EDC will utilize traditional tax exempt bond financing for those projects that qualify without the use of Recovery Zone bond allocation. Where appropriate, the City will work with the County to potentially share allocation on mutually beneficial projects. If the bonds are not issued within 60 days after the allocation is given, it expires and goes back into the allocation "pool."