

**October 28, 2009:**

**Reminder Regarding Recovery Zone Bonds: Local governments must state their intent to use their initial allocations by Nov. 2; VACo & VML announce recovery act bond pool**

As previously announced by [VACo on Oct. 1](#), Gov. Timothy M. Kaine signed an [Executive Order](#) on Wednesday, Sept. 30, establishing rules and a timeline for local governments to use their allocations for Recovery Zone Bonds, authorized under the [American Recovery and Reinvestment Act of 2009](#) (ARRA). Kaine's order also includes a required Notice of Intent for qualifying localities.

[Please note that the notice of intent form must be filed by Nov. 2.](#)

[\\*WORD VERSION OF FORM\\*](#)

The majority of Virginia cities and counties have received allocations enabling them to issue Recovery Zone Bonds for both public and private projects. Once the taxable bonds (for public facilities) are issued, the federal government will pay 45 percent of interest costs for the life of the financing – typically 20 to 30 years.

Local governments must notify the Governor's Chief of Staff by Nov. 2 of their intent to use their allocations. The Executive Order provides a framework by which unused local allocations may be reallocated to other localities. By Dec. 15, local governments must submit documentation showing they have designated a "Recovery Zone;" obtained appropriate approvals; received an opinion of bond counsel; and secured a commitment from a purchaser or underwriter of the Recovery Zone Bonds. Failure to submit these items will result in a forfeiture of the locality's allocation. All remaining unused allocations will be "swept" by March 15, 2010.

**VML/VACo Bond Issue will Assist Localities**

Recognizing the challenge of meeting these deadlines, the Virginia Association of Counties and Virginia Municipal League have directed their financial services arm, [VML/VACo Finance](#), to assemble a bond pool specifically for Recovery Zone Bonds issued to fund public facilities. The bond pool will make it easier for localities to take timely advantage of their allocations, achieve attractive bond pricing, and share costs of issuance. Localities should advise VML/VACo Finance this week if they wish to participate in the upcoming bond pool or request a new or additional allocation to issue subsidized Recovery Zone Bonds for public projects.

For more information on Recovery Zone Bonds and the VML/VACo Recovery Act Bond Pool, contact VML/VACo Finance at 804-648-0635 or visit the Web site: [VML/VACo Finance](#).

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