



ECONOMIC DEVELOPMENT

RECOVERY ZONE FACILITY BOND PROGRAM

BACKGROUND

The American Recovery and Reinvestment Act of 2009 (“ARRA”) created a new type of tax-exempt private activity bond enabling private businesses to borrow tax-exempt bond proceeds to finance capital projects in designated areas. The objective of Recovery Zone Facility Bonds is to promote business activity and economic development.

Recovery Zone Facility Bonds (“RZFB”) may finance commercial, industrial, office, retail, entertainment or warehouse facilities in designated “recovery zones”.

- Under the ARRA, recovery zones are areas designated by the City as having significant poverty, unemployment, rate of home foreclosures or general distress. Recovery zones include previously designated Empowerment Zones and Renewal Communities.

The City of Philadelphia (the “City”) has selected the Philadelphia Authority for Industrial Development (“PAID”) as the program administrator and conduit issuer of the City’s \$12.986 million allocation of Recovery Zone Facility Bonds. The entire City of Philadelphia has been designated a recovery zone.

ELIGIBLE USES

- Land and Building Acquisition
- New Construction and Renovations
- Equipment Financing

The property must be privately owned and operated. The property must be acquired, constructed or renovated after the designation of the area as a recovery zone. The property may be developed for essentially any business purpose with a few exceptions, including but not limited to, residential rental property, golf courses, country clubs or facilities utilized for gambling.

PRIORITIZATION OF PROJECTS

- Ability to adhere to a 2010 issuance schedule
- Job retention or creation in the City
- Impact on low-to-moderate income neighborhoods in the City
- Revitalization of vacant or underutilized property in the City

FINANCING

RZFB are tax-exempt bonds and may be structured as a public offering facilitated by an investment bank or direct, private placement with a financial institution.

TIMING AND PROCEDURE

Tax-exempt financings require approximately 8 to 12 weeks for execution. The same procedures for PAID’s Tax-Exempt Bond Program apply.

FEES

Application fee: \$2,000 (payable with submission of financing applications and non-refundable)

Origination fee: 0.375% of the 1st \$10 million and 0.25% of the 2nd \$10 million (payable at settlement). PAID legal fees will apply and will vary based upon the issuance amount.

Please note that Recovery Zone Facility Bonds are a financing alternative available through 2010.

Fees are subject to change. Please confirm all transaction fees with PIDC prior to application.