

# ***Recovery Zone Bond Allocation Still Available***

***\$3.7 million for Facility Bonds***

***\$1.8 million for Economic Development Bonds***

After the first round of applications, approximately \$5.5 million of recovery zone bond allocation is still available. The remaining allocation is separated into two categories as follows:

- **Facility Bonds** (Private Use) - Volume Cap Remaining: \$3.7 million
- **Economic Development Bonds** (Municipal Use) - Volume Cap Remaining: \$1.8 million

Applications are now being accepted on a first-come, first serve basis. Applications will be reviewed each month until all of the allocation has been awarded. Application packets are available on the homepage of the Chester County Economic Development Council website.

Additional details regarding the recovery zone financing program are provided below.

## **Background**

The American Recovery and Reinvestment Act of 2009 (ARRA) includes a new low-interest economic development financing tool called **Recovery Zone Bonds**. Through ARRA, the Bonds were allocated to each county in the U.S., which was then responsible for identifying its own recovery "zones." The County of Chester designated the 15 Boroughs and the City of Coatesville as Recovery Zones in January, 2010. Only projects located within the designated recovery zones can access this financing.

The Chester County Commissioners have authorized the Chester County Industrial Development Authority (CCIDA) to administer the program. The Chester County Economic Development Council (CCEDC), who provides the staff to the CCIDA, will collaborate with the CCIDA Board to implement the program.

## **Eligibility Uses of Funds**

- Project must be located in a recovery zone
- Borrower must certify they will close on financing before December 31, 2010
- Only project costs incurred after January 27, 2010, the date of "Recovery Zone" designation, are eligible

Facility Bonds (Private Use) - Facility Bonds may be used to finance depreciable property actively used in a qualified business within a Recovery Zone, provided the property is acquired after the Recovery Zone designation.

Economic Development Bonds (Municipal Use) - Economic Development Bonds may be used to finance economic activities, including capital expenditures paid or incurred for property in a

Recovery Zone, expenditures for public infrastructure and construction of public facilities and expenditures for job training and educational programs.

### **Minimum and Maximum Loan Amounts?**

During the first round of applications, there was a cap of \$2 million per project. **That cap no longer applies.**

### **Loan Terms and Rate?**

The rate and term of the loan is established by the bank for mortgages. If bond financing is used, the rate and term are determined by the pricing of the bonds, the letter of credit fee and other costs associated with the bond issue.

### **Application Process**

Borrowers wishing to apply for recovery zone financing should contact Gary Smith, Mike Grigalonis or Kathy Field at the Chester County Economic Development Council (610-458-5700) to obtain an application. The application is also available at [www.cceconomicdevelopment.com](http://www.cceconomicdevelopment.com)

Applications must meet the "Basic Requirements" identified in the application packet to be considered. Applications will be reviewed monthly until all of the allocation has been awarded.