



# THE COUNTY OF CHESTER RECOVERY ZONE



## BOND & MORTGAGE FINANCING

Chester County Industrial Development Authority  
737 Constitution Drive, Exton, Pa 19341  
Phone: 610-458-5700 Fax: 610-458-7770  
[www.cceconomicdevelopment.com](http://www.cceconomicdevelopment.com)

The American Recovery and Reinvestment Act of 2009 (ARRA) includes a new economic development tool available to local communities called Recovery Zone Bonds. A "Recovery Zone" is an area having significant poverty, unemployment, home foreclosures and/ or other forms of economic distress. Through ARRA, the Recovery Zone Bonds were allocated to each county, which was then responsible for identifying its own recovery "zones." The County of Chester determined that the Recovery Zones in the County shall be comprised of the 15 Boroughs and the City of Coatesville. Only projects located in these recovery zones are eligible for this financing tool.

There are two types of Recovery Zone Bonds, each with a volume cap allocation that limits the amount of recovery zone financing that can be utilized:

Facility Bonds (Volume cap = \$5,770,000) – Private use  
Economic Development Bonds (Volume cap = \$3,847,000) – Municipal use

Recovery Zone Bonds can be used for the purpose of promoting development or other economic activity in a recovery zone, including capital expenditures for property located in the recovery zone, expenditures for public infrastructure and construction of public facilities, and expenditures for job training and educational purposes; and

Similar to traditional tax exempt financing, the recovery zone program requires a bank to lend the funds to the borrower. Funds can be loaned via mortgages or bonds. The CCIDA's role is to serve as the required conduit to access the recovery zone financing and to manage the allocation.

### **What projects are eligible to use recovery zone bonds?**

Only projects located in the recovery zones are eligible. The recovery zones in Chester County are the 15 Boroughs and the City of Coatesville. *Note: Properties must have been acquired after the designation of the recovery zones. The zones were officially designated on January 27, 2010.*

### **What are the Eligible Uses of the Funds?**

Facility Bonds – 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. Some kinds of property specifically do not qualify, including land, rental property, and property used for certain kinds of activities such as golf courses, racetracks, country clubs and other facilities not eligible for tax-exempt financing.

Economic Development Bonds – 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.

### **What are the Minimum and Maximum Loan Amounts?**

Because of the limited amount of recovery zone financing available, the maximum amount of allocation for any one project is \$2 million. There is no minimum allocation.

### **What is the Loan Term 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.

### **How Many New Jobs Must be Created as a Result of a Project?**

There is not a job creation requirement for this program.

### **What Are the Fees for CCIDA for This Type of Loan?**

#### Application Fee

- Application Fee: Loans less than \$500k: \$1,000 (netted against closing fee for Facility Bonds)
- \$500k - \$1 million: \$1,500 (netted against closing fee for Facility Bonds)
- Loans greater than \$1 million: \$2,000

Closing Fee for Facility Bonds: 1% of loan amount, maximum of \$50,000 (The CCIDA does not charge a closing fee for Economic Development Bonds since they are not the issuer.)

Legal Fee: Approximately \$5,000 - \$7,000

### **What is the Application Procedure?**

Companies 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.

Applications must be submitted to CCIDA by July 1, 2010. Applications must meet the “Basic Requirements” identified below to be considered. Applications will be reviewed at the July 21st Board meeting of the CCIDA. Allocation awards for both “Facility Bonds” and “Economic Development Bonds” will be announced during the week of July 26<sup>th</sup>. If there is still allocation remaining following the application and review cycle, the remaining allocation will be awarded on a “first come, first serve” basis. As with the initial application and review cycle, all “Basic Requirements” must be met to be considered for allocation.

### **How are allocations awarded?**

Applications must first meet a series of basic requirements. If those requirements are met, the application is eligible to be considered for allocation. If there are more eligible applications than available allocation, the projects will proceed to an evaluation phase.

Basic Requirements for Application to Proceed to Evaluation Phase:

- A. Completed application received by CCIDA
- B. Application Fee must be paid
- C. Borrower must certify they will close on financing before December 31, 2010
- D. Commitment letter from bank must be included as part of application.
- E. Preliminary Bond Counsel opinion letter confirming project eligibility
- F. Project must address urban revitalization and economic recovery

Process for Evaluating and Ranking Proposals/Borrowers

Applications for Recovery Zone allocation will be evaluated and ranked based on the extent to which the applications address the following evaluation factors:

- A. Degree to which the activities include community support and/or coordination or collaboration with other community development activities in the same neighborhood or vicinity. (20points)
- B. The borrower's capacity and prior experience in administering activities in an efficient and timely manner or in overseeing the administration of the activity. (20 points)
- C. Financial Feasibility of the proposed activities (e.g. match, realistic estimates, and all cost elements included). (20 points)
- D. Degree to which the activities are in a state of readiness (including environmental, historic and relocation concerns, as well as site control, zoning, and project schedule). (40 points)

If, at the end of the evaluation process, two proposals are essentially "tied", priority will be given to the project located in the municipality with the most critical need for economic development. The need will be determined by analyzing: poverty levels, unemployment rates and number of home foreclosures.

**Bond Counsel Opinion Requirement**

A preliminary opinion from a qualified bond counsel must be provided at the time of application to the Industrial Development Authority. The bond counsel that provides this opinion should be listed in *The Bond Buyers Municipal Marketplace* (commonly referred to as the Red Book)

**What is the role of the Chester County Economic Development Council?**

The Chester County Economic Development Council contracts with CCIDA to provide staff services.



Application Number

## COMMUNITY AND ECONOMIC DEVELOPMENT

### Single Application for Assistance

#### I. PROFILES

Applicant/Sponsor			
Name:	Chester County Industrial Development Authority	CEO:	Gary W. Smith
CEO Title:	President/CEO	Address:	737 Constitution Drive
City:	Exton	State:	PA
Zip:	19341	FEIN:	23- 2667137
SIC Code:	9611	For-Profit Corporation <input type="checkbox"/> Non-Profit Corporation <input checked="" type="checkbox"/> Government Partnership Sole Proprietorship	
Contact Name:	Kathy Field		
Title:	Manager, Administrative Services	Phone:	61-458-5700 ext. 217
Fax:	610-458-7770	PA Revenue Tax Box #:	
E-mail:	kfield@cceconomicdevelopment.com	Internet Access:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Business Specifics			
Current # of Full-time Employees:	Pennsylvania	Worldwide _____	
Minority Owned:	Yes <input type="checkbox"/> No <input type="checkbox"/>	Woman Owned:	Yes <input type="checkbox"/> No <input type="checkbox"/>
Sole Proprietorship <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> C Corporation <input type="checkbox"/>			
Total Sales \$	R&D Investment (% of budget)		
Total Export Sales \$	Employee Trng. Investment (% of budget)		

Company/Occupant			
Name:		CEO:	
CEO Title:		Address:	
City:		State:	
Zip:		FEIN:	
SIC Code:		UC#	
Contact Name:		Title:	
Phone:		Fax:	
E-mail:		Internet Access:	Yes <input type="checkbox"/> No <input type="checkbox"/>

Beneficial Owner/Developer			
Name:		Address:	
City:		State:	
Zip:		FEIN:	

**II. PROJECT SITE LOCATION(S)**

<b>Site One:</b>			
Address:		City:	
State:		Zip:	
County:		Municipality:	
PA House #:		PA Senate #:	
US Congressional #:			
Current # of Full-Time Employees at this Site:			
# of Full-Time Jobs to be Created at this Site:			

**III. PROJECT INFORMATION**

\_\_\_Project Name/Description (max. 60 characters) can be separate attachment

**IV. TYPE OF ENTERPRISE (Check appropriate box or boxes)**

Advanced Technology	Exempt Facility	Other (specify)
Agri-Business	Export Manufacturing	Professional Services
Authority	Export Service	Recycling
Call Center	Food Processing	Reg. & Nat. Headquarters
Commercial	Government	Research & Development
Community Dev. Provider	Historical Society	Retail
Computer & Clerical Operators	Hospitality	Social Services Provider
Defense Related	Industrial	Tourism Promotion
Economic Dev. Provider	Manufacturing	Warehouse & Terminal
Educational Facility	Mining	
Emergency Responder	Museum	
Please fill in when "Other" is specified.		

**V. INDICATE BUDGET CATEGORY OF FINANCIAL ASSISTANCE REQUESTED (Check all appropriate boxes)**

Acquisition	Infrastructure / Site Prep	Operating Costs/Working Capital
General Construction	Machinery and Equipment	Related Costs
		Other Costs Training

**VI. HOW WILL THE ASSISTANCE BE USED? (Check all appropriate boxes)**

Community Development/Revitalization	Environmental	Recreation
Community Services	Domestic Trade	Tax Credits
Crime Prevention	Export - International Trade	Technology Development
Economic Development/Revitalization	Housing	Tourism Promotion
Education	Planning	

## VII. PROJECT BUDGET

**Include all sources of funds and project costs. (Include monies not financed with DCED funds.)**

<b>Sources</b>	<b>(1) Recovery Zone</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>Total</b>
<i>Type of Financial Assistance</i>					
<b>ACQUISITION</b>					
<i>Land</i>					
<i>Buildings</i>					
<b>Subtotal</b>					
<b>GENERAL CONSTRUCTION</b>					
<i>New Construction</i>					
<i>Renovations</i>					
<b>Subtotal</b>					
<b>INFRASTRUCTURE/ SITE PREPARATION</b>					
<i>Roads &amp; Streets</i>					
<i>Parking</i>					
<i>Water/Sewer</i>					

**PROJECT BUDGET (continued)**

<b>Sources</b>	<b>(1) DCED</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>Total</b>
<i>Utilities</i>					
<i>Demolition</i>					
<i>Excavation/Grading</i>					
<i>Environmental Cleanup</i>					
<b>Subtotal</b>					
<b>MACHINERY &amp; EQUIPMENT</b>					
<i>New Equipment Purchase</i>					
<i>Used Equipment Purchase</i>					
<i>Upgrade Existing</i>					
<i>Installation/Building Modification</i>					
<i>Vehicles</i>					
<b>Subtotal</b>					
<b>OPERATING COSTS/ WORKING CAPITAL</b>					
<i>Working Capital</i>					
<i>Salaries &amp; Fringe Benefits</i>					
<i>Training &amp; Technical Assistance</i>					
<i>Consumable Supplies</i>					
<i>Travel</i>					
<i>Promotion/Public Relations/Advertising</i>					
<i>Office Equipment</i>					
<i>Space Costs</i>					
<i>Audit</i>					
<i>Indirect Costs</i>					
<b>Subtotal</b>					

**PROJECT BUDGET (continued)**

Sources	(1) DCED	(2)	(3)	(4)	Total
<b>RELATED COSTS</b>					
<i>Professional Services/Consultants</i>					
<i>Engineering</i>					
<i>Inspections</i>					
<i>Fees</i>					
<i>Insurance</i>					
<i>Environmental Assessment</i>					
<i>Legal Costs</i>					
<i>Closing Costs</i>					
<i>Contingencies</i>					
Subtotal					
<b>OTHER</b>					
Other					
Subtotal					
<b>TOTAL</b>					

**VIII. BASIS OF COSTS (Check appropriate item)**

- |   |   |
|---|---|
| <input type="checkbox"/> Appraisals           | <input type="checkbox"/> Engineer Estimates   |
| <input type="checkbox"/> Bids/Quotations      | <input type="checkbox"/> Sales Agreements     |
| <input type="checkbox"/> Contractor Estimates | <input type="checkbox"/> Budget Justification |

**IX. PROJECT NARRATIVE**

Attach a comprehensive description of this project. In general, the narrative must address and/or include:

**General Information**

- A. Specific Problems to be Addressed or Improvement to be Financed
- B. Project Description
- C. Project Schedule, Key Milestones and Dates

**Evaluation Criteria for Recovery Zone Allocation**

- D. Degree to which the proposed activities address urban revitalization and economic recovery.
- E. Degree to which the activities include community support and/or coordination or collaboration with other community development activities in the same neighborhood or vicinity.

- E. The borrower's capacity and prior experience in administering activities in an efficient and timely manner or in overseeing the administration of the activity. Financial Feasibility of the proposed activities (e.g. match, realistic estimates, and all cost elements included).
- F. Degree to which the activities are in a state of readiness (including environmental, historic and relocation concerns, as well as site control, zoning, and project schedule)..

**X. CERTIFICATION**

I hereby certify that all information contained in this document and attachments are true and correct to the best of my knowledge. If I knowingly make a false statement or overvalue a security to obtain a grant and/or loan from DCED, I (company, entity and signer) may be subject to criminal prosecution.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: Gary W. Smith Title: President/CEO

Representing: Chester County Industrial Development Authority

Address: 737 Constitution Drive, Exton, PA 19341

If this application is being submitted on behalf of another entity, a certification is also required for that entity.

Signature: \_\_\_\_\_

Print Name: Title: \_\_\_\_\_

**Corporate Submissions Only:**

Attested by: \_\_\_\_\_ (Signature of Corporate Secretary)

"I understand that in order to facilitate the submission of additional applications for this project on the Internet, information from this application (limited to the profile, project summary and site employment/ projected jobs data) will be available to DCED Authorized Service Providers on the DCED Single Application web site, unless I have checked here \_\_\_\_ "

The Department of Community and Economic Development reserves the right to accept or reject any or all applications submitted on the Single Application for Assistance contingent upon available funding sources and respective applicant eligibility.

## **Required Application Attachments**

Please be sure to include the following attachments:

1. Sales Agreement if purchasing real estate.
2. Property Appraisal if purchasing real estate.
3. Bids or quotes for all new construction, renovations and/or equipment.
4. Bank commitment letter stating the terms and conditions of its participating in proposed project.
5. Legal opinion regarding eligibility of recovery zone financing.
6. Application Form as attached.
7. Application Fee made payable to Chester County Industrial Development Authority.

**CONTACT LIST**

Company's Counsel \_\_\_\_\_

Contact Name \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

E-Mail: \_\_\_\_\_

Mailing Address \_\_\_\_\_

\_\_\_\_\_

Bank \_\_\_\_\_

Contact Name \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

E-Mail: \_\_\_\_\_

Mailing Address \_\_\_\_\_

\_\_\_\_\_

Bond Counsel (if applicable) \_\_\_\_\_

Contact Name \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_

E-Mail: \_\_\_\_\_

Mailing Address \_\_\_\_\_

\_\_\_\_\_