



Office of the Commissioners

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**Lackawanna County
Recovery Zone Facility Bonds**

I. GOALS

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

II. THRESHOLD CRITERIA

Project 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. Must have a firm commitment to purchase the bonds from a financial institution or bond underwriter demonstrating that the project is credit worthy;
- c. Project will be a catalyst for development or for multiple redevelopment opportunities in Lackawanna County;
- d. Project will create new income tax and/or property taxes within three (3) years of commencement for the project.

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 and retain a significant number of jobs in Lackawanna County, and/or will add jobs;

- d. The project includes other investment in neighborhood revitalization or public infrastructure improvements or utilizes other public and private financing tools to maximize redevelopment benefits;
- e. The project will enhance an area of Lackawanna County and/or cause additional investment;
- f. Property has been vacant, or fifty percent of building(s) has been unoccupied, for at least one year;
- g. Project shows other evidence of under-utilization or disinvestment;
- h. Compliance with the all local ordinances and policies;
- i. All applicants must be current with all real estate taxes (county, municipal & school);

Frequently Asked Questions

Q: What are Recovery Zone Facility Bonds?

A: Recovery Zone Facility Bonds (RZFB) are a tool for encouraging private investment in economic development and job growth. RZFB are a new type of qualified private activity bonds (think IDB). RZFB create the ability to use tax-exempt borrowing for a wide range of business development.

RZFB are subject to the general rules that apply to qualified private activity bonds, except: (1) RZFB have a separate allocation (volume cap) of issuing authority and (2) bond proceeds can be used to acquire existing property

Q. What are the uses of RZFBs?

A: The primary criterion is that 95% or more of bond proceeds must be spent on “recovery zone property”. The IRS guidelines set three criteria for recovery zone property:

1. The property was constructed, reconstructed, renovated, or acquired by purchase by the taxpayer (the party borrowing and securing the bonds) after designation of the recovery zone.
2. The original use of the property commences with the taxpayer.

3. Substantially all use of the property occurs in the recovery zone and is the active conduct of a qualified business. A qualified business is one which (i) does not involve the rental of residential real property (defined for this purpose as real property at least 80 percent of the rental income of which is from dwelling units), and (ii) does not include the operation of a private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store of which the principal purpose is the sale of alcoholic beverages for off-site consumption.

Q: What other factors apply to the use of RZFB?

A: The bonds must be issued before January 1, 2011.

Q: Who has allocation to use RZFB?

A: The June 12 IRS Notice contained a list of allocations to local governments in each state. The County of Lackawanna received an allocation of \$6,163,000.00

Q. What is a Recovery Zone?

A: The proceeds of the RZFB must be spent to promote development or other activities in a designated "Recovery Zone". The Lackawanna County Commissioners designated the entire county as a recovery zone on June 23, 2010.

Q: Is there an application deadline?

A: Yes, parties interested in applying for RZFB allocation must submit applications by July 12, 2010.

For further information or questions, please contact William Coleman at the Lackawanna County Department of Planning and Economic Development at (570) 963-6830.

**LACKAWANNA COUNTY
RECOVERY ZONE FACILITY BONDS
APPLICATION**

Section I: Eligibility Questionnaire - Applicant Background Information

Please answer all questions. Use "None" or "Not Applicable" where necessary. Information in this application may be subject to public review under Pennsylvania Law.

A) Applicant Information-entity receiving benefit:

Total Project Amount: _____

Amount of Recovery Zone Bond Allocation Requested :(minimum \$1,000,000) _____

Applicant Name: _____

Applicant Address: _____

Phone: _____ Fax: _____

Website: _____ E-mail: _____

Federal ID#: _____

B) Individual Completing Application:

Name: _____

Title: _____

Address (if different from above): _____

Phone: _____ Fax: _____

E-Mail: _____

C) Company Contact (if different from individual completing application):

Name: _____

Title: _____

Address (if different from above): _____

Phone: _____ Fax: _____

E-Mail: _____

D) Company Counsel:

Name of Attorney: _____

Firm Name: _____

Address: _____

Phone: _____ Fax: _____

E-Mail: _____

F) Business Organization (check appropriate category):

Corporation _____

Partnership _____

Public Corporation _____

Joint Venture _____

Sole Proprietorship _____

Limited Liability Company _____

Other _____ (please specify) _____

Year Established: _____

State in which Organization is established: _____

G) List all Stockholders, members, or partners with % of ownership greater than 20%:

<u>Name</u>	<u>% of ownership</u>
_____	_____
_____	_____
_____	_____
_____	_____

H) Business Description:

Describe in detail company background, products, customers, goods and services:

Estimated % of sales outside Lackawanna County: _____%

Estimated % of sales outside of Pennsylvania: _____%

Estimated % of sales outside the U.S.: _____%

Section II: Eligibility Questionnaire - Project Description & Details

A) Location of proposed project:

Address _____

City, State, Zip Code _____

PIN Number: _____ If available please include a copy of current tax bill.

Present Project Site Owner: _____

B) Please attach a project/narrative description and or any appropriate materials:

C) Site Characteristics:

Is the proposed project site located on a site where the known or potential presence of contaminants is complicating the development/use of the property? Yes _____ or No _____. If yes, please explain:

D) Has a Phase I Environmental Assessment been prepared or will one be prepared with respect to the proposed project site? Yes _____ or No _____. If yes, please provide a copy.

E) Have any studies or assessments been undertaken with respect to the proposed project site that indicate the known or suspected presence of contamination that would complicate the site's development? Yes _____ or No _____. If yes, please provide copies of the study

F) If you are purchasing new machinery and equipment, does it provide demonstrable energy efficiency benefits? Yes _____ or No _____. If yes, please attach additional documentation describing the efficiencies achieved.

G) Explain in detail why Recovery Zone Bond Financing is necessary for this project to proceed. Focus on competitiveness issues, project financing shortfalls, etc. (attach additional pages if necessary):

H) Project Information:

Estimated costs in connection with project:

Land and/or Building Acquisition:	\$ _____
_____ acres _____ square feet	
New Building Construction: _____ square feet	\$ _____
New Building Addition(s): _____ square feet	\$ _____
Existing Building Renovation: _____ square feet	\$ _____
Manufacturing Equipment:	\$ _____
Non-Manufacturing Equipment (furniture, fixtures, etc.):	\$ _____
Soft Costs: (professional services, etc.):	\$ _____
Other, Specify: _____	\$ _____
TOTAL:	\$ _____

I) Select Project Type (you may check more than one):

Industrial _____ Back Office _____
Multi-Tenant _____ Civic Facility (not for profit) _____
Mixed Use _____ Equipment Purchase _____
Commercial _____ Retail _____
Acquisition of Existing Facility _____ Facility for Aging _____
Other, please explain _____
SIC Code: _____ NAICS Code: _____

J) For proposed facility please indicate # of sq ft for each of the uses outlined below:

Manufacturing/Processing _____
Warehouse _____
Research & Development _____
Commercial _____
Retail _____
Residential _____
Office _____

K) If you are undertaking new construction or renovations, are you seeking LEED certification from the US Green Building Council? Yes _____ or No _____

L) If you answered yes to question above, what level of LEED certification do you anticipate receiving:
_____ Standard _____ Silver _____ Gold _____ Platinum

L) What is your project timetable (Provide dates):

1. Start date: completion of financing: _____
2. Completion of project facilities: _____
3. Project occupancy – estimated starting date of operations: _____

M) Have site plans been submitted to the appropriate planning department for approval? Yes _____ or No _____.
If yes, submit a copy of approval with application.

N) Have any expenditures already been made by the company? Yes _____ or No _____. If yes, indicate particulars. (Recovery Zone Bond funds may not be applied to expenses incurred prior to approval):

Check applicable Box(you may check more than one)

Will project create new employment? _____
Is project necessary to retain existing employment? _____

O) Employment Plan (Specific to project location):

	Current # of Jobs	Total # of jobs 2 years after project completion
Full time		
Part Time		
Total		

P) Payroll Information:

Estimated Annual Salary at project site: \$ _____

Estimated Average Annual Salary of Jobs to be Retained \$ _____

Estimated Average Annual Salary of Jobs to be Created \$ _____

Estimated Salary Range of Jobs to be Created: From: \$ _____ To \$ _____

Q) Is your project Adaptively Reusing an existing abandoned or blighted building or site.

Yes _____ or No _____.

If yes, please describe:

Section III: Eligibility Questionnaire – Financial Information

A) List Sources and Uses for full Project Financing:

Sources: _____

Uses: _____

B) Commercial Lender:

Name of Banker: _____

Bank Name: _____

Address: _____

Phone: _____ Fax: _____

E-Mail: _____

C) Financial Statements:

For Existing Business please attach latest 3 years financial statements and 3 years projected year-end profit and loss statement, pro-forma balance sheets and 3 year projected year-end balance sheets.

For new businesses please attach 3 years projected year-end profit and loss statements, pro-forma balance sheets and 3 year projected year-end balance sheets.

D) Tax Exempt Financing Experience:

Have you or anyone in your organization had prior experience in tax free bond financing structures?

If/so explain:

Do you have any commitments with financial institutions or other entities regarding participating in the Recovery Zone Facility Bond Transaction or purchasing Bonds? _____ If/so list and describe participation:

Section IV: Applicant Acknowledgement

The applicant and /or the individual completing this application acknowledge that the information provided is complete and truthful to the best of their knowledge.

FORM COMPLETED BY: _____
(please print)

RELATIONSHIP TO COMPANY: _____

SIGNATURE: _____ DATE: _____

Please send 3 copies of this application and all supporting documentation by 7/12/2010 to:

William J. Coleman, Deputy Director
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