

Notice of Funding Availability and
Request for Proposals



Tax Exempt
Recovery Zone Facility Bonds
\$10,394,000 Allocation

Issued: November 2009
Proposal Due: February 1, 2010

Northampton County
Industrial Development Authority
669 Washington Street
Easton, PA 18042

(610) 559-3200

I. Introduction

The Northampton County Industrial Development Authority (IDA), through this Notice of Funding Availability (NOFA) and Request for Proposals (RFP)(collectively, the “RFP”) is seeking proposals from qualified Respondents (the “Respondent”) for the use of the County’s allocation of Recovery Zone Facility Bonds (the “Facility Bonds”) under the American Recovery and Reinvestment Tax Act of 2009 signed into law on February 17, 2009 (the “Recovery Act”). The intent of this RFP is to obtain Proposals for the use of the Facility Bonds to finance qualifying projects and to achieve the IDA’s objectives as stated in this RFP. The IDA intends to issue its \$10,394,000 allocation of Facility Bonds to finance certain qualifying projects which may include the new construction, expansion, or substantial rehabilitation of hotels, office buildings, mixed-use projects business parks, industrial and manufacturing facilities, retail, restaurants, and other types of private commercial uses.

II. Recovery Zone Facility Bonds

Recovery Zone Facility Bonds are a new category of tax-exempt private activity bonds authorized under the Recovery Act to stimulate economic recovery in “Recovery Zones.” Facility Bonds provide lower interest rates because the interest is tax-exempt to the investors for Federal tax purposes. Projects unable to qualify for traditional tax-exempt financing, including new construction, expansion, or substantial rehabilitation of hotels, office buildings, mixed-use projects business parks, industrial and manufacturing facilities, retail, restaurants, and other types of private commercial uses may be eligible for Facility Bonds.

On November 5, 2009, Northampton County Council approved a resolution designating the entire county a Recovery Zone and authorizing the Northampton County Industrial Development Authority to serve as the conduit issuer for the county’s \$10,394,000 allocation. Facility Bonds are private activity bonds and are classified as “exempt facility bonds” for tax purposes.

Facility Bond proceeds must be used for “Recovery Zone Property.” Recovery Zone Property is any depreciable property that is:

- A. Constructed, reconstructed, renovated or acquired by purchase by the taxpayer after the date on which the designation of the Recovery Zone took effect;
- B. The original use of which in the Recovery Zone commences with the taxpayer;
- C. Substantially all of the use of which is in the Recovery Zone and is in the active conduct of a qualified business.

A Qualified Business (or “Qualifying Project” for the purposes of this RFP) means any trade or business except that (a) the rental to others of real property located in a recovery zone shall be treated as a qualified business only if the property is not residential rental property, and (b) such term shall not include any trade or business consisting of the operation of several facilities, including any private or commercial golf course, county club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

Permitted uses of the Facility Bonds include the financing of: new construction; renovation or existing buildings; acquisition of existing buildings with rehabilitation; new equipment; and used equipment transferred into the Recovery Zone. Projects should have an estimated minimum cost of two millions dollars (\$2,000,000) and have secured or be in the process of securing all municipal and regulatory approvals.

The Northampton County Industrial Development Authority will act as the conduit issuer of the Facility Bonds. The developer or owner of the Qualifying Project will be required to repay the loan. The Facility Bonds shall not be considered a general obligation of the County or the IDA, and shall be payable solely from the credit and properties of the developer.

All Respondents should consult a tax attorney to determine whether a specific project is a Qualified Business or Qualifying Project under the Recovery Act. The Internal Revenue Service has released Interim Guidance on the use and applicability of the Facility Bonds, which may be accessed on the internet at: <http://www.irs.gov/pub/irs-drop/n-09-50.pdf>

The Recovery Act provides that Facility Bonds must be issued before January 1, 2011; and the selected Respondent must adequately demonstrate the ability to secure the financing within that timeframe.

III. Intent of the RFP

The intent of the IDA issuing this RFP includes, but is not limited to the following:

- A. To identify Qualifying Projects within the Recovery Zones that the IDA may consider issuing Facility Bonds in support of.
- B. To identify Qualifying Projects and the developers that demonstrate adequate financial capacity to repay the principal and interest on the Facility Bonds without any assistance or credit enhancement from the IDA. Respondents will be expected to initiate the funding process with the bank of their choice to facilitate the bond financing through the IDA.
- C. To facilitate projects that create increased employment opportunities in Northampton County. The Respondent, if selected, will be required to operate the Project in compliance with IRS rules and regulations related to the Facility Bonds. The Respondent will be required to make such

warranties and guarantees as the IDA shall require to guarantee repayment of the bond principal and interest.

If, in the IDA's sole discretion, a Respondent's Project is selected for bond issuance as a result of this RFP, such selection will be considered provisional. The final decision to issue Facility Bonds will be contingent upon, among other things, receipt of all required municipal and regulatory approvals. The Respondent, subject to the approval of the IDA, is responsible for obtaining an underwriter, bank or other lender to purchase the Facility Bonds.

By issuing this RFP the IDA makes no guarantees or representations, express or implied, that it will issue Facility Bonds or finance any specific project. The IDA reserves the right to reject some or all Proposals. The IDA also reserves the right to issue Facility Bonds to provide financing for developers and projects who submit applications subsequent to this RFP process.

IV. Proposal Content

Proposals, at a minimum, should include the following information:

- (1) Description of the project and current status;
- (2) A statement of project cost and cost to be financed;
- (3) The time required to execute the project;
- (4) The number of permanent jobs to be created;
- (5) Proposed financing terms;
- (6) Proposed debt security and coverage for debt security;
- (7) Project beneficiaries and benefits to the community.

Respondents shall identify that information which is Confidential Business Information and not releasable to the public.

V. Submission Requirements and Proposal Acceptance/Rejection

The IDA will not be limited solely to the information provided by the Respondent, but may be utilize other sources of information useful in evaluating the capabilities of the Respondent. Each Respondent must deliver or mail seven (7) original copies of the Proposal and one (1) electronic copy of the Proposal.

Proposals are to be received at the offices of the Northampton County Industrial Development Authority, Attn: Mr. Richard Janus, 669 Washington Street, Easton, PA 18042, by February 1, 2010 at 3 p.m.

VI. Project Selection

Project selection is at the sole discretion of the IDA and will be based on the following criteria:

- A. The scope and quality of the Respondent's Proposal;
- B. The Respondent's previous project experience;
- C. The likelihood of successful underwriting and funding of the Facility Bonds based on the strength of the project or the Respondent;
- D. Degree to which the Project is ready to proceed; and
- E. Quality of the project;
- F. The number of jobs retained or created.

Projects located in a low-income census tract, area with high home foreclosure rate, or area recently experiencing severe job loss may be given priority.

VII. Addendums

Should it be necessary to revise any part of this RFP, provide additional information necessary to adequately interpret provisions and requirements of this RFP, or respond to written inquiries concerning the RFP, the IDA reserves the right to issue an Addendum to registered RFP respondents by posting such Addendum on the Northampton County website www.northamptoncounty.org.