

— PENNSYLVANIA. BUILT TO ADVANCE. —

Pennsylvania Economic Development Financing Authority Bond Financing

Program Guidelines



July 2009

Table of Contents

Section I	General	1
A.	Introduction	1
B.	Eligible Businesses	1
C.	Eligible Uses of Funds	2
Section II	Financing Method	3
A.	Composite Pool Projects	3
B.	Stand Alone Projects	3
Section III	Loan Parameters	3
A.	Minimum Loan Size	3
B.	Maximum Loan Size	3
C.	Loan Increments	4
D.	Loan Term	4
E.	Loan Amortization	4
Section IV	Loan Fees	5
A.	Interest Rates	5
B.	Application Fee	5
C.	Annual Fees	5
D.	Closing Costs	5
Section V	Program Requirements	6
A.	Job Requirements	6
B.	Commencement	6
C.	Relocation	6
D.	Interim Financing	6
E.	Taxes	6
F.	Religious Affiliation	6
Section VI	Application Submission and Approval Procedures	7
Section VII	Volume Cap Allocation	7
A.	Manufacturing Projects	7
B.	Exempt Facility Projects	8
C.	Housing Projects	8
D.	Contact Information	9
PEDFA Application		PEDFA-1

Section I – General

A. Introduction

The Pennsylvania Economic Development Financing Authority (PEDFA) was established in 1987 by the Economic Development Financing Law to provide access to low-interest financing to businesses through the issuance of tax-exempt and taxable bonds. PEDFA finances projects on both a composite pool and a stand-alone basis.

The following guidelines are intended to give an overview of the rules and regulations governing this program. Tax-exempt and taxable financings differ in terms of eligibility criteria and interest rates; tax-exempt projects must meet stringent eligibility criteria established by federal tax law, but generally receive more favorable interest rates. For tax-exempt projects, PEDFA's bond counsel will further review projects for eligibility under federal tax law.

B. Eligible Businesses

1. Tax-Exempt Projects:

- a. **Manufacturing Facilities:** Defined under federal tax law as "the manufacturing or production of tangible property (including processing resulting in a change in condition of such property)." At least 75% of the tax-exempt proceeds must be used for manufacturing activities; a limit of 25% of the proceeds may be used for office, research & development, and warehousing, provided that they are located on the same site as the manufacturing facility and are directly related to it. For bonds issued before 2012 The American Recovery and Reinvestment Tax Act of 2009 (ARRTA) expands the authorization for \$10,000,000 small issue manufacturing bonds to include facilities for the creation or production of "intangible property," defined as "any patent, copyright, formula, process, design, pattern, know-how, format or other similar item." Also, facilities that are (i) "functionally related and subordinate" to a manufacturing facility and (ii) located at the same site are treated as part of the manufacturing facility, and are not subject to the 25% limit on financing for "ancillary facilities" under the regular rules.
- b. **Exempt Facilities:** Certain facilities designated by federal tax law as eligible for tax-exempt financing. These facilities include:
 - Solid waste disposal facilities
 - Sewage treatment facilities
 - Local furnishing of electricity or gas
 - Furnishing of water
 - Hazardous waste disposal facilities
 - Local district heating or cooling facilities
 - Airports, docks, wharves, and mass commuting facilities
 - High-speed intercity rail facilities
 - Environmental enhancements of hydro-electric generating facilities
- c. **Non-Profit 501(c)(3) Facilities:** Facilities to be used by charitable organizations which have received 501(c)(3) status from the Internal Revenue Service. These facilities may include nursing homes, health care facilities, and educational facilities.

- d. **Multi-Family Housing Facilities:** Facilities which provide multi-tenant residential housing and meet the following criteria: either 20% or more of the units will be occupied by individuals whose income is 50% or less of the area median gross income, or 40% or more of the units will be occupied by individuals whose income is 60% or less of the area median gross income. These facilities may include assisted living and continuing care retirement facilities.

2. **Taxable Projects:**

All businesses qualified to do business in Pennsylvania may be eligible for taxable financing. Speculative activities are not eligible.

C. Eligible Uses of Funds

1. **Tax-Exempt Projects:**

- a. **Land:** Includes acquisition, site preparation and testing costs.
- b. **Building:** Includes acquisition, construction, rehabilitation, engineering, and architectural costs. For building acquisition, rehabilitation in an amount equal to at least 15% of the portion of the building acquisition cost being financing with tax-exempt bonds must be done within two years of the bond closing.
- c. **New equipment:** Includes acquisition, delivery, installation, renovation. Used equipment may qualify only if contained within a facility being acquired through tax-exempt financing.
- d. **Refunding:** Of outstanding tax-exempt debt as allowed by federal law.
- e. **Closing costs:** No more than 2% of the tax-exempt financing amount. Closing costs in excess of 2% must be paid by the Company/Developer at closing (i.e., equity contribution).

2. **Taxable Projects:**

- a. **Land:** Includes acquisition, site preparation and testing costs.
- b. **Building:** Includes acquisition, construction, rehabilitation, engineering, and architectural costs.
- c. **Equipment:** Includes acquisition, delivery, installation, and renovation of both new and used equipment.
- d. **Refinancing:** Of any existing debt.
- e. **Working capital:** Includes inventory and business operating expenses.
- f. **Closing costs:** All costs may be included.

Section II – Financing Method

A. Composite Pool Projects

Small and medium sized projects, ranging from \$400,000 to approximately \$10 million (in some cases higher), can be grouped together into a single bond issuance in which high up-front issuance costs are shared, making the financing cost effective regardless of the individual project size. All projects must be guaranteed by a participating bank.

Composite projects must follow the timing schedule and financing structure of the PEDFA composite bond pool. The PEDFA pool is a 10-12 week process, from the announced application deadline to the bond closing. In general, there are three bond pools each year, with bond closings currently being held in April, August, and December. (This schedule is subject to change.)

B. Stand-Alone Projects

Medium and large sized projects, usually ranging from approximately \$10 million and up, can be issued either as part of a composite pool or on an individual "stand-alone" basis. The financing structure and participants (other than bond counsel and trustee) are usually chosen by the Beneficial Owner/Developer, with the consent of PEDFA.

The timing for stand-alone projects is flexible. Applications may be submitted at any time. The timing for exempt facility and multi-family housing projects will depend on the availability of volume cap allocation. PEDFA staff should be consulted on these projects.

Section III – Loan Parameters

A. Minimum Loan Size

For all PEDFA projects is \$400,000.

B. Maximum Loan Size

There is no maximum loan size for exempt facility, multi-family housing, or taxable projects; however, exempt facility and multi-family housing projects may be limited by the availability of volume cap allocation. The following maximum loan size rules, established by federal tax law, apply to tax-exempt manufacturing and non-profit projects:

1. **Manufacturing Projects:** The Beneficial Owner/Developer and the Company/Occupant, along with their affiliates, together cannot incur more than \$20,000,000 of capital costs in the city or municipality of the project during a six-year period beginning three years prior to the date of the bond closing. These capital costs include the current project costs and any outstanding tax-exempt debt. Up to \$1,000,000 of tax-exempt financing, including outstanding tax-exempt debt, is allowed without regard to the \$20 million capital costs limit.

In addition, the Beneficial Owner/Developer and the Company/Occupant, along with their affiliates, together cannot have outstanding tax-exempt debt anywhere in the United States or its territories in excess of \$40,000,000, including the current financing.

2. **Non-Profit Projects:** The non-profit entity and all related entities cannot have more than \$150,000,000 of outstanding non-hospital tax-exempt debt, including the current financing.

C. Loan Increments

For each composite pool project, the PEDFA loan amount must be in multiples of: (1) \$25,000 if the loan amount is less than \$1 million; or (2) \$100,000 if the loan amount is \$1 million or greater. There are no specified loan increments for stand-alone projects.

D. Loan Term

For tax-exempt projects, the term of the loan cannot exceed 120% of the depreciable life of the assets. The term should be negotiated between the Beneficial Owner/Developer and its bank.

E. Loan Amortization

1. For composite pool projects:

In general, the loan is amortized in monthly principal payments, which in total for each year must be either \$0 or a multiple of \$25,000 (if the loan is less than \$1 million) or a multiple of \$100,000 (if loan is \$1 million or greater).

Principal repayment may be deferred for up to three years. Exceptions may be considered by staff as circumstances warrant. The annual level of principal payments may be level, increasing, or decreasing from year to year, as long as some principal is repaid at least every three years. The repayment/amortization schedule must be negotiated between the Beneficial Owner/Developer and its participating bank. *The Beneficial Owner/Developer must provide a copy of this principal repayment schedule (also referred to as the "sinking fund" redemption schedule) to bond counsel at least three weeks prior to bond closing.*

Interest payments are calculated separately from the principal payments. Interest is paid every month, and cannot be deferred.

2. For stand-alone projects:

The amortization schedule will be structured to best accommodate the proposed financing. All terms must be negotiated between the Beneficial Owner/Developer and its bank or underwriter, with the concurrence of the Authority.

Section IV – Loan Fees

A. Interest Rates

1. For composite pool projects:

- a. **Tax-Exempt Bonds** - Weekly variable interest rates generally track against the Bond Market Association Index, a weekly municipal interest rate index that serves as the industry benchmark. Loan terms are up to 30 years, subject to negotiation and approval of the borrower's letter of credit provider. Current rates available upon request.
- b. **Taxable Bonds** - Weekly variable interest rates generally track against the one-month LIBOR rate, a short-term, taxable industry benchmark. Loan terms are up to 30 years, subject to negotiation and approval of the borrower's letter of credit provider. Current rates available upon request.

2. For stand-alone projects:

Interest rates are determined by the underwriter or bank; these rates can be variable or fixed rates.

B. Application Fee (for all projects)

1. A nonrefundable fee of \$500 is required at the time of the project application. This fee is used to pay PEDFA's expenses associated with each project. The fee will be credited against the closing costs charged at the time of closing.

C. Annual Fees

1. For composite pool projects:

In addition to annual letter of credit fees charged by the borrower's bank (as negotiated directly between the borrower and its bank), the PEDFA program carries annual credit enhancement, remarketing and trustee fees currently totaling approximately 0.83%. Such annual fees (as well as the letter of credit fee charged by the borrower's bank) is added to the interest rates described above to arrive at an "all-in" cost of capital.

2. For stand-alone projects:

In general, the Beneficial Owner/Developer should expect to receive annual servicing bills from the trustee, the letter of credit bank (if applicable), and the remarketing agent (if applicable). These annual fees are negotiated by the Beneficial Owner/Developer with each entity.

3. PEDFA itself does not charge any annual fees. In addition, the sponsoring IDAs or IDCs are prohibited from charging annual fees on PEDFA projects.

D. Closing Costs

1. For composite pool projects:

One-time closing fees average 2.5% of the PEDFA loan amount. Closing costs are fees associated with the following: bond counsel, placement agent and counsel, master letter of credit bank and counsel, trustee, rating agency, printer, PEDFA, and local IDA/IDC. The 2.5% closing cost estimate does not include fees charged by the Beneficial Owner/Developer's counsel, participating bank or bank counsel.

2. For stand-alone projects:

One-time closing fees will depend on the various entities involved in the financing. These costs are negotiated by the Beneficial Owner/Developer with each entity. PEDFA charges a one-time fee to the Beneficial Owner/Developer of 0.2% of the loan amount at the time of bond closing.

Section V – Program Requirements

A. Job Requirements

Both new and existing full-time permanent jobs, at the project site only, are counted for this program. Existing jobs include jobs which will be transferred to the project site.

1. **Tax-exempt manufacturing projects** must create and/or retain, within three years of the financing, one full-time permanent job for every \$50,000 of tax-exempt financing.
2. **All other tax-exempt and taxable projects** must create and/or retain, within three years of the financing, at least ten full-time permanent jobs per financing.

B. Commencement

Tax-exempt projects should not commence and project costs, including deposits or down payments, should not be paid prior to PEDFA inducement. Taxable projects may begin to incur project costs at any time, without prior approval from PEDFA.

C. Relocation

Relocation of a company from one labor market area of the Commonwealth to another is prohibited, unless a waiver of this requirement is obtained from the DCED Secretary. Please consult staff to determine acceptable circumstances for a waiver to be considered.

D. Interim Financing

No portion of the tax-exempt financing may be used as interim or bridge financing pending receipt of other permanent financing.

E. Taxes

The Beneficial Owner/Developer and the Company/Occupant along with their principal owners must be current in payment of all applicable state and local taxes, and all other obligations to the Commonwealth or any agency affiliated with the Commonwealth. Tax checks will be run on these entities through the Department of Revenue. A similar search will be conducted for Contractor Responsibility by the Department of Labor & Industry.

F. Religious Affiliation

PEDFA is prohibited from financing religious facilities. If the Beneficial Owner/Developer or the Company/Occupant has a religious affiliation, they must verify in the application narrative that no bond proceeds will be used to finance religious facilities (such as churches, chapels, or seminaries) and that the facilities will not be limited to use by, or preference given to, persons of a certain religious affiliation.

Section VI – Application Submission and Approval Procedures

All applications must be submitted online by a local Industrial Development Authority (IDA) or Industrial Development Corporation (IDC), which is the "Applicant", through the Electronic Single Application located at www.newPA.com. In addition, the online version of the attached PEDFA Application must be submitted online through the Electronic Single Application. Applications will not be accepted directly from the company or its counsel. In rare instances, some applications may be accepted directly from the company. Please call PEDFA staff to discuss these instances.

Each complete application will be reviewed and evaluated within 20 days of receipt by the program office. The application will not be considered complete without the required attachments. The IDA or IDC will receive written notification from the DCED Secretary when the project is approved for compliance with state law. For tax-exempt projects, the Beneficial Owner/Developer will receive the PEDFA inducement letter which allows it to proceed with project costs.

All PEDFA composite pool and stand-alone projects must be approved by the PEDFA Board of Directors. The PEDFA Board meets monthly to consider stand-alone projects, while composite pool projects are considered at the March, July and November meetings only.

All PEDFA tax-exempt projects must also receive Highest Elected Official approval. In PEDFA's case, the highest elected official is the Governor. This approval, which is sent to the Governor's office for signature following the PEDFA Board meeting, must be in place before the project closing.

Certain tax-exempt projects designated by federal tax law also require volume cap allocation (please see Section II, Financing Method).

Section VII – Volume Cap Allocation

The IRS Code imposes a state ceiling on the amount of certain tax-exempt bonds that may be issued in each calendar year by or on behalf of each state. Certain types of projects, as noted in The Code, require an allocation of state volume cap for the bonds to be considered tax-exempt. The following briefly outlines allocation procedures for those projects requiring allocation:

A. Manufacturing Projects

The Center for Private Financing prepares the Preliminary Allocation Request (PAR) form and submits the PAR certificate to the DCED Secretary for allocation approval. Once allocation is approved by the DCED Secretary, a copy of the PAR certificate is forwarded to bond counsel. The volume cap allocation certificate is valid for 90 days or until December 31st, whichever occurs first.

When a tax-exempt manufacturing project closes, the Center for Private Financing staff completes and submits the Final Allocation Request (FAR) and a copy of the IRS 8038 form, prepared by bond counsel, to the Secretary for approval. Once the final allocation is approved by the Secretary, a copy of the FAR certificate is forwarded to bond counsel. Bond counsel is then responsible for forwarding a copy of the FAR certificate and 8038 IRS form to the IRS to verify allocation.

B. Exempt Facility Projects

We highly suggest all exempt facility projects and allocation request be discussed with the Center for Private Financing prior to submission. All exempt facility projects that will require \$25 million or more of allocation must be financed through PEDFA.

The Director of the Center for Private Financing will accept requests for exempt facility allocation any time during the year. Being that exempt facility allocation is very competitive and may need to be approved by the committee comprised of representatives from the Governor's Office, Secretary of DCED, and the Secretary of the Department of Environmental Protection (DEP) ("Committee").

The Director of the Center for Private Financing has the authority to allocate up to \$19,999,999 million of exempt facility allocation to any project. Any allocation request exceeding \$19,999,999 million must be approved by the Committee. All decisions regarding exempt facility allocation requests, regardless of requested amount, will only be made in May and November of a given year unless unusual circumstances dictate differently. However, it should be understood that exempt facility allocation will not be granted for a project until all necessary permits are obtained. It should be further understood that an allocation request fee of **50 basis points per request** must accompany all allocation requests.

Once a project has been selected to receive allocation, the Secretary or Deputy Secretary of Business Assistance will issue an allocation confirmation letter to the respective economic development entity and/or potential borrower.

Allocation requests that are submitted in a designated timeframe are expected to close within 90 days and file a notice of issuance with the Director of the Center for Private Financing. If a project does not close within the designated 90-day period, a one time extension may be requested and approved by the Secretary for an additional fee of **10 basis points**, which may be waived at the discretion of the Secretary.

If the project does not close within the 90 day designated timeframe and an extension is not requested, a new allocation request and submission fee must be submitted to the Center for Private Financing.

If a project does receives an extension and does not close in the designated extension timeframe, a new allocation request and submission fee may be required to be submitted to the Center for Private Financing. This is at the discretion of the Secretary.

Once the project is approved for allocation the Center for Private Financing is to submit the PAR certificate to the Secretary. Once the PAR is signed by the Secretary, a copy of the PAR certificate is forwarded to bond counsel.

After the project closes and bond counsel submits the IRS Form 8038 to the Center for Private Financing, the FAR is completed and submitted to the Secretary. Once the final allocation is approved by the Secretary, a copy of the FAR certificate is forwarded to bond counsel, who is responsible for forwarding a copy of the FAR certificate and IRS Form 8038 to the IRS to verify allocation.

C. Housing Projects

Under the current allocation regulations, all housing-related allocation must be allocated to the Pennsylvania Housing Finance Authority (PHFA), whose Board of Directors decides which issuers will receive allocation. However, under Act 100, PEDFA is able to access housing allocation directly for multi-family housing projects, without having to go through the PHFA Board. Therefore, both PHFA and PEDFA can issue multi-family housing bonds.

D. Contact Information

Program inquiries should be directed to:

Department of Community and Economic Development
Pennsylvania Economic Development Financing Authority
Center for Private Financing
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

Phone: (717) 783-1109

Fax: (717) 787-0879

Program inquiries should be directed to:

Department of Community and Economic Development
Pennsylvania Economic Development Financing Authority
Center for Private Financing
Attn: Craig Petrasic, Assistant Director or Brian Deamer, Program Manager
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225



PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY APPLICATION

TYPE OF BOND FINANCING

Issuer:

- PEDFA (Pool)
- PEDFA (Stand Alone)
- IDA

Bond Type:

- Tax-Exempt
- Taxable

Tax-Exempt Category:

- Manufacturing
- Exempt Facility
- Non-Profit
- Housing
- Refunding
- Other

SIC CODES

Beneficial Owner/Developer SIC and/or NAICS Code _____

Company Occupant SIC and/or NAICS Code _____

SITE DESCRIPTION

If the project involves more than one site, or more than one facility on the site, please provide the following details for each site and for each facility.

If the Project Involves a NEW Site:

Land (acquisition) acres _____
 Facility (acquisition) sq. ft. _____
 Facility (expansion) sq. ft. _____
 Facility (renovation) sq. ft. _____
 Facility (construction) sq. ft. _____

If the Project Involves an EXISTING Site:

Land (existing) acres _____
 Facility (existing) sq. ft. _____
 Facility (expansion) sq. ft. _____
 Facility (renovation) sq. ft. _____
 Facility (construction) sq. ft. _____

RELOCATION

Is the Beneficial Owner/Developer or Company/Occupant moving from another site? Yes No

If yes, please complete the following. *(refer to program guidelines)*

Former site: _____

Reason for move: _____

Miles from project site (if move is within PA): _____

OTHER TENANTS

Please complete the following summary for each tenant (other than the Company/Occupant) located on the project premises. If there are no other tenants, please indicate this below.

Tenant Name	Business Activity	SIC Code	Sq. Ft. Leased

**BENEFICIAL OWNER / DEVELOPER AND COMPANY / OCCUPANT
 ORGANIZATION DESCRIPTION**

OWNERSHIP STRUCTURE

List the type of organization (sole proprietorship, corporation, general or limited partnership, non-profit) for both the Beneficial Owner/Developer and the Company/Occupant, as well as the year that each was formed. If applicable, list the Corporation Tax Box Number and the Sales & Use Tax License Number for each organization.

	Type of Organization	Year Formed	Corporation Tax Box #	Sales/Use Tax License #
Benef. Owner:				
Co/Occupant:				

OWNERSHIP

List all principal owners, controlling stockholder or partners of both the Beneficial Owner/Developer and the Company/Occupant. Include the percentage of ownership of each, as well as their Social Security Number (if individual) or FEIN (if company). If the Beneficiary/Developer and/or the Company/Occupant is owned by one or more companies, list the owners of each company and their percentage of ownership. If the Beneficial Owner/Developer and/or Company/Occupant is publicly held with no controlling stockholders, please indicate this below.

Company Name	Principal Owners	FEIN or Social Security #	Percentage of Ownership

AFFILIATED ORGANIZATIONS

List all companies with which the Beneficial Owner/Developer and/or the Company/Occupant are affiliated. For each affiliate, list the nature of the affiliation and the affiliate's location.

Company Name	Affiliation	Location

TAX EXEMPT ELIGIBILITY

(For Tax-Exempt Projects Only)

Please complete this section if you wish to be considered for tax-exempt financing.

RESTRICTED USES OF TAX-EXEMPT LOAN

1. No portion of the loan may be used to finance the following:

Airplane	Massage parlor
Beer or liquor store	Racetrack
Country club	Racquet sports facility
Gambling facility	Skating facility
Golf course	Sky box or other private luxury box
Health club facility	Suntan facility
Hot tub facility	Tennis club

2. For manufacturing projects, no more than **25%** of the loan can be used to construct or acquire facilities whose primary purpose is:

Retail service of food and beverage
Automobile sales or service
Recreation or entertainment

3. For manufacturing projects, use of the loan for the following facilities is partially restricted:

Residential facilities
Farm land, buildings or equipment
Condominium facilities such as a single building,
enclosed shopping mall, strip offices, stores
or warehouses using substantial common facilities.

Is the loan intended to be applied to any of the above uses? Yes No

If yes, please explain on a separate attachment.

REFUNDING

Is this financing a refunding of outstanding tax-exempt debt? Yes No

If yes, please attach a copy of IRS form 8038 filed in respect of debt to be refunded.

TAX EXEMPT ELIGIBILITY

(For Tax-Exempt Projects Only)

CAPITAL EXPENDITURE RESTRICTIONS *(Applicable to manufacturing projects only)*

If an individual, corporation, or partnership (or any related entity) receives over \$1,000,000 in tax-exempt financing (including the current financing and any outstanding tax-exempt financing for a facility within the same jurisdiction as the proposed financing), federal tax law places the following restrictions on the Beneficial Owner/Developer and Company/ Occupant:

The total of the following with respect to the Beneficial Owner/Developer and Company/Occupant (and any related entity) cannot exceed \$20,000,000:

- a) Tax-exempt financing for projects (including this project) or other facilities located in the same city, township, or incorporated municipality; and
- b) Capital expenditures on projects (including this project) or other facilities located in the same city, township, or incorporated municipality, during the six-year period beginning three years prior to funding of this project.

Capital expenditures or bond financing of related persons count toward the \$20,000,000 limit. "Related persons" include any entity related by more than 50% overlapping ownership, including ownership through family relatives.

Please list below all capital expenditures paid, incurred, or expected to be paid by the Beneficial Owner/Developer and Company/Occupant, in the six year period beginning three years before the anticipated commencement of this project, for projects or facilities located in the same city, township, or incorporated municipality.

Capital expenditures may include:

Land/Building	Architects, Engineers	Purchase of corporate stock
Construction	Intangibles	Capitalized credit support costs
Equipment	Tenant improvements	Capitalized property taxes
Capitalized interest	Covenants not to compete	Research and development
Legal fees	Capitalized overhead	Equipment to be moved to facility

<u>Calendar Year</u>	<u>Expenditures incurred or to be incurred for this project facility</u>	<u>Expenditures to be incurred at other facilities in the same jurisdiction</u>
-3	_____	_____
-2	_____	_____
-1	_____	_____
Current Project	_____	_____
+1	_____	_____
+2	_____	_____
+3	_____	_____
TOTALS:	_____	_____

TAX EXEMPT ELIGIBILITY

(For Tax-Exempt Projects Only)

OUTSTANDING TAX-EXEMPT FINANCING

Manufacturing: The Beneficial Owner/Developer and Company/Occupant (and any entity related to either) cannot have outstanding tax-exempt financing anywhere in the United States or its territories or possessions in excess of \$40 million, including the current financing.

Non-Profit: The non-profit entity and all related persons cannot have outstanding non-hospital tax-exempt financing in excess of \$150 million, including the current financing.

Does the Beneficial Owner/Developer and Company/Occupant have any outstanding tax-exempt financed facilities in the United States which fall into the following categories:

Current project. Yes No

Other facilities owned by the Beneficial Owner/Developer or Company/Occupant and which were financed with tax-exempt bonds. Yes No

Facilities owned by an entity in which the Beneficial Owner/Developer, Company/Occupant, or arelated entity of either owns more than 50% of the entity. Yes No

Facilities leased or occupied by the Beneficial Owner/Developer or Company/Occupant or which were financed with tax-exempt bonds. Yes No

If you answered yes to any of the above questions please list below the outstanding amount of tax-exempt debt and the location of the facility.

Outstanding Amount of Tax-Exempt Financing	Municipality, County & State where Financed Facility is Located	Percent of Facility Owned/Occupied

TAX EXEMPT ELIGIBILITY

(For Tax-Exempt Projects Only)

FACILITY USE BREAKDOWN *(Applicable to manufacturing projects only)*

For manufacturing projects, up to, but no more than 25% of the tax-exempt proceeds may be used to finance office, research and development, and warehousing space or equipment, provided they are directly related to the manufacturing facility and are located on the same premises. **Please complete the following table which breaks down the usage of the facility to be financed.**

Activity	Floor Space to be Financed by Bonds	Percentage
Office Space	_____	_____
Research & Development	_____	_____
Storage of Raw Materials	_____	_____
Storage of Finished Products	_____	_____
Manufacturing	_____	_____
Retail	_____	_____
Other Industrial	_____	_____
Other Commercial	_____	_____
Vacant	_____	_____
TOTAL	_____	_____

ACQUISITION OF EXISTING FACILITY *(For manufacturing and exempt facility projects)*

Will any part of the proposed loan be used to acquire an existing building? Yes No

If yes, the Beneficial Owner/Developer or Company/Occupant must make qualifying rehabilitation expenditures (on the building and any existing equipment contained within it) **at least equal to 15%** of the amount of the loan spent on the acquisition. Enlargements to the building do not count toward this 15% of rehabilitation expenditures. The 15% of rehabilitation expenditures can be financed through the loan or through other sources, but must be made within two years of the date of the acquisition or the date of issuance of the tax-exempt bonds, whichever is later.

Describe the proposed rehabilitation expenditures.

Expenditure Source	Amount	Financing

PEDFA EXHIBITS

- 1. Applicant Resolution**
 All applications must include a resolution duly adopted by the Applicant's (IDA or IDC) governing board. See attached sample Applicant Resolution form.
- 2. Financial Letter of Intent**
 All applications must include a "Letter of Intent" from a financial institution. For PEDFA composite pool projects, this letter (see attached sample) must be from the participating bank which will ultimately guarantee the project. For PEDFA stand-alone projects, this letter may be provided by: the letter of credit bank, the underwriter, the bond purchaser, or other guarantor.
- 3. Contact List**
 For composite pool projects, please attach a list with the mailing address, contact name, telephone and fax number for the following entities: Beneficial Owner/Developer's counsel, participating bank, and participating bank's counsel.
 For stand-alone projects, please attach a list with the mailing address, contact name, telephone and fax number for the following, where applicable: Beneficial Owner/Developer's counsel, letter of credit bank, letter of credit bank's counsel, underwriter, and underwriter's counsel.
- 4. Costs Incurred**
 For tax-exempt projects, if any project costs have been paid (including deposits or down payments), please attach a description of these costs, including the amount of payments and the date that each payment was made.
- 5. Equipment List**
 For PEDFA tax-exempt projects, please attach a general list of equipment to be purchased, specifying whether each piece is new or used.
- 6. Refinancing Details**
 For projects which involve refinancings, please provide a description of each loan to be refinanced, including the amount to be refinanced, the bank or financial institution which made the original loan, and the use of the original loan (i.e., what assets were purchased).
- 7. Non-Profit Status**
 For tax-exempt non-profit projects, please attach the letter from the IRS confirming the Beneficial Owner/Developer's and/or Company/Occupant's 501(c)(3) status.
- 8. Approvals and Permits**
 List all approvals and permits (building, sewage, environmental) required by federal, state, and local agencies; include the status of each. For land acquisitions, please indicate whether an environmental assessment has been done on the site; include the schedule for the assessment or, if available, the results. For building acquisitions, indicate whether an appraisal has been done; include the schedule for the appraisal or, if available, the results.
- 9. Detailed Organization Description**
 Please attach a detailed description of both the Beneficial Owner/Developer and the Company/Occupant. Include for each organization: the year formed; the year incorporated; the State in which formed or incorporated; history of organization; nature of business; significant changes in ownership or location; parent organization(s); detailed description of parent organization(s); affiliated organizations; and detailed description of affiliated organizations.
 If either the Beneficial Owner/Developer or the Company/Occupant is a limited partnership, list the name of the general partner, as well as the type of organization of the general partner, the year formed, the year incorporated, and the State in which formed or incorporated.
- 10. Articles of Incorporation**
 Please attach the Articles of Incorporation (for corporations) or the Partnership Agreement (for partnerships) of both the Beneficial Owner/Developer and the Company/Occupant, if applicable.
- 11. Applicant Fees**
 To be completed by the IDA or IDC: please list all Applicant (IDA/IDC) fees to be charged to the Beneficial Owner/Developer for the PEDFA project:

	Amount	Formula (if applicable)
Amount Collected by IDA/IDC		
Amount to be collected by PEDFA		
Total Applicant Fee		

Please note, the Applicant may not charge more than 0.2% of the PEDFA loan amount. In addition, the Applicant may not charge any annual fees for a PEDFA project.

SAMPLE APPLICATION RESOLUTION FORM

(For PEDFA Projects)

Whereas, [*name of Applicant*] (the "Applicant") was authorized by the Economic Development Financing Law, the Act of August 23, 1967, P.L. 251, as amended (the "Act"), to approve and submit projects to the Pennsylvania Economic Development Financing Authority ("PEDFA") to promote the public purposes of the Act; and

Whereas, the [*name of Beneficial Owner/Developer*] (the "Beneficial Owner/Developer") has requested the Applicant to file an application (the "Application") with PEDFA for financing by PEDFA of certain costs of a project as defined in the Act and described in the Application (the "Project"); and

Whereas, [*name of Beneficial Owner/Developer*] is financially responsible and able to assume all of its obligations in connection with the Project and is engaged in certain activities in Pennsylvania requiring substantial capital and creating or retaining substantial employment opportunities in furtherance of the purposes of the Act; and

Whereas, the total costs of the Project are estimated at [\$_____]; and

Whereas, in connection with the financing of the Project, the Applicant will not be acquiring any property, issuing any bonds, or incurring any obligation.

Now, therefore, be it resolved that:

- 1) The Applicant hereby authorizes and approves: (i) the Project and the financing thereof by PEDFA through the issuance of its bonds in the approximate principal amount of [\$_____] and a loan of the proceeds thereof to the Beneficial Owner/Developer; and (ii) the Application to PEDFA for such financing.
- 2) The Applicant hereby authorizes and directs its officers to assist and to take such action as needed in furthering the Application to PEDFA for financing of the Project.
- 3) The Applicant hereby authorizes a fee to be charged to the Beneficial Owner/Developer in the amount of [\$_____] or [_____%] of the amount of the PEDFA loan received by the Beneficial Owner/Developer. The Applicant also certifies that it will not charge the Beneficial Owner/Developer any annual fees for the PEDFA project.

This Resolution is hereby adopted by the Applicant on this _____ day of _____, 200____ .

(signed by Applicant officer)

SAMPLE BANK LETTER OF INTENT

(For PEDFA Composite Projects)

Date

Re: Pennsylvania Economic Development
Financing Authority (PEDFA) Loan

Dear [*Beneficial Owner/Developer*]:

We are pleased to advise you that, subject to the terms and conditions set forth herein, we hereby express our intent to provide the credit support necessary to qualify [*name of Beneficial Owner/Developer*] for a PEDFA loan in the amount of [\$._____] for the [*purpose of loan*] located at [*location of project*].

This letter of intent (the "Letter of Intent") does not constitute a binding commitment by [*name of bank*] (the "Bank") to provide credit support and is not pre-advice for the issuance of a letter of credit. Furthermore, the Bank cannot and does not extend any lending commitment until formal approval is obtained and a commitment letter is issued. This letter is subject to the following conditions:

- (i) The statutory and other requirements by which we as a banking association are governed;
- (ii) The approval by PEDFA of your loan application;
- (iii) Bank review of all PEDFA loan documents;
- (iv) The Bank's due diligence review and consideration by the Bank's credit committee;
- (v) Finalization of the terms and conditions of the credit support (if the credit is approved by the Bank) which will be in the form of an agreement between [*name of bank*] and the Master Bank retained by PEDFA; and
- (vi) Your acceptance of this letter of intent and use of the same for the sole purpose of making an application for a PEDFA loan.

We understand that the Letter of Intent is a required component of the PEDFA application process; however, we can not proceed with our credit analysis of your company and your project until such time as we receive from you the necessary information, as we request, to evaluate and approve the credit facility and the financing documents.

We further understand that the PEDFA pool financing process operates on a very rigid schedule; as such, it is imperative that we work closely together on this evaluation and approval process. Once we have received, from you, the information necessary to perform our credit analysis of your company and project, we expect to present our recommendation to our loan review committee for their consideration and conclusion.

Ultimately, this conclusion will be provided to you for your review and assessment as part of your decision to proceed with the PEDFA financing. We understand that your decision to proceed with the PEDFA financing should be completed prior to the PEDFA Board of Directors meeting, which is typically held two to three weeks prior to closing. We look forward to working with you within these time frames.

Sincerely,

[Note to Bank: *Ultimately, the Bank's credit support must be for an amount equal to the principal loan amount plus a 60-day interest component at 15%.]*