

EXECUTIVE ORDER NO. 1 - 10

**DESIGNATIONS REQUIRED FOR ISSUANCE AND
EXPENDITURE OF RECOVERY ZONE BONDS AND PROCEEDS**

WHEREAS, in order to provide certain incentives to promote job creation and economic recovery in areas particularly affected by employment decline, the Congress of the United States enacted the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009) (“ARRA”), which became effective on February 17, 2009; and

WHEREAS, ARRA includes provisions authorizing state and local governments and issuing authorities empowered to issue bonds on behalf of state and local governments to issue certain Recovery Zone Bonds (as defined in ARRA), which include Recovery Zone Facility Bonds (as defined in ARRA) and Recovery Zone Economic Development Bonds (as defined in ARRA); and

WHEREAS, ARRA provides that a “Recovery Zone” means (i) any area designated by the issuer as having significant poverty, unemployment, rate of home foreclosures, or general distress; (ii) any area designated by the issuer as economically distressed by reason of the closure or realignment of a military installation pursuant to the Defense Base Closure and Realignment Act of 1990; and (iii) any area for which a designation as an empowerment zone or renewal community is in effect as of the effective date of ARRA; and

WHEREAS, the City of Philadelphia (the “City”) has received initial volume cap allocations under ARRA whereby it can issue up to \$8,657,000 in Recovery Zone Economic Development Bonds and \$12,986,000 in Recovery Zone Facility Bonds; and

WHEREAS, pursuant to ARRA, the state, county or municipality that receives a volume cap allocation may “make the designations of recovery zones in any reasonable manner as it shall determine in good faith in its discretion”; and

WHEREAS, the Internal Revenue Service recently released Notice 2009-50 (the “Notice”) which provides guidance for issuance of Recovery Zone Bonds; and

WHEREAS, the City has reviewed poverty and unemployment statistics in the City along with other economic statistics and, based on such review, has determined to designate the City in its entirety as a Recovery Zone; and

WHEREAS, the Philadelphia Authority for Industrial Development (the “Authority”), a public instrumentality of the Commonwealth of Pennsylvania (the “Commonwealth”) and a public body corporate and politic, was created by the City pursuant to the provisions of the Pennsylvania Economic Development Finance Law, Act of August 23, 1967, P.L. 251, as amended and supplemented (73 P.S. §§ 371 *et seq.*) (the “Economic Development Financing Law”), for the public purpose of alleviating unemployment, maintaining employment at a high level, eliminating and preventing blight, and creating and developing business opportunities through, among other things, the acquiring, holding, constructing, improving, maintaining, operating, owning, financing and leasing, either in the capacity of lessor or lessee, of industrial,

commercial or specialized development projects, all as permitted under the Economic Development Financing Law; and

WHEREAS, the City has determined that it shall request the Authority to issue any Recovery Zone Facility Bonds to be issued on behalf of the City pursuant to Section 5.04 of the Notice and to assist the City and its Commerce Department in the administration of a Recovery Zone Facility Bond program for the City.

NOW THEREFORE, by the powers vested in me by the Philadelphia Home Rule Charter, it is hereby **ORDERED** as follows.

Section 1. DESIGNATIONS.

(a) For purposes of Section 1400U-1(b) of ARRA, the City of Philadelphia is hereby designated a Recovery Zone.

(b) The Authority is hereby designated as the issuer on behalf of the City of any Recovery Zone Facility Bonds, subject to the a Memorandum of Understanding between PAID and the Director of Commerce setting appropriate terms and conditions for the execution of said Bonds. The Authority is further designated as administrator of the City's Recovery Zone Facility Bond program.

Section 2. EFFECTIVE DATE.

This Order shall become effective immediately.

1/27/10
DATE


MICHAEL A. NUTTER, MAYOR