



<b>Table of Comparative Provisions of Tax Credit Bonds Provisions Under American Recovery and Reinvestment Act</b>				
	<b>Build America Bonds (Tax Credit)</b>	<b>Build America Bonds (Direct Payment)</b>	<b>Recovery Zone Economic Development Bonds (Direct Payment)</b>	<b>Qualified School Construction Bonds</b>
<b>Type of subsidy</b>	Tax credit to bondholder	Subsidy payment to issuer; can be made directly to paying agent to apply in funding interest payment	Subsidy payment to issuer; can be made directly to paying agent to apply in funding interest payment	Tax Credit to bondholder
<b>Amount of Credit/Payment</b>	35% of coupon interest <sup>1</sup>	35% of coupon interest <sup>1</sup>	45% of coupon interest <sup>1</sup>	“Credit rate” multiplied by par amount of bond. The “credit rate” is set by Treasury as of the date there is a binding commitment to purchase bonds at rate that will permit bonds to be sold at par with no interest cost to issuer; determined based on general assumptions as to credit quality of different classes of issuers, and may take into account general market yield indexes and credit ratings
<b>Net federal subsidy as a % of total return to investor</b>	approx. 26%	35%	45%	100%

<sup>1</sup> Excludes original issue discount and credit enhancement fees (e.g. bond insurance, letter of credit fees)



	<b>Build America Bonds (Tax Credit)</b>	<b>Build America Bonds (Direct Payment)</b>	<b>Recovery Zone Economic Development Bonds (Direct Payment)</b>	<b>Qualified School Construction Bonds</b>
<b>Qualified Issuer of bonds</b>	Any entity that that can be an issuer of a tax-exempt bond	Any entity that that can be an issuer of a tax-exempt bond	Any entity that that can be an issuer of a tax-exempt bond; subject to receipt of volume cap allocation; <b>provided that the purposes or property being financed is located within or attributable to the jurisdiction of both the issuer and the entity that allocated the volume cap to that issue</b>	States, political subdivisions, “large local educational agencies” that are state or local governmental entities, “on-behalf of” issuers (under Treas. Reg. 1.150-1(b), issuers of conduit financings; <b>provided (1) issuer has received a volume cap allocation or, in the case of a conduit issuer, the conduit borrower has received a volume cap allocation, and (2) school facilities being financed are located within the jurisdiction of the issuer and entity that allocates the volume cap to that issue</b>



	<b>Build America Bonds (Tax Credit)</b>	<b>Build America Bonds (Direct Payment)</b>	<b>Recovery Zone Economic Development Bonds (Direct Payment)</b>	<b>Qualified School Construction Bonds</b>
<b>Volume Cap limitation</b>	None	None	\$10 billion national limitation, allocated to the states and sub-allocated to the counties and “large municipalities” (municipalities with populations of 100,000 or more) within each state based upon their respective 2008 employment decline. IRS Notice 2008-50 sets forth the allocations to the states. Suballocations to the counties and large municipalities are set forth at <a href="http://www.irs.gov/taxexemptbond/index.html">http://www.irs.gov/taxexemptbond/index.html</a> under the heading “IRS Releases Guidance on ARRA Bond Provisions”	\$11 billion national limitation for 2009 and \$11 billion for 2010, of which \$6.6 billion allocated to the states for reallocation to issuers, and \$4.4 billion allocated directly to “large local educational agencies.” <b>For 2009, New York’s allocation for reallocation to issuers with state is \$192 million and the direct allocations in New York to “large local educational agencies” are Buffalo CSD \$34.37 million, NYC \$699.872 million Rochester CSD \$29.535 million</b>



	<b>Build America Bonds (Tax Credit)</b>	<b>Build America Bonds (Direct Payment)</b>	<b>Recovery Zone Economic Development Bonds (Direct Payment)</b>	<b>Qualified School Construction Bonds</b>
<b>Sunset</b>	None	Must be issued by December 31, 2010	Must be issued by December 31, 2010	No volume cap for years after 2010, but unused volume cap can be carried forward to bonds issued in subsequent year
<b>Qualifying projects/purposes</b>	Any governmental purpose for which tax- exempt, non-private activity bonds could be issued - including <b>capital expenditures and working capital</b>	100% of “available project proceeds” <sup>2</sup> must be spent on <b>capital expenditures</b> associated with a governmental purpose for which tax-exempt, non- private activity bonds could be issued	100% of “available project proceeds” <sup>2</sup> must be spent on <b>one or more “qualifying economic development purposes”</b> for which tax-exempt, non- private activity bonds could be issued. Qualified economic development purposes are defined as any capital expenditures or working capital expenditures paid or incurred to promote development or other economic activity in a recovery zone, including (i)	100% of “available project proceeds” <sup>2</sup> must be spent on <b>construction, rehabilitation, or repair of a public school facility or acquisition of land on which facility is to be constructed</b> with part of the proceeds of the bonds; includes <b>acquisition of equipment to be used in such portion or portions of the public school facility that is being constructed, rehabilitated, or repaired</b> with the proceeds of bonds

<sup>2</sup> Defined as (i) the excess of the sale proceeds of the bonds less costs of issuance paid with bond proceeds not in excess of 2% of sale proceeds, plus (ii) investment earnings as such excess.



			capital expenditures paid or incurred with respect to property located in as recovery zone, (ii) expenditures for public infrastructure or construction of public facilities, or (iii) expenditures for job training and educational programs	
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<b>Ability to issue as refunding bonds</b>	Yes - both current and one advance refunding	No – new money only	No – new money only	No – new money only
<b>Reimbursement of prior expenditures</b>	Yes – subject to same reimbursement rules as for tax-exempt bonds under Treas. Reg. 1.150-2	Yes – subject to reimbursement rules as for tax-exempt bonds under Treas. Reg. 1.150-2, <b>but original expenditure must have been paid or incurred after effective date of ARRA (2/17/09)</b> ; can include refinancing of short-term debt incurred after effective date used to finance original expenditure	Yes – subject to normal reimbursement rules as for tax-exempt bonds under Treas. Reg. 1.150-2, <b>but original expenditure must have been paid or incurred after effective date of ARRA (2/17/09)</b> ; can include refinancing of short-term debt incurred after effective date used to finance original expenditure	Yes – <b>provided (i) original expenditure was paid after the date on which Treasury made an allocation of volume cap with respect to the bond issue</b> ; (ii) prior to paying the original expenditure, the issuer adopted a declaration of intent that it intends to reimburse such expenditure <b>with the proceeds of qualified tax credit bonds</b> ,



				and (iii) reimbursement is made within 18 months of original expenditure
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<b>Ability to fund a debt service reserve fund with bond proceeds</b>	Yes – subject to normal tax rules and limitations	Yes –subject to limit of 10% of sale proceeds	Yes –subject to limit of 10% of sale proceeds	No
<b>Applicability of arbitrage rules (under Code section 148)</b>	Yes – yield for arbitrage purposes calculated without taking credit into account	Yes – yield for arbitrage purposes calculated by reducing interest paid on bond by amount of federal subsidy payment	Yes – yield for arbitrage purposes calculated by reducing interest paid on bond by amount of federal subsidy payment	Yes – however, investment of “available project proceeds” <sup>2</sup> during 3 year period beginning on issue date not subject to arbitrage limitations (both yield restriction and rebate); and amounts held in certain qualifying reserve funds (not funded with bonds proceeds) not subject to arbitrage restrictions



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<b>Time limit for spending bond proceeds</b>	No explicit limitation but same temporary period rules apply as for tax-exempt bonds	No explicit limitation but same temporary period rules (generally, 3 years for capital projects) apply as for tax-exempt bonds	No explicit limitation but same temporary period rules apply as for tax-exempt bonds	100% of “available project proceeds” <sup>2</sup> must be spent on qualifying purposes within 3 years of date of issue, and a binding commitment with third party to spend at least 10% of such proceeds is incurred within 6 months of issue date. To extent available project proceeds not spent within 3 years, excess amount must be applied to redeem bonds within 90 days
<b>Limits on issue price</b>	No more the de minimis amount of original issue premium (OIP)	No more the de minimis amount of OIP	No more the de minimis amount of OIP	None
<b>Limitation of maturities</b>	None – but subject to same safe harbors against creation of “replacement proceeds” as governmental tax-exempt bonds	None – but subject to same safe harbors against creation of “replacement proceeds as governmental tax-exempt bonds (120% rule)	None – but subject to same safe harbor against creation of “replacement proceeds” as governmental tax-exempt bonds (120% rule)	Maximum term set by Treasury each month for bonds issued in following month; set at term estimated to result in the present value of the obligation to repay principal on the bonds being equal to 50% of face



				amount, using discount rate equal to average annual interest rate of tax-exempt bonds having term of 10 years or more which were issued that month
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<b>Applicability of Davis-Bacon Prevailing Wage Rules</b>	No	No	Yes	Yes