

**SUMMARY OF BOND OPTIONS CREATED BY
THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, P.L. 111-5**

	Build America Bonds (Tax Credit)	Build America Bonds (Direct Pay)	Recovery Zone Economic Development Bonds (Direct Pay)	Recovery Zone Facility Bonds	Qualified School Construction Bonds
Bond Interest Tax Status	Taxable	Taxable	Taxable	Tax-Exempt	Taxable
Federal Subsidy	Federal tax credit to bondholders equal to 35% of total coupon interest	Federal payments to issuer equal to 35% of total coupon interest	Federal payments to issuer equal to 45% of total coupon interest	No tax credit or interest subsidy	Quarterly Federal tax credits to bondholders at rates determined by the Treasury on the issue date (similar to QZABs)
Type	Governmental ¹	Governmental ¹	Governmental ¹	Private Activity Bond	Governmental ¹
Use of Proceeds	Any expenditures qualifying for a governmental tax-exempt bond issue	New Money Capital Expenditures ² for governmental purposes	New money Qualified Economic Development Purposes ³ in or related to a Recovery Zone ⁴	95% of net proceeds must be used for new money Recovery Zone Property ⁵	Qualified School Construction Purposes ⁶
National Volume Cap	None	None	\$10 Billion total for calendar years 2009 and 2010	\$15 Billion total for calendar years 2009 and 2010	\$11 Billion for each of calendar years 2009 and 2010
IRS Reporting	Form 8038-G with special annotations and attachments	(1) Form 8038-G with special annotations and attachments (2) Form 8038-CP for <i>each</i> interest payment	(1) Form 8038-G with special annotations and attachments (2) Form 8038-CP for <i>each</i> interest payment	Form 8038	Form 8038 with special annotations

¹ Build America Bonds, Recovery Zone Economic Development Bonds and Qualified School Construction Bonds are subject to normal tax rules regarding use of proceeds, use of financed property, and arbitrage; failure to comply could lead to loss of tax credit or federal subsidy.

² New Money Capital Expenditures means 100% of the excess of (1) “available project proceeds” (sale proceeds less not more than 2% of sale proceeds used to pay costs of issuance, plus investment earnings on those proceeds), over (2) the amounts in a reasonably required reserve fund. In addition to new expenditures, Direct Payment BABs may be used to (a) reimburse prior capital expenditures under the normal reimbursement rules and (b) refinance temporary short-term obligations issued *after* February 17, 2009 to finance capital expenditures paid or incurred *after* that date.

³ Qualified Economic Development Purposes means expenditures for purposes of promoting development or other economic activity within a Recovery Zone, including (1) capital expenditures for property located in a Recovery Zone, (2) expenditures for public infrastructure and construction of public facilities and (3) expenditures for job training and educational programs. 100% of the excess of (1) the “available project proceeds” (as defined above) must be used to finance Qualified Economic Development Purposes.

⁴ Recovery Zone means (1) any area designated by the issuer as having significant poverty, unemployment, home foreclosures or significant distress, (2) any area distressed by reason of the closure or realignment of a military installation pursuant to Defense Base Closure and Realignment Act of 1990 and (3) any area for which a designation as an empowerment zone or renewal community is in effect.

⁵ Recovery Zone Property means any depreciable property constructed, reconstructed, renovated or acquired by purchase the original use of which in the Recovery Zone begins with the taxpayer and substantially all of the use is in the Recovery Zone in the active conduct of a trade or business other than residential rental housing in the Recovery Zone.

⁶ Qualified School Construction Purposes means 100% of available project proceeds (sale proceeds less not more than 2% of sale proceeds used to pay costs of issuance, plus investment earnings on those proceeds) must be used for the construction, rehabilitation or repair of a public school facility or the acquisition of land on which a public school is to be constructed. Eligible expenditures include expenditures for the cost of acquisition of equipment to be used in the portion(s) of the public school facility that is being constructed, rehabilitated, or repaired.