

# Ohio

**New Markets Tax Credit**  
2011 Application

Preserving. Sustaining. Transforming.

## Ohio New Markets Tax Credit Program

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## General Application Instructions & Style Guide

This document will provide guidance on what information and documentation are required for an application to the Ohio New Markets Tax Credit program. Please read all instructions carefully before compiling your application and contact the Urban Development Division at [Ohionewmarkets@development.ohio.gov](mailto:Ohionewmarkets@development.ohio.gov) or 614-995-2292 if you have any questions about the application.

- Any applications received after the last day of the submission window will not be considered.
- The New Markets Tax Credit Application material is available on-line at <http://development.ohio.gov/Urban/ONM/default.htm>. Complete the Application as a PDF form and print out for submission with original signature by the authorized representative of the applicant, along with the attachments required in each section.
- On all applications, only original signatures of the applicant's authorized representative will be accepted, no copies shall be considered.
- Applicants must provide the following:
  - » One completed original application in hard copy form;
  - » One electronic copy of the application submitted on a compact disc (no flash drives); and
  - » An Application Fee in the amount of \$1500.00 made out to 'Treasurer, State of Ohio'.
- You may submit forms and payment via U.S. mail, delivery service, or in person\* to:  
**Ohio Department of Development, Urban Development Division**  
**77 S. High Street, 26th Floor Columbus, Ohio, 43215**

\*The Urban Development Division is open between 8.00 am and 5.00 pm, weekdays only.

### For the electronic application submission:

- Submissions should include this Application document, completed; and all Attachments as listed in the Appendix.
- Each document should have a descriptive label with the name of the Applicant followed by the name of the document, or Attachment number if applicable (Applicant XXXX: Attachment 2.3).
- Attachments can be any Microsoft, Adobe or other common application types.

### For the original application submission:

- Applications must be submitted in 3-ring binders only.
- Each section of the application must be tabbed to delineate Parts A, B and C of the application.

## Round 2 Timeline

The following dates are important deadlines for Round 2 of the Ohio New Markets program:

- Application Period Opens: March 1, 2011
- Applications Due: May 1, 2011
- Application Review Period: May 1 - May 30, 2011
- Award Announcement: May/June 2011

## Program Objectives and Allocation Decision

As permitted by Ohio Administrative Code 122: 22-1-02, credit allocation decisions by the Department will be based upon the competitive process which includes the scoring outlined in this application in conjunction with consideration for program objectives such as geographical distribution, a diversity of financial offerings, the emphasis on projects within developed areas, and the number of and balance of types of organizations to be funded.

**PART A - Eligibility Criteria**

**1. Applicant Certification Form**

I hereby certify to the State of Ohio, through the Department of Development, that I hold the position and title set forth below and that I am duly authorized by the applicant to submit this application for Ohio New Markets Tax Credits. The information provided by the applicant is true, correct and complete. The Ohio Department of Development will rely on the information provided in this application to make a determination with respect to an award of economic development assistance, and I acknowledge that certain false statements made in this application may subject the applicant to criminal liability and failure to provide requested information may cause the applicant to be ineligible to receive this or any future economic development assistance from the State of Ohio.

Authorized Representative's Signature:

\_\_\_\_\_  
(Original Signature only)

Date: \_\_\_\_\_

Print name of Authorized Representative: \_\_\_\_\_

## 2. Tax Information and Disclosure Form

Explain any outstanding financial liabilities the Applicant has with state or local governments in Ohio. Whether or not the amounts are being contested in a court of law, does the Applicant or the Applicant's organization owe:

Any delinquent taxes to the State of Ohio (the "State"), a state agency, or a political subdivision of the State?

Yes  
 No

Any other monies to the State, a state agency, or a political subdivision of the State that are past due?

Yes  
 No

Is the applicant the subject of any existing tax lien?

Yes  
 No

If the Applicant answered 'yes' to any of the above, please provide details of each instance including, but not limited to, the location, amounts, and case identification numbers (if applicable).

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Signature

---

Date

---

Applicant Name/Title



### 3. Qualified Areas

Low-income communities (LIC) are census tracts that have a poverty rate (as defined by the US Census Bureau) of 20% or more, or the median income is below 80% of the greater than (a) statewide median income or (b) metropolitan median income.

Will the Applicant invest in qualified areas with the Ohio New Markets Tax Credits?

Yes  
 No

### 4. Qualified Applicants

Eligible applicants are Community Development Entities (CDEs) which have been allocated federal New Markets Tax Credits serving Ohio. The Ohio New Markets Tax Credits are provided to investors which invest in the funds established by a CDE for projects in Ohio.

Is the Applicant certified as a CDE by the Community Development Financial Institutions Fund (CDFI)?

Yes  
 No

Has the Applicant been allocated New Markets Tax Credits (NMTC) from the federal program and entered into an allocation agreement with the CDFI?

Yes  
 No

### 5. Remaining Federal Allocation

In order to be eligible for the Ohio New Markets Tax Credit program, the Allocatee must have all or part of their federal allocation remaining in order to pair the federal investment with the Ohio allocation.

Does the Applicant have federal allocation dollars yet to invest?

Yes  
 No

If yes, what is the dollar amount? \$ \_\_\_\_\_

## PART B - General Applicant Information

### 1. Contact Information

#### AUTHORIZED REPRESENTATIVE CONTACT INFORMATION

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

#### CONTACT PERSON INFORMATION (IF DIFFERENT THAN AUTHORIZED REPRESENTATIVE)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

#### APPLICANT INFORMATION

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

EIN: \_\_\_\_\_

Structure: \_\_\_\_\_

Domestic Corporation or Partnership?

Date of formation or incorporation: \_\_\_\_\_

Total assets: \$ \_\_\_\_\_

Fiscal year end (date): \_\_\_\_\_

Minority-owned? or Minority-controlled?

#### CONTROLLING ENTITY INFORMATION

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

EIN: \_\_\_\_\_

Structure: \_\_\_\_\_

Total Assets: \$ \_\_\_\_\_

Minority-owned? or Minority-controlled?

Note: For definitions of minority-owned and minority controlled, please reference the Glossary of Terms section of the 2010 Federal NMTC Application.



**2. Allocation Request** *Note: Applicants may request no more than \$10 million.*

Total dollar amount of Ohio New Markets Tax Credits requested in this Application:

\$ \_\_\_\_\_

MINIMUM allocation of Ohio New Markets Tax Credits Applicant will accept:

\$ \_\_\_\_\_

**3. Service Area**

What type of service area will the Applicant serve? (Check one)

Statewide

Local (neighborhoods, cities, a county, or metropolitan area)

If local, please identify the area to be served: \_\_\_\_\_

**4. Adjusted Purchase Price**

As defined in section 5725.33(A) of the Revised Code, "Adjusted Purchase Price" means the amount paid for qualified equity investments multiplied by the qualified low-income community investments made by the issuer in projects located in this state as a percentage of the total amount of qualified low-income community investments made by the issuer in projects located in all states on the credit allowance date during the applicable tax year.

Is the Applicant CDE a solely Ohio-based entity?

Yes

No

Will the parent CDE form a solely Ohio-based subsidiary?

Yes

No

What will the Applicant's anticipated Adjusted Purchase Price be? (percentage) \_\_\_\_\_

\*Note: The adjusted purchase price will be included in an Allocation Agreement with the Ohio Department of Development should the Applicant be selected as a state allocatee.

### 5. Financial Background

If the Applicant is an insured financial institution, provide Community Reinvestment Act ratings below:

- Not an insured financial institution
- Outstanding
- Satisfactory
- Needs to improve
- Non-compliance

Has the Applicant undergone an audit in the last fiscal year?

- Yes
- No

If no, when was the applicant's most recent audit? \_\_\_\_\_

In the most recent audit, did the auditor issue an unqualified opinion?

- Yes
- No

Has the Applicant shown net positive income for each of the last 3 years?

- Yes
- No

Does the Applicant expect to achieve profitability in each of the next 3 years?

- Yes
- No

If the Applicant answered 'no' to any of the above, please provide an explanation for the answer with any appropriate documentation.

## 6. Products Offered

What are the specific products that the Applicant intends to offer with an Ohio New Markets allocation? (Check all that apply)

- Equity Investments
- Equity Equivalent terms and conditions, including debt with equity features (e.g. debt with royalties; debt with warrants; convertible debt)
- Senior debt
- Subordinated debt

For each major product line checked above, which of the following flexible or non-traditional features does the Applicant intend to offer?

- Below market interest rates
- Lower than standard origination fees
- Longer than standard period of interest-only loan payments
- Higher than standard loan-to-value ratio
- Longer than standard amortization period
- More flexible borrower credit standards
- Non-traditional forms of collateral
- Lower than standard debt service coverage ratio
- Loan loss reserve requirements that are less than standard

Include a brief description of the rates and/or terms that will be offered and explain how these rates and terms compare with what is typically offered by the Applicant and typically offered in the marketplace. (p.10-11)

6. (continued)

## **PART C - Evaluation Criteria**

**Instructions:** The evaluation criteria pages that follow are for the aid of the applicants to illustrate merit for each criterion used to evaluate applications.

### **1. Business Strategy**

#### **1.1 Business Model (15 points)**

What is the Applicant's business model? How do they leverage the tax credit investment?

a. Briefly describe the defined business model the Applicant will use for investing Ohio New Markets Tax Credits. Discuss how Ohio New Markets Tax Credits will enhance the Applicant's product offerings through leveraging additional sources of funds such as additional public or private loans or equity.

a. (continued)

b. Provide an example of a specific project in which this financing structure was used.

## 1.2 Project Identification (10 points)

How does the Applicant locate, prioritize, and determine which projects to invest in?

a. Briefly describe the specific types of investments the Applicant will target with Ohio New Markets Tax Credits and why this funding is critical for these borrowers (examples may include renewable energy opportunities, business expansions, small business lending, historic building rehabilitations, brownfield redevelopment, healthy food financing or other business investment activities).

b. Discuss the specific methodology the Applicant will use to prioritize potential investments and how the Applicant will select investments.

c. Specify who will be involved in the decision-making regarding project location, prioritization and investment.

### 1.3 Project Pipeline (10 points)

What projects does the Applicant plan on investing in with the Ohio New Markets Tax Credits? Does the Applicant have an identified pipeline of qualified projects that will more than fulfill the requested tax credit allocation authority?

Data Summary:

\_\_\_\_\_ Number of pipeline projects

\_\_\_\_\_ Total dollar amount of Qualified Equity Investment (QEI) proceeds that will be invested in the projects by the Applicant's organization (projected)

a. List the projects in the Applicant's pipeline for Ohio New Markets Tax Credits. Include the total dollar amount of QEI that is projected will be put into each project listed. Total investments in the identified pipeline projects should **represent more than double the Applicant's requested allocation.**

\*Please keep in mind that a \$1 million tax credit allocation authority requires \$2,564,102 in QEI ( $\$1,000,000 = 2,564,102 \times 39\%$ ).

Therefore, if the Applicant is requesting \$1 million in tax credit allocation authority, the list of potential projects needs to demonstrate \$2 million in tax credits requested (\$5,128,205 in QEI) to be more than double the requested allocation authority.

b. Briefly describe the projects named above, making sure they meet the definition of a Qualified Active Low-Income Community Business (QALICB) as defined in the Ohio Revised Code (ORC) Section 5725.33. Include end uses for each project listed.

b. (continued)



## 2. Community Impact

### 2.1 Severe Distress (5 points)

Will the Applicant commit to invest in any of the following areas meeting Severe Distress measures?

Data Summary:

\_\_\_\_\_ Percentage of pipeline projects (as listed in 1.3) that will meet at least one of the measures

a. Identify which of the three areas the Applicant will invest in.

\_\_\_\_\_ High Poverty Level (Census tracts must have at least a 30% poverty rate)

\_\_\_\_\_ Median Family Income (Median family income does not exceed 60% of the greater of the statewide median family income or the Metropolitan Area median family income)

\_\_\_\_\_ Unemployment Rate (Unemployment rates are at least 1.5 times higher than the state average unemployment rate. Please use the December 2010 rate of 9.5% = 14.25% for this question)

b. Describe how the Applicant will provide investment in the identified areas using the projects listed in 1.3 - 'Project Pipeline'.

To determine the distress level and eligibility for individual census tracts, please utilize the CDFI Fund Mapping System (CIMS) available at the following address: [http://www.cdfifund.gov/what\\_we\\_do/mapping.asp](http://www.cdfifund.gov/what_we_do/mapping.asp)

The CDFI Fund Mapping system (CIMS) is available for geocoding addresses, mapping census tracts and counties, and determining the eligibility of census tracts and counties under the CDFI Fund's various program distress criteria. These criteria are the same as the Severe Distress criteria for the State of Ohio's New Markets program with the exception of Unemployment Rate where the Ohio New Markets Program uses the state unemployment rate for comparison rather than the national unemployment rate.

b. (continued)

## 2.2 Intended Community Impacts (15 points)

What community impacts will the Applicant commit to achieve with the Ohio New Markets Tax Credit allocation? How will the Applicant achieve those impacts and track them over time?

a. Please identify from the list below the **top two** community impacts the Applicant will target.

Job Creation

Quality of Jobs

Goods and Services to Low-Income Communities

Financing Minority Businesses

Environmentally Sustainable Outcomes

Other (specify) \_\_\_\_\_

Note: For further details and explanation of the categories above, see Question #29 in the 2010 Federal NMTC Application.

b. Explain how the Applicant will achieve the impacts chosen above in relation to the pipeline projects identified in 1.3, and how those impacts will be tracked and measured over time.

b. (continued)

c. Describe the Applicant's previous track record in achieving the impacts targeted above.

### 3. Management Capacity

#### 3.1 Key Personnel (5 points)

Does the Applicant have personnel with extensive previous experience in providing services to low-income communities and with new markets tax credits, and have they demonstrated a strong ability to administer the funds?

a. Briefly describe the key personnel that will be involved in administering this program. Attach resumes or bios of personnel with extensive background and qualifications in providing services to low-income communities, and resumes/bios of personnel with extensive background and qualifications in administering new markets tax credits as attachments. Provide **no more than five (5)** total resumes/bios of the most important personnel involved in the Applicant's NMTC investments.

### 3.2 Prior Performance in Low-Income Communities (10 points)

Does the Applicant have sufficient experience providing capital assistance to disadvantaged businesses or communities?

Data Summary:

\_\_\_\_\_ Number of years Applicant has been providing assistance to disadvantaged businesses or communities

\_\_\_\_\_ Total dollar amount of assistance provided to disadvantaged businesses or communities

a. Provide the Applicant or Controlling Entity's experience with providing assistance to disadvantaged businesses or communities by describing programs or activities in which the Applicant has provided financing or investment products for low-income communities.

a. (continued)

**3.3 Total dollar amount of Federal New Markets Tax Credits received (5 points)**

Does the Applicant have experience with new markets tax credits as demonstrated through their total dollar amount of Federal New Markets Tax Credits received?

**Data Summary:**

\_\_\_\_\_ Total dollar amount of Federal allocations received

**3.4 Number of Federal Allocations (5 points)**

Does the Applicant have experience with new markets tax credits as demonstrated through their total number of allocations from the Federal New Markets Tax Credit program?

**Data Summary:**

\_\_\_\_\_ Total number of Federal allocations received

## 4. Capitalization Strategy

### 4.1 Investors (5 points)

Does the Applicant have secured investor commitments or letters of interest for their Ohio New Markets projects?

Data Summary:

\_\_\_\_\_ Number of letters of commitment provided  
\_\_\_\_\_ QEI amount included in letters of commitment  
\_\_\_\_\_ Number of letters of interest provided  
\_\_\_\_\_ QEI amount included in letters of interest

a. Provide documentation that identifies the investor that will be using the Ohio New Markets Tax Credits. This can be through letters of interest and/or secured investor commitments (secured investor commitments are preferred). Documentation must specify that the commitment is for Ohio New Markets Tax Credits.

Note: Investor commitments and letters of interest should cover the QEI related to the allocation as opposed to the dollar amount of the tax credit. For example, if the Applicant requests a \$4 million tax credit, documentation would be needed for \$10,256,410 in QEI ( $\$4,000,000 / .39$ ).

b. Use the following table on page 32 to identify the investors, type of investment, dollar amount sought, status of request, and estimated or actual date for receipt of funds.

Name of Investor	Type of Investment <sup>1</sup>	Dollar Amount Sought	Status of request <sup>2</sup>	Estimated or Actual date for receipt of funds

<sup>1</sup>Type of Investment = Debt, equity, or grant

<sup>2</sup>Status of request = Investor provided **Commitment**; investor issued **Letter of Interest/Intent**.



b. Provide a sample of a previous new markets tax credit investment to illustrate the types of investments that will be made in Ohio and how benefits have traditionally been apportioned.

## Application Checklist

- \_\_\_\_\_ Application Fee of \$1500.00 made out to 'Treasurer, State of Ohio'
- \_\_\_\_\_ One original hard copy of the application
- \_\_\_\_\_ One electronic copy of the application on compact disc

### Attachments:

- \_\_\_\_\_ 3.1 - Key Personnel resumes/bios
- \_\_\_\_\_ 4.1 - Investor letters of commitment and/or interest