

Ohio

New Markets Tax Credit
2020 Application - Round 10

Table of Contents

Application Instructions	2
Round 10 Timeline	3
Program Objectives and Allocation Decision	3
PART A – Eligibility Criteria	4
1. Applicant Certification Form.....	4
2. Trade Secret Information.....	5
3. Qualified Areas	6
4. Qualified Applicants	6
5. Remaining Federal Allocation.....	6
PART B – General Applicant Information	7
1. Contact Information	7
2. Allocation Request.....	8
3. Service Area	8
4. Financial Background	8
5. Products Offered.....	9
PART C – Evaluation Criteria	11
1. Business Strategy/Project Pipeline	11
2. Community Impact	24
3. Management Capacity.....	30
4. Capitalization Strategy.....	35
Application Checklist	39

Application Instructions

This document provides guidance on what information and documentation are required for an application to the Ohio New Markets Tax Credit (ONMTC) Program. Please read all instructions carefully before compiling your application and contact Carrie Manno in the Office of Strategic Business Investments at carrie.manno@development.ohio.gov or (614) 466-6667 if you have any questions about the application.

- The application is available online at http://development.ohio.gov/cs/cs_onmtcredit.htm.
- **Fill out the application electronically** and print out for submission with the original signature of the authorized representative for the applicant, along with any attachments required.
- Only **original signatures of the applicant's authorized representative** will be accepted.
- **Applicants must provide the following:**
 - » One electronic copy of the application submitted via email or electronic media; and
 - » An application fee in the amount of \$1,500 made out to 'Treasurer, State of Ohio'.
- You may submit payment via mail (either through U.S. Mail or delivery service) to:
Ohio New Markets Tax Credit Program Manager
Ohio Development Services Agency, Office of Strategic Business Investments
Attn: Carrie Manno
77 S. High Street, 28th Floor
Columbus, Ohio, 43215
- Any applications received after the last day of the submission window will not be considered.

For electronic application submission:

- Submissions should include this completed application document and all attachments as listed on page 34.
- Each document should be labeled 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.

Round 10 Timeline

The following dates are important deadlines for Round 10 of the ONMTC Program:

- **Application Period Opens:** August 10, 2020
- **Application Submission Deadline:** September 18, 2020
- **Application Review Period:** September/October 2020
- **Award Announcement:** Anticipated late October/November 2020

Program Objectives and Allocation Decision

As permitted by Ohio Administrative Code 122:22-1-02, credit allocation decisions by the Ohio Development Services Agency (“Development”) will be based upon the competitive process which includes the scoring outlined in this application in conjunction with program objectives.

The following may be used to guide the decision-making process:

- Proposed investment in Ohio’s small and minority businesses
- Job creation/retention and community reinvestment
- Diversity of financial options
- Potential brownfield redevelopment
- Identification of shovel-ready projects
- Geographical distribution

Applicants will be required to verify the existence of available Federal tax credit allocation authority prior to receiving an Ohio new markets tax credit allocation.

PART A - Eligibility Criteria

1. Applicant Certification Form

I hereby certify to the state of Ohio, through the Ohio Development Services Agency, 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 Development Services Agency 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:

_____ Date: _____
(Original Signature only)

Print name of Authorized Representative: _____

Title of Authorized Representative: _____

2. Trade Secret Information

Trade Secret Declaration:

_____ This application does include information considered a “trade secret”

All Applicants are strongly discouraged from including in an Application any information that the Applicant considers to be a “trade secret,” as that term is defined in Section 1333.61(D) of the Ohio Revised Code. All information submitted in the Application is public information unless a statutory exception exists that exempts it from public release. If any information in the Application is to be treated as a trade secret, the Applicant must:

- Identify each and every occurrence of the information within the Application with an asterisk before and after each line containing trade secret information and underline the trade secret information itself.
- Check the ‘This application does include information considered a “trade secret”’ box on the Applicant Certification Form on page 4.
- Include a page immediately after the Application Instructions page that lists each page in the Application that includes trade secret information and the number of occurrences of trade secret information on that page.

To determine what qualifies as trade secret information, refer to the definition of “trade secret” in Section 1333.61(D) of the Ohio Revised Code, which is reproduced below for reference:

- (D) “Trade Secret” means information, including the whole or any portion or phase of any scientific or technical information, design, process, procedure, formula, pattern, compilation, program, device, method, technique, or improvement, or any business information or plans, financial information, or listing of names, addresses, or telephone numbers, that satisfies both of the following:
- (1) It derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.
 - (2) It is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Development requires non-disclosure agreements from all non-agency persons who may have access to Applications containing trade secret information, including evaluators.

3. Qualified Areas

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

Will the applicant invest in qualified areas with the ONMTCs?

Yes

No

4. Qualified Applicants

Eligible applicants are Community Development Entities (CDEs) which have been allocated federal New Markets Tax Credits serving Ohio. The ONMTCs 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 (CDFI) Fund?

Yes

No

Has the applicant been previously allocated New Markets Tax Credits 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 ONMTC Program, the applicant 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: _____

Entity: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Telephone Number: _____

Email Address: _____

CONTACT PERSON INFORMATION (IF DIFFERENT THAN AUTHORIZED REPRESENTATIVE)

Name: _____

Title: _____

Mailing Address: _____

Telephone Number: _____

Email Address: _____

APPLICANT/CONTROLLING ENTITY INFORMATION

Applicant

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone Number: _____

FEIN: _____ Ohio Tax ID #: _____

OH Charter #: _____

Structure: _____ Date of Formation/Incorporation: _____

Domestic Corporation or Partnership? _____

Controlling Entity

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone Number: _____

FEIN: _____ Ohio Tax ID #: _____

OH Charter #: _____

Structure: _____ Fiscal Year End (date): _____

Note: The Ohio Development Services Agency will use the information in this section to verify that the applicant does not have an outstanding tax liability with the State of Ohio.

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

MAXIMUM amount of ONMTCs requested in this application:

\$ _____

3. Service Area

What type of service area will the applicant serve with the ONMTC? (Check one)

_____ Statewide

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

If local, please identify the area to be served: _____

4. Financial Background

a. 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

b. Has the applicant undergone an audit in the last fiscal year?

_____ Yes

_____ No

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

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

- Yes
- No

d. Has the applicant shown net positive income for each of the last three years?

- Yes
- No

e. Does the applicant expect to achieve profitability in each of the next three years?

- Yes
- No

If the applicant answered “no” to 4c, 4d or 4e, please provide an explanation for the answer with any appropriate documentation

5. Products Offered

What are the specific products that the applicant intends to offer with an ONMTC 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

Continue to Next Page

Ohio New Markets Tax Credit Program

PART C - Evaluation Criteria

Include a brief description of the rates and/or terms that will be offered to the potential Qualified Active Low-Income Community Businesses (QALICB) and explain how these rates and terms compare with more conventional financing offered in the marketplace in general and by the applicant specifically.

PART C - Evaluation Criteria

Instructions: Please enter answers to the questions in this section directly into the form. Read through all questions before answering to minimize repetitive answers. Note that some questions have page limits.

1. Business Strategy/Project Pipeline

1.1 Applicant History

When was the applicant established? What is its corporate structure?

a. Provide a brief history of the Applicant, including its date of incorporation/formation and when it was certified as a Community Development Entity (CDE).

b. Discuss the corporate structure of the Applicant as it relates to the ONMTC application, specifically providing information regarding any affiliates that will be included in the administration of the potential ONMTC allocation.

1.2 Business Model

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 ONMTCs.

b. Discuss how ONMTCs will enhance the applicant's product offerings through leveraging additional sources of funds such as additional public or private loans/equity.

1.3 Project Identification

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 ONMTCs

b. Explain why ONMTC funding is critical for these borrowers (example may include renewable energy opportunities, business expansion/retention, small/minority business lending, historic building rehabilitations, brownfield redevelopment or other business investment activities). Include in the discussion the reasons for lack of access to more conventional financing for these borrower

- c. What is the evaluation process for identifying potential investments in general

d. What is the evaluation process for prioritizing and selecting potential investments? Specify who will be involved in the decision-making process.

1.4 Project Pipeline

What projects does the applicant plan on investing in with the ONMTCs? 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. Describe the process to identify these specific pipeline projects. Describe any outreach or research utilized in the investigation.

b. Specifically, what level of community engagement was undertaken in conjunction with identifying the pipeline projects? Please describe and identify key collaborators.

d. Describe each project identified in the pipeline projects table. Include information regarding (but not limited to): overall project cost, Federal and Ohio NMTC eligible investment amounts, proposed job creation/retention information. Please note any other ODSA or JobsOhio funding that has been secured for the project.

2. Community Impact (20 points total)

2.1 Severe Distress

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 listed below

a. Identify in which of the three areas the applicant will invest:

- _____ High Poverty Level (Census tracts must have at least a 30 percent poverty rate)
- _____ Median Family Income (Median Family Income does not exceed 60 percent 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 June 2016 rate of 5.1 percent = 7.6 percent for this question)

To determine the distress level and eligibility for individual census tracts, please utilize the CDFI Fund CIMS Mapping Tool available at the following address:

http://www.cdfifund.gov/what_we_do/cims3.asp

This mapping tool was created to provide prospective applicants with the ability to search by address, census tract, and other geographic areas of interest to determine program eligibility for the New Markets Tax Credit program. These criteria are the same as the Severe Distress criteria for the ONMTC Program with the exception of unemployment rate where the ONMTC Program uses the state unemployment rate for comparison rather than the national unemployment rate.

Continue to Next Page

- b. For each identified pipeline project in 1.3c, describe how the project will meet the severe distress criteria measures. Specify which criteria each project will meet (include all that apply)

c For each severe distress criteria identified for each project, discuss how the project will attempt to mitigate the distress through its completion. Examples could include job opportunities, affordable housing opportunities, increased services.

2.2 Intended Community Impacts (15 points)

What community impacts will the applicant commit to achieve with the ONMTC allocation? How will the applicant achieve those impacts and track them over time?

a. Please identify the community impacts the applicant will target with an ONMTC allocation.

- b. Explain how the applicant will achieve the impacts identified above for each of the pipeline projects identified in 1.3, and how those impacts will be tracked and measured over time.

c. Describe the applicant's previous track record in achieving the targeted impacts mentioned in (a). Give specific project examples.

3. Management Capacity (20 points total)

3.1 Key Personnel

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 and provide a statement of qualification for each. Attach resumes or bios of each identified person. Provide **no more than three** total resumes/bios of the most important personnel involved in the applicant's New Markets Tax Credit investments.

3.2 Prior Performance in Low-Income Communities (5 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 _____

a. Provide the applicant or Controlling Entity’s experience with providing assistance to disadvantaged businesses or communities by providing a description of three past projects in which NMTC was utilized. Include at least one project funded with ONMTC (if previously allocated ONMTC)

3.3 Status of Federal and State Allocations

Has the applicant quickly deployed their allocation authority from the state program into projects? Do they have any allocation outstanding from previous awards?

_____ The applicant has not previously received an ONMTC allocation. (Note: Applicant will not be penalized in the scoring if box is checked.)

Federal NMTC Allocations:

a. List the years in which the applicant received Federal NMTC Allocation _____

b. Total dollar amount of the Federal NMTC allocation received by the Applicant as a result of the awards listed above
\$ _____

c. What, if any, allocation from previous Federal NMTC Allocations is still available? \$ _____

d. How many QALICBs have been provided with assistance as a result of the Federal NMTC Allocation?

ONMTC Allocations:

d. List the years in which the applicant received ONMTC Allocation _____

e. Total dollar amount of ONMTC allocation received to date by the applicant \$ _____

f, Outstanding dollar amount of ONMTC not yet deployed into projects \$ _____

g. How many loans to QALICBs has the applicant made as a result of previous ONMTC allocation?

h. Use the following table to identify how quickly Ohio allocations received in previous rounds were deployed into projects. Provide the round number in which the allocation was received, the date the allocation agreement was executed, the number of allocations received, and the dates that qualified low-income community investments were made from each allocation.

Allocation Round	Allocation Agreement Date	Total Allocation Authority	Date of QLICI(s)

3.4 Historical Project Information

How successful has the applicant been in implementing its previous NMTC allocations

a. Does the applicant have experience with other state NMTC programs in the last five years? If so, please list the states and the allocation received.

b. Provide a short narrative describing project outcomes for three QALICB projects that received ONMTC allocation. Include information regarding (but not limited to): timeline to completion, community impact, completed project service area.

4. Capitalization Strategy (15 points total)

4.1 Investors

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

Data Summary:

Number of letters of commitment provided _____

Qualified Equity Investment amount included in letters of commitment _____

Number of letters of interest provided _____

Qualified Equity Investment amount included in letters of interest _____

a. Provide documentation that identifies the investor that will be using the ONMTCs. 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 ONMTCs.

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 36 to identify the investors, type of investment, dollar amount sought, status of request and estimated or actual date for receipt of funds.

Continue to Next Page

4.2 Benefit Apportionment

Will the applicant commit to ensuring a substantial portion of the tax credit and its ensuing benefits are received by the qualified low-income community business and the low-income community?

Preference will be given for responses that demonstrate maximum financial benefit to the qualified low-income community business and its end users.

a. Quantify as best you can, how economic benefits of the ONMTC allocation will be apportioned amongst:

- i. the investors (equity and debt), through economic returns;
- ii. the applicant (or its subsidiaries/affiliates), through economic returns (including fees);
- iii. the QALICB investees/borrowers, through lower costs of capital;
- iv. if applicable, the unaffiliated end users through lower costs.

Ohio New Markets Tax Credit Program

- b. If the applicant generates a profit from its overall ONMTC activities, discuss how this profit will be used. (e.g. dollar amount or percentage of profit that will be distributed to investors or shareholders, support additional New Markets Tax Credit or non-New Markets Tax Credit low-income community investments, support other activities of the applicant or affiliates, etc.)

Application Checklist

Submitted (check)	Required Documents
	Application Fee of \$1,500 made out to "Treasurer, State of Ohio"
	3.1 - Key Personnel resumes/bios
	4.1 - Investor Letters of Commitment and/or Interest
	One electronic copy of the application submitted via email or on electronic media