

Ohio

New Markets Tax Credit 2014 Application - Round 5



**Development
Services Agency**

John R. Kasich, Governor

David Goodman, Director

Ohio New Markets Tax Credit Program

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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 the Office of Energy and Redevelopment at ohionewmarkets@development.ohio.gov or (614) 995-2292 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 completed original application in hard copy form;
 - » One electronic copy of the application; and
 - » An application fee in the amount of \$1,500 made out to 'Treasurer, State of Ohio'.
- You may submit forms and payment via U.S. mail, delivery service or in person to:
Ohio New Markets Tax Credit Program Manager
Ohio Development Services Agency, Office of Energy and Redevelopment
77 S. High Street, 26th Floor
Columbus, Ohio, 43215
- Any applications received after the last day of the submission window will not be considered.

For the original application submission:

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

For electronic application submission:

- Submissions should include this application document, completed, and all attachments as listed on page 36.
- 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 5 Timeline

The following dates are important deadlines for Round 5 of the ONMTC Program:

- **Application Period Opens:** May 29, 2014
- **Applications Due:** July 18th, 2014
- **Application Review Period:** July/August 2014
- **Award Announcement:** August/September 2014

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 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.

In addition, the following may also be used to guide the decision-making process:

- Encourage investment in Ohio's small and minority businesses
- Focus Ohio's community investment programs on job creation and community reinvestment
- Utilization of other Ohio Development Services Agency programs

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: _____

Trade Secret Declaration (check if applies; see page 5 for more information)
_____ This application does include information considered a "trade secret"

2. Trade Secret Information

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.

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

3. Authorization to Release Tax Information

Complete the Authorization to Release Tax information form on Page 7, including all information indicated as required. The Ohio Development Services Agency will use this form to verify that the applicant does not have outstanding tax liability with the state of Ohio.

AUTHORIZATION TO RELEASE TAX INFORMATION

I, _____, (printed name of taxpayer) hereby authorize the Ohio Department of Taxation and any of its agents and/or employees to release my tax records to the Ohio Development Services Agency, JobsOhio, Ohio Venture Capital Authority, Ohio Housing Finance Agency, Ohio Rail Development Commission, Ohio Air Quality Development Authority, Ohio Secretary of State, and Central Ohio Workforce Investment Corporation. These records shall be limited to information obtained and maintained by the Ohio Department of Taxation and shall not contain any federal tax information as defined in I.R.C. 6103 and received from the Internal Revenue Service. I understand that these records may be used by the above-referenced organizations to ensure my taxpayer compliance with all Ohio tax laws, and to verify the information reported to the above-referenced organizations for various purposes relating to evaluation of potential tax credits, grant awards, or loan issuances. I expressly waive the confidentiality provisions of the Ohio Revised Code which would otherwise prohibit disclosure, and agree to hold the above-referenced organizations harmless with respect to the limited disclosure herein. Except as authorized by this waiver, the above-referenced organizations must maintain the confidentiality of the information received pursuant to O.R.C. 1347.15(H) and/or other governing law with respect to this waiver. Further, the information is not subject to public inspection pursuant to O.R.C. 149.43(A)(1)(v) and shall not otherwise be re-disclosed. For purposes of this waiver, JobsOhio is contractually and statutorily bound to Ohio Development Services Agency confidentiality requirements.

This is a standardized form, and may not be altered in any way. Rewritten or altered versions of this form will not be accepted. Only in instances in which the organizations have a legitimate business purpose for reviewing this information, will taxpayer information be shared with the following: : Ohio Development Services Agency, JobsOhio, Ohio Venture Capital Authority, Ohio Housing Finance Agency, Ohio Rail Development Commission, Ohio Air Quality Development Authority, Ohio Secretary of State, and Central Ohio Workforce Investment Corporation.

I certify under penalties of perjury that I am the taxpayer identified below or an agent authorized to certify on its behalf.

Company Name: _____

Name & Title of Agent (printed): _____

Signature of Authorized Agent: _____

Date: _____ Company Telephone Number: _____

Company Address: _____

REQUIRED INFORMATION: MUST BE COMPLETED

Ohio Employer Withholding Account Number: _____

Federal Employer Identification Number: _____

Social Security Number (if applicant is an individual): _____

OTHER INFORMATION

Ohio Charter Number: _____

Ohio Franchise Tax Identification Number: _____

Commercial Activity Tax Account Number: _____

Ohio Vendor's License Number: _____

Ohio Consumer's Use Tax Account Number: _____

Ohio Direct Pay Permit Number: _____

4. 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

5. 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 (CDFI) Fund?

Yes

No

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

Yes

No

6. 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: _____

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 2013 federal New Markets Tax Credit Application.



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

Total dollar amount of ONMTCs requested in this application:

\$ _____

MINIMUM allocation of ONMTCs 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) _____

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 three years?

- Yes
- No

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

- Yes
- No

Has the applicant ever received an adverse opinion?

- 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 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

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.12-13)

6. (continued)

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 (35 points total)

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 ONMTCs will enhance the applicant's product offerings through leveraging additional sources of funds such as additional public or private loans or equity. (p.14-15)

a. (continued)

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 ONMTCs 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. Specify who will be involved in the decision-making regarding project location, prioritization and investment. In addition, discuss the specific criteria the applicant will use to prioritize potential investments and how the applicant will select investments. (p.17-18)

b. (continued)

1.3 Project Pipeline (10 points)

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. List the projects in the applicant's pipeline for ONMTCs. 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.**

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

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.

Name of Project

State QEI

Federal QEI

b. Briefly describe the projects named above (no more than one paragraph per project), 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. In addition to describing the projects, please note any Ohio Development Services Agency funding that has been secured for the listed projects. (p.20-21)

b. (continued)

2. Community Impact (20 points total)

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 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 March 2014 rate of 6.1 percent = 9.15 percent for this question)

b. List the projects identified in Question 1.3 "Project Pipeline" that you anticipate will meet these criteria. Specify which criteria they will meet and how. (p. 23-24)

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 NMTC 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.

b. (continued)

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 from the list below the **top two** community impacts the applicant will target.

- Job Creation
- Quality of Jobs
- Jobs accessible to low-income persons or residents of low-income communities
- Goods or services to low-income communities
- Financing Minority Businesses
- Environmentally Sustainable Outcomes (for example: energy efficiency, renewable energy usage, LEED certification or green building design)
- Healthy Food Financing
- Other (specify) _____

Note: For further details and explanation of the categories above, see Question #24 in the 2013 federal New Markets Tax Credit application (p.21-23).

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. (p.25-26)

b. (continued)

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

3. Management Capacity (25 points total)

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 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 (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. (p.29-30)

a. (continued)

3.3 Number and Amount of Federal Allocations (5 points)

Does the applicant have experience with New Markets Tax Credits as demonstrated through their total number and dollar amount of allocations from the Federal New Markets Tax Credit Program?

Data Summary:

Total number of federal allocations received to date _____

Total dollar amount of federal allocations received to date \$ _____

3.4 Status of State Allocations (5 points)

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

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

Data Summary:

Total dollar amount of ONMTC allocation received to date \$ _____

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

4. Capitalization Strategy (20 points total)

4.1 Investors (5 points)

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 33 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 ¹	Dollar Amount Sought	Status of request ²	Estimated or Actual date for receipt of funds

¹Type of Investment = Debt, equity or grant
²Status of request = Investor provided **Commitment**; investor issued **Letter of Interest/Intent**.

4.2 Economic Benefits (15 points)

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.

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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 NMTC or non-NMTC 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 original hard copy of the application
	One electronic copy of the application submitted via email or on compact disc