

Moran Center & New Markets Tax Credits

December 14, 2009

Topics to Cover

- **NMTC Financing Basics**
- **Moran Plant NMTC Financing Concepts**
 - **Key Issues to Consider**

NMTC Financing Basics

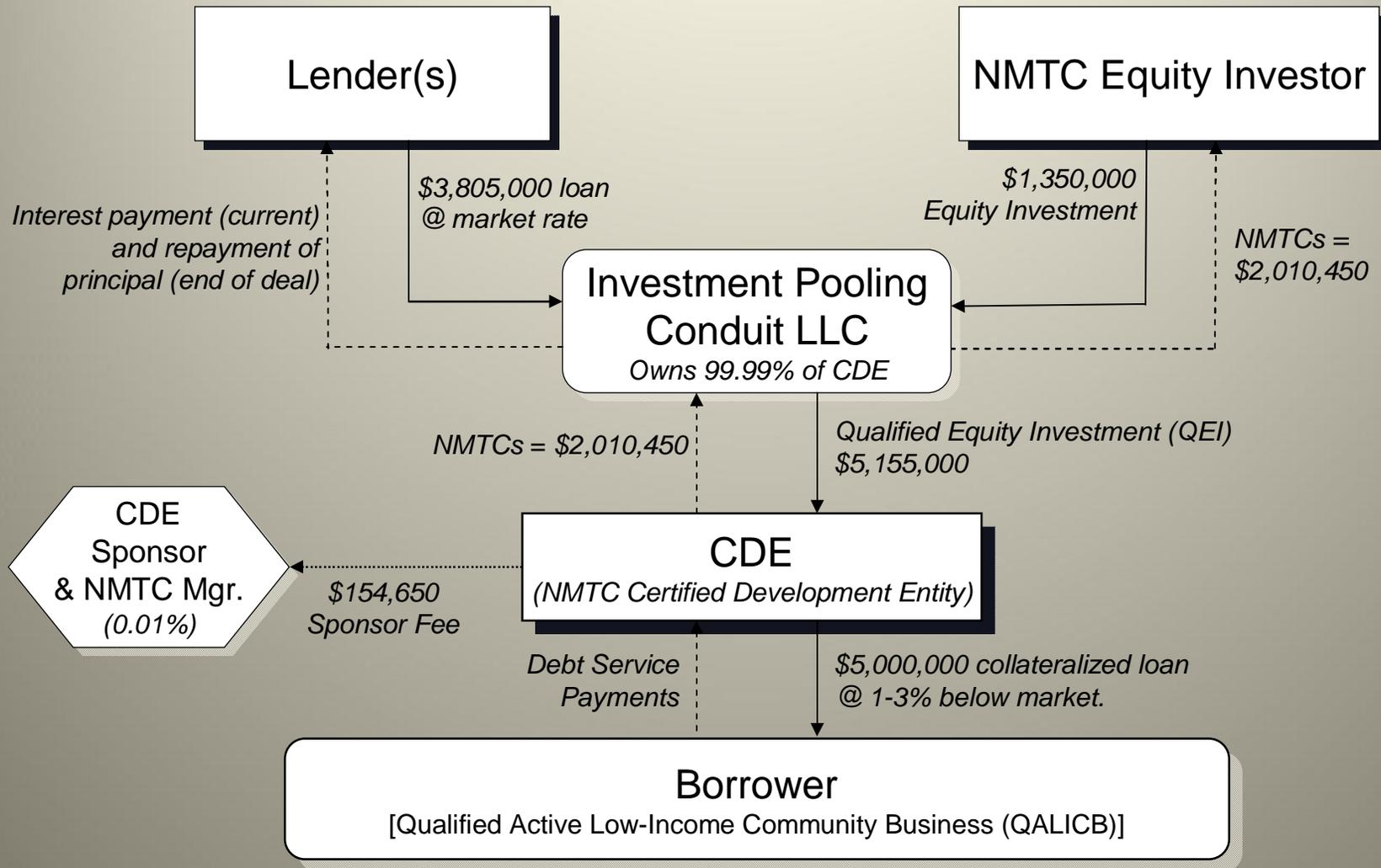
- **Established economic development financing product**
- **Used in defined low-income communities (LICs)**
- **Investors get tax credits; projects get financing on favorable terms**
- **Use of “leverage structure” = Enhanced benefits**
- **Highly flexible financing tool**

NMTC Financing Basics (con.)

- **Basic requirements:**
 - QALICBs only (!!!)
 - 7-Year Compliance Period
 - “Substantially All” rule re: capital invested in LIC
 - Interest payments OK; no capital return for 7 yrs
 - NMTC capital deployed as equity or “true debt”
 - Back-end provisions
- **Capital sources**
- **Market forces**
 - Availability of NMTC financing commitments
 - Capital market forces and outlook

NMTC Leverage Investment Model

Hypothetical \$5,000,000 Project



Moran Project Financing Concepts

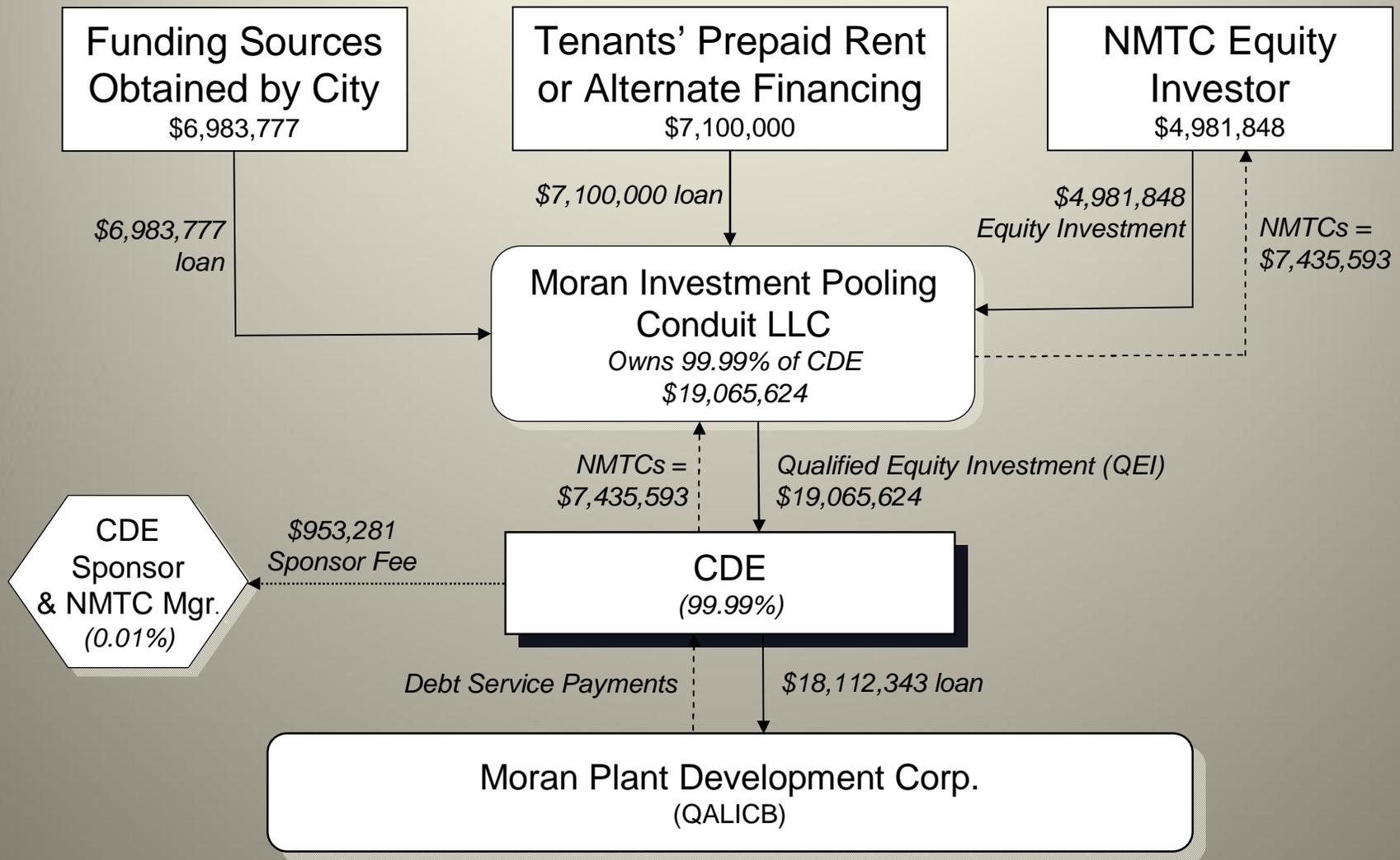
- **Eligibility/Higher Distress: Yes/Yes**
- **Structural considerations:**
 - **QALICB requirements**
 - **Maximizing NMTC tax credit capital**
 - **Self-liquidating debt**
 - **Allocating NMTC subsidy**
 - **One tax credit investor/Multiple NMTC providers**

Moran Financing Concepts (con.)

- **Financial considerations:**
 - Total project costs
 - Capacity/willingness of tenants
 - City's role
 - Tax credit investor pricing
- **Marketing considerations:**
 - Multiple CDEs
 - Tax credit investor
 - Community support

Moran Summary NMTC Structure

(Not including tenant startup or fit-up costs)



Moran Project – Key Issues to Consider

- **Project Business & Financial Plan**
 - **Participants**
 - **Refined cost estimates**
- **Tenant mix and participation in financing**
- **Structural considerations**
 - **Potential use of Historic Tax Credits (HTCs)**
 - **Project Entity (QALICB) – to be formed**
 - **Public-purpose Investment Fund lender**
 - **City financial participation**

Key Issues to Consider (con.)

- **Conceptual tax counsel review**
- **Capital and subsidy considerations**
 - **NMTC Provider (Allocatee) Interest**
 - **Tax credit equity investor interest/pricing**
 - **Distribution of NMTC/HTC carrying costs**