

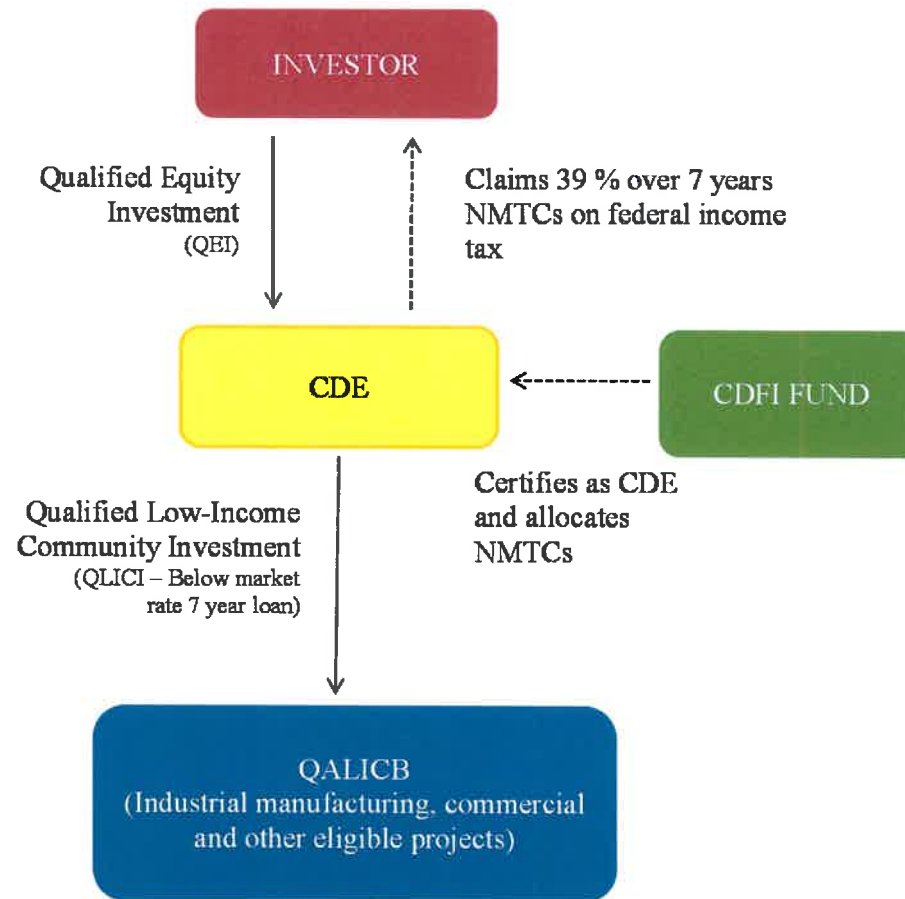
# NEW MARKETS TAX CREDIT PROGRAM

## Alabama Rural Manufacturing Tool

- The New Markets Tax Credit Program (“NMTC Program”) was established by Congress in 2000 to spur new investments into projects located in rural and low-income communities, many of which are affected by brownfields.
- The NMTC is administered by the Community Development Financial Institutions (CDFI) Fund under the U.S. Department of the Treasury.
- The CDFI Fund was created for the sole purpose of expanding the availability of credit, investment capital, and financial services in distressed urban and rural communities.
- Each year, tax credits are allocated for distribution to certain qualifying entities through a competitive CDFI Fund process. These qualifying community groups are known as Community Development Entities, or (CDEs.)

- The NMTC Program attracts investment capital to low-income communities by permitting investors (such as commercial banks) to receive a seven year stream of tax credits against their Federal income tax return in exchange for making up front cash equity investments in these CDEs.
- The CDEs in return as financial intermediaries invest the cash equity in Qualified Active Low-Income Community Businesses (“QALICB”). The equity investment is in the form of a 7-year below-market, interest only loan which is subject to principal forgiveness. Qualifying projects can expect approximately 16% - 20% of allocation amount in cash equity at closing (about \$1.6-\$2.0 million on \$10,000,000 project).
- The Federal NMTC Program has authorized over \$41 billion, usually \$3.5 billion annually through the CDFI to CDEs across the country.
- Since 2003 the NMTC Program has created or retained an estimated 275,000 jobs. Supporting the construction of 37 million square feet of manufacturing space.
- For every \$1 invested by the Federal government the NMTC generates \$8 of private investment.

# FEDERAL NMTC NET BENEFIT

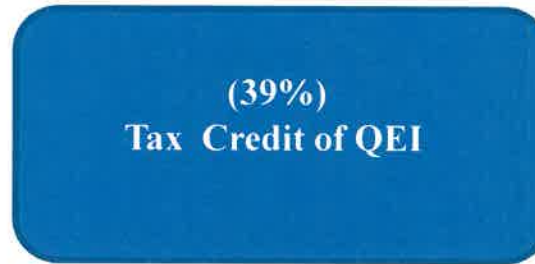


# NET BENEFIT TO ELIGIBLE PROJECT

## *FEDERAL NMTC*

\$10,000,000

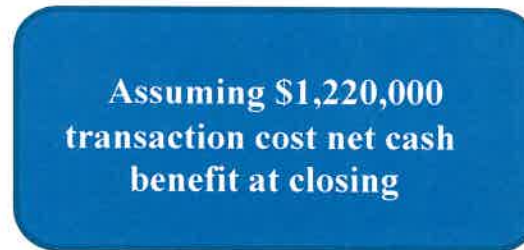
NMTC Allocation



\$3,900,000



\$3,120,000

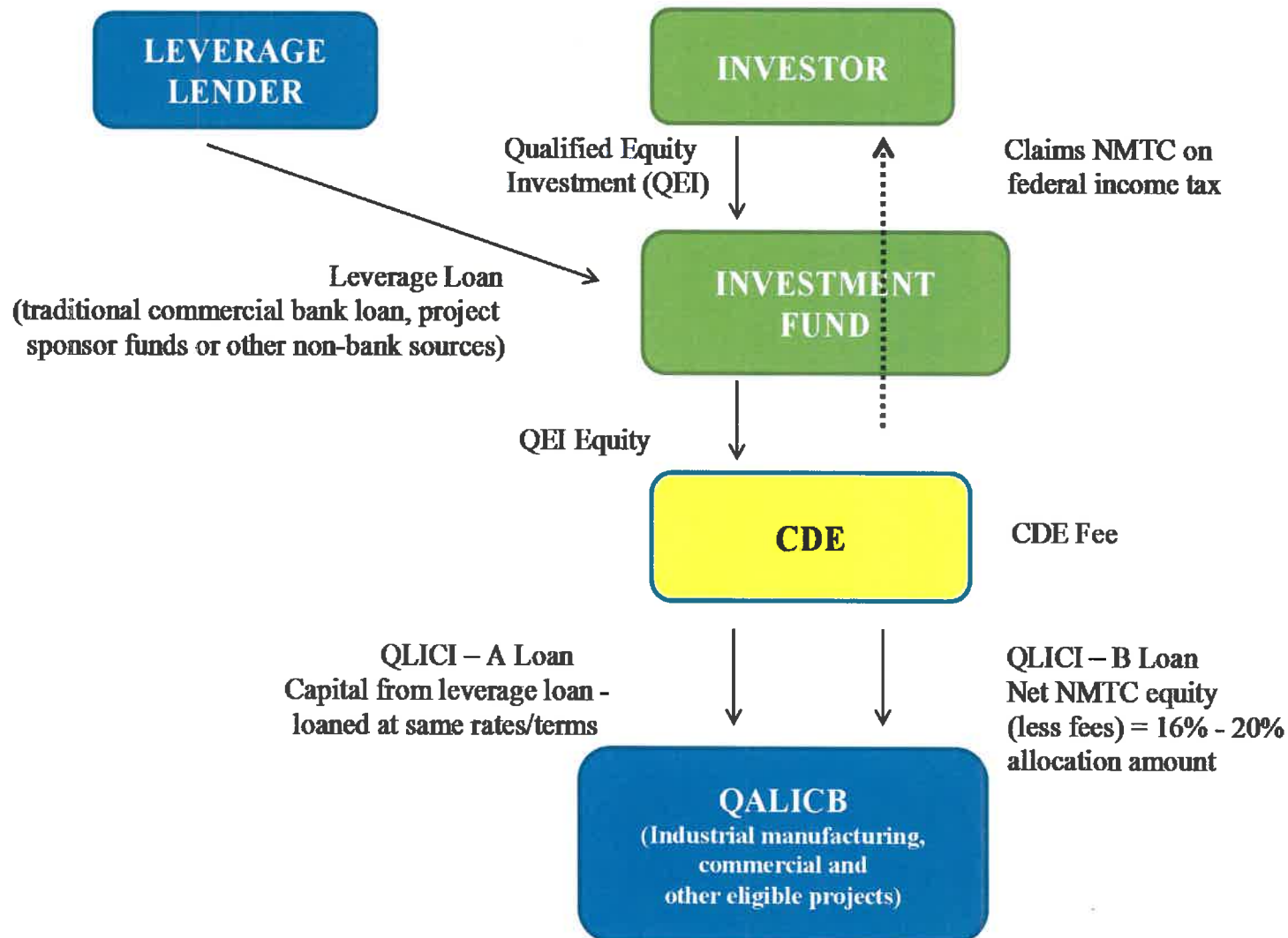


\$1,900,000

or approximately 19%

net benefit subject to income tax at end of 7 year compliance period

# LEVERAGE MODEL WITH NET BENEFIT

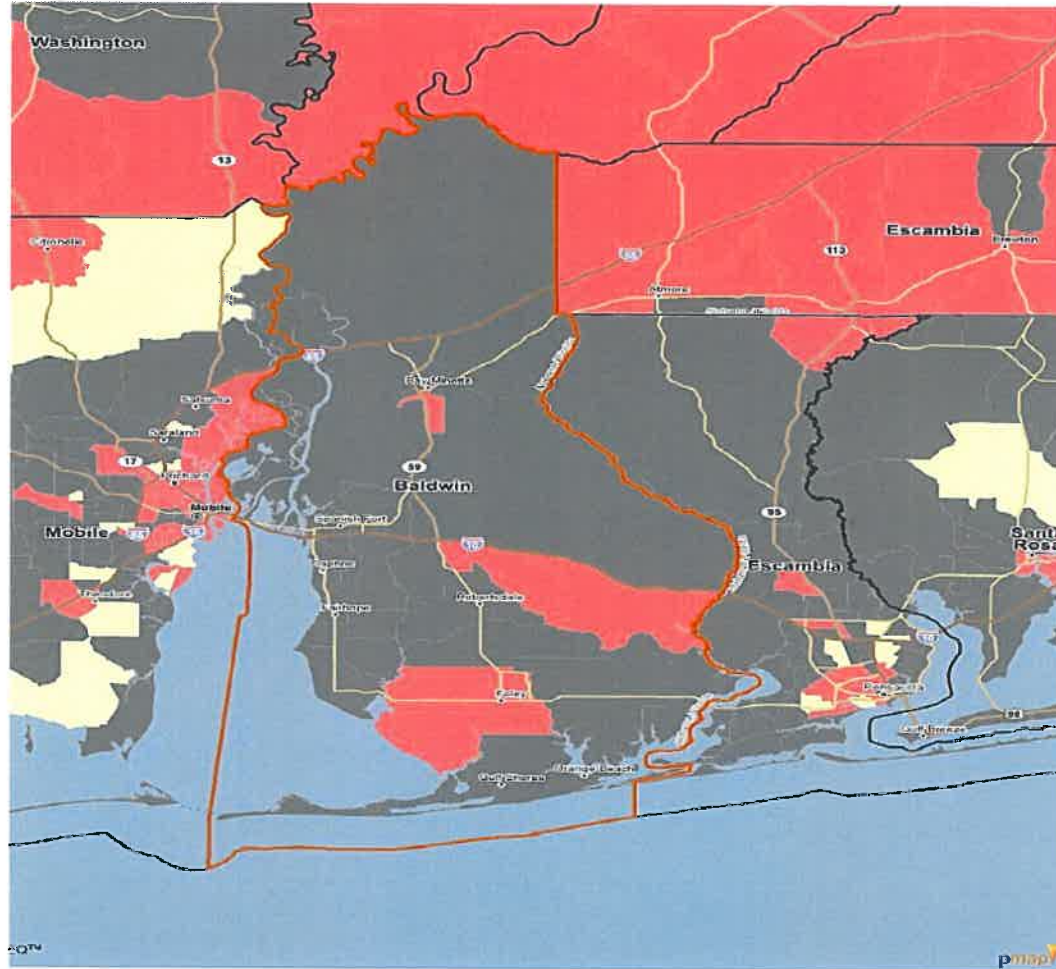


# ELIGIBILITY REQUIREMENTS

- Project must be located in a Low-Income Community census tract with a poverty rate of at least 20% or with medium family income up to 80% of the area medium family income.
- Projects are high-impact if they are located in rural areas or targeted distressed, low-income communities.
- Projects located in historic districts, brownfields sites, enterprise zones, medically underserved areas, FEMA disaster areas or food deserts receive special consideration from CDEs.
- Most businesses or nonprofits, defined as QALICB, are eligible to finance NMTC projects.
- Projects can be for new or expanding businesses, for commercial, industrial, brownfields redevelopment, renewable energy, healthcare, grocery store, retail/office, and mixed real estate.

**Net Tax Credit (NMTC) Program Eligibility and Severely Distressed Status, as of 2012.**

On the map are Census tracts that the CDFI Fund has determined are Eligible and meet the Primary Criteria requirements for the CDFI Fund's New Net Tax Credit (NMTC) Program Severely Distressed Status, as of 2012. Yellow areas indicate those Census tracts that meet the NMTC Program Eligibility but are not Severely Distressed according to Primary Criteria requirements. Secondary Criteria Severely Distressed status is not displayed on this map. Gray areas are considered ineligible for NMTC Program funding. These data are mapped to the 2010 Census boundaries. For more information about the NMTC Program, please see our Data Directory.



- Permanent job creation usually in excess of 20-30 is paramount in receiving NMTC allocations.
- Projects cost can include brick and mortar, equipment and land.
- Project cost should be at least \$5 million, for NMTCs to have a significant benefit to a Project. Optimal project cost is \$10-\$15 million.
- Project must not be one of the following: Country Club, golf course, racetrack or other gaming facility, retail liquor store, some farming activities or residential housing (80% or more of income from units).
- Federal NMTC has no maximum but usually around \$20,000,000 is the project maximum allocation you can receive from a CDE.
- Once a project is determined to be eligible and a NMTC allocation is secured, the NMTC transaction can usually close in 3 – 4 months.



- Manufacturing facilities, especially ones that create 20 or more new jobs and located in rural or targeted distressed communities are high impact and favored, in terms of obtaining federal NMTC allocations.
- With the new December 2017 \$3 million allocations the CDFI fund has designated Alabama an “under served” state which is very positive for NMTC allocations.

# Advantages of the New Markets Tax Credit Program Brownfield Stakeholders

- Several CDEs have identified brownfields redevelopment as specific goals for their allocations.
- A CDE may structure a more favorable deal than traditional lending institutions for brownfield properties. Traditional lending institutions may be more reluctant to lend to brownfields projects compared to projects that are perceived as less risky due to fewer environmental complications.
- CDEs may offer loans for pre-development on projects that are unlikely to secure traditional funding. Loans can be used for pre-development activities such as land acquisition, environmental remediation, demolition, site preparation, construction, renovation, infrastructure improvements and technical assistance.



**MAAS AVIATION**  
BROOKLEY AEROPLEX - MOBILE, AL

**THORNTON FARISH INC.**  
Investment Bankers



Crescent Growth Capital, LLC, in association with Thornton Farish Inc. announces the successful closing of \$10 million in Federal New Markets Tax Credits for Maas Aviation to finance an investment in a twin bay aircraft paint facility to be constructed at the Brookley Mobile Downtown Airport, Alabama to complement the company's activities at the soon to open Airbus US Final Assembly Line located at the same site. The company, headquartered in Dublin, Ireland, recently secured a long-term contract to be the exclusive paint services provider to paint all Airbus planes manufactured at the Airbus FAL. This investment supports Maas Aviation's plans to co-locate with a leading OEM manufacturer as well as with the leading global aircraft maintenance (MRO) service provider, ST Aerospace to combine aircraft painting with maintenance services for the benefit of US and international aircraft operators.

**NMTC Allocation:**

**\$10.0 million:** MuniStrategies

**Federal NMTC Investor:** First NBC Bank

**Senior Lender:** First NBC Bank

**Closing Date:** January 30, 2015

**Community Impact:**

The project will create more than 80 direct FTE jobs at Maas' multiple aircraft painting facilities capable of painting all aircraft types to be manufactured at Airbus' nearly completed \$300 million Final Assembly Line. In addition, Maas will also offer expert painting services to aircraft operators and to customers of the global leading aircraft maintenance service provider, ST Aerospace. All employees will be offered extensive formal on-the-job training in accordance with both the company's established training routines and the highest international standards.

**NMTC Benefit:**

The Federal NMTC subsidy enables Maas to bring its proprietary paint process to a highly distressed census tract, creating more than 80 new FTE jobs.

*To obtain more information on the various Federal and State NMTC programs, please contact Louis Cardinal at (334) 270-8555.*



## THORNTON FARISH INC.

Investment Bankers

- **VULCAN INC. :** \$22 million aluminum manufacturing facility in rural Foley, Alabama
- **NMTC Allocation:** \$12.5 million, Hampton Road Ventures (Federal)  
\$10.0 million, MuniStrategies (Federal)  
\$10.0 million, Enhanced (Alabama State NMTCs)
- **Federal NMTC Investor:** Capital One
- **Senior Lender:** BB&T
- **Closing Date:** September 4, 2013
- **Community Impact:** Project will create 60 direct FTE jobs at Vulcan and an additional 200 construction jobs. The new positions will pay a living wage and come with a full suite of benefits including a 100% employer-funded ESOP plan.
- **NMTC Benefit:** The contemplated State NMTC and Federal NMTC subsidy enables Vulcan to pay for the cost of a top-quality new Melting Furnace, the cornerstone capital purchase for the entire expansion project.

To obtain more information on the Federal and Alabama State NMTC programs, please contact Louis Cardinal  
(334) 270-8555, [lcardinal@thorntonfarish.com](mailto:lcardinal@thorntonfarish.com)

## NEW INCENTIVE FOR ALABAMA MANUFACTURING FACILITIES



Crescent Growth Capital, LLC, in association with Thornton Farish Inc. announces the successful closing of \$10 million in Alabama State New Markets Development Tax Credits (NMTC) for the Steel Warehouse manufacturing facility in Calvert, Alabama. The project will create 67 new jobs onsite and an additional 35 new jobs at nearby ThyssenKrupp.

**Ray Rabalais**  
Managing Director  
Crescent Growth Capital  
[ray.rabalais@crescentgrowthcapital.com](mailto:ray.rabalais@crescentgrowthcapital.com)

**Ryan Kenter**  
Director  
Crescent Growth Capital  
[ryan.kenter@crescentgrowthcapital.com](mailto:ryan.kenter@crescentgrowthcapital.com)

**Louis Cardinal**  
Principal  
Thornton Farish Inc.  
[lcardinal@thorntonfarish.com](mailto:lcardinal@thorntonfarish.com)

"Steel Warehouse appreciated the help Crescent offered in securing State New Markets Tax Credits for their pickling facility in Alabama." *Nathan Lerman, Vice President of Government Affairs; Corporate Development, Steel Warehouse*

"We are very pleased to provide a strong new incentive for projects to locate or expand their facilities in Alabama." *Linda Swann, Department of Commerce*

To obtain more information on the Alabama State NMTC program, please contact Louis Cardinal at (334) 270-8555



# GLOSSARY

- **Community Development Financial Institutions (CDFI) Fund:** A division of the U.S. Treasury Department. The CDFI Fund administers the federal NMTC program, and awards NMTC allocations to CDEs on a competitive basis.
- **Community Development Entity (CDE):** Entity certified by the CDFI fund as eligible to receive an allocation of New Markets Tax Credits. A CDE acts as an intermediary for providing loans, investments and/or financial counseling in Low-Income Communities (LICs).
- **Low-Income Community (LIC):** Generally, Census tracts with a poverty rate of at least 20 percent or a median family income at or below 80 percent of the area median.
- **Targeted Distressed Communities:** LICs that show particularly high levels of poverty or economic distress. Targeted Distressed Communities generally must have poverty rates of at least 30 percent, a median family income below 60% of the area median, or have unemployment rates 1.5 times the national average. Other criteria can also be used to qualify a project as being in a Targeted Distressed Community, such as being located in a TIF district, being a brownfield site, or being located in a rural county that is not contained within a Metropolitan Statistical Area (MSA) as of the most recent Census.
- **Qualified Active Low-Income Community Business (QALICB):** Businesses that are eligible to receive assistance through the NMTC program. A QALICB must meet several tests confirming that the majority of its activities take place in, or that it serves primarily residents of, a Low-Income Community.
- **Leverage Loan:** A loan to an investment fund which is combined with an investor's equity to make up a QEI. A leverage loan may originate from different sources, such as grants, TIF, bond proceeds or traditional bank debt. In addition, multiple sources can be packaged together to create one or more leverage loans.
- **Qualified Equity Investment (QEI):** Any cash investment in a for profit CDE that triggers the flow of New Markets Tax Credits benefits to the investor. The QEI must remain invested in the CDE for seven years to maintain program compliance.
- **Qualified Low-Income Community Investment (QLICI):** Loan and/or investment provided by a CDE to a QALICB or to another CDE. Typically takes the form of debt or equity that carries below-market interest rates and/or return expectations

# Contact Information

*For further information on the advantages of the Federal new markets tax credit program, please contact Louis Cardinal, Thornton Farish Inc., [lcardinal@thorntonfarish.com](mailto:lcardinal@thorntonfarish.com), (334) 270-8555.*