



JobsOhio Revitalization Program Overview

Diana Rife, JobsOhio

JobsOhio
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JobsOhio Revitalization Program Highlights

Positives & Negatives of Redevelopment Projects

NEGATIVES

- Complex
- Cost
- Time
- Liability
- Risk



POSITIVES

- + Location
- + Infrastructure
- + Transportation
- + Labor
- + Catalyst

Community Drivers:

- ✓ Remove blight
- ✓ Increase local tax base
- ✓ Productive reuse of property

PARTNERSHIP



JobsOhio Drivers:

- ✓ Jobs
- ✓ Investment
- ✓ Successful completion

JobsOhio Revitalization Program Highlights

Two Types of Assistance:

1. Phase II Assessment Grants
2. Revitalization Loans & Grants

Philosophy:

1. Revitalization of sites that create new investment & jobs
2. JobsOhio Targeted Industry
3. Flexibility
4. Accelerated process
5. Return on investment
6. Sustainable

Eligible:

- Abandoned or underutilized sites
- Demonstrated need for support

Ineligible:

- Residential and multi-family
- Entertainment/retail/hotels
- Government/Education
- Medical Offices or healthcare

Use of Funds:

- Phase II assessments
- Demolition & disposal
- Environmental remediation
- Building renovation
- Site preparation
- Infrastructure
- Environmental testing & lab fees
- Asbestos and Lead Paint

JobsOhio Review Criteria

Three criteria for evaluating redevelopment projects:

- 1. Jobs** (private sector jobs)
 - a. Retained
 - b. Created
 - c. Wage rate (priority for higher wages & targeted industry)
- 2. Investment**
 - a. Private investment vs. public & JobsOhio investment
 - b. Capital investment in addition to site preparation
 - c. Priority for JobsOhio targeted industry projects
- 3. Certainty of completion**
 - a. End user commitment
 - b. Completeness of redevelopment plans
 - c. Adequacy of project funding

Revitalization Program Guidelines

Program Tracks

1. Phase II Assessment

- a. Grants up to \$200,000 per project
- b. Phase I must be complete and submitted to JO

2. Revitalization Loan Fund

- a. Loans up to \$5,000,000, between 20-75% of eligible costs
- b. End user and commitment of job creation
- c. Industrial, commercial, or mixed use w/office

3. Revitalization Grant Fund

- a. Typically coupled with a loan and provided to fill funding gaps where remediation costs exceed the anticipated net gain in the land and improvement value
- b. Grants up to \$1,000,000

Eligible Applicants

- a. Businesses including developers, non-profits, and local governments where the entity committing the jobs has signed an agreement such as a letter of intent, option, lease or holds title.
- b. Cannot be responsible for environmental contamination
- c. Must have legal access to the property

Eligible Sites

An eligible site is an abandoned or under-utilized contiguous property where redevelopment for the immediate and primary purpose of job creation and retention are challenged by significant redevelopment constraints.

JobsOhio Project Process

- Project Vetting and Diligence
- Offer Letter
- Application
- * *if loan Draft Term Sheet, Internal Loan Review, and final term sheet sent to Borrower*
- Internal Approval
- * *if loan Organizational call*
- Agreement “Closing”
- Disbursement(s)
- Servicing

Disbursements:

- Phase II Study Completed (*Phase II only*)
- Reimbursement based
- Maximum of 3 disbursements and no less than \$50,000
- Proof of Payment required
- 100% of eligible expenses

Servicing:

- Annual Report required (*exception Phase II*)
- Require monthly financial statements (*loan only*)

JobsOhio Revitalization Loan

Borrower Scenarios

- A. Scenario #1: Job creator is the Borrower/recipient of the funds
- B. Scenario #2: If job creator is not the Borrower (ex. Borrower is a developer/community), then a 3-party agreement will be required
- B. Scenario #3: Borrower will guarantee the job creation subject to “clawback” documented in the agreement

JobsOhio Revitalization Loan

Details

- Amount of loan determined on Project Levers including jobs, wages, certainty of completion, etc
- Financing up to 15 year term
- Interest rate is 2% for the term, at this time
- Loan subordination could be considered
- Approval and closing process has been streamlined
- Prevailing wage does not apply
- No prepayment penalty
- No application fee
- Processing/Closing fees capped

JobsOhio Revitalization Loan

Covenants/Conditions

- Cross default and cross acceleration with other debt agreements
- No further action (NFA) or a Covenant not to Sue (CNS) may be required where long term environmental controls are required, often driven by primary lender.
- An acceptable MAI appraisal
- Company must maintain operations in Ohio



Recent JobsOhio Revitalization Loans

Example I

Company

- The company was established in 1988
- Manufactures, markets and distributes a comprehensive line of both branded and private label food products through the retail and food services channels throughout North America
- \$135 Million in sales in 2014

Borrower - Developer

- Developer will own the building and lease it to the job creator
- The developer guaranteed the job creation as part of the loan agreement. Additionally, in this scenario the company received a grant which ties the jobs to this project through cross-default language.

Example I

Project

- The project will enable the company to consolidate their Ohio and other location into one site
- The new site is 225,000 square feet and is adjacent to the current Ohio operation
- The subject building has been vacant for over 24 Months and is in need of \$2.7MM of renovations
- 250 current employment (retained)
- 200 new jobs
- The community lost over 150 jobs as a result of the closure of the previous occupant

Example I

- Sources of Funds

| | |
|--------------------|----------------|
| \$4,395,000 | First Fed |
| \$2,000,000 | JO Loan |
| <u>\$2,105,000</u> | <u>Equity</u> |
| \$8,500,000 | Total |

- Uses of Funds

| | |
|--------------------------|-------------|
| \$6,000,000 | Purchase |
| Price <u>\$2,500,000</u> | |
| <u>Renovations</u> | \$8,500,000 |
| Total | |

Loan Details

- Term: 10 years
- Interest Rate: 2%
Amortization: 10 years
- JO will require a shared mortgage in the Project Collateral located at the Project Site
- Personal Guarantees of all four principal owners of the real estate entity
- Participating Lender; First Federal

Example II

Company

- The company (job creator) was established in 1985
- The company removes and disposes of hazardous waste located in Cleveland, OH
- Over \$30 Million in sales in 2014 with positive trends and sufficient cash flow to support the new and existing debt obligations above 1.20X

Borrower - Company

- Job Creator and Beneficiary of the funds is the same entity

Example II

Project

- This is a building expansion project allowing the company to expand its current fleet and increase capacity.
- The company currently occupies 80,000 square feet of the available 220,000 sq ft. The project will enable the company to utilize the entire building and includes demolition of the oldest part of the building.
- The estimated demolition costs were \$1.128M
- 65 current employment (retained)
- 20 new jobs

Example II

- Sources of Funds

\$675,000 **JO Loan**

\$453,895 Other

\$1,128,895 Total

- Uses of Funds

\$1,128,895 Demolition

\$1,128,895 Total

Loan Details

- Term: 15 years
- Interest Rate: 2%
Amortization: 15 years
- Security: \$300,000 Letter of Credit
- Participating lender: Key Bank



41 S. High Street, Ste. 1500 | Columbus, OH 43215
(614) 224-6446 | jobs-ohio.com