

NMTC Funding Criteria and Selection Process

Funding Criteria

Following are the criteria that will be employed in determining which projects should be funded with NMTCs:

- Location
 - Low-Income Community:
 - Target Distressed communities (where 75% of our investments must be made); alternatives:
 - Projects meeting at least 1 of the following criteria:
 - Poverty > 30%
 - Median Family Income at/below 60% metro/statewide median
 - Unemployment at/above 1.5x national average
 - Projects meeting 2 or more of the additional attached criteria for Distressed communities
 - But in any event, location must qualify minimally for NMTC; alternatives:
 - Poverty = 20% or higher
 - Median Family Income = 80% metro/statewide median or lower
 - Non-Metropolitan: 15% of investments must be in qualifying census tracts in non-Metropolitan counties
- Desired project types
 - ESNMC programmatic priorities (in order of preference)
 - Capital expenditures for operating companies that create new jobs (and/or retain at-risk jobs)
 - Jobs: at least 1 job per \$37,880 of total investment
 - Real estate developments*
 - Jobs: at least 1 job per 350 SF
 - Note re: mixed-use projects: projects involving a residential component are acceptable so long as:
 - Rental housing only (no for-sale)
 - Residential income cannot exceed 80% of total project income
 - A portion of housing should be long-term affordable (though ESNMC is not bound by affordability criteria)
 - Secondary priorities: additional economic impacts
 - Finance/assist Low-Income Community businesses

* ESNMC prefers to fund operating companies that will create new jobs and/or retain at-risk jobs. In order to deploy sufficient allocation, however, ESNMC will consider qualified real estate developments in the order in which they appear.

- Finance/assist community benefit projects (child care, health care, educational or other benefits)
 - Tertiary priorities: New York State priorities under the American Recovery and Reinvestment Act:
 - Industry-specific criteria
 - Technological advances in science and health to increase economic efficiency and improve the quality of life in New York
 - Transportation, environmental protection and other infrastructure that provides long-term economic benefits
 - Foster energy independence
 - Improve educational quality
 - General criteria
 - Promote programmatic results
 - Maximize economic activity
 - Produce the greatest number of jobs created or saved in relation to dollars spent
 - Achieve long-term public benefits
 - Other
 - Ensure compliance with equal opportunity laws
 - Promote local hiring
 - Provide maximum opportunities for small businesses
 - Provide equal opportunity for Disadvantaged Business Enterprises and Minority and Women Owned Business Enterprises
 - Encourage sound labor practices
 - Engage community-based organizations
- Project Size
 - Total project costs between \$5 million and \$25 million
 - In general, no more than \$10 million of allocation will be devoted to a single borrower or sponsor
- Project readiness
 - Financing
 - Other ESD funding has been committed
 - Funding for 75% of costs has been identified
 - Conventional lender has experience with NMTCs
 - Timing
 - Construction has not yet commenced, but:
 - Closing is likely to occur within 9 months
 - In contract, if real estate acquisition is involved

Following are the additional criteria for Distressed communities. A census tract must meet 2 or more of the criteria below in order to be considered Distressed:

1. Poverty > 25%; Median Family Income at/below 70%; or unemployment at/above 1.25x national average
2. Federal Empowerment Zone, Enterprise Community or Renewal Community
3. SBA-designated HUB Zone (businesses with SBA certification)
4. Brownfield as defined under 42 U.S.C. 9601(39)
5. HOPE VI redevelopment plan area
6. Native American area (designated by federal government, or as redevelopment area by Tribal/ other authority)
7. Distressed area according to Appalachian Regional Commission or Delta Regional Authority
8. Colonia area as designated by HUD
9. Medically underserved area (federally designated, if business supports health-related services)
10. Project serves Targeted Populations if they are in non-Metropolitan Areas or if members of Targeted Populations constitute at least 60% of the ownership, employees or customers (generally, Targeted Populations are low-income persons or individuals who otherwise lack adequate access to loans or equity investments)
11. High Migration Rural County
12. Empire Zones (if poverty is at/above 20% and unemployment is at/above 1.25x *statewide* average) and State or local tax-increment financing districts
13. Non-Metropolitan county census tracts
14. FEMA-declared disaster zones that are eligible for individual and public assistance (designated since 7/15/2005, with initial investment made within 24 months of disaster declaration)
15. Trade Adjustment Assistance for Firms-eligible businesses certified by the Department of Commerce

Selection Process

Potential projects will be screened by ESD originators and proposed by regional directors. Projects will then be reviewed by ESNMC's President, with assistance from ESD's Real Estate & Project Finance department. ESNMC's President will have the authority to issue non-binding letters of interest to projects meeting the funding criteria outlined above. Commitment letters may only be issued with the approval of the Investment Committee. The board of directors must give final approval to all transactions before they are closed. Additionally, the Advisory Board will meet quarterly to review ESNMC's pipeline and provide recommendations to the board of directors, and on an annual basis it will hold a public community meeting to hear comments and concerns from low-income communities statewide.