We are mission driven:
Our mission is to spur investments, support business growth, and foster developments to create jobs, revitalize neighborhoods, and drive growth to every corner of Philadelphia.

Our focus:
In order to support Philadelphia’s growing economy, we offer

- flexible financing tools
- a targeted portfolio of industrial and commercial real estate
- decades of Philadelphia based knowledge, including information on incentives and targeted technical assistance, to help our clients, invest, develop and grow

Since 1958, PIDC has settled over 6,700 transactions – including $14 billion in financing and 3,100 acres of land sales – which have leveraged over $25 billion in total project investment and assisted in retaining and creating hundreds of thousands of jobs in Philadelphia.

Driving growth to every corner of Philadelphia
PIDC
New Markets Tax Credit Allocations

- Received $148M over three allocations
- Deployed 14 Projects, leveraging $340M
- 100% deployed in severely distressed census tracts
- Retain, create, or will create over 1,440 jobs

- Providing new goods and services, community services, and neighborhood development to low income people and communities and jobs primarily to low income people
- Average allocation size is $10.5 million
- Dedicated to Philadelphia
- Providing leverage loans in NMTC deals

PIDC NMTC Deployed

- $26.7M Fresh Food
- $58.3M Neighborhood Development
- $37.5M Healthcare
- $25.5M Neighborhood Development PromiseZone

Neighborhood Development includes: office, mixed-use and community services

Driving growth to every corner of Philadelphia
Commonwealth Cornerstone Group

6 Allocations/$271 Million/30 Projects

- Mixed-Use Developments
- Community Facilities
- Health Centers (FQHC)
- Office and Retail Space
- Arts/Film Studios
Our Impact

- $875 million project costs
- 2.7 million sq feet rehabilitation/new construction
- > 5,500 construction jobs
- > 4,500 permanent jobs
LISC / NMTC Overview

- LISC is a national non-profit organization that works to transform distressed neighborhoods into healthy, sustainable communities.

- With 30 local programs and a national rural program, LISC supports community development with financing, policy work & technical assistance.

- Since its inception in 1980, LISC has invested $16 billion which has generated $44.1 billion in total development.

- LISC brings NMTCs to communities served by LISC by financing transactions that advance the community development strategies of LISC’s programs.

- LISC’s NMTC activities build on its core competency in real estate financing for commercial space and community facilities.
LISC generally uses $5-$15 million in NMTC financing per transaction and can partner with other CDEs on larger transactions.

LISC had also developed two structured NMTC products:

- Small Business Loan Fund – provides advantageous first mortgage, real estate financing in connection with the SBA 504 Program
- Healthy Futures Fund – provides favorable financing for Federal Qualified Health Centers (FQHCs)

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We unlock the potential of mission-driven organizations through tailored investments, strategic advice, and accessible insights.

- **Tailored Investments**: NFF’s financing helps nonprofits grow, manage uneven revenue, purchase, expand or renovate facilities, and more. For funders and impact investors, we serve as an advisor and fund manager.

- **Strategic Advice**: NFF is a financial educator and trusted advisor to nonprofits and funders. We meet nonprofits where they are, whether they’re entering a period of growth, trying to make ends meet, or strengthening or adapting their business model.

- **Accessible Insights**: We surface and communicate patterns that emerge among the thousands of organizations we serve. Our goal is to cut through complexity and widely share practical solutions for common or systemic problems.
Tailored Investments
Capital for Mission-Driven Organizations

We are a national impact investor and one of the first Community Development Financial Institutions (CDFIs). Our tailored investments empower organizations that are committed to improving the lives of low-income people.

NFF has provided $575 million in financing and access to additional capital in support of over $1.5 billion in projects for thousands of organizations nationwide.
About Reinvestment Fund

- Our mission is to build wealth and opportunity for low-wealth people and places through the promotion of socially and environmentally responsible development.

- Since 1985, Reinvestment Fund has made $1.7 billion in cumulative investments and loans.

- We are supported by over 850 investors that include individuals, foundations, religious institutions, financial institutions, civic organizations and government.

- Reinvestment Fund is one of the largest loan funds in the country with total capital under management of $856 million and loans outstanding of $288 million.

- 2015 was a record year with $224 million in loan originations.
  - Early Childhood Education
  - K-12 Education
  - Housing
  - Healthy Food Access (Supermarkets, Distribution, etc.)
  - Healthcare
  - Energy
  - Commercial Real Estate – emphasis on anchor institution based real estate developments

- Widening Geography & National profile – still go deep here at home in Philadelphia / PA / NJ.

- Policymap.com; Development Partners; Policy Research Services

@ReinvestFund
Reinvestment.com
Reinvestment Fund and NMTCs

- 8 awards. $473 million received and deployed.
- National footprint.
- Allocation sweet spot - $8 - $12 million.
- Typically a 15-20% non-metro requirement in allocation agreement.

Multiple roles - In the last five years Reinvestment Fund has provided over $160 million of leverage, bridge and direct debt in conjunction with NMTC transactions.

- Leverage lender for Education, Health Care, Food Access, CRE, and other project types include Energy financing.
- Bridge historic tax credit equity (state and federal); RACP, HERSA, and other state, local, and federal grants; capital campaigns and more.
- Subordinate Lender; Direct Lender; Co-Lender
- Refinance @ Fund Exit – Up to 30y financing with our Bond Guarantee Program product
- Our allocations and other CDE allocations.

** Representative Philadelphia Deals**
- 11th Street Health Center - Drexel
- Center for Architecture
- Crane Arts
- Episcopal Cathedral Center (38th and Chestnut)
- Grays Ferry Education and Wellness Center**
- Homewood Suites
- Pan-American Charter School
- Progress Plaza – Fresh Grocer and Developer
- Parkside Shoprite (NMTC and Refinance)
- Shops at Wissinoming**
- Wissahickon Charter School – Awbury Campus

** non-CDE role
What are New Markets Tax Credits?

- First federal tax credit program to stimulate commercial investment in “low-income communities.”

- 39% federal tax credit for investments made in businesses or economic development projects in some of the most distressed communities in the nation.

- Earned over 7 year (84 month) compliance period.

- The program is administered by the US Treasury Department through a division called the CDFI Fund, in a unique public/private partnership with Community Development Entities (CDEs)
Time for a Chart!

CDFI Fund \[\rightarrow\] Allocates NMTC Authority $$ \rightarrow \] CDE
What is a CDE?

Community Development Entity:

- CDEs come in a variety of forms:
  - An affiliate of a municipality to promote economic development
  - An affiliate of a bank to help meet the bank’s community reinvestment goal
  - Non-profit and for-profit entities with a mission to serve low-income communities

- CDEs have defined geographic service areas and are charged with evaluating each potential NMTC transaction for community impact.

- CDEs can be found using a search engine on the CDFI Fund website at www.cdfifund.gov.

- CDEs have a primary mission of providing investment capital for low-income communities and are accountable to the residents of that community through a governing or advisory board.

- CDEs earn fees from deploying and managing the allocation, and those affiliated with banks are commonly eligible for Community Reinvestment Act (CRA) credit.

Organizations that have been certified as CDFIs by the CDFI Fund and organizations that have been designated as Specialized Small Business Investment Companies by the Small Business Administration automatically qualify as CDEs.
How does the NMTC Program work?

Overview
- Through a competitive application process, CDEs are annually delegated NMTC allocation authority from the CDFI Fund.
- CDEs are able to attract capital investments in their allocation, and the proceeds are used to fund low interest rate loans or investments in qualifying businesses or commercial real estate developments.
- CDEs will search for qualifying businesses and real estate developments that have tangible community impact to provide NMTC-subsidized financing, which is also a competitive process.

Recipient Benefits
- Capital to fund projects, business expansion or debt refinancing
- Tax credits are monetized to fund a portion of the capital stack
- Low cost of capital and “permanent equity” (Net NMTC Benefit ~ 20-23% of total allocation)

Community Benefits
- Create additional economic development for the local community
- Attract and retain skilled workforce
- Bring new goods or services to underserved communities
- Capital investment to underserved, qualified LICs
- Catalytic impact
Time for a Chart!

CDE

Low Income Community
What is a LIC or Low-Income Community?

- Low-Income Communities are census tracts:
  - With at least a 20% poverty rate; or
  - Where the median family income does not exceed 80% of the area median family income or 85% if census tract is located in a high migration rural county; or

- Reality Check – Qualifying vs “Higher Distress”
  Just deploying NMTCs in a LIC is not sufficient. To be competitive, CDEs aim to deploy NMTCs in census tracts that have higher distress:
  - Poverty rate > 30%; or
  - Median Family Income < 60% of the area median family income; or
  - Unemployment rate >= 1.5x national average; or
  - Non-metropolitan county
  - Other criteria...SBA HUB Zone, Brownfield, Food Desert or Low Access Area, medically underserved, State or local designated zone for redevelopment (Choice, KOZ, etc.), more...

- Qualifying census tracts in non-metropolitan counties automatically qualify as “higher distress”

- Qualifying census tracts can be located using a mapping tool on the CDFI Fund website at www.cdfifund.gov OR www.policymap.com
What is a Qualifying Business or Development- the “QALICB”

**Qualified Active Low Income Community Business**
- An operating business located in a low-income community;
- A business that develops or rehabilitates commercial, industrial, retail, and mixed-use real estate projects in a low-income community;
- A business that develops or rehabilitates community facilities, such as charter schools or health care centers, in a low-income community; and
- A business that develops or rehabilitates for-sale housing units located in low-income communities.

**Ineligible Activities**
- Residential rental property
  - 80 / 20 rule - Mixed use is permitted so long as more than 20% of the rental income is derived from commercial tenants.
- Straight acquisition or refinance of rental property – must have “substantial rehab” or be owner occupied
- Certain businesses or tenants:
  - Race tracks and gambling facilities
  - Golf courses & country clubs
  - Liquor stores
  - Farming
  - Massage and tanning businesses
  - Undeveloped land holding
To Summarize - Program Definitions Explained

- **Community Development Entities** must use...
- **Substantially All** of the proceeds from...
- **Qualified Equity Investments** to make...
- **Qualified Low-Income Community Investments** in...
- **Qualified Active Low-Income Community Businesses** located in...
- **Low-Income Communities.**

In Short....

- **CDEs** must use...
- **Sub All** of the proceeds from...
- **QEIs** to make...
- **QLICIs** in...
- **QALICBs** located in...
- **LICs**.
NMTC Deal in a Nutshell – Beginning

Investor
NMTC Equity Investment

Lender, Lenders
Loan(s)

Investment Fund Level

QEI

CDE Level

QLICI
NMTC Senior Loan “A”
NMTC Sub Loan “B”
Total Debt

QALICB Level
NMTC Deal in a Nutshell – Beginning

**Investor**
- NMTC Equity Investment
  - Receive 39% Tax Credit over 7 years
  - * Currently paying approx. $0.85/credit

**QLICI**
- NMTC Senior Loan “A” $7.00
- NMTC Sub Loan “B” $2.95
- Total Debt $9.95
  - Senior Loan “A” mimics Leveraged Fund Lender’s loan terms

**At NMTC Closing**
- Investment Fund Level
  - $3.30*
  - QEI $10.05
  - Fees - $0.25

**CDE Level**
- $7.00

**QALICB Level**
- Fees - $0.10
- Borrower is required to inject own Equity into project
- Typically 3-5% of Total Project Costs

**Lender, Lenders**
- Loan(s)
  - Underwrites loan
  - Gets assignment of interest in LP
  - No 1st mortgage lien on real estate
  - Typical term is 7 years, interest only
NMTC Deal in a Nutshell – End (7 Years)

Investor
NMTC Equity Investment

$3.90 Tax Credits
Over 7 years
39% Tax Credit

At End of 7 Years

Investment Fund Level

$7.00 Principal + Debt Service

CDE Level

$7.00 Principal + Debt Service

CDE may take exit fee

Lender, Lenders
Loan(s) Mature

$7.00 Principal + Debt Service

QLICI

<table>
<thead>
<tr>
<th>NMTC Senior Loan “A”</th>
<th>$7.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMTC Sub Loan “B”</td>
<td>Equity-like</td>
</tr>
</tbody>
</table>

NMTC Sub Loan “B” likely becomes Equity in the project

At End of 7 years, Investor/CDE exercises put
Marketing Your Project
How do CDEs evaluate NMTC opportunities?

- Need for NMTC subsidy to fill financing gap
- Catalytic potential in highly-distressed area
- Measurable, substantial impact
- Viable project/business model
- Project readiness
- Size/financing need
- Portfolio diversity (sector, geography, etc)
Sector Distribution
Where do New Markets Tax Credits go?

Top 10 types of projects financed by NMTC in 2013

New Markets Tax Credit Coalition Annual Progress Report, 2014
Impact Reporting
What will you be expected to provide?

- 7 year reporting requirement
- Community Benefits Agreement
- CDFI Fund looks for
  - Jobs
  - Commercial Goods and Services
  - Community Goods and Services
  - Flexible Lease Rates
  - Housing Units
  - Minority Business Support
  - Environmentally Sustainable Features
  - Healthy Food Financing
  - Community Transformation
  - Local Community Support

**Outputs are measurable units of impact; easier to quantify and measure**
- New jobs created
- Square footage of real estate developed
- Increased primary care patient visits
- Charter school seats created

**Outcomes reflect broader goals; harder to demonstrate and attribute**
- Well trained workforce, full employment
- Local economic revitalization
- Improved public health
- Quality schools, high academic achievement
NMTC Project Readiness

4 Ps of Project Readiness

- Property
- Projections
- Proposals
- Professionals
NMTC Project Readiness

Property or Project Site
- Eligibility (Census Tract & Use)
- Evidence of Site Control
  - Agreement of Sale (Unexpired)
- Zoning, Project Approvals
  - If not by-right, evidence of all zoning approvals.
  - Community Support
- Environmental
  - Reports on Hand? How old?
  - Phase II? Evidence of work done per recommendations?
- Plans, Contract
  - Construction Documents?
  - G.C.? Architect on board?
NMTC Project Readiness

Projections

- **Pro forma**
  - Projections demonstrating debt service coverage.
  - Collateral Available? LTV?
  - Signed Leases? LOIs?

- **Developer Experience**

- **Project Sponsors/Guarantors**
NMTC Project Readiness

Proposals

- Leverage Lenders lined up
  - Commitment Letters
  - Have they financed a NMTC project before? Understand limitations?

- Bridge Lender for Soft/Grant Sources
  - Commitment Letters
  - If public source-evidence that they have OK’d use w/NMTC

- If closing draw, evidence/back-up pulled together

- All sources available at closing

- But for...
NMTC Project Readiness

Professionals

- Selecting Counsel
- Accounting (Projections)
- Investors
- Project/NMTC Consultants
- CDEs
Taller Puertorriqueño: 
*El Corazón Cultural Center Project*

Carmen Febo San Miguel, MD  
Executive Director  
April 28, 2016
Since its founding in 1974, Taller has grown to provide:

<table>
<thead>
<tr>
<th>Target Population</th>
<th>Service</th>
<th>Program</th>
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</thead>
<tbody>
<tr>
<td>360+ children and youth</td>
<td>culturally specific art education</td>
<td>• after school/summer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• academic support/career exploration</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• art classes at collaborating organizations</td>
</tr>
<tr>
<td>4,000+ students</td>
<td>• workshops</td>
<td>Visítenos Outreach</td>
</tr>
<tr>
<td></td>
<td>• residencies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• in-school residencies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• teacher trainings, and more</td>
<td></td>
</tr>
<tr>
<td>15,000 participants</td>
<td>• exhibitions</td>
<td>• Visual Arts</td>
</tr>
<tr>
<td></td>
<td>• festivals</td>
<td>• Special events</td>
</tr>
<tr>
<td></td>
<td>• lectures</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• performances</td>
<td></td>
</tr>
<tr>
<td>Over 80,000 adult audiences</td>
<td>• View Taller’s art collection</td>
<td>• Offsite exhibits</td>
</tr>
</tbody>
</table>
Taller is located at 5th and Lehigh. It borders the American Street Empowerment Zone and marks the entrance of the Golden Center commercial district/Fairhill Community. This area battles an almost 60% poverty rate, (compared to 25% for the city as a whole) associated with daunting barriers to educational, social and economic advancement.
Our marketing research indicated that

- There is a growing community and city demand for Taller’s cultural services.

- Taller has a sizeable market from which to draw, based on reasonable capture rates, in-migration and growth by various Latino groups.

- There is solid penetration in the combined primary and significant penetration in secondary trade areas, represented by a community with over 30% Latino identification.
The research supported our vision of a center for economic and social activity in the heart of Philadelphia’s Latino Community, with the arts at its core, that supports the creation of commercial, tourism, marketing and cultural opportunities to attract increased traffic from within as well as outside the community, one of the most economically challenged neighborhoods in the city.
# Development Budget

## Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>City of Philadelphia Cultural Corridor Fund</td>
<td>$1,500,000</td>
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<tr>
<td>PA RACP Grant:</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>American Street Empowerment Zone:</td>
<td>$150,000</td>
</tr>
<tr>
<td>NED</td>
<td>$1,300,000</td>
</tr>
<tr>
<td>Capital Campaign</td>
<td>$152,000</td>
</tr>
<tr>
<td>Taller Equity from the Sale of Real Estate</td>
<td>$175,000</td>
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<tr>
<td>NMTC Equity</td>
<td>$2,919,000</td>
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<tr>
<td>Foundations and Corporations (targeted)</td>
<td>$200,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$11,486,000</strong></td>
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## Uses

<table>
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<tr>
<th>Use</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Acquisition</td>
<td>$1</td>
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<tr>
<td>Hard Costs:</td>
<td>$8,450,150</td>
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<tr>
<td>Soft Costs:</td>
<td>$1,946,004</td>
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<tr>
<td>Financing Costs:</td>
<td>$740,000</td>
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<tr>
<td>Operating Reserve</td>
<td>349,845</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$11,486,000</strong></td>
</tr>
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</table>
Grand Opening is scheduled for October 21 and 22, 2016
**Taller Sources:**
- $5,000,000 RACP Grant/Bridge
- $2,800,000 Cultural Corridor Fund
- $200,000 Connelly Grant
- $150,000 American Street
- $242,000 Capital Campaign
- $241,235 Taller Equity
- $8,633,235

**Taller Uses:**
- $6,841,000 Leverage Loan
- $930,735 Equity Contribution
- $610,500 Various closing costs
- $251,000 FF&E
- $8,633,235

---

**PIDC Allocatee**

**PIDC Sub-CDE**

- $7,760,000 QLICI

**PNC Sub-CDE**

- $2,000,000 QLICI

---

**INVESTMENT FUND**

- $8,000,000 QEI
- $2,000,000 QEI

---

**PNC Investor**

- $3,159,000 equity (81¢)
- $3,900,000 NMTCs

---

**TALLER NRTC STRUCTURE DIAGRAM**

**Taller Puertorriqueño**

- LEVERAGE LENDER

**PNC Investor**

- $6,841,000 loan

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**TALLER PR (QALICB)**

---

**Master Lease**

**Taller Puertorriqueño (Tenant)**
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Reinvestment Fund
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