MODULE 4

CA$H FOR PROJECTS

NMTC “forgivable loans” and EB-5 junior debt

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NMTC
New Markets Tax Credits

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NMTC IS NOT NEW TO GEORGIA

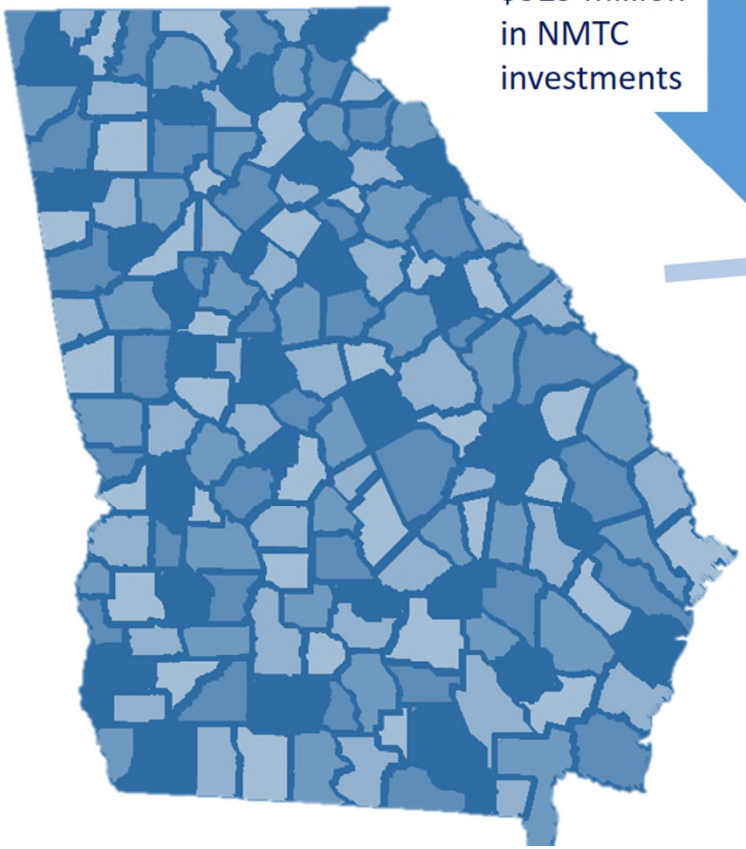
WHAT THE NEW MARKETS TAX CREDIT (NMTC) PROGRAM MEANS TO GEORGIA

43

Georgia projects received NMTC financing

6,441 construction jobs

4,631 full-time jobs in NMTC assisted projects



$529 million in NMTC investments

$ 1.01 billion total investments in projects

Leveraged another $485 million from other sources

Data Source: NMTC Coalition
Data Visualization: Dan McRae

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WHERE THE MONEY COMES FROM, TO GET THE "FREE MONEY"

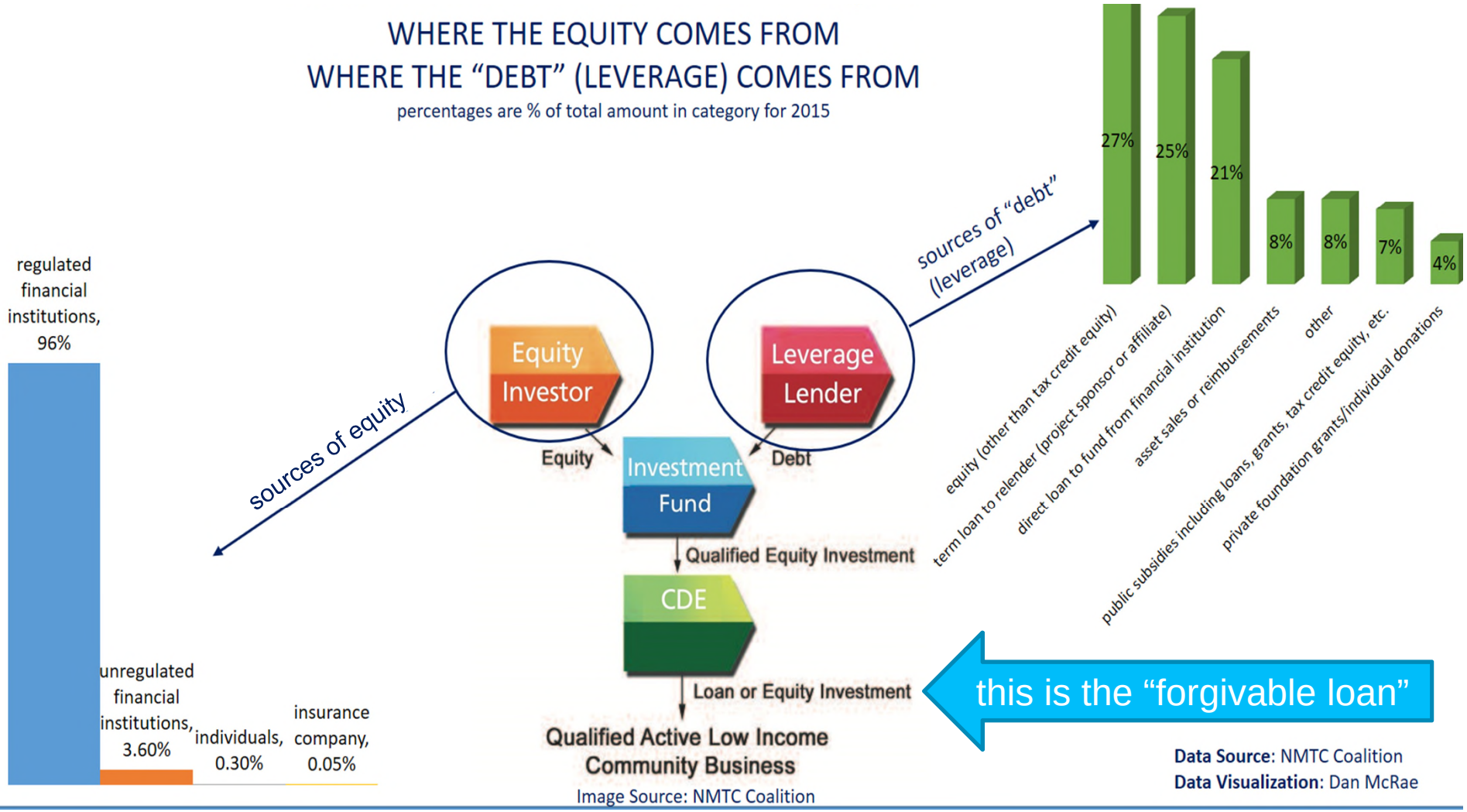

Image Source: NMTC Coalition

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NEW MARKETS TAX CREDITS CASE STUDY: EXPANSION OF PREMIUM PEANUT SHELLING FACILITY

"Premium Peanut received $20 million in critical New Markets Tax Credit financing from CEI Capital Management and another $3 million in allocation from SunTrust Bank to help expand its operations. Premium Peanut used the capital to build a shelling facility to benefit a collection of 225 member farms in cooperative-like arrangement."

Source: NMTC Tax Credit Coalition

This facility in Douglas, Coffee County, Georgia is now the largest peanut shelling plant in the United States.

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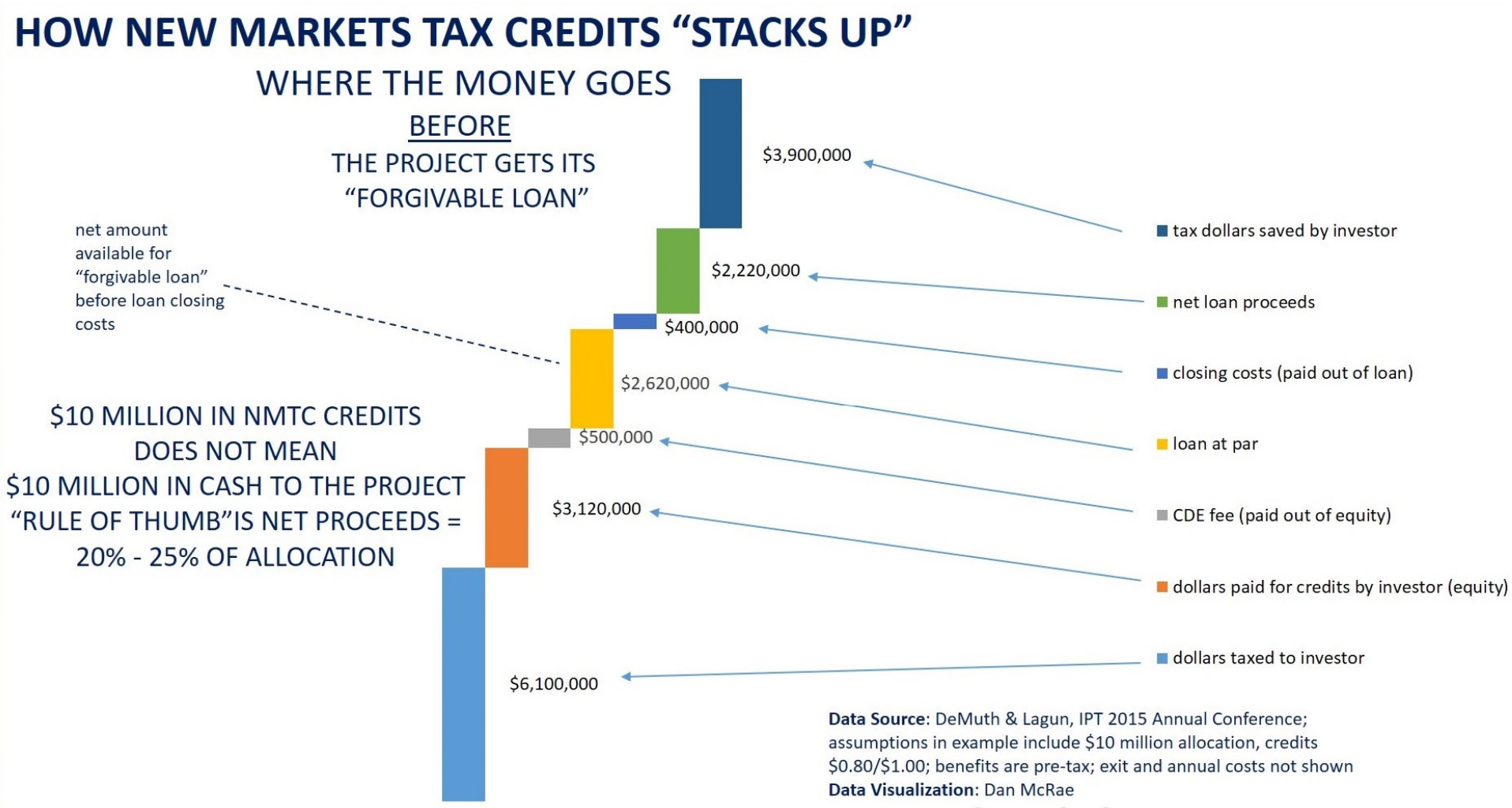
TANSTAAFL
(There ain't no such thing as a free lunch.)



EB-5

Immigrant Investor
Junior Debt

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HOW EB-5 IMMIGRANT INVESTOR CAPITAL IS RAISED

FOR A $500,000 INVESTMENT IN A TARGETED EMPLOYMENT AREA THAT CREATES AT LEAST 10 DIRECT, INDIRECT OR INDUCED JOBS, A FOREIGN INVESTOR WILL GET A "GREEN CARD"

- Something called a "Regional Center" raises the capital and is the conduit .
- Capital is raised on a per project basis via a Private Placement Memorandum.
- Per investor requirement is $1 million, unless project is located in a Targeted Employment Area.

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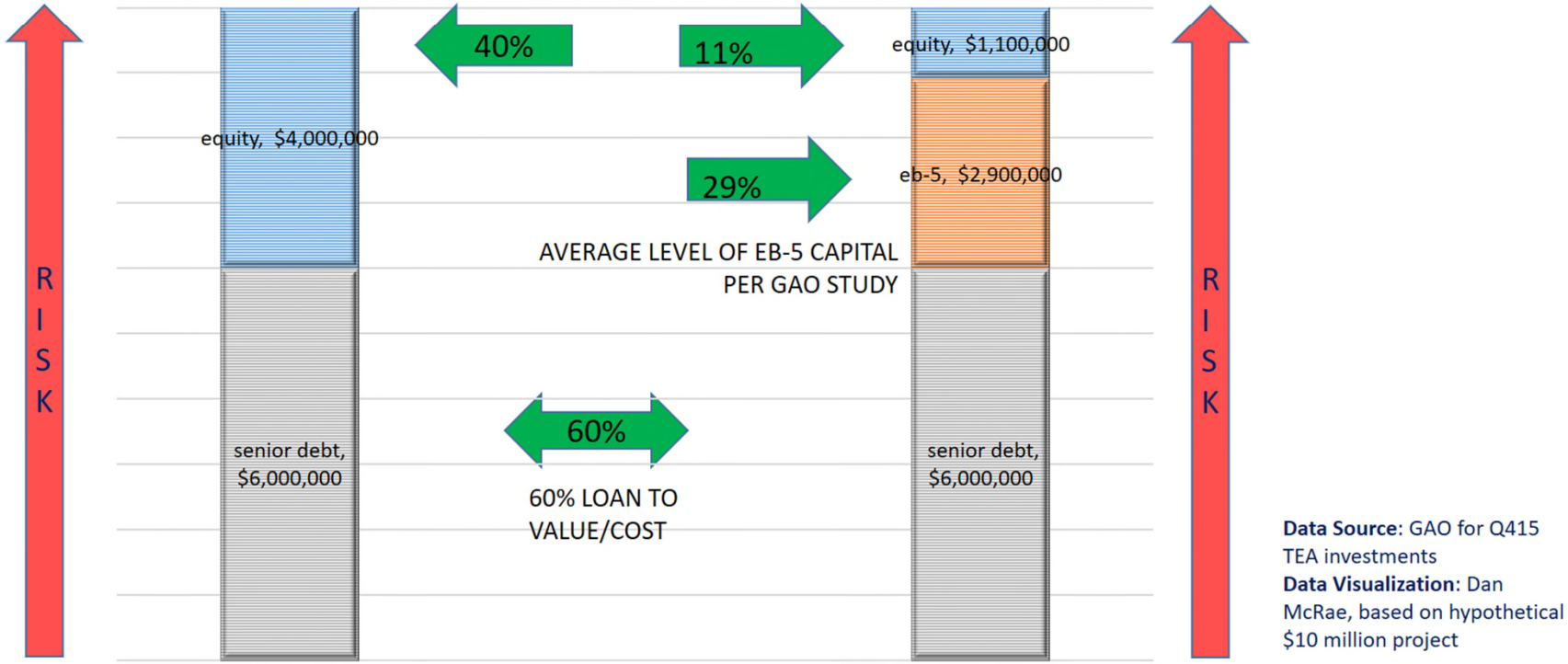
HOW EB-5 FITS INTO THE FINANCING FOR THE PROJECT

EB-5 IMMIGRANT INVESTOR CAPITAL

ALLEVIATES THE REQUIREMENT FOR
THE MOST EXPENSIVE AND MOST DIFFICULT TO SOURCE
LAYER IN THE CAPITAL STACK
EQUITY!



Data Source: GAO for Q415 TEA investments
Data Visualization: Dan McRae, based on hypothetical $10 million project

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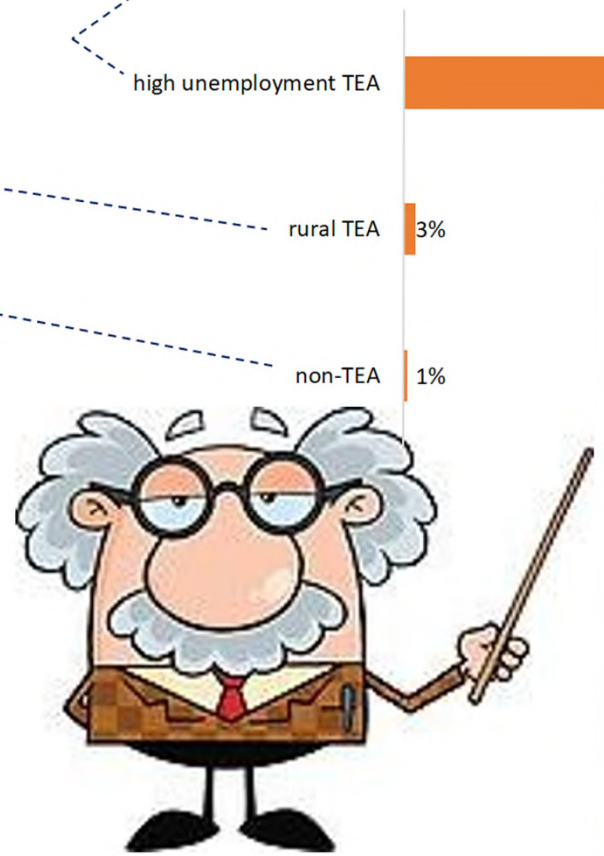
DOES YOUR PROJECT QUALIFY?

MOST EB-5 IMMIGRANT INVESTOR CAPITAL IS ATTRACTED TO HIGH UNEMPLOYMENT AREAS

BUT RURAL PROJECTS IN TARGETED EMPLOYMENT AREAS HAVE ATTRACTED EB-5 INVESTMENT POTENTIALLY AMOUNTING TO $120 MILLION

AND PROJECTS OUTSIDE OF RURAL OR HIGH UNEMPLOYMENT AREAS HAVE ATTRACTED EB-5 INVESTMENT POTENTIALLY AMOUNTING TO $40 MILLION EVEN AT THE COST OF INVESTING TWICE AS MUCH TO QUALIFY



Data Source: GAO for Q415 TEA investments
Data Visualization: Dan McRae; potential investment assumes applicable percentage of $4 billion of EB-5 investments since 2008

- TEA
- A Rural Area
  - outside an MSA, and
  - city or town with population under 20,000, or
  - unincorporated county
- OR
- An area of high unemployment (areas with unemployment rates at least 150% of the national rate)
  - The state may designate a particular geographic or political subdivision located within a metropolitan statistical area or within a city or town having a population of 20,000 or more within such state as an area of high unemployment (at least 150 percent of the national average rate)
  - ❑ Minimum qualifying investment:
    - ❑ Inside TEA: $500,00
    - ❑ Outside TEA: $1,000,000

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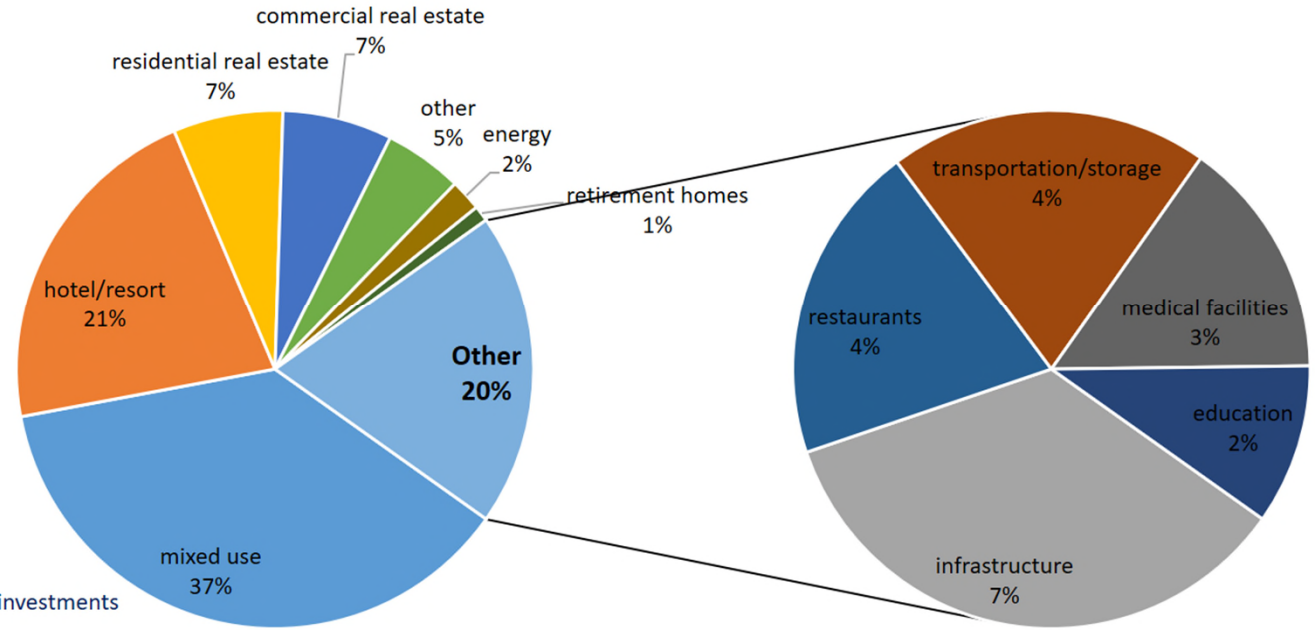
INFRASTRUCTURE CAN BE FINANCED

AN AMAZING 20%

OF ALL EB-5 IMMIGRANT INVESTOR CAPITAL
GOES INTO INFRASTRUCTURE PROJECTS
AS GAO CLASSIFIES INVESTMENTS

80% IS NOT INFRASTRUCTURE
74% IS COMMERCIAL REAL ESTATE

20% IS INFRASTRUCTURE



Data Source: GAO for Q415 TEA investments
Data Visualization: Dan McRae

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EB-5 CASE STUDIES

Samples of EB-5 Projects Located in 36 States

Project Name	Location - City	Location - State	Industry/Sector
WALTC, LP	Atlanta	GA	Senior Living
ML Healthcare	CLAYTON	GA	Hospital
Mountain Lakes Medical Center	Clayton	GA	Medical Center
Hampton Inn & Suites	Milledgville	GA	Hotel
Peachtree City ILP Partners - PTC	PEACHTREE CITY	GA	Senior Living
Fairfield Inn & Suites	Valdosta	GA	Contruction - Hotel
Marriott Courtyard	Atlanta	GA	Hotel
Promised Land GCFID Partners	Atlanta	GA	Assisted Living

Source: IIUSA

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TANSTAAFL
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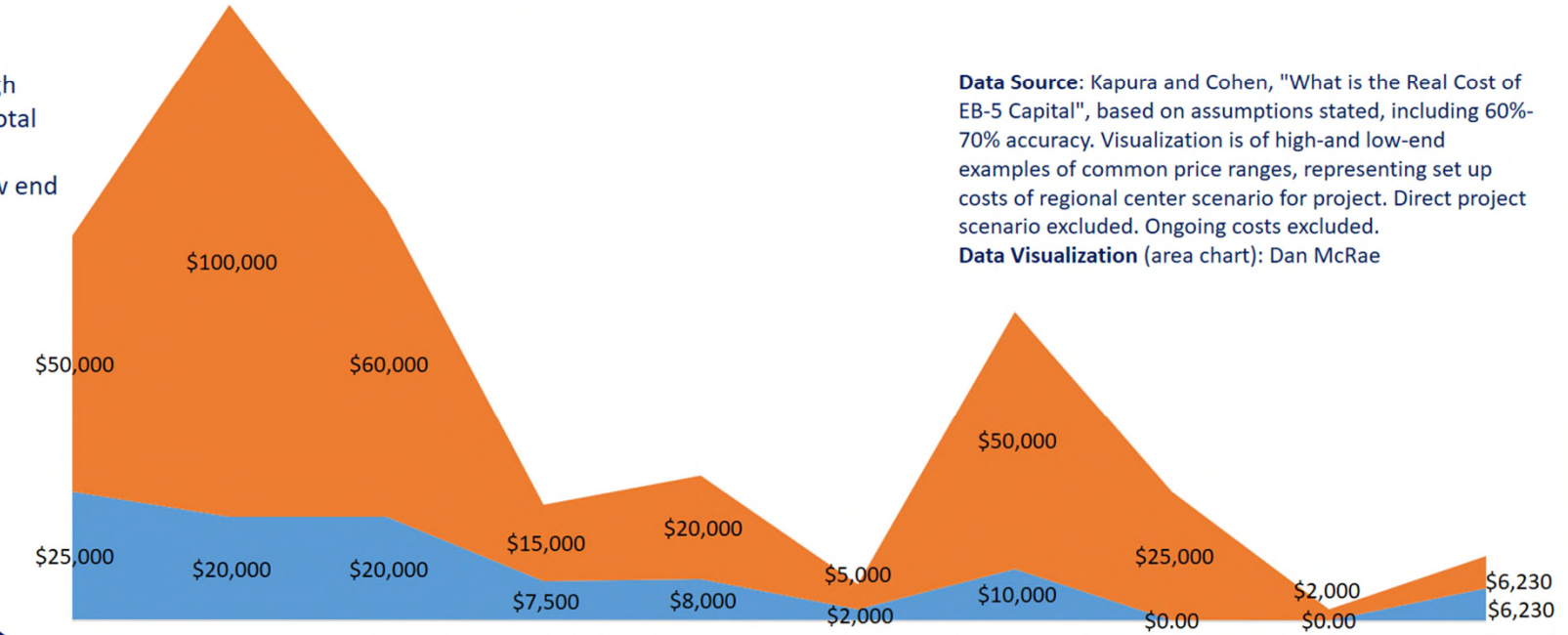
WHAT DOES IT COST TO RAISE CAPITAL
FOR PROJECTS
THROUGH THE EB-5 IMMIGRANT INVESTOR PROGRAM?

- costs in the high end example total $333,230
- costs in the low end example total $98,730

Data Source: Kapura and Cohen, "What is the Real Cost of EB-5 Capital", based on assumptions stated, including 60%-70% accuracy. Visualization is of high-and low-end examples of common price ranges, representing set up costs of regional center scenario for project. Direct project scenario excluded. Ongoing costs excluded.
Data Visualization (area chart): Dan McRae



- sources of costs
- some are optional but recommended

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CONCLUSION

Source (recommended): “Latin Phrases”

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LESSONS LEARNED

NOW YOU KNOW THE “BASIC BUILDING BLOCKS” OF DEVELOPMENT AUTHORITIES.

A DEVELOPMENT AUTHORITY IS AN ESSENTIAL TOOL FOR ECONOMIC DEVELOPMENT IN YOUR COMMUNITY.

USE YOUR NEW SKILLS TO “GET THE JOB DONE!”

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QUESTIONS?

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