

Ohio Enterprise Bond Fund Program Program Summary

The Ohio Enterprise Bond Fund (OEBF Loan), rated AA+ by Standard & Poor's, promotes economic development, business expansion and job creation by providing financial assistance for allowable costs of eligible projects in the State of Ohio.

The Ohio Treasurer issues bonds, the proceeds of which are loaned to businesses for allowable costs of eligible projects. The OEBF Loan provides long-term, fixed-rate project financing for qualifying businesses that create or preserve employment opportunities in the State of Ohio. The OEBF Loan provides capital to developed companies with limited access to funding at costs comparable to those of rated multi-national corporations.

Priority may be given to eligible projects based on job creation and payroll commitments, fixed-asset investment commitment, project return on investment, project location and other project factors.

Available Funding

The program may finance allowable project costs with OEBF loans typically ranging in size from \$2,500,000 to \$10,000,000. The amount of the OEBF Loan will take into account additional financing offered through other State loan programs; total financing from State programs should typically range from 20% to 40% of the project's total investment.

Job Creation

The program requires the creation of jobs within a three-year period, with typically one new job created for every \$35,000 - \$75,000 of proceeds from State loan programs. Projects at the higher end of this range will have some combination of significant job creation, high average hourly wage, or will be located in a priority investment area.

The program also provides financing for eligible projects that improve the efficiency of companies' operations and that enhance their effectiveness in the marketplace (retention of jobs will be considered).

Eligible Projects

Eligible projects include those related to industry, commerce, manufacturing, distribution or research activities in targeted industries. Retail projects are **ineligible** for the OEBF Loan. Refinancing is **ineligible**.

Allowable Project Costs/Uses

- Land and/or building purchase; if the project involves the purchase of an existing building, the business must occupy at least 51% of the premises
- Machinery & equipment purchase
- Building construction and/or renovation costs; if the project involves new construction the business must occupy at least 60% of the premises
- Long-term leasehold improvements
- Capitalized costs directly related to a fixed-asset purchase

Term

The OEBF Loan term is based upon the useful life of the allowable project costs/uses financed. The term for real estate is up to 15 years and the term for machinery and equipment is up to 10 years.

Interest Rate

The interest rate is fixed for the term of the loan and is determined by the market when the bonds are sold. Please contact JobsOhio staff for current rates.

Applicant Contribution

Development requires a 10% minimum equity contribution in the allowable project costs/uses. The required contribution may be higher depending on the company's financial and operating position and the project's characteristics.

Bond Reserve

The OEBF Loan requires a 10% reserve in the amount of the OEBF loan. This reserve may be satisfied by a letter of credit or cash reserve and must remain in place for the term of the OEBF Loan.

Security & Collateral

Development requires a first and/or shared first priority mortgage and/or lien position on assets financed with the loan proceeds. Development may consider a shared position with participating third party lenders. This position is established via an intercreditor agreement between the participating lender(s), Development and the borrower. Development may require the following additional collateral or credit enhancements:

- Personal guarantees from owners of the company
- Corporate guarantees from related companies
- Full or partial letter of credit
- Life insurance on key business owners and/or managers
- Other types of credit enhancement, if necessary

Program Fees

- A \$30,000 deposit is required to proceed with documenting the loan. These funds are applied to the project's closing costs.
- Closing costs equal to 2% - 3% of the bond amount is due at closing
- Annual servicing fee equal to 0.25% of the outstanding principal amount of the loan is pro-rated and payable monthly

Pre-payment

Pre-payment of any bond is subject to a make-whole premium, if applicable.