



Profile of a Lorain County Port Authority Project:

- 1) Project must be eligible under to Ohio Revised Code and meet IRS tax law.
- 2) Project must be consistent with our mission statement.

The mission of the Lorain County Port Authority is to promote economic development by assisting private industry initiatives; by encouraging development and redevelopment; and by promoting investment in business, industrial and transportation projects.

- This mission is not supported by a project that merely increases the profitability of a development for a private sector developer.

- 3) Applicant must demonstrate need for LCPA funding.

- 4) Applicant must be credit worthy.

- Start-ups may meet eligibility requirements, but are subject to increased equity & other requirements.

- 5) Project must result in the retention or creation of jobs for Lorain County citizens.

- 6) Additional consideration may be given to a project that results in one or more of the following:

- Clean-up of a Brownfield;
- Elimination of slum & blight; and/or
- Redevelopment of a historical downtown.

- 7) Applicant must provide a Letter of Credit from a qualified financial institution.

- Letter of credit serves as an enhancement to a project & may result in a more favorable interest rate.

- 8) Equity Investment of at least 10% is required and may be in the form of cash, real estate or machinery & equipment.

- LCPA will seek first position on assets. If a position lower than first position is taken, additional security will be required through other assets, personal guarantees, etc.
- Equity requirement may be as high as 30% for a start-up.



Types of Lorain County Port Authority Financing:

Bond Reserve Fund:

- ❖ Bond issuance for one (1) to six (6) million-dollar projects
 - Bond Reserve Fund balance currently stands at \$2.5 million dollars.
- ❖ Financing for facility construction, acquisition, renovation; purchase & installation of machinery & equipment &/or purchase of land.
- ❖ Rate will be fixed and benchmarked to market conditions.

Lease Structured Financing:

- ❖ Capital Lease
 - Fully amortized (P & I)
 - Fully disclosed in accounting
 - Can structure balloon payments into terms
- ❖ Operating Lease
 - Principal only amortization
 - Off balance sheet for accounting purposes (not credit)
 - May provide sales tax exemption on materials for construction
- ❖ Synthetic Lease
 - Interest only amortization
 - Off balance sheet for accounting purposes (not credit)
 - May provide sales tax exemption on materials for construction

Lease Buy: Back Financing:

- ❖ LCPA owns the real estate &/or facility for the life of the bond.
 - At the end of the term the company buys the assets back for a nominal fee.



Advantages of LCPA Financing:

- 1) Flexible Structure
 - a) Push principal back
 - b) Structure payment format
 - c) Flexible amortization
- 2) Rate may be fixed
- 3) Rate is market driven/based
- 4) Term may be longer than traditional financing
 - a) Up to twenty (20) years or longer for real estate.
 - b) Machinery & equipment varies greatly but typically falls in the 5-7 year range.
- 5) Access to national capital market & sophisticated purchasers
- 6) Port Authorities do not pay sales tax in Ohio
 - a) The Port Authority can structure transactions for the construction of facilities as to avoid sales tax

Loan to Value on Assets:

- ❖ Land & facility values will be evaluated on a case by case basis for purposes of establishing the loan to value ratio.
 - Value assignment based heavily upon credit of borrower.
 - This will typically fall between 50-100% of the current certified appraised value.
- ❖ Machinery & Equipment will be evaluated on a case by case basis for the purposes of establishing the loan to value ratio.
 - Value assignment based heavily upon credit of borrower.
 - Loan term will not exceed the useful life of the asset.