CPIM

Center for Public Investment Management

A Program Brought to You By:

Josh Mandel

State Treasurer of Ohio

FINANCE 315:

Structuring Economic Development Transactions

2013 CPIM Academy

CPIM
CENTER FOR PUBLIC INVESTMENT MANAGEMENT

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JOSH MANDEL
STATE TREASURER OF OHIO

FINANCE 315: STRUCTURING ECONOMIC DEVELOPMENT TRANSACTIONS

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PROJECT FINANCINGS

Case Study

Case Study

Case Study

Case Study

Case Study

Overview of Municipal Bonds

Overview of Municipal Bonds

- General Obligation (GO) Bonds for Political Subdivisions:
  - Unlimited Tax Bonds
  - Limited Tax Bonds
- Revenue Bonds:
  - Housing Bonds
  - Water & Sewer
  - Industrial Development Bonds
  - Higher Education
  - Health Care
  - Exempt Facility Bonds (i.e. Airport or Solid Waste)
- Appropriation Bonds or COPs
- 501(c)3 Non-Profits – YMCA

Tax-Exempt General Obligation Bonds

- Full, faith and credit bonds.

UNLIMITED Tax Bonds

- Backed by full, faith and credit.
- Not subject to constitutional or statutory limits.

LIMITED Tax Bonds

- Taxing powers are limited by constitution or statute.

Tax Exempt Revenue Bonds

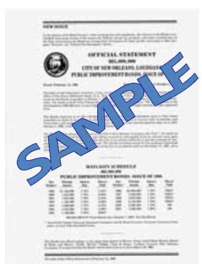
- The revenue stream created as a result of the project will pay the debt service on the bonds.
- Water and sewer revenues
- Housing Revenue Bonds – Ohio Housing Finance Authority
- Industrial Development Bonds (IDBs) or Private Activity Bonds for private users
- Exempt Facility Bonds – Airport, seaport
- 501(c)3 Non-Profits – YMCA
- ***Volume cap? When does it apply (private users)?***

Tax Revenue Bonds

- Taxable Municipal Bonds
  - Issued by a political subdivision and tax backed
  - Issued for private development – retail, commercial, service, warehousing
- Corporate Bonds

Other Facts & Terminology About Bonds

- When a state or local municipality issues a ***tax-exempt*** bond, they use an underwriter and underwriter's counsel.
  - The disclosure document for a tax-exempt transaction is called an Official Statement (OS).
  - Bonds are issued in $5,000 denominations and are exempt from SEC registration.



Other Facts & Terminology About Bonds

- When a state or local municipality issues a ***taxable bond*** (that is not tax backed) using a Private Placement under Section 144(a), the entity uses a placement agent and placement agent counsel.
  - The disclosure document for a taxable transaction is called a Private Placement Memorandum (PPM).
  - Bonds are issued in $100,000 denominations.

Other Facts & Terminology About Bonds

- A tax-exempt revenue bond can only be issued by a designated issuer. These include:
  - State – Ohio Treasurer, Ohio Public Facilities Commission
  - Local – County, City
  - Regional – Port Authorities
  - Among others
- Buyers of these Bonds/Notes are:
  - Individuals
  - Institutions, commercial banks, insurance companies, trusts and mutual funds

Bond Ratings

- Municipal and corporate ratings are used to give indication of relative credit quality, including payment ability and timeliness of payment.
- There are three rating agencies:
  - Moody's Investor Service
  - Standard & Poor's
  - Fitch Ratings

STANDARD & POOR'S

Fitch Ratings

Moody's Investors Service

Overview of Bond Ratings

Long Term Ratings Scale	AAA – US Government (extremely strong)
	AA – State of Ohio (very strong)
	A – City of Toledo (strong)
	BBB – (adequate)
	BB – Speculative or Junk Bonds (high yield)
	B
	CCC

Power of Bond Ratings – Meltdown

- ***Bad Ratings initiated the Meltdown in 2008.***
- Mortgage Backed Securities (MBS) – Bundles of mortgages
- Collateralized Debt Obligations (CDO) – Slivers of MBS
- The MBSs and CDOs were rated AAA by rating agencies because of diversity. Housing crises were normally regional, not national in scope.

Power of Bond Ratings – Meltdown

- These AAA investments were sold to banks to fund bank reserves.
- These AAA securities actually began to default due to careless underwriting criteria by packagers.
- Ratings started to drop on the MBSs and CDOs.
- Banks had to mark these investments to market (according to the mark-to-market rules).
- They did not know what they had, so their entire equity base was eroded (reserves were inadequate).

Power of Bond Ratings – Meltdown

Banks began holding onto their cash.

This led to a liquidity crisis.

In order to help, the Fed set rates at zero to allow banks to lend (or invest) at 3% and build up equity in the balance sheets.

Today, it is more difficult to obtain a rating for a structured product (i.e., TIF, COPs, Special Assessment) because the national rating agencies are very cautious.

Why Are Ratings Important?

- Ratings are necessary to sell bonds.
- Most investors such as pension funds, mutual funds and insurance funds have investment covenants of BBB+ or better (all but 5%).
- There are over 80,000 separately rated bond transactions.
- Only about 5% of all businesses in the U.S. have a rating.
- Therefore, most businesses cannot access the capital markets for long-term fixed rate debt.

Ratings & Credit Enhancement

- Most political subdivisions ***have*** national ratings; whereas most businesses ***do not have*** a national rating.
- Large publically-traded businesses like P&G, J&J or Exxon have on-going ratings.
- Ratings allow an entity to sell debt in the capital markets.
- Investors use the bond ratings to identify the degree of risk associated with purchasing various public securities.
- The higher the bond rating, the lower the interest rate for the bond due to the decreasing risk of default.

Ratings & Credit Enhancement

- In order to enter the market, most businesses must seek "**Credit Enhancement**," which allows them to "borrow" a rating for a fee.
- Often economic development projects are difficult credits and cannot find credit enhancements.
- Cities, counties and states thus are asked to support the credit of a transaction such as TIF bonds.
  - Why? To obtain a rating and thus be able to ***sell the bonds***.

Public Credit Enhancement

- Such public requests include pledging:
  - Non-tax revenues, such as investment earnings, fines and forfeitures, license fees, and parking meters
  - Gas Tax
  - Sales Tax
  - Bed Tax

All for the purpose of creating credit enhancement so the transaction can receive an investment grade rating.

Public Credit Enhancement

Annual Appropriation

- Convention Centers
- Convention Hotels
- Stadiums/Ballparks
- Historic Theaters
- Infrastructure Needs

Economic Development Credit Enhancements

- Ohio Enterprise Bond Fund
- Port Authority Bond Funds
  - Toledo
  - Cleveland
  - Summit
  - Dayton
- State Infrastructure Bond Funds

State Infrastructure Bank
Akron Canton Airport

State Infrastructure Bank
Hamilton County Banks

State Infrastructure Bank
Montgomery County I-75 Interchange

Economic Development Credit Enhancements

- Several state and regional programs can provide unique credit enhancement techniques.
- Some federal programs also can provide assistance:
  - HUD 221(d) for housing projects
  - USDA programs for rural community facility
  - HUD 108 for Large U.S. cities
  - USDOE Energy Guarantees (For large alternative energy projects)

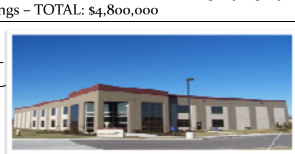
All for the same purpose:
Create credit enhancement in order to sell bonds.

CASE STUDY: Amantea Nonwovens

The Project	Acquisition of 9.04 acres of land and construction of a 77,000 square foot manufacturing facility.
Borrower	Amantea Nonwovens, LLC
Sources of Funds	OEBF $3,535,000 State 166 Loan 2,000,000 Company Equity 553,500 Bank Letter of Credit 553,500 (Bond reserve) Total $6,642,000
Term of Loan	10 Years
Interest Rate	4.82% (Taxable Bonds)
Security	First mortgage in project
Guarantees	Personal guarantees were provided.

CASE STUDY: Maverick Properties, LLC

Borrower	Maverick Properties, LLC
Guarantor	Renegade Materials, Maverick Corporation, Canyon Composites, Inc. and several personal guarantees.
The Project	ODOD provided an Innovation Ohio Loan for the purchase of manufacturing equipment to B.E.A.R. LLC, which leased the equipment to Renegade. The Port Authority provided a tax-exempt Dayton Regional Bond Fund loan for the purchase of 4 acres of land and for the construction of a 25,000 square foot building to Maverick Properties which leased the building to Renegade.
Source of Funds	DMCPA Bonds, Innovation Ohio Loan, Company Equity, Project Fund Earnings – TOTAL: $4,800,000
Fixed Interest Rate	5.125%
Term of Loan	15 Years



Types of Credit Enhancement

- AA+ rated, Ohio Enterprise Bond Fund – Reserve Structure
- BBB+ rated, Port Authority Bond Fund – Reserve Structure
- AA rated, State Infrastructure Bank Bond Funds
- Special Assessment Districts
- Minimum Payment Concepts
- Bank LOC
- Bond Insurance

Selecting the Appropriate Credit Enhancement

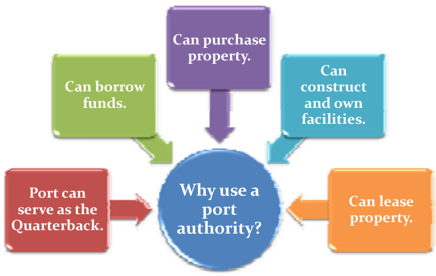
- Need to know which programs are realistic and available.
- What types of projects are applicable?
- What are the advantages of each program?
- Must differentiate between a private business transaction vs. a public political subdivision transaction.
- ***Know where the funds are located and what is eligible.***

Assembling the Information

- How do you assemble all of this information together in order to assist in the economic development process?
- One way is to work with a qualified port authority or a financial advisor.
- Different Ports have different skills and resources.
- Some are solely conduit port authorities.
- Some can provide credit enhancement.

CREDIT is the KEY to SUCCESS.

Port Authority as Friendly Borrower



Port Authority as Friendly Borrower

- Can issue tax-exempt and taxable bonds to finance many projects.
- May allow for more flexible use of state financing programs:
  - More flexible collateral positions
  - Loan amounts may be more flexible vs. a private borrower

Port Authority as Friendly Borrower

- Can utilize project finance mechanisms which promote economic development:
  - Off-balance sheet transactions
  - Capital lease transactions
  - Sale lease-back transactions
- Ability to combine and coordinate various state and local program funds more efficiently.
- Can provide a state and local sale tax structure.

CASE STUDY: Ford Batavia

Borrower	A National Developer
The Project	Purchase and redevelopment of a 1,200,000 square foot vacant Ford manufacturing plant located in Batavia, Ohio. Space would be converted to individual lessee needs with specific tenant improvements.
Sources of Funds	OEBF Bonds (RZFB) $6,000,000 Project Equity 1,000,000 Total $7,000,000
Interest Rate	5.00%
Security	Clermont County provided a $2,000,000 debt service reserve.
Challenge	Developer owned speculative space, with no tenants.

CASE STUDY: Golden Heritage Foods Properties, LLC

Borrower	Toledo Port/Golden Heritage Food Properties, LLC
The Project	Acquisition of an existing 100,000 square foot building, construction of an additional 32,000 square foot facility, and the purchase of bottling/processing equipment.
Product	Honey Food Products
Sources of Funds	OEBF Bonds – Tax Exempt $4,500,000 OEBF Bonds - Taxable 1,030,000 Company Equity 550,000 Project Fund Earnings 50,469 Total $6,130,469
Fixed Interest Rates	5.50% Tax-Exempt 5.10% Taxable
Term of Loan	12 Years – Tax-Exempt 4 Years – Taxable

CASE STUDY: Luigino's, Inc.

Borrower	Luigino's, Inc.
The Project	Acquisition, construction, equipping, and installation of a 82,000 square foot facility for the production of frozen foods in Jackson, Ohio.
Product	Frozen Food Production
Sources of Funds	OEBF Bonds $7,010,000 NW Ohio Bond Fund Bonds 6,000,000 CCCPA Bonds 5,000,000 166 Loan 3,000,000 Total $21,010,000
Fixed Interest Rate	5.86%
Term of Financing	15 Years

Sales Tax Savings Using Port

PORT AUTHORITY ADVANTAGES

State and local sales tax savings on the purchase of construction materials.

SOURCES	
Port Bonds	$5,000,000
Equity	500,000
Sales Tax Savings (7%)	175,000
Total	$5,675,000

USES	
Land	$ 500,000
Building	5,000,000
Other Transaction Expenses	175,000
Total	$ 5,675,000

CHALLENGES

- Requires a capital lease structure
- Some savings must be used to support cost of the transaction

Examples

- Cleveland Cavs
- Owens Corning
- Goodyear
- Bridgestone
- Scotts

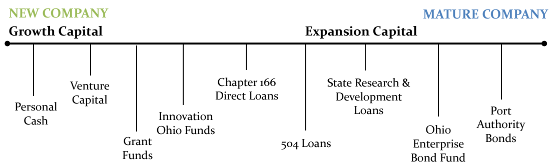
Assist Businesses to Access Capital

- What are businesses looking for?
  - Looking to improve project economics to justify investment
  - May be competing for internal funds
- Businesses look for Incentives:
  - Grants
  - ***Cheap Capital, such as low interest loans***
  - ***Access to capital***

Cheap Capital vs. Access to Capital

- All of this effort to create techniques, structures and financing programs and the ability to package these mechanisms together is to provide ***Rated Transactions*** which in turn provide to the borrower:
  - ***Cheap capital***
  - ***Access to capital***

Private Business Capital Continuum



CASE STUDY: Hearth Grains Bakery

The Project	Acquisition of machinery and related baking equipment and acquisition and renovations of 66,000 square foot facility in Springboro, Ohio.	
Borrower	Hearth Grains Bakery, LLC	
Sources of Funds	OEBF Bonds	$4,830,000
	State Loan	1,000,000
	Company Equity	648,000
	Total	$6,478,000
Term of Loan	20 Years	
Interest Rate	5.84% – Taxable Bonds	
Security	First mortgage and security interest in project	
Guarantees	The parent company of Hearth Grains, Klosterman Baking Co., Inc.	

Project Financing Terminology – Loans

- Loans are made between the borrower and Port Authority, bank, or State.
- Loans indicate that the assets and debt are on the balance sheet.
- Loans are fully amortized during term of loan.
- Borrower receives all ownership benefits for federal tax purposes, i.e. depreciation, interest expenses.

Project Financing Structures – Capital Leases

- Bond proceeds or loans from State/bank are made to the Port Authority which builds and holds title to the project for state law purposes;
- Capital lease is between the Port Authority and the Lessee;
- Lessee books all assets and debt on its balance sheet.
- Lease payments fully amortize the entire loan amount.
- Lessee receives all ownership benefits for federal tax purposes, i.e. depreciation, interest expenses.
- Lessee receives asset at end of lease at a bargain purchase.

Project Financing Structures – Operating Leases

- Bond proceeds or loans from State/bank are made to the Port Authority which builds and owns the project.
- Port leases project to Lessee on a "True" or "Operating" lease basis.
- This is called an off-balance sheet lease:
  - No assets or debt show up on balance sheet of lessee;
  - Assets are on balance sheet of Port Authority;
  - Lessee expenses the entire lease payment, does not expense depreciation or interest.
  - Often used for publically-traded companies.

Project Financing Structures – Operating Leases

- Must Adhere to FASB-13 Rule in order to qualify:
  1. No bargain purchase
  2. No transfer of asset at end of lease
  3. Lease term cannot be more than 75% of asset life
  4. PV of lease payments cannot exceed 90% of costs
- Must include two sources of funding:
  1. Loan of no more than 85% of project costs
  2. Equity for the remaining 15% of project costs

These are difficult transactions to structure.

Ohio Enterprise Bond Fund
Lockheed Martin Air Dock

Underwriting Due Diligence

The 3 “C”s of Lending

- Cash Flow
- Collateral
- Character

Interpret Financial Statements

- Interpret financial statements to determine credit quality.
- There are four types of financial statements:
  1. Internally Generated Statements – Least reliable, need tax returns to verify.
  2. Compiled Statements
  3. Reviewed Statements
  4. Audited Statements – Most reliable. All public companies must provide and make available to the public.

How to Decide An Appropriate Loan Amount

- ***Loan to Value*** – loan amount should be less than the value of the asset that is secured.
  - Asset can/should be verified through an appraisal.
- ***Coverage Ratios*** – scheduled debt service, at minimum, should equal anticipated cash flows.
  - Often, lenders do not make loans unless specific coverage requirements are met. The higher the ratio, the better.

How to Decide the Term of the Loan

- ***Basic Principal*** – match the life of the asset being financed to the term of the loan.
- Term dependent on the credit of the borrower.
  - Higher rated entities will likely receive longer terms then lower rated entities.
- Term also influenced by market conditions.

Repayment Source

- Private entities sign a promissory note promising to pay back the loan. The company's cash flows are the source of repayment.
- They also pledge collateral and personal guarantees.
- Political subdivisions often pledge general revenue or a source of non-tax revenue to repay debt and no collateral.

Security

- Lenders need collateral to secure the loan.
- Examples of collateral include:
  - Security interests in equipment
  - Mortgages on buildings
  - Personal and corporate guarantees
  - Key life insurance policies
- A security position can be either senior or junior (subordinated)

Closing Conditions & Covenants

- Disbursement and escrow conditions
  - Can get messy if multiple sources of funds are utilized to finance a single project.
- Financial or Negative Covenants are included to secure the longevity of the loan.
- Negative covenants, for example are debt to equity, minimum net worth or debt service coverage ratios.

Decision Making

- A business comes to your community and asks for economic development incentives.
- You need to determine what is the real need:
  - Cheap capital
  - Access to capital
  - Infrastructure
  - Lease structure or balance sheet issue
- Or is the business going under and needs a bail out?

Cheap Capital

- Is the project eligible for tax exempt Bonds?
- Does the Business want a specific type of lease?
- Low interest loans:
  - 166 Direct Loan
  - Ohio Enterprise Bond Fund
  - Research & Development Loan
  - Innovation Ohio Loan
  - Port Authority Bond Funds
  - Small Business Administration 504 Loan
  - Energy Funds

Access to Capital

- Is the business viable?
- Or do they need credit enhanced loans:
  - Ohio Enterprise Bond Fund Loan
  - Port Authority Bond Fund
  - Tax Increment Financing
  - Special Assessment

Ohio Enterprise Bond Fund (OEBF)

- Rated AA+ by Standard & Poor's.
- Enables access to borrow at rates comparable to companies such as P&G and DuPont.
- Ability to fund land, building and equipment.
- 7-20 year terms.
  - The OEBF requires each borrower to put 10% of bond amount into a reserve fund
  - Most importantly, the OEBF pledged the 166 loan repayment stream as an additional back-up reserve

Ohio Enterprise Bond Fund
Goodyear Tire & Rubber

Chapter 166 Direct Loan Program

- Funds land, building and equipment
- Up to 30% of total eligible fixed cost ($350,000 - $2 million)
- Term – 5 to 20 years
- Equity minimum 10%
- 3% interest rate
- Requires a first mortgage or first security interest in the asset(s)

Research & Development Loan Fund

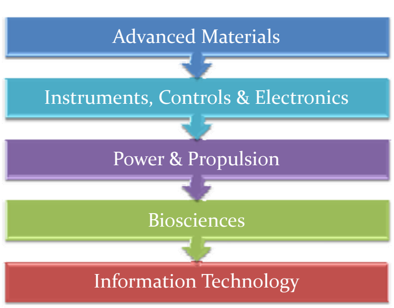
- Created to encourage private-sector R&D investments.
- Fund provides assistance up to $5 million, partnered with a tax credit.
- Term up to 15 years
- 3% Interest Rate
- Businesses that agree to job creation commitments and commitment to R&D activities will be eligible for a dollar-for-dollar credit against their Ohio tax liability, equal to the amount of principal and interest repaid on the loan.
- The maximum annual credit is $150,000.

Innovation Ohio Loan Fund (IOF)

- Created to assist Ohio companies to develop next generation products.
- The program fills an identified gap in the financing continuum.
- The IOF can finance up to 75% of a project's allowable costs to a maximum of $5 million and a minimum of $250,000.

Innovation Ohio Loan Fund (IOF)

The IOF program targets industry sectors involving the production or use of:



CASE STUDY: Color Savvy Systems Limited, LLC

Borrower	Color Savvy Systems Limited, LLC
The Project	The project will involve capitalizable development costs and tooling so that Color Savvy can engineer its product to be less expensive and more attractive to the large "do-it-yourself" market. In addition, the project will involve the acquisition of intellectual property.
Sources of Funds	Innovation Ohio Loan $967,500 Borrower Equity 322,500 Total $1,290,000
Interest Rate	6.25%
Term of Financing	7 Years
Security	Shared first lien position on all business assets including intellectual property. ODOD will consider subordinating its security interest to another lender in the event Color Savvy secures additional debt financing.
Debt Closing Date	10/30/2008

CASE STUDY: WebCore Technologies, LLC

Borrower	WebCore Technologies, LLC
The Project	The project will enable WebCore to produce TYCOR® FRC products for purchasing testing equipment necessary for qualifying TYCOR® products, as well as to secure intellectual property license agreements. The Innovation Ohio Loan Fund loan will be used to fund development manufacturing equipment, testing, certification and final commercialization.
Sources of Funds	Innovation Ohio Loan $989,000 Borrower Equity 330,000 Total $1,319,000
Interest Rate	6.50%
Term of Financing	7 Years
Security	First lien position on all equipment/machinery financed with IOF loan and a subordinate position on the Winder #2 piece of equipment.
Debt Closing Date	5/19/2009

WEBCORE

Ohio Energy Office
Energy Efficiency Loan Program

- Program was established to encourage energy efficiency projects in the State of Ohio.
- Approximately $40MM in funding available.
- Rate and term flexible to match energy savings payback. Rate will be lower for public borrowers.
- Priority will be given to manufacturers, public entities and small businesses.

Ohio Energy Office
Energy Efficiency Loan Program

- Eligible projects include but are not limited to:
  - Purchase and installation of project equipment
  - Windows, doors, lighting, HVAC
  - Building retrofits
  - Renewable energy
- Example Project:
  - $1,00,000 loaned to a school district for HVAC, lighting and new windows. The energy savings will pay back the loan over 10 years at 2.0%.

Ohio Department of Transportation
State Infrastructure Bank

Direct Loan Program

- Roads, airports, seaports, rail

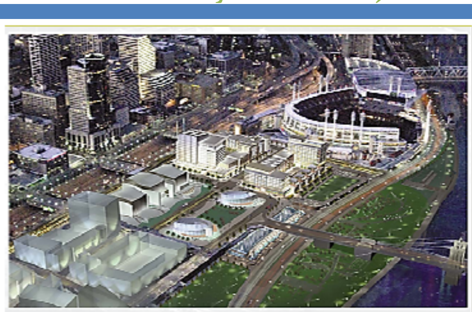
Term:	10 years
Rate:	3%
Amount:	$250,000-$4,000,000
Borrowers:	Political Subdivisions
Repayment:	Gas tax, GO, Non tax revenues
Loan to Value:	up to 100%

Bond Program

- Rated AA- and AA
- Interchanges, roads, Transit, parking facilities

Term:	up to 20 years
Rate:	2.5-4.5%
Amount:	up to $10,000,000
Borrowers:	Political Subdivisions
Repayment:	Gas tax, TIF, GO, Non tax revenues
Loan to Value:	up to 100%

State Infrastructure Bank
Hamilton County Banks Project



State Infrastructure Bank
Montgomery County I-75 Interchange

State Infrastructure Bank
Village of Johnstown

Tax Increment Financing Bonds

- Tax Increment Financing (TIF)Bonds
  - Redirect increased property taxes for public infrastructure projects
  - Qualified projects = streets, parking, water and sewer
  - Marketing Bonds
  - Can be GO-backed
  - Developer may buy the bonds
  - May be LOC-backed
- Use credit-enhanced Bond Fund

Tax Increment Financing Bonds

- Up to 30 years terms.
- Port can help create a minimum payment concept.
- Can use *Special Assessments* to maximize the bond amount.

ODOT SIB: Village of Johnstown

Case Studies

CASE STUDY: Hearth Grains Bakery

The Project	Acquisition of machinery and related baking equipment and acquisition and renovations of 66,000 square foot facility in Springboro, Ohio.
Borrower	Hearth Grains Bakery, LLC
Sources of Funds	OEBF Bonds $4,830,000 State Loan 1,000,000 Company Equity 648,000 Total $6,478,000
Term of Loan	20 Years
Interest Rate	5.84% – Taxable Bonds
Security	First mortgage and security interest in project
Guarantees	The parent company of Hearth Grains, Klosterman Baking Co., Inc.

KLOSTERMAN
BAKING COMPANY, INC.

CASE STUDY: Associated Hygienic Products

Borrower	Associated Hygienic Products, LLC
The Project	Acquisition of machinery and related equipment.
Sources of Funds	OEBF Bonds $6,000,000 State Loan 1,000,000 Company Equity 874,200 Bank Letter of Credit 600,000 Total $8,474,000
Terms	Bonds: 7 Years State Loan: 10 Years
Interest Rate	6.00% – Taxable Bonds
Security	Security interest in the project.

CASE STUDY: Luigino's, Inc.

Borrower	Luigino's, Inc.
The Project	Acquisition, construction, equipping, and installation of a 82,000 square foot facility for the production of frozen foods in Jackson, Ohio.
Product	Frozen Food Production
Sources of Funds	OEBF Bonds $7,010,000 NW Ohio Bond Fund Bonds 6,000,000 CCCPA Bonds 5,000,000 166 Loan 3,000,000 Total $21,010,000
Interest Rate	5.86%
Term of Financing	15 Years

CASE STUDY: Appleton Papers

Borrower	Appleton Papers, Inc.
The Project	Purchase and installation of paper coating/production equipment.
Product	Carbonless and thermal paper products
Sources of Funds	OEBF Bonds $9,105,000 Chapter 166 Loan 3,000,000 State of Ohio 412 Grant 100,000 Total $12,205,000
Terms	10 Years
Interest Rate	6.00%
Security	First security interest in the project

CASE STUDY: Dover Chemical

Borrower	Dover Chemical Corporation
The Project	Acquisition of chemical manufacturing equipment
Sources of Funds	OEBF Bonds $7,000,000 Company Equity 1,445,000 Bank LOC 700,000 Total $9,145,000
Term of Bond	7 Years
Interest Rate	4.82% – Taxable Bonds
Security	First security interest in the project

CASE STUDY: Xunlight Corporation

Borrower	Xunlight Corporation
The Project	Proceeds used to finance a portion of the costs of development, engineering and construction of a 25 mega-watt production line to be used to produce thin film flexible photovoltaic solar cells in Toledo, Ohio.
Sources of Funds	OEBF Bonds $4,000,000 Chapter 166 Loan 3,000,000 Toledo Bonds 3,000,000 Total $11,000,000
Interest Rates	OEBF Bonds – 7.75% Chapter 166 – 3.00% Toledo Bonds – 5.25%
Security	The Port Bonds will have a shared first security interest on a parity basis with the Series 2008-4 OEBF Bonds.
Additional Security	Huntington National Bank provided a $2,000,000 stand-by letter of credit and the Toledo-Lucas County Port Authority guaranteed up to $1 million of the Port Bonds to further secure the Port Bonds.