



150 South Front Street ~ Suite 200
Columbus, Ohio 43215
614.225.6068 Telephone
614.469.8250 Facsimile
www.columbusfinance.org

Jean Carter Ryan, Executive Director

Board of Directors:
Richard Barnhart, Chair
Jules Garel, Vice Chair
Evelyn Sullen Smith, Secretary-Treasurer
Mike McMennamin, Past Chair
Dr. Joseph A. Alutto
Mike Kelley
Greta Russell
Peter Davies

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY CENTRAL OHIO BOND FUND

Background: The Columbus-Franklin County Finance Authority’s Central Bond Fund program is designed to leverage the Finance Authority’s existing resources in order to promote economic development throughout the greater Columbus and Franklin County region.

The Central Bond Fund program is similar to the on-going programs currently being administered and implemented by the Toledo-Lucas County Port Authority, the Cleveland-Cuyahoga County Port Authority, the Summit County Port Authority and the Dayton-Montgomery County Port Authority. The Toledo, Cleveland, Summit and Dayton bond funds have completed 85 bond transactions with over \$350 million in bonds issued.

The Bond Fund is structured with a series of reserves that are used in the event a participating borrower defaults on its monthly payment. The Finance Authority has provided a \$5,000,000 cash reserve with a \$5 million Letter of Credit, which will serve as a Program Reserve Central to all participating borrowers.

Purpose of Program: The Bond Fund Program has been created to promote economic development and to create and retain quality private sector jobs in the Greater Columbus Area. The Finance Authority intends to accomplish this goal by enabling borrowers access to the national capital markets through Bonds issued within the Bond Fund. The Bond Fund will provide long-term and fixed rate financing to these borrowers.

Type of Bonds: The Finance Authority is authorized to issue tax-exempt bonds for industrial and public projects and taxable bonds for other qualified projects.

Term, Interest Rate and Size of Issues:

- *Term of Loans* – The term of the loan will be up to 30 years based upon useful life of the assets financed. However, the industrial and commercial loans are expected to have final maturities of no more than 15 to 20 years.
- *Interest Rate* - The interest rate will be fixed for the term of the issue based upon tax-exempt or taxable bond rates at the time the bonds are sold.
- *Maximum Principal Amount* - The maximum amount of any bond issue will be \$6 million. The average principal amount of the bond issues within a Bond Fund historically has been \$3 million.

Eligible Borrowers: The Bond Fund will consider qualified borrowers including: industrial, commercial, non-profit or governmental borrowers.

Eligible Projects: Proceeds from the issuance of bonds within the Bond Fund will be used to acquire multiple use assets and related soft costs, including the following:

- Acquisition and/or renovation of existing buildings;
- Construction of new buildings;
- Acquisition of land; and
- Purchase and installation of equipment.

Underwriting Criteria: The Finance Authority has established the underwriting criteria outlined below. Such underwriting standards may be modified by the Finance Authority under certain circumstances, based upon the credit of the borrower and/or the existence of additional collateral.

- Focus on Owner-Occupied Projects (avoid speculative real estate including: retail centers, hotels and restaurant projects, etc.);
- Finance multiple use assets (avoid special use facilities);
- Finance assets critical to the performance of the borrower;
- Finance projects related to the existing business of the borrower;
- Finance borrowers with acceptable financial performance over the past 3 to 5 years;
- Require closely-held borrowers to provide personal guarantees from its owners;
- Require closely-held borrowers to provide key-man life insurance, when appropriate;
- Require, if possible, the Primary Reserve be funded with a bank LOC vs. cash or bond proceeds;
- Require a relatively level amortization schedule, (avoid significant balloon payments);
- Require equity of at least 10% to 20% in the form of cash or bank letters of credit; and
- Require, as appropriate, financial covenants.

Centrally-Asked Questions

1. Who will issue the Bonds?
 - The Finance Authority will issue the Bonds.

2. Will the Bonds be issued as tax-exempt Bonds or taxable Bonds?
 - Qualified projects including governmental, tax increment, manufacturing, special assessment and non-profit will be financed with tax-exempt bonds. All other projects will be financed with taxable bonds.

3. What is the typical borrower profile?
 - Owner-user, in which this asset will be significant to its overall operation.
 - The borrower should have an operating history of at least 3 to 5 years.

4. What type of Projects will be eligible?
 - The Fund is expected to finance primarily land, building, infrastructure, and related soft costs, for manufacturing projects, governmental projects, non-profit projects, commercial projects, tax-increment and special assessment projects, etc. Certain multiple use equipment may also be considered if the borrower meets certain credit standards.

5. What Projects are generally not eligible to be financed within the Fund?
 - Generally, the Fund will not finance investment real estate, such as hotels, restaurants, multi-tenant office buildings, shopping centers, special purpose buildings, etc. (except for public improvements related to such projects). The Fund will also not finance working capital or start-up companies.

6. Will the Fund consider re-financing bank debt?
 - In limited cases, yes, but typically only to clear-up a first mortgage position.

7. What will be the typical size of each Bond issue?
 - It is expected that the principal amount of each Bond issue will average about \$3,000,000, and will generally range between \$1,000,000 and \$6,000,000.