



NMTC

New Market Tax Credit
BGCPR Deal | Case Study

Executive Summary

Opportunity (why are we here)

- Transaction: \$8.0MM NMTC's for working capital / Non-RE

Objective (goal and benefit)

- Obtain a NMTC transaction net benefit to BGCPR of \$1.4M working capital to support organization programs and administrative operations in order to maintain community services and respective impact on LIP's

Work Plan (how to meet the objective)

- Understand application requirements
- Build Project Case Data and Information
- Evaluate the feasibility of BGCPR using NMTCs under a Non-Real estate financing
- Analyze what type of uses would be deemed eligible
- Term Sheet / Underwriting Phase / Closing Phase

Considerations

- Organization Financial and Cash Position
- Internal Support Team readiness and quick response
- Accounting Systems

BGCPR - Transaction Timeline



Pre-Work	Pre-Work		Transaction	
Apr to Nov	Dec	Jan	Feb to May	June
Start: April 18, 2018				Transaction closing date: June 19, 2019
Effort				
Low-Med	Med	Med	Med-High	Super High

Work Teams and Support

<ul style="list-style-type: none"> • BGCPR • BPPR 	<ul style="list-style-type: none"> • BGCPR • BPPR • NMTC Consultant • NMTC CPA Firm 	<ul style="list-style-type: none"> • BGCPR • BPPR • NMTC Consultant • NMTC CPA Firm • NMTC Legal 	<ul style="list-style-type: none"> • BGCPR • BPPR • NMTC Consultant • NMTC CPA Firm • NMTC Legal • Local CPA firm • Local Legal firm • Local Systems Consultants 	<ul style="list-style-type: none"> • BGCPR • BPPR • NMTC Consultant • NMTC CPA Firm • NMTC Legal • Local CPA firm • Local Legal firm • Local Systems Consultants
---------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

BGCPR - Transaction Timeline

Pre-Work		Transaction		
Apr to Nov	Dec	Jan	Feb to May	June
<p>Start: April 18, 2018</p> <ul style="list-style-type: none"> - Kick off meeting BPPR CDE entity - NMTC transactions requirements and needs internal evaluation - NMTC Application - Data and Info gathering - Financial Information - Organization community impact - NMTC Consultants list option review - Potential Structure discussion and review - BGCPR BOD 	<ul style="list-style-type: none"> - BPPR Reservation letter - NMTC Transaction Advisor selection - CPA Accounting Firm engagement - Due diligence performed by CPA Accounting firm for validation of project feasibility - Initial Working plan assembling 	<ul style="list-style-type: none"> - Reservation Letter Sign - CPA Firm Engagement engagement for NMTC transaction - Legal/Attorney selection - Investment Bank <ul style="list-style-type: none"> *Citi *Capital One - New Entity - Initial Fee disclosure - Qualified Expenses validation by CPA Firm BGCPR Finance CPA Firm (NMTC) 	<ul style="list-style-type: none"> - Investment Bank. - Legal engage - Qualified Expenses validation by CPA Firm and BPPR (CDE) - BPPR CDE Term Sheet - Investor Term Sheet - Transaction Financial Structure - Transaction Legal Evaluations: Financial and Compliance - New Entity Official Formation and 	<ul style="list-style-type: none"> - Closing Calls (Final) - Closing Checklist 138 items - Funds Disbursement - Documentation signing <p>Transaction closing date: June 19, 2019</p>
Effort				
Low-Med	Med	Med	Med-High	Super High

BGCPR - Transaction Timeline

Apr to Nov

Start: April 18, 2018

- Kick off meeting BPPR CDE entity
- NMTC transactions requirements and needs internal evaluation
- NMTC Application
- Data and Info gathering
- Financial Information
- Organization community impact
- NMTC Consultants list option review
- Potential Structure discussion and review
- BGCPR BOD engagement and sign

Low-Med

Step 1

- ✓ Identify and select internal project leader
- ✓ Meet with BPPR CDE Entity. Discuss Project opportunities
- ✓ Get details from BPPR CDE regarding applications and requirements
- ✓ Understand the basics of NMTC transactions
- ✓ Perform internal assessment and Project Compliance
- ✓ Submit application and get approval

Step 2

- ✓ Hire NMTC transaction consultant
- ✓ Evaluate Project Benefits and Risks
 - *Financial and Internal support capabilities*
- ✓ Present Project to BOD and get approval go ahead
- ✓ Build your working plan (internal and external)

Why we are here? Questions....

PCC has reserved up to \$8.0MM NMTCs for working capital / non-RE for the Boys & Girls Club PR.

- In this something we want to do? Full or Partial Transaction
- What are the risks?
- How to invest the benefit - making an impact (community)

Yes

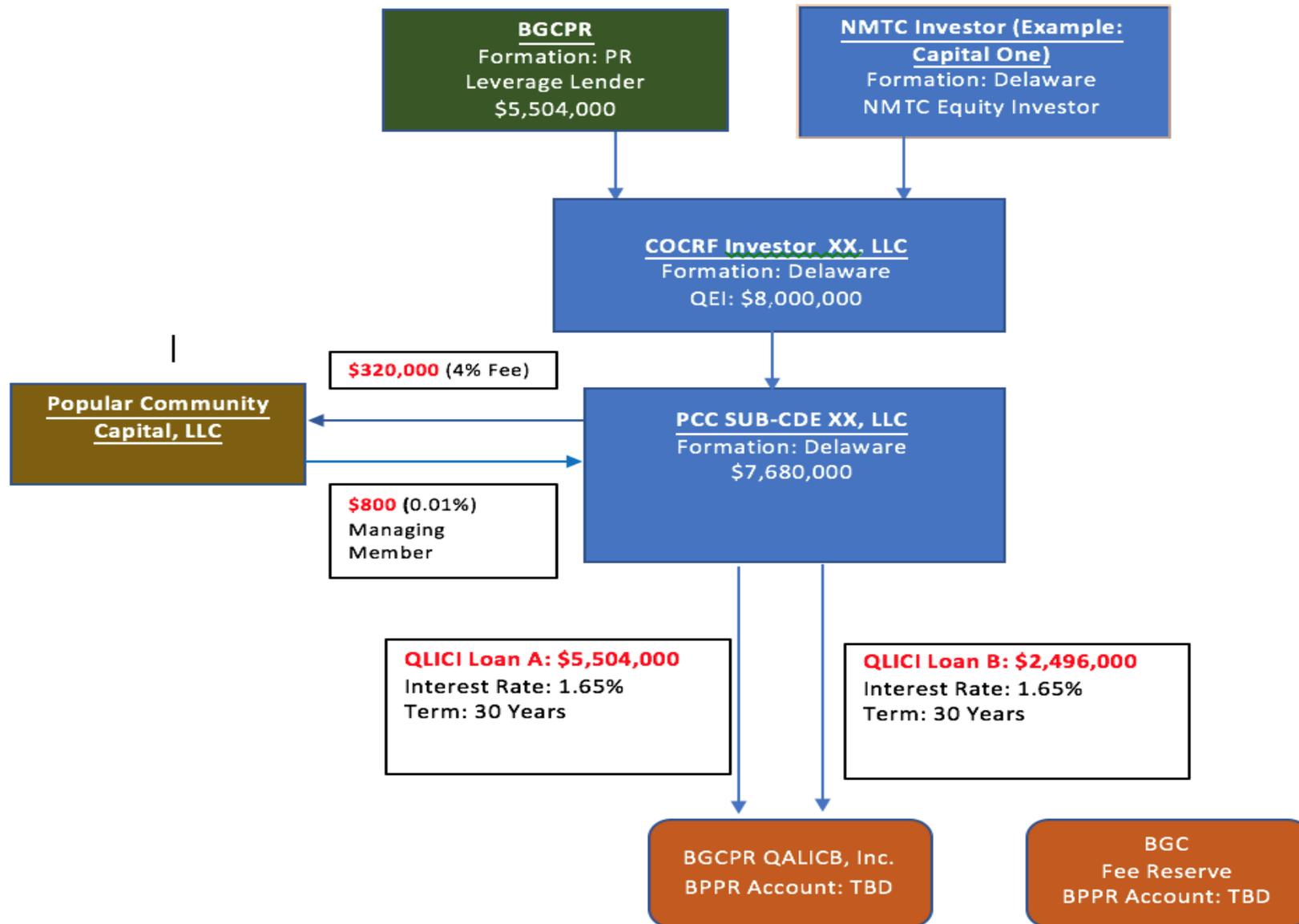
- NMTC Consultant November
- Invest a little bit or money (maximize) before moving FWD with Official Transaction (Options)
- What is the net benefit and Leverage Lender structure (percentage goal between 10% and 20%)

Transaction (on for 7 Years - interest payments)

- **If transaction fails, costs incurred for legal, accounting/tax, consultant will be BGCPR obligation**
- Reporting and Supporting internal Structure: 7 Years
- Agility and Speed to reduce costs (process)
- We could bring our own internal investor candidates (negotiate terms)

PP presented to the BOD

**Potential Structure
FOR DISCUSSION PURPOSES ONLY**



PP presented to the BOD

BGCPR - Transaction Timeline

Dec	Jan
<ul style="list-style-type: none"> - BPPR Reservation letter - NMTC Transaction Advisor selection - CPA Accounting Firm engagement - Due diligence performed by CPA Accounting firm for validation of project feasibility - Initial Working plan assembling 	<ul style="list-style-type: none"> - Reservation Letter Sign - CPA Firm Engagement engagement for NMTC transaction - Legal/Attorney selection - Investment Bank *Capital One - New Entity - Initial Fee disclosure - Qualified Expenses validation by CPA Firm

Med

Med

December

- ✓ Select NMTC CPA Accounting Firm
- ✓ Perform feasibility Analysis to validate project
- ✓ Get details from consultants of scope of work and determine implications to internal team
- ✓ Build a work plan based on what your internal strengths and weakness are for the support in need

Move Forward

- ✓ Wrap up details on Reservation letter and sign
- ✓ Start working with consultants and internal teams on transaction requirements
- ✓ Choose legal firm that will assist you in the transaction

BGCPR - Transaction Timeline

Feb to May	June
<ul style="list-style-type: none"> - Investment Bank. - Legal engage - Qualified Expenses validation by CPA Firm and BPPR (CDE) - BPPR CDE Term Sheet - Investor Term Sheet - Transaction Financial Structure - Transaction Legal Evaluations: Financial and Compliance - New Entity Official Formation and Operation - Closing Calls 	<ul style="list-style-type: none"> - Closing Calls (Final) - Closing Checklist 138 items - Funds Disbursement - Documentation signing <p style="text-align: center;">Transaction closing date: June 19, 2019</p>
Med-High	Super High

Feb to May

- ✓ *This is the period where the core of the transaction is put together by the different teams*
- ✓ *There are lots of details that require time and focus from the Project leader of your organization*
- ✓ *High volume of work require from your organization teams supporting the project*
- ✓ *Maintain a proactive communication of project progress with Executive team and BOD*
- ✓ *Important to monitor and plan **cash position strategy** monthly to support closing funds necessary from your organization as part of the transaction*

June - Closing

- ✓ *Daily conference calls*
- ✓ *Last minute requests will happen*
- ✓ ***Attention to details.** Even at this stage the transaction can failed by several reasons*

BGCPR NMTC Transaction Challenges

- ***Understand NMTC transaction basics***
- ***Accounting system to support required information***
- ***Organization Cash Planning to support closing***
- ***Get the best professional services (consultants, CPA firms and Legal) to support your project***
- ***Design, Build and Internal Structure to manage the transaction and process:***
 - ✓ Budget. Out of Pocket Costs (initial)
 - ✓ New Entity
 - ✓ Internal teams to support
- ***Speed and Delivery from internal supporting groups during the final closing weeks/days***

BGCPR NMTC Transaction Benefits

- ***Use of funds as working capital to support operations started right after transaction closing (a few days later)***
 - ✓ *New Projects such as Vimenti*
 - ✓ *Clubs and Administrative operations*
- ***New ways and vehicles of fundraising or funds to support ongoing and growth***
- ***Transaction necessary internal work needed to support process and closing lead us to identify opportunities at the accounting system***
- ***Expertise and experience on this type of transactions***

Thank you!

Eric Torres
eric.torres@bgcpr.org

