

Please find below a description of the procedures used for processing requests for Additional GO Zone Credits.

Additional Credits: To be awarded to Taxpayers on a priority basis to Taxpayers with the highest **Additional Credit Multiple** for the Additional Credits. The Additional Credit Multiple for Additional Credits is calculated as follows:

$$\text{Additional Equity} \div \text{Additional Credits} = \text{Additional Credit Multiple}$$

Procedures

Verification of the Additional Credit Multiple for Additional Credits was based upon the following steps:

Step 1. Additional Equity first determined as follows:

- (a) Obtain **Original Equity** for each project from Pipeline F&V reprocessing prior to the request for Additional Credits.
- (b) Identify **Total Equity** for each project from reprocessing F&V report submitted in connection with the request for the Additional Credits.
- (c) Determine **Additional Equity** by subtracting Original Equity identified in (a) above from Total Equity identified in (b) above.

Step 2. Additional Credits determined as follows:

- (a) Identify **Original Credits** allocated to each project from the LHFA Pipeline Report prior to the request for additional credits.
- (b) Identify **Total Credits** for each project from the reprocessing F&V report submitted in connection with the request for Additional Credits.
- (c) Determine **Additional Credits** by subtracting the Original Credits identified in (a) from the Total Credits identified in (b) above.

Step 3. The Additional Credit Multiple was determined as follows:

- (a) Divide Additional Equity from Step 1 (c) by the Additional Credits from Step 2 (c).

Example 1

Facts: Taxpayer's reprocessing application shows that the total credits for Project A is \$1,100,000 and the total equity is \$10,100,000. Taxpayer submits either A) Syndication Commitment or B) copy from Taxpayer's organization documents that evidences an Investor commitment to pay \$0.70 for \$100,000 of Additional Credits (multiple of 7.0)

Staff Review: The pipeline report shows that Taxpayer had \$1,000,000 of Tax Credits prior to the request for Additional Credits. The Pipeline F&V report indicates that the Original Credit Multiple is 9.4 and that the Original Equity is \$9,400,000. The reprocessing application submitted with the request for Additional Credits evidences total equity of \$10,100,000 and a blended Credit Multiple of 9.18. Staff follows steps for determining the Additional Credit Multiple and determines that the Additional Credit Multiple is 7.0.

Conclusion: The Credit Multiple determined by staff satisfies the minimum threshold and is consistent with the Syndication Commitment.

Illustration of Example 1:

I. Pipeline Review:

(a) Original Equity:	\$9,400,000
(b) Original Credits	\$1,000,000
(c) Original Credit Multiple (a÷b):	9.4

II. Reprocessing Review:

(a) Total Equity:	\$10,100,000
(b) Total Credit Request	\$1,100,000
(c) Blended Credit Multiple (a÷b):	9.1818

III. Final Review:

(a) Equity Difference [II(a) –I(a)]:	\$700,000
(b) Additional Credits [II(b) –I(b)]:	\$100,000
(c) Additional Credit Multiple (a÷b):	7.0

Example 2

Facts: Same Facts and Staff Review in Example 1 except that Syndication Commitment evidences a commitment to pay \$0.80 for \$100,000 additional credits (a multiple of 8.0) and reprocessing application shows a credit request of \$1,100,000.

Conclusion: The Credit Multiple determined by staff is inconsistent with Syndication Commitment; nevertheless, the Additional Credit Multiple as revised satisfies the minimum 7.0 threshold.

Illustration of Example 2:

I. Pipeline Review:

(a) Original Equity:	\$9,400,000
(b) Original Credits	\$1,000,000
(c) Original Credit Multiple (a÷b):	9.4

II. Reprocessing Review:

(a) Total Equity:	\$10,100,000
(b) Total Credit Request	\$1,100,000
(c) Blended Credit Multiple (a÷b):	9.1818

III. Final Review:

(a) Equity Difference [II(a) –I(a)]:	\$700,000
(b) Additional Credits [II(b) –I(b)]:	\$100,000
(c) Additional Credit Multiple (a÷b):	7.0

Example 3

Facts: Same Facts in Example 1 except that Total Equity is \$10,000,000. Staff Review determines that the Additional Credit Multiple is only 6.0.

Conclusion: The revised Additional Credit Multiple is inconsistent with the Syndication Commitment; moreover, the revised Additional Credit does **not** satisfy the minimum threshold.

Illustration:

I. Pipeline Review:

(a) Original Equity:	\$9,400,000
(b) Original Credits	\$1,000,000
(c) Original Credit Multiple (a÷b):	9.4

II. Reprocessing Review:

(a) Total Equity:	\$10,000,000
(b) Total Credit Request	\$1,100,000
(c) Blended Credit Multiple (a÷b):	9.09

III. Final Review:

(a) Equity Difference [II(a) –I(a)]:	\$600,000
(b) Additional Credits [II(b) –I(b)]:	\$100,000
(c) Additional Credit Multiple (a÷b):	6.0