

New Markets Tax Credit Program

Overview

Coastal Enterprises, Inc. (CEI) has been awarded \$606 million of investment capacity under the U.S. Treasury Department's New Markets Tax Credit (NMTC) program. CEI has utilized \$358.7 million of this capacity in 37 projects triggering total private capital investment in low-income communities of over \$1.0 billion that directly supports CEI's triple bottom-line or "3E" measures for Economic progress, social Equity, and Environmental sustainability. CEI has a national service area under the NMTC program with an emphasis on rural areas and a core market of Maine, New Hampshire, Vermont, upstate New York and western Massachusetts.

Investment Themes

- **Rural Community Investments.** Loans to operating companies in rural communities, often sustainably-managed natural resources as key assets in their businesses, to create value-added products (e.g. working forests, biomass energy, wood products, agricultural processors, marine businesses, and recreational tourism ventures).
- **High Community-Impact Business and Real Estate Investments.** Loans to operating companies and real estate developments with compelling triple bottom-line ("3E") features, including use of renewable energy, energy conservation, and "green building" design.
- ⊕ **Small & Medium Enterprise Revolving Loan Fund.** Smaller loans starting from \$100,000 for small and medium-sized businesses of all types, which provide the majority of employment in rural areas, with an emphasis of 3E benefits.

Key Triple Bottom-Line ("3E") Results

- **\$1.0 billion of new private capital investment in low-income areas** has been leveraged by \$358.7 million of CEI NMTC investment capacity along with \$214 million NMTC capacity from others resulting in a leverage ratio of \$2.97 of private capital to every \$1 of CEI NMTC capacity utilized.
- **Over 2,265,000 acres of timberlands committed to sustainable forestry practices and retained as working forests** for traditional mill supply purposes and additional economic development in recreational tourism and other industries.
- **Over 9,210 direct jobs preserved or created.** Indirectly, tens of thousands of additional jobs are involved in the fishing, paper and wood products, recreational tourism, and related manufacturing, transportation, and service industries.
- **35 of the 37 deals are in especially-challenged "targeted distressed community" areas.**
- **Eleven of the businesses financed are mission-driven, non-profit enterprises.**

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1. **Katahdin Forest Management, Millinocket, ME** *\$32.5M* of NMTC capacity financing 300,000 acres of sustainable working timberlands in Maine, part of the financing to re-open the Great Northern Paper company mills, preserving and/or re-activating 620 jobs.
2. **Gulf of Maine Research Institute (GMRI), Portland, ME** *\$4.1M* of capacity used to provide the long-term debt financing for the new GMRI marine research/education laboratory in Portland with a mission of supporting the fishing industry in the Gulf of Maine.
3. **Appalachian Mountain Club (AMC), ME** *\$17.0M* of NMTC capacity for long-term debt financing for a major new recreational tourism/working forest business operated by AMC in northwestern Maine, with extensive community input and benefits. Part of AMC's Maine Woods Initiative.
4. **Lyme Timber Company, NY** *\$9.3M* of capacity providing long-term debt financing for 83,000 acres of sustainable working forest adjacent to the Adirondack Park, with a commitment to support new recreational tourism development ventures.
5. **Fralo Plastech Manufacturing, Syracuse, NY** *\$6.2M* of capacity used to facilitate an equity investment in an early-stage manufacturing company of engineered plastic septic tank systems located in an upstate New York Empire Zone and utilizing recycled plastic.
6. **GMO Renewable Resources (GMO), ME & NH** *\$27.8M* of CEI capacity used with capacity from two other NMTC allocatees to facilitate \$70 million of long-term debt on a \$246 million purchase of 1.1 million acres of sustainable working forest in ME and NH. A significant working partner in effort was The Nature Conservancy.
7. **Ingraham Community Services, Portland, ME** *\$4.0M* of capacity used to allow Ingraham, a community-based non-profit provider of crisis response and support services, to purchase a building in downtown Portland and consolidate its operations to reduce costs, improve operational efficiencies, and assure availability of community services.
8. **Wagner Forest Management, ME** *\$5.5M* of capacity used to finance a portion of \$24 million in debt on working forests and timberlands in the heart of Maine's "industrial forest." Includes 284,000 acres in "targeted distressed" communities, cooperation from two other NMTC allocatees, and generated substantial equity for CEI's Northern Heritage Development Fund which is helping to diversify rural economies.
9. **22 Park Street, Lewiston, ME** *\$2.13M* of capacity used to purchase and rehabilitate a vacant 4-story building in downtown into a "mixed-use" commercial/housing project by CEI Housing, Inc. The project includes Class A office space at a discount from market and eight new affordable housing units in downtown Lewiston.
10. **13 Mile Woods, Errol, NH** *\$2.39M* of capacity allowed the Town of Errol to purchase 5,269 acres of forestland in northern NH after two decades of planning. This community forest is managed to preserve traditional forestry uses, recreation, wildlife habitat and associated jobs.

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11. **Plymouth Community Health Center, Plymouth, NH** *\$3.4M* of capacity used to finance the construction of a non-profit community health center in Plymouth affiliated with the Speare Memorial Hospital, creating 17 high quality jobs. The area defined as “medically underserved” by the U.S. Department of Agriculture and a health professional shortage area as defined by the NH Health Resources and Services Administration.
12. **Lyme Timberlands II, NY** *\$23.7M* of capacity used to provide long-term debt financing for 276,010 acres of working forests in the Adirondacks. Sustainable harvesting practices allow for a long-term wood supply agreement to furnish the critical International Paper Ticonderoga mill. In addition, over \$1 million of funding created via this NMTC transaction as supplemental capital to CEI's Northern Heritage Development Fund.
13. **Richford Main Street Mill, Richford, VT** *\$4.9M* of capacity to fund a mixed-use redevelopment in Richford of a former textile mill. The project features clinical space in a “medically underserved” area, a grocery store, pharmacy, office space, and affiliated low-income housing funded simultaneously but outside of the NMTC transaction. This project is expected to retain 20 jobs and create 25 new jobs.
14. **Brooks Landing, Rochester, NY** *\$10M* of capacity leveraged another \$10M in public and private funds to create an extended stay hotel in a blighted area of the city after 20 years of effort by the City of Rochester to bring to fruition. It links a highly distressed neighborhood to the University of Rochester and the Strong Memorial Hospital. Estimated permanent job creation is 150.
15. **River Valley Market, North Hampton, MA** *\$7.4M* of capacity for a cooperatively-owned natural foods store to create 70 new jobs. Built to silver LEEDS certified green-design standards, the market is a community business supporting sustainable agricultural development in the Connecticut River Valley with a dues paying membership of more than 2,000.
16. **Webb Building, Buffalo, NY** *\$10.5M* of capacity for a mixed-use redevelopment of endangered historic building featuring 32 two-bedroom apartments, 13,000 SF of office space and specialized daycare providing “integrated education” for 200 children with disabilities from local low-income community.
17. **The Electric Tower, Buffalo, NY** *\$6.0M* of capacity combined with another \$6.0M from another NMTC allocatee for the historic redevelopment of a landmark 14-story building in Buffalo. The project will produce 132,000 SF of Class A office space for over 555 permanent workers and employ building practices equivalent to LEEDs standard certification by the U.S. Green Building Council.
18. **Oscar Brown Block Redevelopment, Claremont, NH** *\$2.8M* of capacity for a mixed-use renovation of 1800's era building in downtown Claremont. The project combined eight sources of subordinated debt and grant funding along with NMTC and Historic Tax Credit equity funds to create a prototype development for commercial and residential space in this small industrial era town.

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19. **Worcester Center for the Performing Arts, Worcester, MA** *\$4.25M* of capacity to restore an historic performing arts theater to spur the economic revitalization of downtown Worcester, MA. The restored theatre will host over 100 world-class performances annually attracting about 150,000 patrons each year once fully established. WCPA will also collaborate with local colleges and the Performing Arts School of Worcester to provide youth programs in theatre, music, and dance.
20. **Maine Mutual Insurance, Presque Isle, ME** *\$7.0M* of capacity used to help expand the Maine Mutual Group's (MMG) office facilities and technology infrastructure in a particularly challenged rural county in Maine. The expansion and upgrades are allowing MMG to almost double the size of its operating facility and hire an additional 45 professional employees.
21. **Claremont Mills, Claremont, NH** *\$18.5M* of capacity for mixed commercial use of a long-abandoned historic mill structure utilizing both Historic Tax Credits and NMTCs, this project is the linchpin of renewed activity in Claremont's highest priority re-development area, in a non-metropolitan area overlooked by several decades of progress. This project has very strong triple bottom-line benefits, including over 150 new high-quality jobs, featuring professional employment at a rapidly growing computer company.
22. **Hampton Inn, Presque Isle, ME** *\$11.0M* of capacity used for the development of a 93-room "flagged" Hampton Inn built to LEED standards. In addition to catalyzing the redevelopment of a blighted downtown site, the project responds to the community's plans and initiatives of strengthening Presque Isle's business and tourism infrastructure and reversing the county's high rate of out-migration. Through the 68 direct jobs created and additional indirect economic impacts, the Hampton Inn reinforces the stimulus of the NMTC-sponsored Maine Mutual Insurance project.
23. **King Street, Burlington, VT** *\$4.7M* of capacity used for the creation of a four-story mixed-use building built to LEED standards. The building will create new office space for the Champlain Housing Trust (CHT) plus 20 affordable rental apartments. The project will help retain approximately 80 jobs in the Burlington central business district with another estimated 15 jobs associated with the construction phase of the project.
24. **The Electric Tower Phase II, Buffalo, NY** an additional *\$3.0M* of capacity was added to the Electric Tower Project for the continued historic redevelopment of a landmark 14-story building in Buffalo. The project will produce 132,000 SF of Class A office space for over 555 permanent workers and employ building practices equivalent to LEEDs standard certification by the U.S. Green Building Council.
25. **Spears Memorial Hospital, Plymouth, NH** *\$9.4M* of capacity used for construction of a 31,654 square foot Medical Office Building (MOB) in a federally-designated medically underserved area. The MOB will provide Spears Memorial Hospital with the opportunity to locate its physicians and surgeons at one site with adequate support services in an efficient, modern facility. It is projected to create 50-75 clerical and physician support jobs within the next five to eight years.

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26. **Grand Lake Stream Woodlands, Grand Lake Stream Plantation, ME \$19.8M** of capacity used to finance 21,949 acres of working forestland; facilitating sustainable harvesting, protecting ecotourism in the area, and providing land for low-income housing development. Preserves over 100 jobs and provides an opportunity for the community purchase of the woodlands.
27. **The Boston Conservatory, Boston, MA \$10M** of capacity used for the construction and renovation of 39,834 square feet of state-of-the-art performance space, allowing The Boston Conservatory to expand and update their existing theater building in the Fenway neighborhood and dramatically improve the learning and performing experience for their students, faculty and audiences
28. **Portland Public Market, Portland, ME \$9.5M** to fund the renovation of a shuttered public market into a Gold LEED Standard office building, which will serve as the headquarters for PowerPay, an Inc. 500 Fast Growth company, which is expected to add up to 70 new professional positions in the next 24 months.
29. **Horsehead Zinc, Snelling, SC \$10M** to finance the construction of a recycling facility that will divert hazardous waste from landfills by turning it into usable materials. Creates 55 new jobs in an area hard-hit by textile mill closings.
30. **Capital Hotel, Concord, NH \$10M** used to finance the construction of a 92-room, 68,000 square foot Residence Inn by Marriott. Deal includes an innovative Employment and Training Agreement (ETAG) designed to help immigrant and refugee workers learn valuable job skills. Creates 35 new jobs.
31. **Allegheny Rural NMTTC Forestlands, WV \$11M** used to preserve 131,000 acres of working forestland in West Virginia, impacting 13 different mills with 925 direct jobs and another 840 indirect jobs in the forest products industry.
32. **PBS Lumber Manufacturing, Winnfield, LA \$11M** to finance the expansion of PBS Lumber's kiln and drying facilities, allowing them to increase production capacity. Preserves 49 and creates 60 new jobs. Provides \$140,000 to Louisiana Technical College for scholarships and/or programmatic assistance.
33. **AMC Roach Pond, ME \$15M** to provide permanent financing for the Appalachian Mountain Club's acquisition of two properties, the 29,500-acre Roach Pond tract of working forest in Piscataquis County (Maine) and the Medawisla Wilderness Lodge and Cabins. A continuation of AMC's Maine Woods Initiative that combines outdoor recreation, resource protection, economic development, sustainable forestry, and community partnerships in the Moosehead region.
34. **LHF Lopiwa, Hawai'i Island, Hawai'i \$10M** to fund a eucalyptus plantation and veneer mill. Supports a \$25M investment in a new veneer mill to create a new industry on the island, replacing the now-absent sugar industry. Also provides material for two biomass plants. Creates 160 permanent jobs.
35. **Commonwealth Dairy, Brattleboro, VT \$10M** to finance the construction of a 32,500 square foot yogurt processing facility in Brattleboro, Vermont, that will produce 50 million pounds of yogurt annually. Creates 50 permanent jobs.

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- ⊛ **Maine New Markets Loan Fund, launched November 2008 \$9.5M** A Small and Medium Enterprise Loan Pool created in partnership with Bangor Savings Bank. The benefits of New Markets Tax Credits are now available to many more businesses through access to smaller loans starting from \$100,000 for small and medium-sized businesses of all types. These businesses provide the majority of employment in rural areas. We expect to fund approximately 12 loans with this pool that will emphasize 3E benefits. Funds available now!
1. **Baxter Library, Portland, ME \$2.4M** to fund the refurbishing of a historic former public library for use as Class A office space.
 2. **Y-Vision, Bangor, ME \$ 2.13M** provides increased access to the community services provided by the Bangor Y.