

Linked Deposit Program Guidelines

The Heath-Newark-Licking County Port Authority Linked Deposit Program is modeled after a State Treasurer's Office program that has assisted thousands of Ohio small businesses since 1983. The program's purpose is simple: to help preserve or create jobs associated with the Central Ohio Aerospace and Technology Center and to preserve or create job opportunities similar in nature to those displaced from closure of the Newark AFB in all of Licking County.

Effective July 1, 2005, Ohio law authorizes port authorities to invest excess funds in reduced-rate investments at local lending institutions, which, in turn, lend the funds to qualifying businesses at below-market rates.

The Port Authority's program mirrors the State Treasurer's office program in many ways. The key variations are that the Port Authority Linked Deposit Program will:

- Be limited to either projects at the Central Ohio Aerospace and Technology Center in Heath or high tech projects anywhere in Licking County.
- Permit working capital and construction financing for projects locating on property at the Central Ohio Aerospace and Technology Center in Heath, Ohio.

ELIGIBILITY

Businesses: In order to qualify for the Port Authority Linked Deposit Program, the business must be borrowing funds from a Licking County lending institution; investing more than \$250,000 in land, building, or equipment; and meet one or both of the following requirements:

- Currently maintain, or propose to erect, offices and/or operating facilities at the Central Ohio Aerospace and Technology Center in Heath, Ohio;

or

- Currently maintain, or propose to erect, high tech offices and/or operating facilities in Licking County that export products outside of Licking County and are considered similar to jobs displaced or potentially displaced from the former Newark Air Force Base. Displaced jobs are defined as employing persons with an average annual wage exceeding \$35,000 and positions that are considered "high tech" positions.

Lenders: The Heath-Newark-Licking County Port Authority, per its financial policies, may establish depository relationships only with authorized lending institutions that operate a full service branch in Licking County. The Port Authority will publish on its web site, hnlcpa.com, a current list of lending institutions that are eligible depositories.

APPLICATION PROCEDURES

In addition to the above requirements, the following guidelines must be followed in the application process:

- A business owner should contact a Licking County lending institution that is an eligible depository of the Heath-Newark-Licking County Port Authority and obtain a loan as they normally would.
- Business owners are encouraged to also apply for a State of Ohio linked deposit.
- The applicant should document the number of jobs that are proposed will be saved or created, the proposed annual payroll, and the rationalization that the jobs are similar to jobs displaced or potentially displaced from the former Newark Air Force Base.
- Once approved by the lending institution, the application is sent to the Heath-Newark-Licking County Port Authority's Finance Office for review approval.
- The Finance Office evaluates applications on a first-come, first-served basis and must present applications to the Port Authority Board of Directors for final approval.
- For fixed rate or working capital financing, eligibility is determined by a jobs-to-dollars ratio – that is, one full-time-equivalent job must be created or saved for every \$25,000 requested.
- For construction financing, eligibility is limited to development on COATC property and determined on a case-by-case basis. Speculative construction may be considered feasible as long as the facility plans are deemed likely to attract future, prospective tenants that will employ people in “high tech” positions.
- If the loan is approved and following Port Authority Board final approval, the Heath-Newark-Licking County Port Authority purchases a reduced-rate certificate of deposit with that lending institution in the amount requested, provided the latter agrees to lend such funds at a similarly reduced rate to the borrower.
- The Port Authority, by law, can accept up to 3% (300 basis points) below the market rate in exchange for an in-kind reduction of the borrower's loan rate. If the market rate for a certificate of deposit is less than 3%, the Port Authority will accept as little as 5 basis points.
- The Linked Deposit is renewable after two years. Renewal is not automatic.