



**Department of
Development**

Ohio Job Stimulus Plan

Ted Strickland, Governor

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Director, Ohio Department of Development

Logistics and Distribution Stimulus Program
Program Guidelines and Application Procedures

Logistics and Distribution Stimulus Program
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I. OVERVIEW

The Logistics and Distribution Stimulus Program implements a key component of Ohio's \$1.57 billion jobs stimulus plan adopted in June 2008. The jobs stimulus plan is making major investments in infrastructure, workforce, and new and emerging industries to spur job creation in Ohio.

Through the Logistics and Distribution Stimulus Program, the Department of Development, in cooperation with the Ohio Department of Transportation, and the Ohio Rail Development Commission, will allocate \$100 million to logistics and distribution projects. Funds will be awarded as loans of up to \$10 million for projects that will support Ohio job growth by making Ohio the premier international gateway and logistics hub in North America. Loans will be structured to provide financing at or below market interest rates and will include mechanisms to forgive principal repayment and accrued interest upon achievement of project performance targets.

All organizations desiring to participate in the Logistics and Distribution Stimulus Program are encouraged to review its enabling statute, Sections 166.25 through 166.27, of the Ohio Revised Code. The Ohio Revised Code (ORC) is available online at <http://codes.ohio.gov/orc>.

II. DEFINITIONS

1. "Eligible project" means project facilities to be acquired, established, expanded, remodeled, rehabilitated, or modernized for industry, commerce, distribution, or research, or any combination thereof, the operation of which, alone or in conjunction with other facilities, will create new jobs or preserve existing jobs and employment opportunities and improve the economic welfare of the people of the state. "Eligible project" includes, without limitation, a voluntary action. For purposes of this division, "new jobs" does not include existing jobs transferred from another facility within the state, and "existing jobs" includes only those existing jobs with work places within the municipal corporation or unincorporated area of the county in which the eligible project is located. ORC § 166.01(D).
2. "Eligible logistics and distribution project" means an eligible project, including project facilities, to be acquired, established, expanded, remodeled, rehabilitated, or modernized for transportation, logistics, and infrastructure purposes. ORC § 166.01(Y).
3. "Loan Program" means the Logistics and Distribution Stimulus Program loan program as described in these Program Guidelines.
4. "Project facilities" means buildings, structures, and other improvements, and equipment and other property, excluding small tools, supplies, and inventory, and any one, part of, or combination of the above, comprising all or part of, or serving or being incidental to, an eligible project, an eligible innovation project, an eligible research and development project, an eligible advanced energy project, or an eligible logistics and distribution project, including, but not limited to, public capital improvements. ORC § 166.01(N).

5. "Transportation, logistics, and distribution infrastructure purposes" means, for purposes of the Logistics and Distribution Stimulus Program, promoting, providing for, and enabling improvements to the ground, air, and water transportation infrastructure comprising the transportation system in this state, including without limitation, highways, streets, roads, bridges, railroads carrying freight, and air and water ports and port facilities, and all related supporting facilities. ORC § 166.01(Y).
6. "Total project costs" means all dollars expended (or to be expended) for eligible project activities as permitted by ORC § 166.01(A) and further defined by these Logistics and Distribution Stimulus Program policies.

III. ELIGIBILITY

1. Individuals, partnerships, unincorporated associations, corporations, limited liability companies, limited partnerships, governmental agencies, or any combination thereof may apply for the Loan Program. Applicants that are business entities must be registered with the Ohio Secretary of State either as an Ohio entity or as a foreign (non-Ohio) entity qualified to do business in the State of Ohio.
2. Loan funds awarded and disbursed to an eligible project cannot exceed the lesser of \$10 million or seventy-five percent of the total costs of the eligible project, as calculated at the time of application for Logistics and Distribution Stimulus Program assistance.
3. Loan proceeds may be used for eligible costs of the project as described in an approved application. For purposes of the Logistics and Distribution Stimulus Program, the term "eligible cost" is derived from the definition of "allowable costs" set forth in ORC §166.01(A). Eligible costs include:
 - a. Acquiring, constructing, reconstructing, rehabilitating, renovating, enlarging, improving, equipping, or furnishing eligible logistics and distribution projects;
 - b. Site clearance and preparation;
 - c. Supplementing and relocating public capital improvements or utility facilities; and
 - d. Such other expenses as may be necessary or incidental to the establishment or development of an eligible logistics and distribution project not including those items otherwise considered an "allowable cost."
4. Each eligible applicant must demonstrate a match investment equal to at least 25 percent of the total cost of the eligible project including a minimum of 10 percent of equity. For purposes of the Logistics and Distribution Stimulus Program, the match investment may include any combination of local, public, or private funds. Projects with a higher proportional match investment are strongly preferred.
5. Eligible financial match investments include, without limitation, applicant-sourced funds, such as cash, state-sourced grants, state-sourced loans other than loans through the Logistics and Distribution Stimulus Program, local government funding, private equity (cash and/or the appraised value of land, buildings, and other structures), and federally-sourced funds.
6. Match investments may include in-kind contributions, for up to 5 percent of the total cost of the eligible project. For purposes of the Logistics and Distribution Stimulus Program, in-kind contributions include engineering, architectural and legal service fees and expenses.

7. Match investments may include eligible financial or in-kind contributions made during the five- (5-) year period prior to the date the State Controlling Board approves a Loan Program award for an eligible project. Match investments made during the five-year look-back period may not comprise more than 50 percent of the total required match investment.

IV. PREVAILING WAGE

Projects that receive funds through the Loan Program will be subject to Ohio's prevailing wage law. Payment of prevailing wage rates will be required for all project-related construction activities. Wage rates and administrative requirements applicable to payment of prevailing wages are determined by the Ohio Department of Commerce's Wage and Hour Bureau.

V. APPLICATION

1. An application must be filed for each eligible project. The application must identify the eligible applicant; the eligible applicant will be the authorized representative of the eligible project in all matters related to any funds awarded through the Loan Program and will be solely responsible for all loan management responsibilities with respect to the eligible project. There is no limit to the number of eligible projects that may be proposed by any eligible applicant.
2. Requested loan amounts may not exceed \$10 million or 75 percent of the total costs of the eligible project, whichever is less.
3. All application materials will be reviewed by a Logistics and Distribution Stimulus Review Team (the "Review Team"), which will include representatives from the Ohio Department of Development, the Ohio Rail Development Commission and the Ohio Department of Transportation.
4. Letter of Intent Procedures
 - a. Potential applicants must submit a letter of intent as a prerequisite to applying for funds through the Loan Program. In the letter of intent, the potential applicant must provide an overview of the proposed project, the applicant's qualifications, and a brief explanation of how the project relates to the Transportation, Logistics, and Distribution Purposes of the Logistics and Distribution Stimulus Program. The letter of intent is a **required** step in the application process. Its purpose is two-fold: to assist the Review Team to understand the range of potential projects for which funding may be requested and to facilitate a process by which the Review Team may provide feedback to prospective eligible applicants, including the proposed eligible project's relative strengths and weaknesses, before they proceed with an application.
 - b. Feedback from the Review Team does not constitute a determination, either favorable or unfavorable, of the prospective applicant's proposed project or a formal evaluation of the strength or weakness of any such application materials.
 - c. Feedback by the Review Team may be provided by telephone or through written correspondence.

5. Application Procedures

- a. A \$1,500 non-refundable application fee must accompany the Loan Program application.
- b. Applications may be submitted at any time after the applicant has submitted the letter of intent, but the Review Team reserves the right to consider applications only after completing its review of letters of intent. The Review Team will evaluate applications taking into account the following criteria:
 - i. Application completeness;
 - ii. Application meets the requirements of ORC §166.07 and §166.25;
 - iii. Application proposes feasible transportation, logistics, and infrastructure improvements;
 - iv. Extent of job creation as a result of the project;
 - v. Extent of match investment in the project;
 - vi. Applicant's need for financial assistance to complete the project;
 - vii. Community's need for project; and
 - viii. Advancement of the Logistics and Distribution Stimulus Program objectives.
- c. Any applicant whose project is not selected for funding will be notified in writing. If the Review Team determines that the project might qualify for funding based on the submission of additional or corrected project information, the notice will indicate the nature of materials that may be submitted for reconsideration and include a due date by which the applicant may re-submit the application with additional or corrected information. No further action will be taken on any application for which additional or corrected materials are not submitted by the due date.
- d. Each application will undergo initial review based upon the standards set forth in the evaluation criteria. The applicant will then be contacted by the Ohio Department of Development to schedule a meeting with the Logistics and Distribution Stimulus Review Team, giving the applicant the opportunity to personally present the proposed project. Immediately following the meeting, the Review Team will complete its evaluation and make funding recommendations for consideration by the Director of the Ohio Department of Development.
- e. Recommended applications will be submitted for financial review. If the applicant satisfies the financial criteria, the application will be prepared for the final review process.
- f. The Review Team reserves the right to request supplemental or clarifying information from an applicant at any time during the review process. If a loan is awarded to the applicant, the Ohio Department of Development may also request additional information as may be necessary or useful to complete the credit review and loan documentation process.

NOTE: The Review Team's evaluation and financial/credit analysis are components of the final award criteria. Recommended applications and financial/credit analysis will be presented to the Director of the Ohio Department of Development for final consideration.

6. Award Selection
 - a. Prior to the selection of an eligible project for recommendation to the State Controlling Board, an eligible applicant will be asked to undergo compliance reviews internally and with the Ohio Department of Transportation, the Ohio Department of Taxation and the Ohio Environmental Protection Agency as to the eligible applicant's outstanding regulatory compliance or liabilities with the Ohio Department of Development, the Ohio Department of Transportation, the Ohio Department of Taxation, or the Ohio Environmental Protection Agency. Each applicant is responsible for ensuring there are no significant outstanding issues or liabilities with the State of Ohio. Any determinations of noncompliance may result in an application not being recommended for an award.
 - b. The Ohio Department of Development reserves the right to reduce the requested loan amounts for ineligible costs, cost redundancies, or any other cost inefficiencies evident in the application materials.
 - c. The Logistics and Distribution Stimulus Review Team will recommend projects to the Director of the Ohio Department of Development based upon the overall evaluation of the application. In selecting projects, the Director will consider the Review Team's evaluation of the project, regional distribution of Loan Program awards, representation of transportation modes among approved projects, statewide regional economic impact and alignment with other Ohio economic projects.
 - d. The Director of the Ohio Department of Development will consult with the Director of the Ohio Department of Transportation when making final project selections.
 - e. The decision of the Director of the Ohio Department of Development in selecting applications for approval is final and not appealable, and subject only to the approval of financial assistance by the Development Financing Advisory Council and the State Controlling Board.

VI. LOAN AGREEMENT

1. Logistics and Distribution Stimulus Program funds will be disbursed as loans at or below market rates of interest and will include mechanisms to forgive principal repayment and accrued interest based on achievement of project performance measures. Provided no default occurs, the principal amount and accrued interest of the loans will be forgiven upon satisfaction of certain criteria to be set forth in the loan agreement, including, without limitation, completion of fixed asset investments associated with the project, creation of jobs in the construction phase of the project, and attainment of performance measures for other key project commitments. Subject to any forgiveness of principal and interest, loans will have terms not to exceed 15 years for real estate and 10 years for machinery and equipment, or the useful life of the asset financed, whichever is shorter.
2. Loans will be made subject to customary loan documentation in form and substance acceptable to the Ohio Department of Development.
3. Loan Program funds may be used to finance construction. The maximum term of the construction period will be 24 months. Loans will accrue interest during the construction period.
4. The interest rate for the Logistics and Distribution Stimulus Program loans will be fixed at or below market rates.

5. Loans must be secured by real or personal property as and to the extent the Director of the Ohio Department of Development determines appropriate for the eligible project. Where practicable, the Ohio Department of Development may require a first priority mortgage and/or security position on assets. In appropriate circumstances, the Ohio Department of Development will consider subordination of its mortgage and/or security position to the collateral position of other lenders not affiliated with the applicant or any project participant. The Ohio Department of Development may require additional security in the form of one or more of the following: (1) personal guarantees from owners, major stockholders, members, partners, or other persons with similar interests; (2) corporate guarantees from affiliate companies; (3) life insurance on key business owners, partners, and/or managers; and (4) other comparable credit enhancement.
6. The applicant (borrower) will be responsible for entering into and managing all agreements as required under the Logistics and Distribution Stimulus Program or as otherwise necessary to complete the eligible project, including binding agreements with third party project partners.

VII. PROGRAM FEES

1. A \$1,500 non-refundable application fee is required upon submitting a Logistics and Distribution Stimulus Program Application.
2. A processing and commitment fee of one percent of the principal amount of the loan, up to a maximum of \$50,000, is due upon acceptance of a loan commitment letter.
3. An annual servicing fee equal to a quarter of one percent (.25 percent) of the outstanding principal amount of the loan will be assessed.

VIII. MONITORING AND REPORTING

The borrower must annually file progress reports and financial statements with the ODOD. Reporting may cease three years after the date the loan obligations are satisfied in full.

IX. CHANGES TO THESE GUIDELINES

These guidelines have been developed pursuant to Chapter 166 of the Ohio Revised Code. The Director of the Ohio Department of Development reserves the right to amend these guidelines as necessary and without prior notice.

X. ODOD CONTACT INFORMATION

For information regarding the Logistics and Distribution Stimulus Program, interested parties should contact Nyla Potter at (614) 728-8342.