

New Markets Tax Credit (NMTC) Program Evaluation

Investor

Case-Style Telephone Discussion Guide

11/25/09

The Community Development Financial Institutions (CDFI) Fund of the U.S. Department of the Treasury is interested in understanding and articulating the benefits that the New Markets Tax Credit (NMTC) Program may bring to low-income communities. Towards that end, the CDFI Fund has hired the Urban Institute, a non-profit policy research organization based in Washington, DC, to conduct an evaluation of the NMTC Program.

NMTC projects were selected at random from among all NMTC projects for data collection through telephone interviews with key stakeholders. You or your organization invested in a project that qualified for NMTCs. The primary goal of the telephone discussion is to learn about your experiences with (NAME Project) that used NMTCs. The interview includes questions about your decision to invest in the project, and investment terms and characteristics.

This task is neither an audit nor an evaluation of the project or of your activities but, rather, a source of additional detailed information about the NMTC Program that will assist the CDFI Fund to better understand how NMTC projects are structured. Your participation in this interview is voluntary but very much appreciated, because it will contribute to a better understanding of how the NMTCs are being used.

Be assured that we will follow strict rules to protect your confidentiality. The information you provide will be combined with information we receive from all others who are interviewed, and neither your name, your organization's name, nor any other identifying information will be passed along to the CDFI Fund or others, or cited or reported in any way. The CDFI Fund will not know who is participating in these interviews. I anticipate that the call will last about 30 minutes approximately. As we synthesize and analyze the information you share, it would help us to record this call. Again, this recording would only be used by us and not shared with anyone else. Would that be alright with you? I very much appreciate your cooperation.

This survey has been approved by the Office of Management and Budget, as required by the Paperwork Reduction Act of 1995, under OMB control number XXXX-XXXX, which expires on XX/XX/XXXX. The time to complete this information collection and an associated telephone interview is estimated to be 1.25 hours, including time to review instructions, search existing data resources, gather needed data, and complete the survey and interview. If you have any comments concerning the accuracy of the time estimate or suggestions for improving this survey, please write to U.S. Department of the Treasury, Community Development Financial Institutions Fund, XXXXXXXXX, Washington, DC XXXXX.

A. INVESTOR BACKGROUND

- **Type of investor entity**
 - **Investor entity's prior experience of the organization in making investments in low-income or otherwise underserved districts, businesses, or communities**
 - **Investor entity's prior investments in NMTCs or in other types of federal tax credit financing—such as low-income housing tax credits (LIHTCs), historic tax credits**
 - **Investor entity's areas of specialization** (investment types; types of deals; geographic areas)
 - **Respondent's awareness of NMTCs as part of the financing package for (NAME Project)?**
 - **Respondent's role in the organization and extent of focus/specialization in community development**
 - **Relationship (if any) between investor entity and the CDE**
 - ***(If not the parent or same entity):* Prior loans or investments with the CDE or its parent**
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B. INVESTMENT PROCESS/DECISIONS

- **How investor entity first learned about/become involved in (NAME Project)**
- **(NAME Project's) similarity to other investments made by investor entity**
- **Extent to which investor entity and respondent were involved in the identification of (NAME Project) as a possible investment/project, and the decision as to whether or not to pursue (NAME Project)**
 - ***(For real estate projects):* Did the developer, or the community, consider alternative locations for (NAME Project)?**

- Had the developer incurred any costs connected with (NAME Project) prior to this investment?
 - Who helped put together the financial package for (NAME Project)?
 - **Terms of the investment in (NAME Project)**
 - Total amount of QEI for this investor;
 - Any other investments by investor entity in (NAME Project) in addition to NMTC financing
 - Expected returns from the investment, including from the project (e.g., return on equity) and from the tax credit
 - Which, if any of the following, apply to the investment in (NAME Project)?
 - Return of principal
 - Sharing of cash flow from operations
 - Refinancing or liquidations for lenders providing debt in a leverage model
 - Interest rate
 - Timing of payments of interest and return of amount invested
 - Guarantees required by investment entity from the CDE or anyone else
 - Fees, guarantees, or special covenants required by the investment entity for (NAME Project) beyond typical requirements for the investment entity's investments
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C. ROLE OF NMTCs IN (NAME) PROJECT

- Investment entity's willingness to invest in (NAME Project) absent the tax credits
- Changes in scope or nature of (NAME Project) between initial consideration and the infusion of debt and/or equity capital resulting from the issuance of NMTC qualified equity investments (QEIs)

- **Role of NMTCs in the financing package for (NAME project)**
 - **What likely would have happened if (NAME project) had not received NMTCs?**
 - **Did any NMTC regulations (e.g., recapture – the “substantially all” requirement; QALICB criteria) influence or impede the investment entity’s interest in (NAME Project)?**
 - **Profitability of this investment compared to similar kinds of projects the investment entity has invested in**
 - **Has/will investment in (NAME Project) played/play a role in the investment entity’s (or the investment entity’s parent organization’s) decision to do other investments similar to (NAME Project)?**
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D. PROJECT-SPECIFIC, INDIRECT, AND COMMUNITY-LEVEL OUTCOMES

- **Reports/information received by the investment entity on the progress or outcomes of (NAME Project), and source(s) and frequency of such information**
- **Project schedule and financial performance**
- **Project-specific outcomes**
- **Indirect outcomes**
- **Community-level outcomes**
- **(NAME Project’) contribution, if any, to changes in the socio-demographics or economic status of the community (e.g., poverty level or median income; racial/ethnic composition; age and family structure mix; education level; employment, property values)**