

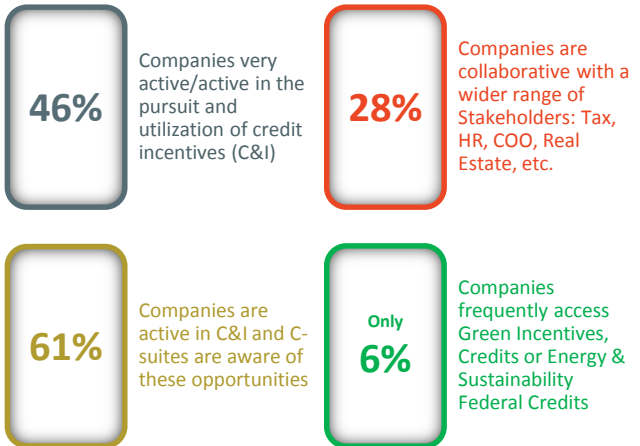
Company Stakeholders and Credit Opportunities



US state and local governments offer over **3,000** credit and incentive programs

Credits and Incentive Awareness

Fortune 1000 Businesses Survey (2015)



Major Types of Incentives

<p>Income Tax Credits</p> <ul style="list-style-type: none"> Reduction of income tax liabilities (apart from credits) by the states. E.g., corporate tax rate reduction for new job creation Refund/sell/transfer of unusable credits by some states 	<p>Property Tax Incentives</p> <ul style="list-style-type: none"> Abatement of incremental property tax liabilities with newly constructed or substantially refurbished facilities Use of direct abatement and complex sale/leaseback 	<p>Sales Tax Incentives</p> <ul style="list-style-type: none"> Sales tax exemptions for manufacturing equipment Abatement through negotiation or location in designated zones 	<p>Grants & Forgivable Loans</p> <ul style="list-style-type: none"> Direct cash payments to offset project, infrastructure, training Loan forgiveness based on compliance with employment, investment or other commitments
<p>Utility Discount</p> <ul style="list-style-type: none"> Discounted utility supply or delivery by states & utility cos Provision of grants to improve utility-related infrastructure 	<p>Contributions of Land, Infrastructure & Services</p> <ul style="list-style-type: none"> Provision of support for land, infrastructure, and services Traffic lights, utility hook-ups, or road/rail improvements 	<p>Green Incentives</p> <ul style="list-style-type: none"> Various states offer incentives for "green" investments in the form of income tax credits, property tax abatements, grants, etc. 	<p>Tax Free Zones</p> <ul style="list-style-type: none"> Tax free operations in designated geographic areas Example: "Start-Up NY" program for partnering with universities

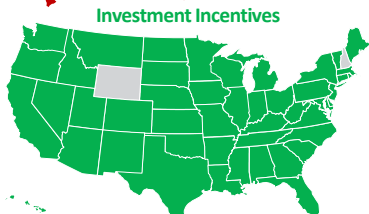
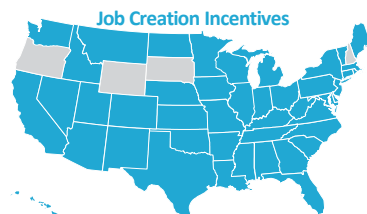
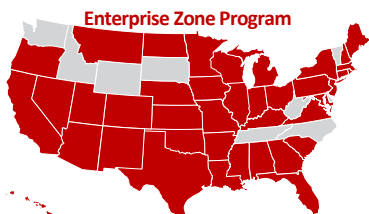
Major Credits Segments

<p>Enterprise Zone</p>	<ul style="list-style-type: none"> Federal, state, and local governments offer credits in targeted specific zones to encourage economic activity Examples: CO Enterprise Zone Tax Credit
<p>Research and Development</p>	<ul style="list-style-type: none"> The tax credit offsets federal and states income tax for qualified research programs Permanent extension on Research Tax Credits as per Omnibus Act
<p>Employer Credit Extension</p>	<ul style="list-style-type: none"> Credits for new jobs and retaining of employees post acquisitions Increasing employment & hiring from certain demographic groups and specific zones
<p>Property Credits</p>	<ul style="list-style-type: none"> Programs for encouraging PE investment to develop the affordable housing market Examples: Low Income Housing Tax Credit
<p>Energy and Environmental Taxes Credits</p>	<ul style="list-style-type: none"> Encouraging investment in green energy production & utilization Examples: Wind Energy PTC, Solar investment tax credit etc.

Reasons For Missed Credits And Incentives

	<p>To many incentives to track and lack of incentive expertise</p>
	<p>Lack of timely identification of incentives</p>
	<p>Difficulties meeting compliance qualifications</p>
	<p>Difficulties navigating incentive applications</p>
	<p>Lack of technology systems to centralize incentive information</p>

Tax Incentives Across US



Although most states have Credits & Incentive provisions, an estimated **50%** go unclaimed every year

Credits and Incentive Regulations & Impact

<p>Employer Tax Credit</p>	<p>Work Opportunity Tax Credit</p> <p>40% Credit Earnings of a new employee's first-year wages 25% If the employee works at least 120 hours and 40% if at least 400 hours</p>	<p>Federal Indian Employment Credit</p> <p>20% of the first \$20,000 in wages paid \$4k Tax credit for every employee earning <\$40,000</p>	<p>Federal Empowerment Zone</p> <p>20% Credit of first \$15,000 of wages \$3k Credit / Employee / Year</p>
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<p>Low Income Housing Tax Credit</p>	<p>Public Private Partnership in Affordable Housing</p> <p>1,420 projects and 107,000 units placed in service annually (1995 to 2014)</p>	<table border="1"> <thead> <tr> <th rowspan="2">Financing Method</th> <th colspan="2">Construction Method</th> </tr> <tr> <th>New Construction</th> <th>Acquisition/Rehabilitation</th> </tr> </thead> <tbody> <tr> <td>Non - Federally Subsidized (Perm Loan)</td> <td>9% Credits</td> <td>Acq. - 4% Rehab. - 9%</td> </tr> <tr> <td>Federally Subsidized (TE bonds)</td> <td>4% Credits</td> <td>Acq. - 4% Rehab. - 4%</td> </tr> </tbody> </table>	Financing Method	Construction Method		New Construction	Acquisition/Rehabilitation	Non - Federally Subsidized (Perm Loan)	9% Credits	Acq. - 4% Rehab. - 9%	Federally Subsidized (TE bonds)	4% Credits	Acq. - 4% Rehab. - 4%
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<p>Tax credit benefit for over 10 years</p>	<p>\$8 bn in annual budget authority</p>												

<p>New Market Tax Credit</p>	<p>TAX CREDIT Tax Credit on Private Capital in Low Income Communities via Community Development Entities (CDE)</p> <p>\$8 of private investment for every \$1 federal funding</p> <p>>4,800 businesses financed</p>	<p>Equity (QEI) NMTC Investor Tax Credits & Cash Return</p> <p>Loan (QLICI) QALICB* QALICB repayment of loan</p> <p><small>*Qualified Active Low Income Community Business, Qualified Equity Investment, Qualified Low Income Community Investment</small></p>
	<p>\$3.5 bn of credits authorized for each year through 2019</p> <p>Created 164 mn Sq ft of business space</p> <p>\$7 bn to qualified CDEs in next allocation</p>	

<p>Renewable Energy</p>	<p>Production Tax Credit</p> <p>\$0.023/kWh: Wind, Geothermal, Closed-loop Biomass</p> <p>\$0.012/kWh: Other eligible technologies</p> <p>Applies to first 10 years of operation</p>	<p>REBATE AMOUNT</p>	<p>Solar Investment Tax Credits</p> <p>30% Investment Tax Credit to Solar Facilities under Section 48</p> <table border="1"> <thead> <tr> <th>Available Tax Credits For Construction beginning</th> <th>Stepdown in PTC Amount</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Pre Jan 1, 2020</td> <td>2017</td> <td>20%</td> </tr> <tr> <td>Post Dec 31, 2019 & before Jan 1, 2021</td> <td>2018</td> <td>40%</td> </tr> <tr> <td>Post Dec 31, 2020 & before Jan 1, 2022</td> <td>2019</td> <td>60%</td> </tr> </tbody> </table>	Available Tax Credits For Construction beginning	Stepdown in PTC Amount	Percentage	Pre Jan 1, 2020	2017	20%	Post Dec 31, 2019 & before Jan 1, 2021	2018	40%	Post Dec 31, 2020 & before Jan 1, 2022	2019	60%
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Sources: Perspectives on business & economic incentives, JLL; Domestic Tax Conference, EY; Credits & Incentives - Ryan LLC; Credits & Incentives Talk: NMTC, Deloitte; Business Tax Credits, ADP.com; Tax-Exempt Housing Bond Basics, Novogradac & Company; TGI Brochure, Equifax Workforce

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