

How Do They Come Up With These Deals?

■ Application – Company and Project Information

■ Financial Review – Credit Analysis

■ Economic Impact Analysis - REMI

➤ Inputs:

■ Capital Investment

■ Employment- Payroll Taxes

➤ Outputs:

□ Cumulative Net Benefit: How much income will the State gain as a result of the project, or how much income will the State lose if company leaves the State

■ Funding Recommendation: LOI, Proposal (Terms and Conditions), Contract



Financial Review

- Company Overview
- Market
- Project Description
- Sources and Uses of Funds
- Eligibility – Applicant, Project, \$Use, Gap or Inducement
- Financial Analysis: Sales, Profits, Balance Sheet, Cash Flow, Repayment Sources, Collateral Analysis, Management, Employment, Credit Risk Rating, Economic Impact Analysis (IRR),
- Deal Structure
- Issues/Risks – Mitigants – Funding Recommendation

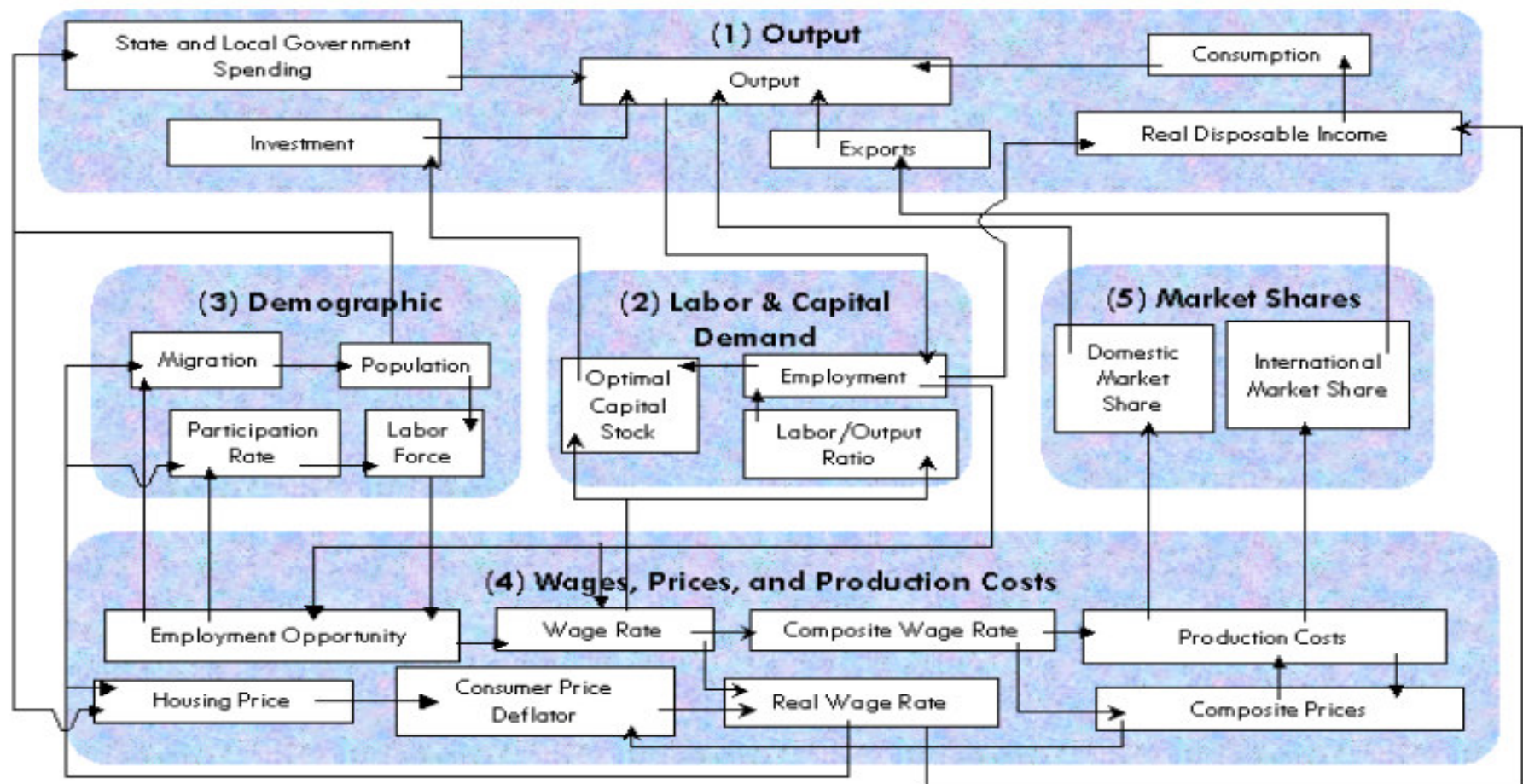
Economic Impact Analysis - REMI

- Inputs:
- Outputs:
- Results:

REMI Model

REMI Model Linkages

(Excluding Economic Geography Linkages)



Project Example:

Celebration Foods LLC (Carvel), New Britain

Considered the nation's first retail ice cream franchise, Carvel Corporation has become one of the best loved and most recognized names in its industry. Founded in 1934, the company is the leading manufacturer of uniquely shaped ice cream cakes, including its signature Fudgie the Whale and Cookie Puss cakes, as well as a leading provider of premium soft serve and hand dipped ice cream products. Carvel currently operates more than 570 franchised food service locations. In addition, the company sells its famous ice cream cakes in over 8,500 supermarkets outlets through its manufacturing and distributing subsidiary, Celebration Foods LLC (now called CF Food, LLC)

Project Example: Carvel

The Company performed several business studies, which identified the Northeast Region for the construction of a state of the art manufacturing plant. With Carvel's headquarters located in Rocky Hill, the State of Connecticut was included in the site search. The results identified a 13-acre parcel located in the "Smart Park" at the intersection of Booth and Myrtle Streets, New Britain, Connecticut as the most suitable site for the new facility. After a lengthy negotiation process with the city, state and the developer, an agreement was reached to construct a 120,000 square foot facility on the former Fafnir property, which was a remediated brownfield site. The new facility included administrative offices, food production spaces, and deep frozen storage. New equipment and automation technology was incorporated in the plant design for improved efficiency. The project will retain and create 265 full-time equivalent Connecticut jobs.

Project Example: Carvel

■ Sources of Funds

Cakemaker LLC, the developer	\$15,626,000
Carvel	1,291,000
DECD – MAA Loan	2,600,000
DECD – U. A. Grant	1,250,000
City of New Britain	1,241,000
Total	\$22,008,000

■ **Other DECD Incentive:** Urban & Industrial Tax Credits \$2,000,000

■ Use of Funds

Construction	\$13,300,000
Land	1,984,000
Other Develop Expenses	250,000
Architectural & Engineering	1,400,000
Machinery and Equipment	4,754,000
Furnishings/Equipment	320,000
Total	\$22,008,000

Project Example: Carvel

The DEAL

DECD Financing:

\$2,600,000 Loan
\$1,250,000 Grant

- **Rate:** 3 %
- **Term:** 10 years
- **Deferral:** For the first three (3) years, principal payments will be deferred
- **Forgiveness Credit:** \$1,300,000 upon achievement of Employment Obligation
- **Use of Funds:** Machinery and Equipment

DECD Urban & Industrial Reinvestment

Tax Credit: \$2,000,000

Project Example: Carvel

Economic Impact Analysis:

Inputs:

Sales \$

Construction \$

M&E \$

Other Costs/ fees, legal, training, recruitment, etc

Loan Amount \$

URA Amount \$

Outputs:

State Net New Revenue

Total \$29,600,000/ Ten Years

Net Present Value \$24,000,000/ Ten Years

Per Year Average \$ 2,960,000

Local (Regional) Net New Revenue \$ 2,700,000/ Ten Years

Gross State Product \$ 691,000/ Ten Years