



Healthcare Project Funding: Using the New Markets Tax Credit Program as a Capital Source

May 2025

Agenda

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6. One-Minute Summary



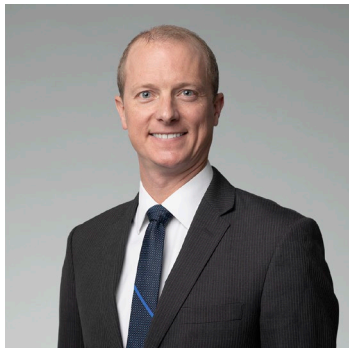
Today's Learning Objectives:

- 1) What is the NMTC Program?
- 2) Why should healthcare organizations consider implementing the NMTC Program into capital planning?
- 3) Key lessons learned from NMTC professionals which recently completed a healthcare project that utilized the NMTC Program for part of its financing

Meet the Presenters



Today's Presenters



Wes Ernst

Partner, CPA
Forvis Mazars



Mike Roney

Senior Manager
Forvis Mazars



Larry Rector

CEO/COO/CFO
Dayspring Health



Kim Smith

Partner
Holland & Knight LLP

The NMTC Program

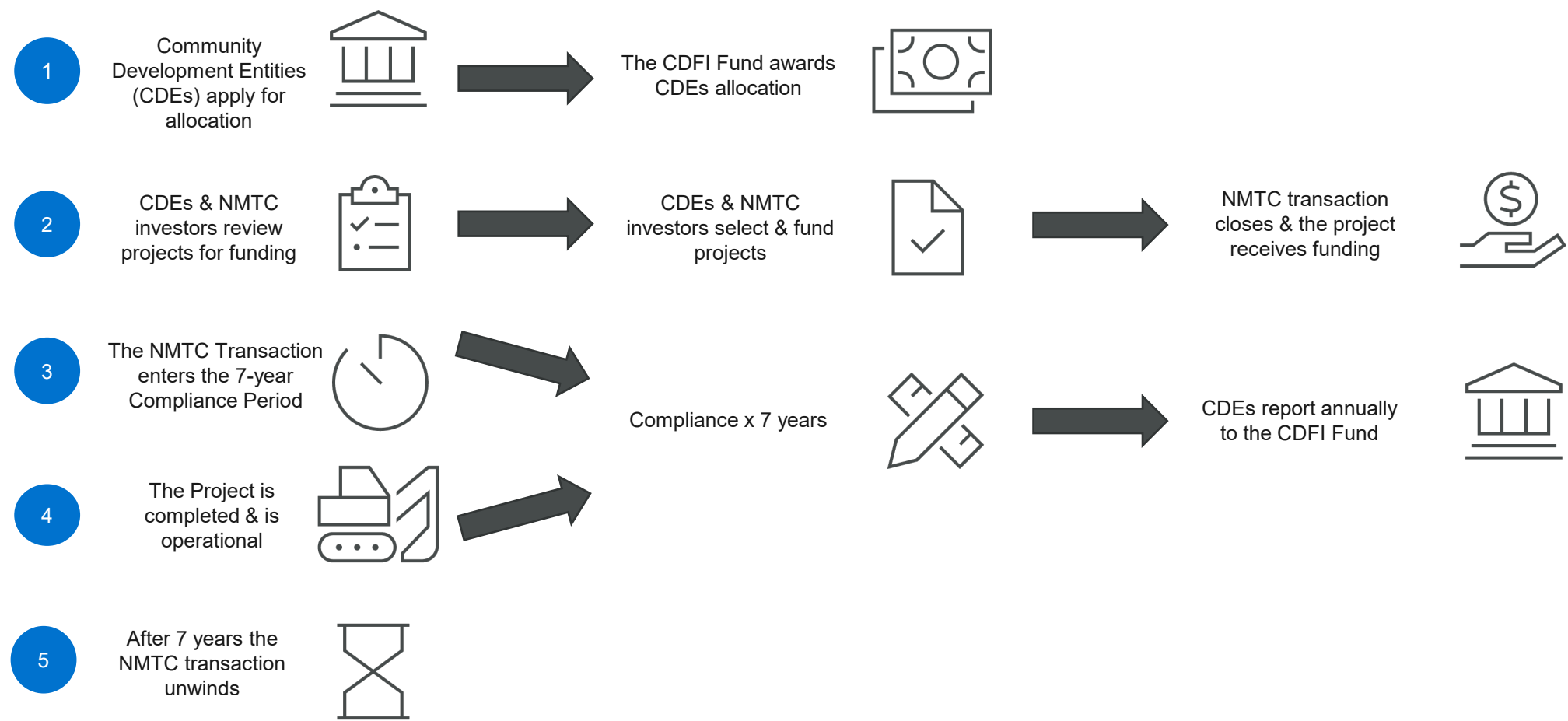


What Is the NMTC Program?



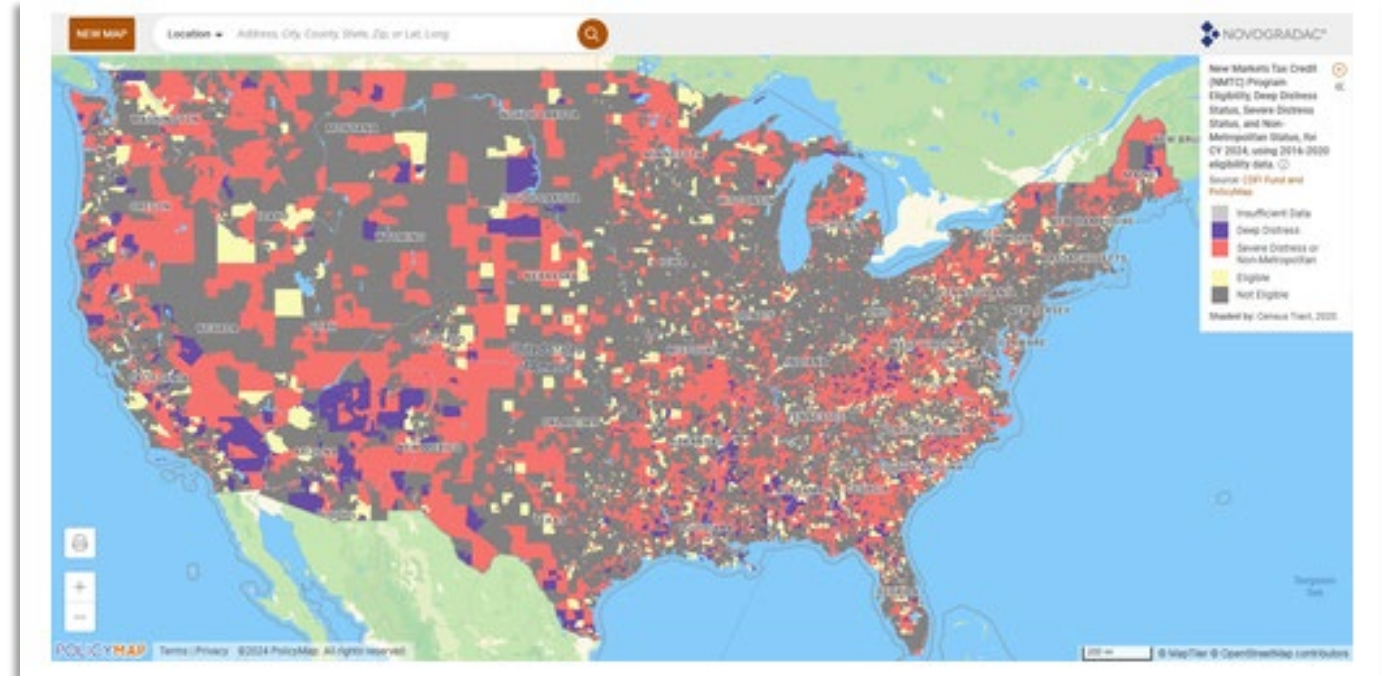
- A *federal* development program which attracts private investment to distressed communities
- Administered by the CDFI Fund, a division of the Treasury
 - [CDFI Fund – NMTC Program](#)
- As of the end of FY 2023, the NMTC Program has*
 - Generated \$8 of private investment for every \$1 of federal funding
 - Created nearly 268.2 million square feet of commercial real estate
 - Creation or retention of more than 888,200 jobs
- Community projects, *like healthcare-focused investments*, should view the NMTC Program as a Project Funding Tool

How Does the NMTC Program Work?



How Do You Qualify?

- Location, Location, Location
- Several location specific factors
 - Census Tract
 - Distress Level
 - Rural vs. Metro Designation
 - Targeted States
- Not all eligibility is created equal
- CDEs & NMTC investors may look for fact patterns, locations, & community outcomes specific to their needs



What Are the Benefits to an Organization?

- The NMTC Program helps organizations fund projects
 - Funding acts like a grant
 - Funding is more flexible than traditional forms of project funding
 - Funding is direct to the organization/project & is often immediately available
 - Funds reduce upfront project costs & may increase ROI
- Investment decisions are made at the community level where need is often more apparent
- Per the CDFI Fund, typically 94 to 96% of NMTC investments into businesses involve more favorable terms & conditions than the market typically offers. Terms may include:
 - Lower interest rates & longer interest-only periods
 - Lower origination fees
 - Higher loan-to-values
 - Lower debt coverage ratios
 - Longer maturities

So, What's the Catch?

- The NMTC Program is highly competitive
 - \$5 billion in allocation does not capture total market demand
- CDEs & investors can be highly selective
 - Worthy projects do not receive funding
 - Community benefits are paramount
- Timing really matters
- NMTC financing does not cover all project costs
- Transaction costs can be significant
- It's a government-run program so inefficiencies in the system are often persistent

NMTC Case Study: Dayspring Health



Dayspring Health – Williamsburg, Kentucky



Dayspring Health Regional Center – Williamsburg, KY

Project Background:

Dayspring Health opened a new 55,000 sq. ft. Federal Qualified Health Center in Williamsburg, Kentucky. The project replaced an abandoned & shuttered Wal-Mart. The project was funded in part by USDA loans, NMTC funding, & Dayspring cash on hand. The project opened in 2024 & has been serving new patients & old friends through a comprehensive, all under one roof, healthcare campus.



2024



NMTC Amount: \$16,500,000
Total Project Cost: \$17,000,000+



CDEs: Community Healthcare
Hospitality Services



Investor: Capital One



Impact: estimated 7-year
grant of \$3,500,000

45 new jobs, comprehensive
healthcare services to a rural
community

Project & Program Q&A



Questions With Kim Smith:



How should an organization prepare for an NMTC transaction?



What are some common pitfalls before an NMTC transaction closes?



When is it best to bring in NMTC counsel?



What do you enjoy about working with organizations?



Why do you think the NMTC Program is valuable?

Questions With Larry Rector:



How did you hear about the NMTC Program?



What did you learn along the way?



What do you wish you knew ahead of time?



What challenges did you face along the way?



What was the overall impact to the project? To Dayspring Health?



How is the project doing today?

One-Minute Summary



Thank You!

A special thanks to Larry Rector
& Kim Smith for their time
& expertise today!

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