

EnhancedCapital

# Building Stronger Communities



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COMMUNITY IMPACT REPORT

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## LETTER FROM OUR PRESIDENT

Throughout the years, Enhanced Capital has recognized that aligning private sector resources with public policy goals can make great things happen in disadvantaged communities.

As we approach our 20-year anniversary, that fundamental premise has not changed.

Enhanced Capital remains committed to offering innovative financing that meets social, economic and policy goals, while promoting partnerships between public and private entities that build stronger communities.

For each new investment, we ask the question: Will this project build a stronger community? From construction of a school in an impoverished Arkansas town, to the creation of community solar installations throughout Minnesota, to the transformation of a blighted building into a world-class culinary institute in New Orleans, we

are proud of the opportunities our investments have helped to create in underserved neighborhoods and cities throughout the United States. Thanks to these catalytic projects, communities are not only able to sustain their local economies, they're also able to grow.

Among our activities in 2018, Enhanced Capital developed and launched small, rural business funds in Ohio, Georgia and Utah aiming to reduce the financing disparity between rural and urban areas. Small businesses are the backbone of rural communities, and we look forward to seeing the economies lifted, jobs created and quality of life improved in small towns and farms across the nation.

We don't carry out all of this work alone. We have continued to forge partnerships with coalitions, banks, developers, entrepreneurs and small- and medium-size businesses. Together, we can support transformative programs and public policies that improve access to capital in areas underserved by traditional investment sources. Partnerships buoy our efforts to preserve historically valuable buildings, provide education and training opportunities, create jobs and develop access to renewable energy.

In the following pages you will read more about a few of the programs, partnerships and projects Enhanced Capital has invested in that are making a positive impact in their communities. In the year ahead, we will continue our mission to bring private capital to the disadvantaged areas that need it, working with public and private partners to build resiliency and economic opportunity.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael A.G. Korengold".

Michael A.G. Korengold  
President and Chief Executive Officer

**“For each new investment, we ask the question: Will this project build a stronger community?”**

**MICHAEL A.G. KORENGOLD  
PRESIDENT & CHIEF  
EXECUTIVE OFFICER**

# Impact investing by the numbers

Enhanced Capital invests in projects overlooked by traditional investors and that make an immediate impact on individuals, communities, businesses and industries in a variety of ways:

## SUSTAINABILITY

Access to renewable energy helps to build sustainable communities. Enhanced Capital is proud to finance clean energy projects with a positive social impact.

**37**  
RENEWABLE ENERGY  
PROJECTS IN OPERATION

FINANCED  
**\$336M**  
IN CLEAN ENERGY  
PROJECTS

## PUBLIC-PRIVATE PARTNERSHIPS

Collaborating with public and private entities, Enhanced Capital finances projects that have a catalytic impact, creating a ripple of economic activity in their communities.

COMPLETED  
**90**  
DEALS IN 2018

CURRENTLY MANAGING  
**385**  
DEALS

INVESTED IN  
**34**  
STATES

INVESTED  
**\$269M**  
IN 2018

## HISTORIC REHABILITATION

Historic buildings preserve stories from past generations. Through historic rehabilitation projects, Enhanced Capital makes history accessible for future generations.

INVESTED IN  
**110**  
PROJECTS THAT  
PRESERVE HISTORIC  
VALUE

ENHANCED CAPITAL HAS  
FINANCED MORE THAN  
**\$1.5B**  
IN HISTORIC  
REVITALIZATION  
PROJECTS

## COMMUNITY DEVELOPMENT

Utilizing state and federal New Markets Tax Credit programs, Enhanced Capital provides transformative capital for projects located in underserved communities.

AWARDED A TOTAL OF  
**\$696M**  
IN FEDERAL AND  
STATE NMTC  
ALLOCATIONS  
TO DATE



**Enhanced Capital strengthens communities by investing in projects that support the growth of small businesses, preserve historic value, increase access to renewable energy and provide economic opportunity to underserved geographies and populations.**

RURAL SMALL BUSINESSES

# Addressing capital needs in rural America

While small businesses are crucial contributors to the vitality and economic success of rural communities, they are often unable to secure capital from banks and traditional investors to help modernize and grow their operations. Since 2000, only 1 percent of capital invested nationally has been invested in small businesses located in rural America, causing these economies to struggle.

Enhanced Capital is proud to support rural communities through innovative programs that are active in Georgia, Ohio and Utah. These programs provide capital to growth-oriented small businesses in rural areas of these states.



## Manufacturing company expands with support from Enhanced Capital

When MCS Manufacturing was seeking additional capital to expand its operations, Waterford Bank introduced the company to Enhanced Capital, who stepped in to provide flexible financing through the Ohio Rural Business Growth Program.

Located in the rural village of Lyons, Ohio, MCS Manufacturing offers a variety of services and custom products, including assembly, machining and co-packaging services, specialized robotic weld cells and more. Aaron Call, owner and operator of the company, founded MCS Manufacturing in 2008 and has developed a patent-protected machinery process for assembling components to produce high-quality products for customers.

MCS Manufacturing had received additional requests from its largest customer, and needed to expand its operations and employee base to keep up with the demand.

"The company had a longstanding relationship with a local bank, and while the bank continues to be the lead capital provider, their credit capacity did not fulfill the full growth capital request," explained Andrew Eick, Director at Enhanced Capital. "This, coupled with Waterford's introduction, provided an opportunity for Enhanced to play a role in the growth of MCS. The Ohio Rural Business Growth Program was designed to support rural, small businesses in this situation."

The funding from Enhanced Capital has allowed MCS Manufacturing to purchase new equipment, hire additional staff and expand its manufacturing facility with new warehouse space and shipping and receiving docks.

"MCS Manufacturing is expanding quickly to meet the growing need for manufacturing services," said Call. "Enhanced Capital's flexible financing has allowed MCS to increase production of quality, custom products for our clients."



## Flexible capital allows Georgia farm to thrive

Small businesses are the lifeblood of rural economies, and Luther Griffin Farm is no exception. Operated by brothers Keith and Craig Griffin, the farm has been in the family for generations. The 7,400-acre operation, located in Bainbridge, Georgia, supports a variety of agricultural products, including cattle, peanuts, corn, oats and more.

Looking to expand their operations and manage their legacy costs, the Griffin brothers needed access to flexible capital. Through Enhanced Capital's Georgia Rural Jobs Fund, they received financing to grow their cattle herd, install an irrigation system, reduce legacy costs and maintain working capital to continue to expand the agricultural products they offer.

"We weren't able to acquire financing from traditional investors," Keith Griffin said. "Enhanced Capital's financing came at a crucial time and has allowed us to grow our family's farming legacy."

The positive effects of the investment will extend beyond the farm, producing a ripple effect of activity for their suppliers and vendors throughout the surrounding community.

"Too often, rural, small businesses are unable to acquire the financing they need to remain viable and grow in their communities," said Doug Beekman, Director at Enhanced Capital. "We're proud to take part in innovative programs that enable small, rural companies like Luther Griffin Farms to succeed and support the local economy."



### PARTNERSHIP:



Enhanced Capital is proud to participate in the Rural Jobs Coalition, an organization dedicated to addressing the disparity in capital access between rural and urban areas. This nonpartisan group, composed of small-business advocates, works alongside community leaders, businesses and lawmakers to develop innovative policy solutions that fit the needs of rural communities across the nation. In doing so, the Coalition has been effective in helping small businesses achieve their growth goals while stimulating rural economies, ensuring communities will be successful for years to come.

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WORKFORCE DEVELOPMENT

# Creating economic opportunity through workforce development

For over a decade, Enhanced Capital, through its Community Development Entity, Enhanced Community Development, has utilized state and federal New Markets Tax Credits (NMTCs) to finance projects in low-income, economically distressed communities. While businesses and nonprofit organizations in these areas are often overlooked by traditional investors, Enhanced knows that, with the appropriate tools, it can provide capital to rebuild, expand and modernize facilities to revitalize local economies.

Enhanced Community Development has been awarded \$696 million in NMTC allocations, which have financed transformative projects in underserved communities across the United States. Over the past five years, Enhanced has utilized NMTCs to fund projects that provided over 15,000 direct jobs, boosting the workforce in many communities across the nation.





## Culinary institute poised to address unemployment in Louisiana

A failed arts center in the New Orleans Warehouse District is providing new workforce development opportunities for the local community after being renovated into a world class culinary institute.

Enhanced Capital provided financing to transform the historic ArtWorks building into the New Orleans Culinary and Hospitality Institute (NOCHI), which is bringing a vacant 93,000-square-foot building back to life and helping to solve a shortage of trained hospitality staff in a city renowned for its food and tourism.

Through both standardized and employer-based programs, NOCHI will provide culinary and hospitality training for over 500 workers annually. As part of the remodel, NOCHI will also build out and lease space to Tulane University's A.B. Freeman School of Business for its new programs in Entrepreneurial Hospitality, further supporting workforce development. NOCHI will also offer culinary classes to tourists and host low-cost community programs that focus on nutrition to improve wellness.

"It's a huge opportunity to provide enrichment for all the food and beverage enthusiasts around the world and, of course, in our local community," said Carol Markowitz, Executive Director of NOCHI.

In addition to training a generation of new workers and raising the ceiling for those already in the industry, the project will create 57 temporary and 33 permanent jobs.

Understanding the role NOCHI will play in developing the professional workforce needed to host New Orleans' growing number of annual visitors, the Ernest N. Morial New Orleans Exhibition Hall Authority purchased the building and leased it back to NOCHI, enabling the project to move forward.

The renovation would not have been possible without the \$10 million in federal New Markets Tax Credit allocation from Enhanced Community Development and its purchase of \$3.2 million in Louisiana Historic Tax Credits. Utilizing several programs, IBERIABANK provided \$13.7 million in additional financing to support this investment.



## Movie theater catalyzes redevelopment in Nevada

A new 14-screen, 67,901-square-foot movie theater is providing concrete evidence of an economic revival underway in a blighted part of North Las Vegas.

Maya Cinemas is widely seen as paving the way for additional redevelopment projects, bringing jobs, community programs, entertainment and education to a low-income community with the help of an \$8.5 million federal New Markets Tax Credit (NMTC) allocation from Enhanced Capital.

"Maya Cinemas will attract additional private investment to this area that will only strengthen the local economy," said Richard Montgomery, Managing Partner at Enhanced Capital. "This project is evidence of the cascading positive impact New Markets Tax Credits have on individuals, businesses and communities."

The theater is part of a larger community and economic development plan in North Las Vegas and will serve as the hub for additional development, including commercial and community spaces, retail, restaurants and a new charter school that includes an outdoor professional-league-size soccer field. Not only will the cinema anchor the development and provide affordable entertainment, it will also bring jobs and training for low-income, minority residents in a community with high poverty levels.

"As a minority-owned firm, Maya Cinemas is committed to providing opportunities for overlooked populations to be successful," said Moctesuma Esparza, Chief Executive Officer of Maya Cinemas. "Our partnership with Enhanced has allowed us to finance a project that will provide jobs above the area's living wage."

The \$26.5 million project will create 75 full-time jobs, nearly 80 percent of which are expected to be filled by low-income local residents. Additionally, employees will have access to training programs that teach basic employment skills, including cash management, customer service, conflict resolution and food handling, and a paid internship and training program for high school students in partnership with the Clark County School District.



### PARTNERSHIP:



In 2017, IBERIABANK launched IBERIA Civic Impact Partners to make public welfare investments in projects and businesses that qualify for federal Low-Income Housing, New Markets and Historic Rehabilitation Tax Credits. Since then, IBERIA Civic Impact Partners has invested over \$55 million in community impact projects. Enhanced has supported IBERIA Civic Impact Partners on 11 projects, providing origination, execution, underwriting and asset management services. This partnership has allowed IBERIABANK to invest in projects that create jobs, provide training opportunities for employees and bring important goods, services, affordable housing and facilities to their local communities.

HISTORIC TAX CREDITS

# Preserving heritage while revitalizing communities

For 40 years, the Historic Tax Credit has enabled communities to leverage private capital to adapt aging, historic buildings, preserving their cultural heritage while ensuring these older structures are contributing to vibrant economies.

Historic Tax Credit investments have helped to restore and revitalize abandoned schools, churches, hotels, factories and offices throughout the country, providing modern-day amenities and fulfilling needs such as affordable housing, educational opportunities, job creation and more. In partnership with state and federal entities, investors like Enhanced Capital have utilized the Historic Tax Credit to preserve more than 43,000 historic properties in neighborhoods across the nation, while catalyzing over \$144 billion in private investment.



## Rehabilitation of opera house reactivates Philadelphia neighborhood

**B**uilt in 1908 by Oscar Hammerstein I (grandfather of the famed lyricist), the Philadelphia Metropolitan Opera House was celebrated as the largest and grandest of its time. Sadly, The Met did not fulfill expectations, instead suffering from the economic effects of the Great Depression as people sought to find inexpensive or free entertainment elsewhere. When plaster began falling from the ceiling, the building was declared imminently dangerous. It closed to the public in the 1950s and was nearly demolished – until the Reverend Mark Hatcher intervened.

A partnership between the reverend and developer Eric Blumenfeld is now setting the stage for a new chapter at the mighty opera house. A massive renovation restored the building to its former glory and is bringing new life to North Philadelphia.

With a \$9 million investment in Historic Tax Credits from Enhanced Capital, The Met was recently transformed into a 3,400-seat concert venue managed and operated by Live Nation, the world's largest music and concert promoter.

The new 110,000-square-foot venue can accommodate a variety of live performances, including rock, jazz, R&B, country, hip-hop, dance and boxing. The Met now offers amenities such as an outdoor space, lounge area and bar, while showcasing chandeliers and terrazzo flooring that are reflective of the original structure. The venue has also been reactivated for weekly church services every Sunday, paying tribute to its past.

"Restoration of The Met provides an economic boost to the region, particularly neighboring restaurants, hotels and businesses in the surrounding area," said Jon Burckin, Principal at Enhanced Capital. "We are proud to be a part of the renovation that is giving new life to the building and the surrounding community."



## Historic school is remodeled to serve low-income students

**C**onstructed in 1924, Garland Elementary School was taken out of service in 2001 and from then on was only used on a limited basis for administrative purposes. Thanks to an investment from Enhanced Capital, Garland Elementary is now being remodeled and will become part of Arkansas' larger initiative to expand access to high-quality education for at-risk students.

The Walton Family Foundation purchased the property in 2017 from the Little Rock School District as part of its mission to give young people the opportunity to succeed by expanding access to innovative, high-quality education options in Arkansas and the surrounding region. The newly renovated building, renamed Friendship Aspire Academy, is doing just that. The school will open enrollment in 2019 for 300 students in kindergarten through third grade and expand each year to add an additional grade level. By 2023, the school is projected to serve 700 students in kindergarten through eighth grade.

Historically, students in the area have been denied opportunities for high-quality education, which is reflected in test scores that are below the district and state average. The Friendship Aspire Academy's robust educational programming works to address this gap and ensure students are equipped with the tools they need to be successful in the future.

Enhanced Capital partnered with IBERIA Civic Impact Partners to facilitate a \$1.3 million Historic Tax Credit equity investment to support the \$11 million project. Friendship will not only provide students with educational opportunities, but also transportation and three meals each day. Thanks to a partnership with a local vendor, the meals will be provided for free; 90 percent of students qualify for free or reduced-price lunches because of the area's poverty rate.

"Investment in our youths' education pays dividends in the future," said Dusty Dickerson, Director at Enhanced Capital. "We are proud to invest in this project and help pave the way for the next generation of professionals, academics and leaders in the Little Rock community."



### PARTNERSHIP:



The Historic Tax Credit Coalition was founded in 2009 to support the federal Historic Tax Credit (HTC) and develop innovative solutions to keep the HTC as an efficient and effective financing tool for historic rehabilitation projects. In 2017, \$6.5 billion was invested in historic rehabilitation projects across the country, creating nearly 107,000 jobs and stimulating local economies. The Coalition is a national nonprofit composed of a diverse group of stakeholders including architects, preservation consultants, lawyers, accountants and investors like Enhanced Capital. Enhanced Capital is proud to be a Coalition member helping to preserve the HTC as well as the culture and history of cities across the nation.

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ENVIRONMENTAL SUSTAINABILITY

# Investing to support renewable energy

Enhanced Capital partners with underserved communities to positively transform the world around them. This commitment is shown in its efforts to build healthy, thriving and environmentally sustainable communities through investments in renewable energy projects.

Through the Solar Investment Tax Credit program, Enhanced Capital invests in solar projects that bring affordable, clean energy to underserved populations. Enhanced Capital has completed solar projects that provide energy to, among others, municipalities, nonprofit organizations and residential customers. These investments have not only made a positive impact in many communities, they have also helped to advance the renewable energy industry and remove barriers for many consumers.

To date, Enhanced has invested in projects that have over 150 megawatts of nameplate capacity.



## SunLight General Capital brings low-cost, green energy to communities

Affordable clean energy is helping to power multiple buildings in New Jersey thanks to an investment by Enhanced Capital.

Through the Solar Investment Tax Credit program, Enhanced Capital provided critical financing to help SunLight General Capital bring green energy to a Goodwill center, a recycling plant and a municipal building in Ocean, Keasbey and Matawan, New Jersey.

The buildings are benefitting from energy generated by solar arrays located on their rooftops, which are producing a combined one megawatt of sustainable solar power.

"These projects were quickly completed and the solar arrays made operational thanks in part to financing from Enhanced Capital," said Stacey Hughes, Chief Financial Officer of SunLight General Capital. "Enhanced's expertise and flexible financing helped make these projects possible."

SunLight General Capital has developed, owns and operates over 140 renewable energy projects, which continue to support communities across the nation. Excess power produced from these new projects will be distributed to the local power grid and used in the New Jersey communities.

"Cost continues to be a prohibitive factor for nonprofits and municipalities that are interested in accessing clean, solar energy," explained Scott Strobbridge, Head of Renewable Energy at Enhanced Capital. "The tax equity financing we provide helps address this factor and allows projects like those in New Jersey to be made possible."



## Renewable energy access grows through community solar gardens

For many people hoping to utilize green energy and support a more sustainable environment, installing the necessary renewable energy equipment may not be affordable or practical in their homes. ForeFront Power is helping to solve this problem in New York, where the company, with the financing assistance of Enhanced Capital, developed seven community solar gardens and a remote metering project that will provide solar energy to a local school.

The community solar gardens in New York will allow people to subscribe or "rent" their desired amount of energy, offering flexibility to those hoping to support renewable sources to meet their energy needs. Customers are ultimately able to enjoy the benefits of clean energy without installing equipment on their own rooftops or property.

"People who live in apartments or other types of residences without space for solar panels will be able to subscribe to a nearby solar garden and acquire credits toward their utility bills," said Scott Strobbridge, General Counsel at Enhanced Capital. "This project is going to make green energy more accessible and promote sustainable communities."

This innovative energy concept was made possible in part by \$12.7 million in tax equity financing provided by Enhanced Capital. When completed, the gardens and school project are expected to produce 27.3 megawatts of solar power, which will be utilized by residential subscribers and the school.

"Community solar gardens are expanding across the nation to make access to solar energy a reality for individuals and families, without the need to put solar panels on their residences," said Bryan Eckstein, Vice President of Project Finance and Business Development at ForeFront Power. "Enhanced's involvement in the renewable energy industry and foresight to help finance these projects has provided opportunities for residents in the New York communities where the solar projects are located to utilize renewable energy to power their homes."



Enhanced Capital works alongside partners in the renewable energy industry, including developers, engineers and stakeholders, to bring affordable solar energy to communities by funding solar gardens and other projects that provide working class homes and community organizations with access to clean energy. To date, Enhanced has invested \$114 million in solar energy projects and is committed to funding additional projects in 2019.

# Volunteering for a stronger community

At Enhanced Capital, we have built a culture around impactful community investing that is a focus for employees outside of the office as well. Numerous members of the Enhanced Capital team are investing in their communities by volunteering their time and expertise, supporting the formation of nonprofit organizations and more.

**DAN PACKARD, DIRECTOR OF FINANCE**



Dan Packard volunteers his time and expertise as the Treasurer for unCommon Construction (uCC), a nonprofit that uses the building process to empower youth to lead the workforce after high school or college. Each semester, uCC hires roughly 20 high school apprentices, who lead volunteers in building a house from the ground up.

“unCommon Construction provides an avenue for motivated high school students to take charge of their lives through career and wealth building opportunities.”

**CARTER GOMAN, ASSOCIATE**



Expanding access to educational opportunities supports individuals and positions them for success. Through Minds Matter, a nonprofit in New York City, Carter Goman mentors high school students from low-income families, helping them realize their dreams of attending college.

“Many students come from families in which no one has a college degree, and as a result they never truly believed that college was an option. It is rewarding to help these students see that pursuing higher education is an achievable reality.”

**LAUREL HEARN, ASSOCIATE**



The Young Leadership Council in New Orleans, Louisiana, is the oldest independent young professionals' organization in the United States. Laurel Hearn has been involved in the Leadership Development Series that provides class members with basic training for running a nonprofit or service project that addresses a need within the community.

“For over 30 years, the Young Leadership Council has served the Greater New Orleans area through a range of programs, from promoting STEM education in schools to recycling initiatives that inspire sustainable communities.”

**GINGEE PRINCE, MANAGING DIRECTOR**



Based in Jackson, Wyoming, Vertical Harvest utilizes innovative vertical farming technology and an inclusive employment model to provide meaningful job opportunities for people with disabilities while providing fresh produce to cold-climate communities. For nearly four years, Gingeer Prince has served on the Board of Directors and provided strategic guidance to help get this company off the ground.

“I am fortunate to be a part of such an impactful company that not only benefits the employees, but also the community in which it operates. Being a part of Vertical Harvest has taught me that we all have abilities and disabilities, and when you focus on the abilities, everyone wins.”

# Looking Ahead



Through collaborative partnerships, Enhanced Capital will continue to develop flexible funding programs that provide underserved communities with opportunities to thrive.

In 2019, our 20th year, we remain committed to:

1

Investing in rural America

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2

Financing affordable housing

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3

Preserving history and reinvigorating the community through historic rehabilitation

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4

Increasing access to renewable energy and supporting environmental sustainability

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5

Catalyzing economic development for areas and businesses overlooked by traditional investors

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# EnhancedCapital

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