



Enhanced Capital

COMMUNITY IMPACT REPORT

**“We measure our success
not just by financial
performance, but by the
positive effects these
investments have
on their communities.”**

**– *Michael A.G. Korengold,
President and
Chief Executive Officer***



A Letter From Our President

For more than 16 years, Enhanced Capital has partnered with public and private sector stakeholders to deploy capital into impact investments and catalytic economic development opportunities. We opened our doors in 1999 with a focus on helping small and medium-size businesses access affordable growth capital. In the years since, we have expanded our investment focus to projects that improve low-income communities, revitalize historic buildings, create affordable housing and generate renewable energy.

To date, Enhanced Capital has participated in hundreds of transactions that have invested more than \$1 billion in job-creating businesses, organizations and projects through a variety of public-private partnership programs.


These public-private partnership programs give us the opportunity and privilege to help financially underserved businesses, community organizations and economic development projects gain access to the financial resources they need to succeed. Behind all of these investments are great stories of how Enhanced Capital has helped positively impact people, small businesses, the environment, neighborhoods and communities.

Our goal is to find promising investment opportunities that will make a difference. Policymakers have entrusted us with public resources in order to achieve targeted public policy outcomes, and we take that responsibility seriously. We measure our success not just by financial performance, but by the positive effects these investments have on their communities. This impact is measured by quantifiable operational metrics, as well as through the stories of the businesses and communities we have helped along the way.

The following pages of this report provide an overview of our investment activities and a sample of case studies that showcase the breadth and diversity of our impact. You will read about investments that financed key equipment purchases for a rurally based business, provided working capital to a technology company based in a major metropolitan area, facilitated the expansion of an educational institution and more.

In 2016, Enhanced Capital was awarded its sixth federal New Markets Tax Credit allocation. As we move forward, Enhanced Capital will seek new opportunities that leverage our experience and expertise to build on our legacy of successful impact investing. We are excited about our future and the individuals, businesses and communities we will continue to help through our public policy investment strategies.

Sincerely,



Michael A.G. Korengold
President and Chief Executive Officer



EnhancedCapital

Enhanced Helps Put Start-up on Path to Success, Future Growth

What began as a college student's desire to save money on textbooks is now a company with 1,000 representatives at more than 70 college campuses nationwide – and on a trajectory for continued growth.

Jonathan Robinson was a biology student before he was an entrepreneur with a fast-growing start-up in Alabama. Frustrated by the price of college textbooks, he started FreeTextbooks. Soon, he hired employees and began recruiting student representatives, helping their peers buy and sell textbooks with one-hour delivery.

Today, his company is credited with saving students more than \$3.5 million each year and is on a path for future growth.

"Our current and future student ventures serve one goal: unlocking the career potential for our campus reps. As students excel within our model, they refine preferences and motivations to hone their career-making decisions and then, upon graduation, are connected within our business network to find jobs they love," Robinson said. "We wouldn't have accomplished any of this without Enhanced Capital's initial investment of private growth capital."

Enhanced Capital Alabama Fund, LLC, a subsidiary of Enhanced Capital, invested in FreeTextbooks through the Alabama Certified Capital Company program, which was created by the Alabama Legislature to encourage private capital investment in Alabama-based small businesses poised for growth and job creation.

As a result of its growth, FreeTextbooks hired and retained 14 employees, bringing their total roster to 16 full-time employees with more than 1,000 student reps, and is poised for an even brighter future.

"It has been a pleasure to work with Jonathan and help FreeTextbooks expand its business to more campuses across the country," said Shane McCarthy, Chief Financial Officer of Enhanced Capital. "Assisting small-business entrepreneurs whose companies generate positive social and economic returns is extremely rewarding for our team."

"We wouldn't have accomplished any of this without Enhanced Capital's initial investment of private growth capital."

*– Jonathan Robinson,
Founder and CEO of
FreeTextbooks*

COMMUNITY IMPACT BY THE NUMBERS

16 FULL-TIME EMPLOYEES

1,000+ STUDENT REPRESENTATIVES

70+ CAMPUSES NATIONWIDE

\$3.5+ MILLION SAVED ON TEXTBOOKS EACH YEAR

FREETEXTBOOKS



Historic Tax Credits Support Academic and Economic Development in New Orleans

A historical warehouse building has become a new and economically revitalizing extension of the New Orleans Center for Creative Arts (NOCCA), an arts training center and academic institution serving middle and high school students from across Louisiana.

Called the “Chevron Forum,” the renovated facility is increasing NOCCA’s capacity to serve as many as 700 students from across the region and state. It includes new labs, kitchens and classrooms that will support workforce training for Louisiana’s multibillion-dollar cultural, creative and digital economies.

“The Chevron Forum is a fitting symbol of the bold and ambitious vision NOCCA and its many friends and partners have for inspiring and training young artists for enriching and impactful careers here and beyond,” said Kyle Wedberg, President and CEO of the New Orleans Center for Creative Arts.

With a public art gallery and restaurant for the community and the creation of new jobs, the historic neighborhoods surrounding NOCCA will see positive economic benefits as well. The project also helps to preserve an important piece of American history at the site, which sits next to the location of Homer Plessy’s 1892 arrest for violating state segregation law. Plessy’s arrest ultimately led to the landmark Plessy v. Ferguson U.S. Supreme Court case.

The \$26.6 million renovation was made possible in part by historic rehabilitation tax credits.

Enhanced Capital helped NOCCA realize value from the project’s state historic tax credits.

“NOCCA has been at the heart of New Orleans culture for decades,” said Ben Dupuy, Managing Director of Enhanced Capital’s Tax Finance Group, “and this project will allow this special institution to make even greater social, cultural and economic impacts on our community.”

“The Chevron Forum is a fitting symbol of the bold and ambitious vision NOCCA and its many friends and partners have for inspiring and training young artists for enriching and impactful careers.”

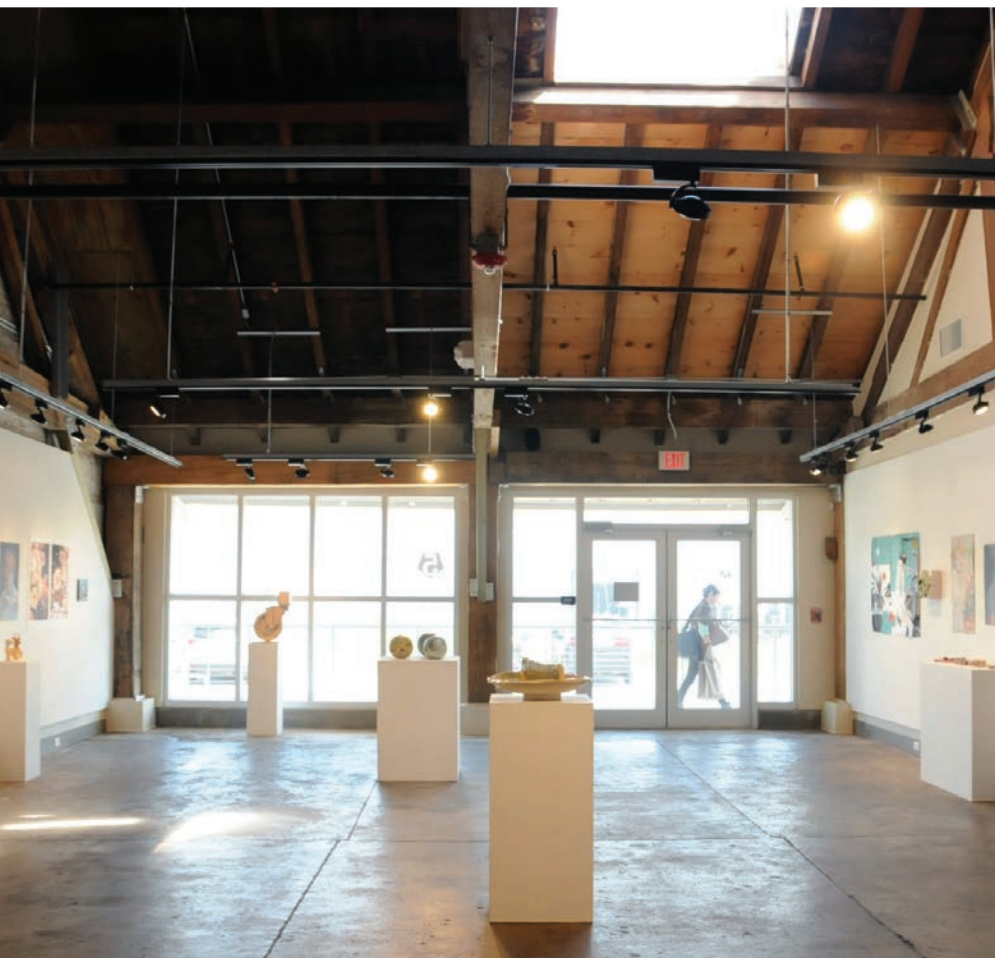
*— Kyle Wedberg,
President and CEO of the New Orleans Center for Creative Arts*

COMMUNITY IMPACT BY THE NUMBERS

\$26.6 MILLION HISTORIC RENOVATION

700 STUDENTS SERVED

60,000 SQ. FT. ADDED TO SUPPORT WORKFORCE TRAINING



Enabling a Medical Care Provider to Expand to Meet Community Needs

Northern Nevada HOPES, a Federally Qualified Health Center, has been serving patients in need since 1997. Often patients can't afford care elsewhere, and so it wasn't surprising when the facility recently found it had outgrown its 18,000-square-foot building in downtown Reno, Nevada.

To help HOPES complete a much-needed expansion, Enhanced Community Development provided \$3 million in federal and \$8 million in Nevada New Markets Tax Credit allocation. This funding allowed HOPES to develop a new, approximately 37,000-square-foot building that will serve thousands more patients each year – and provide many new jobs in the process.

The expansion has been touted as a “game changer” for the greater Reno area.

“The new building has allowed us to help so many more patients in our community, and to provide integrated services that support a person's whole health,” said Jessica Lance, Chief Financial Officer of Northern Nevada HOPES. “Without this financing, we would not have had the capital we needed to collaborate with other medical service providers, such as in-patient treatment for drug rehabilitation and detox clients, or to expand our pediatric program.”

The health center is expected to expand from serving 4,000 patients annually to 10,000 patients each year. Additionally, Northern Nevada HOPES has been able to maintain 52 current staff members and hire 45 new full-time employees. As it grows, HOPES expects to bring on another 15 new employees. All employees receive quality salaries and full benefits, including health care and retirement plans.

“This is exactly the type of project New Markets Tax Credits aim to support – funding to fill the capital gap for projects that create jobs and benefit economically distressed and underserved communities,” said Richard Montgomery, Vice President of Enhanced Community Development, a subsidiary of Enhanced Capital. “By providing medically underserved populations with access to health care, HOPES is making a tremendous positive impact in the community in and around Reno.”

“The new building has allowed us to help so many more patients in our community, and to provide integrated services that support a person's whole health.”

– Jessica Lance,
Chief Financial Officer, Northern
Nevada HOPES

COMMUNITY IMPACT BY THE NUMBERS

52 EMPLOYEES RETAINED

45 NEW FULL-TIME
EMPLOYEES HIRED

10,000 PROJECTED
PATIENTS SERVED
EACH YEAR



Economic Boom Begins in Rural Arkansas

New Markets Tax Credits are helping to revive a rural community in Northeastern Arkansas, providing the necessary capital for a highly distressed river town to turn the corner.

Osceola, Arkansas, is poised for an economic boom after Enhanced Community Development (ECD) and other Community Development Entities provided federal New Markets Tax Credit and Arkansas New Markets Jobs Act tax credit allocations to build Mid-River Terminal, a freight transport facility. In total, ECD provided \$5 million in federal New Markets Tax Credit allocation and \$4.8 million in Arkansas New Markets Jobs Act tax credit allocation to this job-creating business.

Located on the Mississippi River, Mid-River Terminal is supporting operations at the state's largest economic development project, Big River Steel, a \$1.3 billion steel mill expected to bring 500 jobs to the highly distressed area.

Aside from supporting Big River Steel, Mid-River Terminal will hire its own new employees, creating additional jobs. The terminal currently employs 31 people and is expected to provide 125 permanent jobs with an average salary of \$55,000 over the next several years. Building the facility also created 75 construction jobs.

Rick and Dianna Ellis own and operate Mid-River Terminal.

"Big River Steel has sparked economic revitalization in our community and opened doors for more business development, including Mid-River Terminal," Rick Ellis said. "Mid-River Terminal will expedite production and continue to push economic development in Osceola – momentum we have been waiting years for."

Mid-River Terminal will be responsible for stevedoring about 1.89 million tons of scrap and raw material each year. The company will take incoming barges off large tows going up or down the lower Mississippi River, bringing them to the dock to offload and deliver on trucks to Big River Steel. Mid-River Terminal will also be responsible for offloading inbound railcars and sizing and post-processing offloaded scrap for Big River Steel.

The investment will create economic activity not only on the Mississippi River but also on the adjacent railway and on traditional roads, benefiting a wide range of other industries and creating a ripple of positive economic growth. Already, the town has seen evidence in the form of job fairs, new training classes at local colleges, increased home rentals and higher sales tax revenue.

"This project brings jobs, provides supporting infrastructure and fuels additional economic growth in a region desperately in need of new opportunities for its residents," said Richard Montgomery, Vice President of Enhanced Community Development. "It will be exciting to see the ripple effects of this development."

"Mid-River Terminal will expedite production and continue to push economic development in Osceola – momentum we have been waiting years for."

*– Rick Ellis,
Owner of Mid-River Terminal*

COMMUNITY IMPACT BY THE NUMBERS

125 PROJECTED JOBS

\$55,000 AVERAGE SALARY

75 CONSTRUCTION JOBS



Redevelopment of Historic Property to Revitalize Downtown Greenville, Mississippi

In Greenville, the heart and soul of the Mississippi River Delta, economic development partners have come together to save a historic property that will now serve as a catalyst for future economic growth.

The redevelopment of the shuttered Sears, Roebuck & Company store, built in the 1940s, and three adjacent vacant buildings in downtown Greenville marks a major step forward for this small community – providing needed jobs in a town that faced challenging economic realities in recent years.

Enhanced Community Development was among a group of partners that financed this \$9.1 million project partially through federal New Markets Tax Credit allocation, Mississippi Equity Investment (New Markets) Tax Credit allocation and state and federal historic rehabilitation tax credits.

“Significant support from programs such as New Markets Tax Credits gave us the ability to move forward, setting the stage for additional revitalization in Greenville,” said Bill Boykin, the local developer spearheading the project. “Greenville is a small, close-knit town, and this project means so much to our community. Having worked on this project for the past four years, I’m excited to turn the page in downtown Greenville and finally reopen these vacant buildings.”

When renovations are completed in July 2017, the property will contain retail space, a health-care component, microbrewery and full restaurant, boutique hotel and co-working space to support and incubate local entrepreneurs. In addition, some New Markets Tax Credit proceeds will fund improvements at a nearby public park.

“Redevelopment of the historic Sears Building will be a major step forward in the revitalization and reemergence of our downtown as a place for business, education and entertainment,” said Greenville Mayor Errick Simmons. In the end, the project will provide an estimated 36 permanent jobs, along with 75 construction jobs, and is anticipated to spur additional economic development in the area.

“Enhanced Capital proudly participates in economic development projects in locations across the United States,” said Richard Montgomery, Vice President of Enhanced Community Development. “New Markets and historic tax credits were critical to making the Sears, Roebuck & Company store project a reality. These programs are making a positive impact for so many communities, and we are excited for the positive impact this project will make for the people of Greenville.”

“Redevelopment of the historic Sears Building will be a major step forward in the revitalization and reemergence of our downtown as a place for business, education and entertainment.”

— Errick Simmons,
Greenville Mayor

COMMUNITY IMPACT BY THE NUMBERS

36 NEW FULL-TIME JOBS PROJECTED

75 CONSTRUCTION JOBS

\$9.1M CATALYTIC PROJECT



Photo Credit: Mississippi Today



Photo Credit: Mississippi Today

Reopening Onion-Processing Plant Brings Back Jobs to Rural Oregon County

Ontario, Oregon, was once considered the “Onion Capital of the World,” but the Great Recession hit the town hard. When Select Onion, a major local employer, went bankrupt in 2012, hundreds of people were left without jobs.

Financing provided from Enhanced and other Community Development Entities helped Fry Foods reopen the shuttered onion-processing plant, restoring jobs and laying the groundwork for an economic revival in this rural, economically struggling area.

Enhanced Community Development provided \$7 million in federal New Markets Tax Credit allocation and \$8 million in tax credit allocation through the Oregon Low-Income Community Jobs Initiative (Oregon New Markets Tax Credits). Fry Foods used the financing for the acquisition, rehabilitation and operation of the facility, which produces specialized appetizers such as onion rings.

“We are proud to have helped finance the reopening of this facility,” said Richard Montgomery, Vice President of Enhanced Community Development. “The resulting jobs and increased economic stability Ontario will experience is a wonderful example of the positive benefits of the federal and state New Markets Tax Credit programs.”

New Markets Tax Credits were key to ensuring a new owner could take on the costs of restoring the business, which carried additional expenses to address modern work-safety and environmental standards.

“We have wanted to acquire and reopen this facility for quite some time now. It would not have been possible without these effective public-private partnership programs,” said Ken Dippman, Controller at Fry Foods. “It is exciting to help the local economy flourish again.”

The \$21 million project has created 134 construction jobs in addition to 108 full-time jobs since operations began, and Fry Foods expects to employ at least 304 people over the next several years. Reopening the facility also creates opportunities for grocery stores, farmers and heavy industrial businesses in the rural area, giving an economic boost to the entire region.

“Ontario and Malheur County are already experiencing a positive economic impact from Fry Foods locating their operation in Oregon, and, as they continue to grow, we look forward to continued residual impact for the region,” said Melisa Drugge, Business Development Officer with Business Oregon. “We are very fortunate to have these types of funding opportunities available for rural and distressed areas like ours, which cannot always access the same kind of growth capital.”

“We have wanted to acquire and reopen this facility for quite some time now. It would not have been possible without these effective public-private partnership programs.”

*— Ken Dippman,
Controller at Fry Foods*

COMMUNITY IMPACT BY THE NUMBERS

134 CONSTRUCTION JOBS

108 EMPLOYEES HIRED

300+ TOTAL JOBS PROJECTED



Photo Credit: Leslie Thompson



Enhanced Enables Tech Start-up's Launch, Paving the Way for a New Industry

RepEquity, a digital brand management and marketing agency, creates transformation experiences that harmonize its clients' digital and mobile presences via integrated solutions that define, connect and protect their brands. But like so many successful start-ups, it began as a big idea hatched at someone's kitchen table.

An investment from Enhanced Capital District Fund, LLC, a subsidiary of Enhanced Capital, helped RepEquity launch its first product and put them on a trajectory for growth. This initial product, the REQ Reputation Dashboard, ultimately helped to define and shape the online brand and reputation management industry as we know it today.

"We have accomplished a great deal since 2008," said Tripp Donnelly, CEO of RepEquity. "We cannot thank Enhanced Capital enough for helping us take an idea discussed around a kitchen table to an established and successful company."

The investment was made possible via the District of Columbia's Certified Capital Company Program, a program designed to increase private capital investment in competitive small businesses in the district.

With a 3,000 percent growth rate since its founding in 2008, more than 50 industry awards, three investment rounds and two successful acquisitions, RepEquity has consistently grown year after year. The company has been named to both the INC. 500 and Deloitte's Tech Fast 500 and earned a 99.5 percent employee satisfaction rate in 2015. RepEquity also landed on the Washingtonian and Washington Business Journal's Best Places to Work in D.C. – one of only a handful of D.C. businesses to make both lists in the same year.

"It has been a pleasure to work with RepEquity," said Mark Slusar, Managing Director of Enhanced Capital's Washington, D.C., office. "The company is extremely innovative and provides one-of-a-kind solutions for its clients. In addition, RepEquity is positively impacting the local community by providing economic growth opportunities across the board."

"We cannot thank Enhanced Capital enough for helping us take an idea discussed around a kitchen table to an established and successful company."

*– Tripp Donnelly,
CEO of RepEquity*

COMMUNITY IMPACT BY THE NUMBERS

3,000% GROWTH SINCE ITS
FOUNDING IN 2008

99.5% EMPLOYEE
SATISFACTION RATE

50 INDUSTRY AWARDS

NAMED TO INC. **500**
& DELOITTE'S TECH FAST **500**



A History of Innovative Investment to Benefit Communities

Founded in 1999, Enhanced Capital proudly participates in a variety of federal and state public-private partnership investment programs and has participated in hundreds of transactions that have deployed more than \$1 billion to a wide range of job-creating, economically impactful businesses, organizations and projects.

The firm's mission is to leverage its expertise in tax credit finance and asset management to create value for the public and private sector stakeholders it serves.

Enhanced is licensed to participate in various federal and state programs:

- A Community Development Entity (CDE) regulated by the U.S. Department of the Treasury
- A Registered Investment Adviser (RIA) regulated by the U.S. Securities Exchange Commission (SEC)
- A Small Business Investment Company (SBIC) regulated by the Small Business Administration (SBA)
- Numerous entities regulated by state governments

Enhanced Capital By the Numbers:

- ✓ Participated in hundreds of transactions that deployed more than **\$1 billion** to job-creating businesses and projects
- ✓ Facilitated public policy investments in more than **30 states and the District of Columbia**
- ✓ Awarded **six federal New Markets Tax Credit ("NMTC") allocations** and participated in **11 state NMTC programs**
- ✓ Deployed more than **\$500 million in federal and state NMTC allocation** into businesses located in or serving low-income communities
- ✓ Funded projects located in or serving low-income communities that created or retained more than **7,000 direct permanent jobs** and more than **4,000 construction jobs**
- ✓ Restored or restoring more than **50 historically significant buildings** through federal and state historic tax credit investments
- ✓ Participated in approximately **\$130 million in renewable energy projects** through solar investment tax credits

DISCLAIMERS:

Enhanced Community Development is an Equal Opportunity Provider.

Information contained in this report that was provided by others was assumed to be true and accurate. Reasonable efforts were made to verify all such information, but the report's author assumes no responsibility for its accuracy.

This report is intended for marketplace communication purposes only and is neither an offer to sell nor a solicitation of any offer to buy any securities, investment product, or investment advisory services. This is not an offering or the solicitation of an offer to purchase an interest in a fund.

Our Framework to Grow:

Since 1999, Enhanced has provided public policymakers and investors with innovation solutions.

Moving forward, Enhanced will seek new opportunities that leverage our experience and expertise to build on our legacy of successful impact investing. In particular, Enhanced is excited to explore ways we can support efforts to strengthen our nation's infrastructure.



EnhancedCapital

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