

SUNFLOWER

Development Group

Impact Kansas CDE: A
Partnership Between NetWork
Kansas and Sunflower
Community Investment



Impact
Kansas
Community
Development
Entity (CDE)

Partnership between NetWork Kansas and
Sunflower Community Investment

Certification as a rural CDE

Will invest 70% in rural Kansas

Application are due October 28th

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Impact Kansas' Mission

Impact Kansas' mission is to invest in projects that increase health equity, community vibrancy, and entrepreneurial activities primarily in rural communities. Investments will be targeted toward community facilities, healthcare expansion, broadband access, manufacturing/industrial and operating business expansion. These efforts are vital to improving the health, education, and prosperity of citizens in low income rural and urban communities.

Advisory Board

- **Christy Hopkins**
 - Director of Greeley County Community Dev
- **Casey Woods**
 - Executive Director of Emporia Main Street
- **Steve Weatherford**
 - Acting Executive Director LISC
- **Suzanne McClure**
 - Economic Development Director for the City of Goodland

- **Image Harris**
 - Director of Strategic Partnerships and Impact Investing at Network Kansas
- **Luke Mahin**
 - Director of Republic County Economic Development
- **Nick Poels**
 - Executive Director of Phillips County Economic Development

Impact Kansas CDE

- Projects between \$5 million - \$100 million
- Timeline: 2020 – 2022
- >70% rural Kansas projects
- Seeking projects
 - Healthcare expansion
 - Broadband
 - Education
 - Community facilities
 - Industrial/manufacturing
 - Grocery stores
 - Community Facilities

NMTC Program

- Community Development Financial Institution (CDFI Fund)
- Awards \$3.5 billion in NMTC allocation annually
- CDEs/CDFI apply annually
- 73 CDEs received awards in 2019
- Average award is \$40 million
 - 11 rural CDEs received allocation with **\$57 million** average award
- Kansas is designated as an “underserved state”

What is the NMTC

- 39% federal tax credit
- Realized over a 7-year period (5% for 3 years, 6% for 4 years)
- Purchased by large institutional investors
- Credit prices range in markets \$.80-\$.82*

Benefit to Project

- NMTCs provide between 13%-20% net equity to a project
- NMTC equity is in the form of an interest-only loan for 7 years
- Loan can be converted to equity after compliance period
- Increases amount of borrower equity

NMTC Calculation

Total NMTC Allocation	\$10,000,000
Tax Credit Percentage Per Regs	39%
Gross Tax Credits	\$3,900,000
Tax Credit Price	\$.82
Gross Tax Credit Equity to Project	\$3,198,000
CDE Fees @ 4%	\$400,000
Legal/Accounting/Modeling	\$300,000
Total "Equity" at Closing	\$2,498,600

Total Soft Loan	\$2,348,600
Estimated Cost of Capital Annually = 80 bps	\$8050,000
Total Cost of Capital	\$580,000
Tax Returns and Audits	\$87,500
Net Net Benefit	\$1,700,500

Eligible Census Tracts

- Projects must be located in distressed or highly distressed census tracts
 - 20% poverty (30% Poverty for Highly Distressed*)
 - Median family income below 80% AMI (60% for Highly Distressed)
 - 1.5 times national average for unemployment
 - Rural and Distressed
- Typical project minimum size is \$5 million

Sources of Leverage Loan

- Conventional Debt*
- Community Development Financial Institutions (CDFIs)
- Owner/Investor Equity
- Bonds (GO, IRBs, etc.)
- Capital Campaigns
- Tax Incremental Financing Bridge
- Grants
- USDA Guaranteed Loans
- Layered Financing

Project impacts

- Creating quality living wage jobs in low-income communities
 - 5-10 jobs per \$1mm of allocation
- Assisting minority, women-owned and low-income community businesses
- Offering flexible or below market lease rates to tenant businesses
- Providing goods and services in low-income areas
- Improving access to healthy and affordable food options
- Improving environmental sustainability
- Pioneering developments that will catalyze additional private investments in the community
- Public/Private partnerships

Challenges of the Program

- Complexity
- Many banks are unfamiliar with NMTC structure and requirements
- Must have a strong guarantor or non-profit
- Highly competitive
- Timing of allocations
- Chicken and egg scenario

Industrial: Three Trails

- 364,000SF Pioneering Industrial Building in KCMO
- Boulevard Brewery leased 182,000FT to support its finished beer, barrel aging cellar and space for a new bottling line for its smokestack series
- TPC: \$16.5mm
- \$16mm in NMTCs
- IRBs purchase by Developer
- Located in an abandoned quarry with environmental issues/high infrastructure costs
- Estimated job creation: >300 including benefits
- Average estimated salary >\$15hr
- Partnered with local WIB to train and hire HS grads



The Merc – Kansas City, Kansas

- Coop- 12,000sqft grocery store
- TPC - \$7 million
- Total allocation secured \$7.0 million
- Capital stack – GO Bonds (TIF/Property tax), cash on hand, LISC HFFI
- Includes demonstration kitchen, classes, public gardens, education coordinator, public meeting space
- Total net benefit = \$1.1 million



Rooks County Health Center

- Phase 1 Nuclear Medical Suite - \$2.6 million
- Phase 2 Outpatient rehab - \$7.2 million (including NMTC fees)
- Total NMTC Allocation - \$8.2 million
 - Gross NMTC Equity - \$2.6 million
- USDA CF Loan - \$7 million
- Capital Campaign - \$1.5 million



Community Centers: Atchison YMCA

- Replacement of 102 year old YMCA with a 16,875FT facility
- Supports 3,000 LIPs access to exercise, gym, pool, teaching kitchen, kids fitness, etc.
- TPC: \$11.4 Million
- \$10,000,000 NMTCs
- \$6,000,000 Capital Campaign



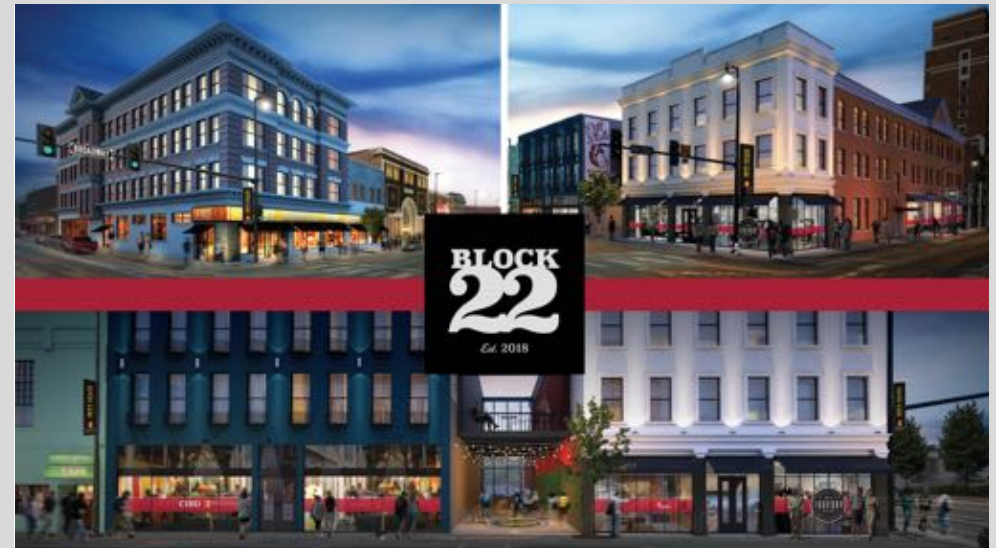
Community Center: Salina Fieldhouse

- 65,000SQFT – Basketball, volleyball, indoor turf, soccer, futsal, etc.
- \$11.7 Million TPC
- \$4.5MM City of Salina
- \$4.5MM Private Fundraising
- \$2.7MM NMTC Equity



Mixed Use/Education: Pittsburg, KS

- 100 units student housing, 4 separate historic buildings, 4th and Broadway
- Ground floor retail, Roots Coffee, Biz Dev Center/Incubator, hacker maker space, community meeting space, health screenings, non-profit programming
- \$18MM TPC
- \$1.5MM Grant Pittsburg State
- \$1.5MM Grant City of Pittsburg
- \$4MM NMTC Equity
- \$6.5MM Historic Tax Credit Equity
- \$4.5MM Loan Enterprise Bank & Trust



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