Opportunity Funds:
A Tool for Community and Economic Development

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The Promise of Opportunity Zones

• Attract capital into economically underperforming areas
• Boost local real estate and business investments
• Stimulate Real Estate Development on (imminent) vertical development that creates employment and housing
• Bring patient capital to slower-paced local economies

Real Estate Investment

Investment Structure

Investment Returns

Net Operating Income
+ Asset Reversion = Yield
Rapid Returns Rely on Reversion
Patient Returns Rely on NOI
Role of Opportunity Funds

- Addresses Feasibility Gaps
- Addresses insufficient developer equity
- Attract willing investment to pioneer markets
- Attract socially responsible funds
- Covers development over-burden, i.e., brownfields, utility challenges, soil conditions

- Addresses lower bank debt due to perceived risk
- Spread risk in higher-risk and/or Pioneer development
- Bring in high-credit investment partner
- Enables interest rate buy-down
- Supplements Public Investment

Public Co-Investment

Is there a limit to how many investors are in the deal, how much investment is made, or how much governmental incentives and co-investment?

- There is no max or min on how much the OZ fund should comprise of the overall investment
- There is no restrictions on the type or amount of other public or private investment
- Opportunity Funds may comprise but a small % of the overall investment

OZ Fund “Trends”

- Currently, most capital flowing to markets with “intrinsic” value
  - “Gimme” sites & high momentum markets
  - Some markets seeing premiums for OZ properties, i.e. - up to 5% in Phoenix industrial
  - Redeveloping areas/revitalization phase of neighborhood lifecycle

- Readily adopted by real estate development and financing markets
  - Growing interest even during federal shutdown and recessionary clouds
  - Property owners seeing OZs as an alternative to 1031 exchanges: greater tax benefits; doesn’t require investment of principal (capital gains only); and doesn’t require an intermediary and associated costs.
OZ Fund “Trends”

Emerging Opportunity Zone Investors
• High Wealth Individuals
• Family Investment Offices
• Institutional Investor interest is limited

The opportunity zone program has visibility with high net-worth investors, many of whom have been driving greater interest in social impact funds and calls for “socially responsible investing”

- Cushman & Wakefield

Resolved:
• Working Capital Safe Harbor extended to 30 months

Still in Flux:
• Tax treatment for land development projects
• Already owned land
• Substantial Investment in land (bringing to shovel-ready)
• Definition of “Substantial Plan” for Safe Harbor purposes
• Protocol for business equity investments

Opportunity Fund Types
Differentiated by geography, investment type, and management style:
• Managed Funds
  o REITs (portfolio)
  o Syndicators (single-project)
  o CDFIs
• Project Specific
  o Developers
  o Partnerships
  o LLCs
• Community Based
  o Local high wealth individuals and families (possibly organized)
  o Targeted fund relationships
  o Regional Coalitions
Purpose of Document

- Articulate the opportunities and risks of Casper’s Opportunity Zones to help investors make informed decisions
- Identify and highlight specific investible projects located in Casper’s designated Opportunity Zones
- Organize stakeholders around a unified vision of strategic growth, catalyzing smart, coordinated public and private investment and leveraging of resources
Casper’s Opportunity in a nutshell…

- Economic Need and Impact: Four contiguous Opportunity Zones census tracts with unique, unrealized potential for economic growth.
- Ripe for Investment: Pipeline of projects slated for development to meet growing demand for tourism amenities, downtown housing, and 21st Century industries.
- Significant Leverage: City and partners ready to leverage significant federal, state, local, and private sector resources and incentives to support new development with a vibrant downtown, walkable streets, and a skilled workforce.

Casper, WY – Designated Opportunity Zones

Census Tract 11
- Total population: 2,941
- Median household income: $39,246
- Households in poverty: 19%

Census Tract 12
- Total population: 2,440
- Median household income: $30,579
- Households in poverty: 17%

Census Tract 2
- Total population: 4,797
- Median household income: $29,479
- Households in poverty: 22%

Census Tract 8
- Total population: 3,991
- Median household income: $48,980
- Households in poverty: 12%

Population 2010 Population 2017 Growth

County (MSA) 75,450 81,023 7%
City 55,316 59,171 7%
Zones 12,227 13,593 10%

II. Why Casper? We’ve done our research.

The City of Casper & CAEDA have brought in expert consultants to complete thorough and extensive feasibility studies and planning in order to maximize resources and understand the viability of key projects.

- Generation Casper Comprehensive Plan
- City of Casper Downtown Strategic Plan
- Platte River Commons Market & Feasibility Study
- Platte River Commons Master Plan
- Will Riverfront Feasibility Study
- Hotel & Conference Center Market Study
- State Office Building Master Plan
- Environmental Site Assessments
- Resource Roadmap (in progress)
III. Priority Projects

Hotel & Conference Center
Platte River Commons

Priority Property #1
Proposed Riverfront Hotel and Conference Center Site

Available Site

The Site
Value Proposition
Casper...
- Is located in the center of the state and has overnight visitors from business, destination tourism, and as a way-stop to other tourist and business locations
- Is known as the financial center of Wyoming
- Has a high concentration of federal, state, and local government offices
- Casper is located on I-25, connecting I-90 to the north with I-25 to the south
- Is experiencing a shortage of meeting and banquet facilities
- Lacks local hotels offering large space ballroom and meeting space
- Has no upscale hotel
- Is offering significant publicly sourced co-investment
- The City's economic development partner, Casper Area Economic Development Alliance (CAEDA), is focused on growing medical, energy, and advanced manufacturing industries

Value Proposition: Partner with the City of Casper, its residents, and stakeholders to develop an upscale hotel and conference center that will be the highest quality lodging in Casper and provide large space, highly functional, business quality conference and banquet space that becomes an important asset for Casper’s growing economy.

Proposed Riverfront Hotel & Conference Center

Site
Location: North Platte River near Poplar Street Bridge
Casper, Wyoming 82601
Downtown Casper
Neighborhood: Downtown Casper/ Yellowstone Urban Renewal District
Neighborhood Lifecycle: Gentrifying
Building Type: Hotel and Conference Center
Site Size: 17.5 acres
Use: Hotel and Conference Center
Walk Score: 20
Street Name: Casper (National County, non-indexed)
Year of Construction: 2020 (RFP Pending, Unsolicited offers welcome)

Opportunity Zone
Census Tract: 56025000200
County: Natrona
Area: Zone 4 Downtown Casper and Adjacent Neighborhoods

County Assessor's Market
Valuation Estimate
Land: $
Improvements: $

Proposed Riverfront Hotel and Conference Center Site
The Neighborhood

Downtown Casper
The heart of the Casper community: walkable, dining, shopping, art, and culture.

Old Yellowstone District
City leadership and neighborhood stakeholders created this redevelopment area adjacent to the downtown core - that vibrancy with businesses, housing and entertainment.

Development Program Metrics

<table>
<thead>
<tr>
<th>Proposed Configuration</th>
<th>Projected Stabilized Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Rooms: 175 keys</td>
<td>Average Daily Rate $165</td>
</tr>
<tr>
<td>Meeting/Banquet Space: 19,000 sf</td>
<td>RevPAR $115</td>
</tr>
<tr>
<td>Parking: On-site surface/structured</td>
<td>Occupancy 60%</td>
</tr>
<tr>
<td>Estimated Development Costs</td>
<td>Operating Expense Ratio 63%</td>
</tr>
<tr>
<td>and construction $43,000,000</td>
<td>Management Fee [% Gross Revenue] 3.3%</td>
</tr>
<tr>
<td>Planned Public-Investment for Hotel</td>
<td>Property Taxes and Insurance [% Gross Revenue] 1.2%</td>
</tr>
<tr>
<td>• City of Casper</td>
<td>Capital Reserves [% Gross Revenue] 4.2%</td>
</tr>
<tr>
<td>• ARA Joint Powers Board</td>
<td>Return on Development Costs 28%</td>
</tr>
<tr>
<td>• Urban Renewal Authority TIF</td>
<td>1. Includes rooms, food &amp; beverage, and conference center; Departmental &amp; Unallocated Expenses</td>
</tr>
<tr>
<td>• Wyoming Business Council</td>
<td></td>
</tr>
<tr>
<td>• New Market Tax Credits</td>
<td></td>
</tr>
<tr>
<td>• 63-20 Bond Financing</td>
<td></td>
</tr>
<tr>
<td>Total Anticipated Incentives: $30M</td>
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</tr>
</tbody>
</table>

Select Casper Hotel Comps

- Parkway Plaza Hotel & Convention Center
  1 Parkway Plaza Drive
- Ramada Plaza Riverside Hotel & Convention Center
  300 West F Street
- Ramkota Hotel
  800 North Poplar Street
- Hilton Garden Inn
  800 North Poplar Street
Priority Property #2
Platte River Commons
Proposed Mixed-Use Innovation District

Available Site

Possible Master Site Plan

Value Proposition

Casper...
- Desires to attract its first master-planned community including residences, employment centers, and retail amenities
- Is home to a highly skilled and entrepreneurial workforce
- Is the location of the University of Wyoming’s Technology Business Center (WTBC) which anchors this site
- Has a high concentration of federal, state, and local government offices
- Is in need of new retail and grocery square footage
- Lacks research & development and office-flex properties
- Is in need of quality senior living options
- Desires to develop a riverfront park and trails to access the North Platte River along the site
- Is willing to incentivize project development and make appropriate public co-investments

Value Proposition:
Partner with the City of Casper, its residents, and stakeholders to develop and expand its technological businesses and provide a modern master-planned community offering employment opportunities, a senior living campus, residential units with all necessary retail and open space amenities. This is an opportunity to contribute to the ongoing revitalization that complements adjacent districts including Downtown, the Old Yellowstone historic district, and a proposed upscale hotel and conference center.
Platte River Commons Rendering

Proposed Mixed-Use Innovation District

Opportunity Zone
Census Tract: 56025000800
County: Natrona
Area: Zone 3
Casper, south of North Platte River, west of Poplar St., North of CY Ave., east of Wyoming Blvd.

County Assessor’s Market Valuation Estimate
Land: $  
Improvements: $  

Planned Uses within Platte River Commons

Existing Anchors and Amenities:
- Wyoming Technology Business Center (WTBC)
- Three Crowns Golf Club/Course

Planned Public Uses:
- City Riverfront Park

Anticipated Development within Platte River Commons:
- Retail
- Health Care
- Office
- Senior Living
- Multi-Family
- R&D/Flex Innovation Businesses Park
University of Wyoming – Wyoming Technology Business Center (WTBC) Incubator

- Advanced Geotechnical Solutions, Inc. (full service geotechnical engineering company)
- Blue Hogs (game development team)
- Frog Creek Partners (environmental technology)
- McGinley Orthopedic Innovations (innovative engineering solutions for surgical procedures)
- Medicine Bow Technologies (IT specialty providers)
- River Valley Landscaping (utility landscaping)
- Western Alternative Energies (Hydrogen Electrochemical Generator R&D)
- Aerial Enforcement Solutions (chemical dispenser drone accessories)
- DISA (extraction site engineered products)
- Imperium (power generation project/vendor software)
- Nunn Utility Locating (utility-locating)
- Senior Patient Advocates (healthcare system services and advocacy)

Emerging Entrepreneurial Ecosystem

- Expand upon the incubator already on the site
- Include sites and buildings for shared working spaces and lab facilities to share ideas and knowledge
- Potential to create spinoff businesses and R&D spaces to complement the WTBC incubator
- An "Innovation Zone or District" is desired for branding R&D businesses
- The Innovation District should contain a mix of uses including retail and housing, senior housing, retail, grocers

Operating Proforma Metrics

- Potential Configuration
- Retail
  - Grocery Store: 30,000 to 55,000 sf
  - General Retail: 55,000 to 80,000 sf
- Senior Living Community
  - Villas/Patio Homes: 102 units
  - Independent Living: 160 units
  - Assisted Living: 50 beds
- Innovation District
  - Office/R&D/Flex: 200,000 sf

Retail: Projected Stabilized Operations
- General Retail Rent/sf/yr NNN: $18
- Specialty or Build-to-Suit Rent/sf/yr NNN: $18
- Market Vacancy: 4%
- Operating Expense/sf/yr: $8.50
- Non-Reimbursed Expense/sf/yr: $0.34
- Retail Cap Rate: 7.5%
- Stabilized Value Estimate (110,000 sf): $28M

Select Casper Comps - Retail

- Walmart Anchor
  - 4031 Cy Ave
  - YOC 2008
  - Asking Rate $20 NNN
- Big Box Anchors
  - 4070 Plaza Dr
  - YOC 2008
  - Asking Rate $10-$16 NNN
- Kohls Anchor
  - 2629-2669 E 2nd St
  - YOC 2008
  - Asking Rate $10-$16 NNN
Select Casper Comps - Office

- 1300 Venture Way
  YOC: 2008
  Asking Rate: $17/mo
- 550 N Poplar St
  YOC: 1997
  Asking Rate: $12-$20/mo
- 6000 E 2nd St
  YOC: 2008
  Asking Rate: $18-$21/mo
- 107 N Poplar St
  YOC: 1997
  Asking Rate: $18-$20/mo

Select Casper Comps - Industrial

- 341 E E St
  Industrial Warehouse
  Asking Rate: $5-$7/NNN
- 5880 Enterprise Dr
  Office Flex
  Asking Rate: $10/NNN

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