Finance New Orleans & Quantified Ventures

Partnership Overview

April 21, 2022
Quantified Ventures designs and structures financing solutions that drive transformational health, social, and environmental impact.
FNO: Sustainability Program Design and Capital Raise

Sustainability Program Design

- Supported design, market analytics, and launch of Single-Family Green Mortgage Program
- Prepared revenue projection models for pending capital raise
- Completed product model reviews

Impact Bond Design

- Developed Technical Memorandum detailing the community need, program descriptions, use of proceeds, ESG impacts, evaluation methodology, and required disclosures
- Supporting the socialization and close of the FNO Impact Bond
Single-Family Green Mortgage Program

FNO Wins Challenge: Quantified Ventures selected Finance New Orleans as the winner of the 2020 Mississippi River Outcomes-Based Financing Challenge.

FNO’s Proposed Solutions: Create a single-family green mortgage product that allows homeowners to obtain more attractive loan terms and additional down payment assistance if they add energy efficiency, solar power, stormwater management practices to their properties.

We assessed elements of the single-family green mortgage program that included:

- Resilience, energy, and sustainability retrofit options for homeowners
- Likely adoption rates of retrofit options
- Single-family mortgage origination volumes
- Sustainability and resilience impacts
- Green job creation impacts
- Revenue sources for future scaling

In final quarter, the single-family green mortgage program achieved the following outcomes:

- Mortgage Originations: 6
- Total Mortgage Amount: $1,431,791
- Total Assistance Amount: $54,807
- Average Assistance Amount: $9,134
- Average Interest Rate: 3.82%
FNO Impact Bond

What is it?

- **FNO-issued bond** that will rigorously quantify and report impact for investors and New Orleanians

1. **Predict** quantity of both social and environmental outcomes,
2. **Evaluate** actual outcomes after implementation,
3. **Disclose** outcomes annually, post-issuance, to investors and citizens

FNO Impact Bond Outcome Predictions (10 year cumulative)

- Affordable mortgages and climate resilience retrofits for low-credit borrowers
  - Single-family green mortgages created: 500
- Financing for Disadvantaged Business Enterprise developers of affordable housing
  - DBE developer deals: 20
  - Affordable housing units constructed: 1,440

- **Environmental outcomes** will quantify CO2 reductions and stormwater mitigation
- **Enhanced impact disclosures** are distributed to investors and the public
- FNO EIB framework is compatible with ICMA Green, Social, and Sustainability Bond Principles, and UN SDGs
Previous Impact Bonds

- $225 MM+ in capital closed or in structuring around the country
- DC, Atlanta, Buffalo, Hampton, Boise, etc.
- Impact bond projects include **green infrastructure, sustainable water supply, clean transportation**
- Disclosed outcome metrics have included **stormwater, impervious area, aquifer recharge, water quality, and community health improvements**
- **Substantially increased investor demand**: typically, impact-oriented investor bids alone enough to fund the project
- **Local, national, and industry news coverage** (NYT, Bloomberg, Bond Buyer, Barrons)
New Orleans, LA, USA

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NASA’s Michoud Assembly Facility is a **12-minute drive from the target corridor**

Michoud is managed by NASA’s Marshall Space Flight Center in Huntsville, Alabama. It is a multi-tenant facility housing 12 tenants (commercial firms and NASA contractors) including:

- Lockheed Martin
- Boeing
- Textron Systems
- BK Aerospace
- Defense Contract Audit Agency
- Defense Contract Management Agency
- LM Wind Power
- National Center of Advanced Manufacturing
- Ochsner Health Center
- US Coast Guard
- US Department of Agriculture
- Vivace Corporation

Michoud assists in exploration and discovery missions. NASA refers to it as “America’s rocket factory.” It is one of the largest indoor manufacturing facilities in the world with ~43 acres of climate-controlled space.

Sitting on 829 acres, Michoud is a multi-tenant manufacturing facility, where development of NASA's Space Launch System (SLS) and Orion spacecraft are underway. SLS, the world’s most powerful rocket will carry astronauts in the Orion crew vehicle, science experiments and cargo on deep-space missions, including journeys to Mars.
Potential Clients – Michoud Assembly Facility

The Michoud facility has **access to a deep-water port** for transportation and 300+ acres of green space available for development:

- The site is built to withstand extreme weather as it is protected by a 19.5-foot levee with substantial on-site pumps
- The Intracoastal Waterway provides fast access to the Gulf of Mexico

In 2021, Industrial Realty Group (IRG) signed a **long-term lease with Michoud for a 50-acre development** (inside the fence):

- Starting development with 400,000 square foot warehouse for the existing tenant
- Planning to capitalize on current and new tenants to build out infrastructure creating both warehouse and office spaces, aiming to attract both manufacturing, science & tech clientele

Michoud supports **6,000+ jobs** and has a total **economic impact of over $830 million**

- More than of the jobs 5,000 are in Louisiana and Mississippi
- $630 million of the economic impact is concentrated in Louisiana and Mississippi
Potential Clients - Michoud Campus

Job Posting Trends (8 of the 12 current tenants)
Potential Clients - Michoud Campus

Highly-Recruited Skills (8 of the 12 current tenants)
Potential Clients – Orleans Parish

Naval Information Warfare Center (NIWC)
• Located on the University of New Orleans campus, supports 600 jobs, and is responsible for $119 million in economic spending
• 10-minute drive from the target corridor

Coast Guard 8th District
• Contains multiple offices and operations in the region
• New Orleans is home to their headquarters, the Coast Guard Air Station, and the New Orleans sector office; they contribute 1,800 jobs and spends $192 million in the state's economy
• 20-minute drive from the target corridor

Marine Forces Reserve
• Headquartered in New Orleans, employing 1,400 active, reserve military, and civilian personnel and contribute a total spending of $80 million
• 25-minute drive from the target corridor

Louisiana National Guard
• The Louisiana National Guard owns facilities throughout the state and annually contributes over $536 million to the economy; Louisiana National Guard
• 20-minute drive from the target corridor

377th Theater Sustainment Command (U.S. Army Reserve)
• Employs over 1,300 workers (including reservists) and spends over $37 million annually
• 40-minute drive from the target corridor

Naval Air Station Joint Reserve Base (NAS JRB)
• Directly contributes over 1,800 naval jobs and spends over $171 million in the economy
• 40-minute drive from the target corridor
Potential Clients - Regional

Stennis Space Center (SSC) - MS
- Engineers invent, design, and test innovative software tools, algorithms, and systems that help enable space exploration
- Has a direct economic impact of $585.5 million in a 50-mile radius and a direct global impact of $910.6 million
- Employs 5,000 people including civil servants, Navy personnel, private company and organization employees and contractors
- The Louisiana Tech Transfer Office (LTTO) has had a satellite office at Stennis since 1990
- 45-minute drive from the target corridor

Fort Polk - LA
- Contributes nearly 15,000 jobs and $770 million in payroll; total spending at Fort Polk in 2020 was estimated to be $1.36 billion
- 4 hour and 30-minute drive from the target corridor

Barksdale Air Force Base (BAFB) - LA
- Directly contributes 9,000 jobs and over $570 million in payroll; BAFB spent an estimated $719 million in 2020
- 5 hour and 20-minute drive from the target corridor

Eglin Air Force Base – FL
- 3 hour and 50-minute drive from the target corridor
Academic Connectivity

- University of New Orleans
- Southern University
- Dillard University
- Delgado Community College
- Xavier University
- LSU Health Sciences Center
- Tulane University
- Tulane School of Medicine
- Nunez Community College
- University of Holy Cross
Academic Connectivity

Noteworthy Programs/Accolades (New Orleans – Baton Rouge region):
• Nunez Community College’s Aerospace Manufacturing Technology Program developed to support Michoud tenant, Boeing, while manufacturing the largest rocket ever as part of NASA’s Orion Project
• Southern University’s Computer Information Systems Program
• LSU (Baton Rouge) is in the elite 1 percent of U.S. universities having land-, sea-, and space-grant designations
• LSU (Baton Rouge) is ranked among the top 100 universities in the world granted U.S. utility patents
• Mississippi State Science & Technology Center @ Stennis Space Center
• University of Southern Mississippi Department of Marine Science @ Stennis Space Center

Engineering Programs:
• LSU (Baton Rouge), Tulane University, University of New Orleans, Xavier University

Computer Science Programs:
• Delgado Community College, Dillard University, LSU (Baton Rouge), Tulane University, University of New Orleans, Xavier University

Reserve Officers’ Training Corps:
• Dillard University, Loyola University, LSU (Baton Rouge), LSU Health Sciences Center, Southern University, University of Holy Cross, University of New Orleans, Xavier University
Workforce

- 21.5% of Orleans Parish, LA residents possess a Bachelor’s Degree (1.4% above national average)
- In the last year, local New Orleans universities produced 3.8K graduates in various engineering and computer science-related fields (not including LSU – Baton Rouge)
- The total number of local graduates increased from previous years
- The area needs Industrial Engineers and Software Developers
- NOLABA houses 504ward, an organization that targets young professionals to either stay in New Orleans or move to New Orleans for career and lifestyle opportunities. The organization started to attract and retain young professionals post-Katrina.
- In 2021 Louisiana’s State Legislature recently formed an Innovation Caucus to address state support of STEM-oriented businesses and industries
- Louisiana Tech Transfer Office (LTTO) is a close, strategic partner of NOLABA. It provides $5,000 "Phase 0" grants from the state of Louisiana to entrepreneurs from around the state seeking help with crafting SBIR/STTR applications. Through this relationship we can funnel concepts to CCTI in New Orleans.

### Top Jobs vs Local Labor Market Supply & Demand

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Total Jobs in Region</th>
<th>Tenant Job Postings in Last 30 Days</th>
<th>Regional Job Postings in Last 30 Days (excluding Tenant Companies)</th>
<th>Local Graduates</th>
<th>Local Median Hourly Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Occupations, All Other</td>
<td>1,055</td>
<td>5</td>
<td>455</td>
<td>1,331</td>
<td>$38.63</td>
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<tr>
<td>Management Analysts</td>
<td>935</td>
<td>3</td>
<td>269</td>
<td>1,032</td>
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<tr>
<td>Engineers, All Other</td>
<td>756</td>
<td>2</td>
<td>16</td>
<td>307</td>
<td>$51.68</td>
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<tr>
<td>Computer Systems Analysts and Testers</td>
<td>513</td>
<td>4</td>
<td>239</td>
<td>347</td>
<td>$46.66</td>
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<tr>
<td>Software Developers and Software Quality Assurance Analysts and Testers</td>
<td>430</td>
<td>3</td>
<td>601</td>
<td>200</td>
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<td>Architectural and Engineering Managers</td>
<td>160</td>
<td>1</td>
<td>103</td>
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<tr>
<td>Mechanical Engineers</td>
<td>148</td>
<td>6</td>
<td>81</td>
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<td>Industrial Engineers</td>
<td>107</td>
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<td>Aerospace Engineers</td>
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<tr>
<td>Materials Engineers</td>
<td>12</td>
<td>3</td>
<td>3</td>
<td>31</td>
<td>$53.00</td>
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Target Corridor – New Orleans Economy

- In 2019, New Orleans saw 19.75 million visitors (6.7% increase over 2018), who spent $10.05 billion (10.3% increase over 2018)
- New Orleans is home to over 130 festivals per year, while Mardi Gras and the French Quarter remain global attractions
- Port of New Orleans owns the 6th largest cruise port in the United States
- New Orleans is home to 61,000+ healthcare employees and produces $6.7 billion in economic benefit from ongoing hospital operations
- Healthcare in the New Orleans area led to the collection of $318 million in state and local taxes, the most of any region in the state
- In 2019, Orleans Parish received $234 million in total nominal wages from Oil & Gas Extraction
- New Orleans is also home to the NFL’s New Orleans Saints (value over $2.8 billion) and the NBA’s New Orleans Pelicans team – both owned by local resident, Gayle Benson
- The Saints stadium’s naming rights were recently sold to Caesars Entertainment for a $138 million, 20-year deal
- The Saints sold $83 million worth of ticket sales in 2019 (18.5% increase from 2018)
Target Corridor – Orleans Parish Demographics

**People**
- Population: 384K
- Female: 52.8%
- Male: 47.2%
- Median Age: 36.8
- Black: 60.1%
- White: 30.9%
- Hispanic: 5.5%
- Asian: 2.9%

**Economics**
- Poverty Level: 16.8%
- Employment Rate: 58.8%
- Labor Force Participation: 61.7%
- Median Household Income: $41.6K

**Housing**
- Housing Units: 192.2K
- Occupied Housing Units: 80.2%
- Median Home Value: $231.5K
- Median Rent: $998

**Social**
- Remote Worker: 5.7%
- Household Internet Access: 73.4%

*The National employment rate was 63.4% and the State was 55.4%.

**Source:** U.S. Census Bureau, American Community Survey (ACS), 5-Year Estimates
Target Corridor - New Orleans East

Search Records at:
Orleans Parish Assessor's Office
Target Corridor – Community Assets

PUBLIC TRANSPORT

- New Orleans RTA has set out to implement an expansion of its regional transit plan.
- The project would see that a Transit Hub be built at Lake Forest Plaza (5-minutes from the target corridor).
- NORTA has been accomplishing their Strategic Mobility Plan since its conception in 2018.
- They are prioritizing being transparent, equitable, reliable, and sustainable.
- They seek to improve the rider experience and connect new opportunities.
Target Corridor - Community Assets

SIX FLAGS SITE REDEVELOPMENT

- In October 2021, the City of New Orleans selected Bayou Phoenix to take on the redevelopment of the former Six Flags site in New Orleans East
- Mayor LaToya Cantrell hopes to expedite Phase One of the development which includes the construction of a logistics center and STEM programming development
- Phase Two will showcase a hotel, waterpark, athletic complex, as well as redevelop Eastover Country Club, golf course, and residences
- The redevelopment is a 10-minute drive from the target corridor
Target Corridor - Community Assets

JOE W. BROWN MEMORIAL PARK

- Spans 163 acres, featuring a lagoon surrounded by ash, elm, hackberry, cypress, and willow oaks
- Farrar Canal separates the lagoon from the Louisiana Audubon Nature Center, located within the park and stretches 86 acres
- The park boasts basketball courts (indoors), all-purpose fields, baseball fields, off-street parking, play equipment, Pool (indoor, year-round), recreation center, stadium, tennis center, tennis courts, track & field, walking path
- After Hurricane Katrina, the park had a renovation including a new entrance, pathway to a community library, additional pavilions, gathering spaces, fishing docks, and a new turf football field
- The park also has a police station and a fire department on the edge of their property
- The park is within walking distance of the target corridor and can be driven to in under 5 minutes
Target Corridor - Community Assets

NEW ORLEANS EAST HOSPITAL BY LCMC HEALTH

• Full-service hospital with over 120 physicians on staff
• Provides surgical services, diagnostic imaging, laboratory services, emergency services, patient education, and social services both in and outpatient to New Orleans East, Gentilly, St. Bernard, and the Lower Ninth Ward
• Managed by LCMC Health, $1.64 billion in net assets, and is the first hospital to open in New Orleans East post-Katrina
• Earned a Joint Commission Gold Seal of Approval
• New Orleans East Hospital is adjacent to the target corridor and can be reached in 2-minutes (walking or driving)
CURRENT EVENTS

• Federal Administration has placed emphasis on infrastructure, environment, communities of color, and using an equitable lens for investment

• Pending Build Back Better application approval; alternative plans to move forward with other applications if needed

• Post Katrina levees withstood Hurricane Ida - a Cat. 4 storm (Katrina was a Cat. 3)

• Port NOLA container cargo volume has increased 40% in the past few months, during the global pandemic

• Port NOLA was not hindered by the supply chain shortage and is taking advantage by seeking new customers who were affected by the shortage

• Port NOLA has proposed to build a new international container terminal in Violet, LA. This would increase capacity and allow entry for larger container ships.

• Port NOLA provides logistics solutions between river, rail, and road

• Port NOLA generates $100 million in revenue per year through four lines of business:
  • Cargo, Rail, Industrial Real Estate, and Cruise

• Port NOLA direct Economic Impact includes 8,800 jobs, $609 million in wages, $1 billion in value-added, $2.3 billion in output

• Port NOLA is the only seaport in the US with access to six Class I railways
Transportation & Logistics - Port NOLA

Deep Water Ports
- New Orleans
- South Louisiana
- St. Bernard
- Plaquemines

Inland Waterborne
- Mississippi River
- Gulf Intercoastal Waterway
- Inner Harbor Navigation Channel
- Michoud Canal
- NASA Factory Shipping Port
Transportation & Logistics

Railroads
- CSX Transportation based in New Orleans East, Norfolk Southern runs through, NOPB lines & yard
- New Orleans Public Belt (NOPB) connects 6 class I railroads to “tie the port community and local industries directly to every major North American market” - New Orleans Public Belt
- BNSF, Canadian National (CN), Kansas City Southern (KCS), Norfolk Southern (NS), Union Pacific (UP), Illinois Central (IC)

Roads
- I-10, I-12, I-55, I-59, I-310, US-190, LA-21
- Interstates I-10 and I-90 cut through New Orleans East

Airports
- Louis Armstrong International Airport (MSY) - 30 minutes from target corridor
- Lakefront Airport (private) - 10 minutes from target corridor
State Incentives

Research and Development Tax Credit
• Encourages existing businesses with operating facilities in Louisiana to establish or continue R&D activities within the state
• Provides up to a **30% tax credit** on qualified research expenditures incurred in Louisiana – with **no cap** and **no minimum requirement**

Digital Interactive Media & Software Program
• Aims to help digital media and software development companies of all sizes gain a competitive edge
• Provides a **25% tax credit** on qualified payroll for in-state labor and 18% for qualified production expenditures
• **No cap** and **no minimum requirement**
• Tax credit can be applied to state income tax liability and the state will refund any overages OR applicants can opt for 85% of the value earned as a rebate any time during the year
State Incentives

Quality Jobs Rebate

• The Quality Jobs program provides a cash rebate to companies that create well-paid jobs and promote economic development

• Up to a 6% cash rebate of annual gross payroll for new direct jobs for up to 10 years

• Provides a state sales/use tax rebate on capital expenditures or a 1.5% project facility expense rebate on the total capital investment, excluding tax exempted items

LED FASTSTART®

• The top state workforce development program providing customized employee recruitment, screening, training development and training delivery for eligible, new or expanding companies – all at no cost

• FastStart includes:
  • 2D/3D Graphics Development
  • Curriculum Design
  • Photography
  • Recruitment and Selection Tactics
State Incentives

Angel Investor Tax Credit (AITC)

- Louisiana’s AITC encourages investment in early-stage, small wealth-creating Louisiana businesses that seek startup and expansion capital from accredited investors.
- Provides a 25% tax credit on investments by accredited investors who invest in businesses certified by Louisiana Economic Development as Louisiana Entrepreneurial Businesses (LEB).
- Provides an enhanced tax credit of 35% on investments by accredited investors who invest in LEB’s located in qualified Opportunity Zones.
- $7.2 million annual program cap.
- Investors can invest $720,000 per business per year and $1.44 million per business over the life of the program.
- The AITC Program sunsets on July 1, 2025.

Federal Opportunity Zones

- Opportunity Zones are a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017.
- This new federal capital gains tax incentive program is designed to drive long-term investments to low-income communities.
- The new law provides a federal tax incentive for investors to re-invest their capital gains into Opportunity Funds, which are specialized vehicles dedicated to investing in designated low-income areas.
By way of thorough due diligence including analysis of regional geography, population demographics (residential and visiting), and market details as specific as individual land plot opportunities, NOLABA helps de-risk development opportunities and serves as a concierge to those seeking investment into New Orleans.

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References


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