

INDIANA MAIN STREET INITIATIVE

The Indiana Main Street Initiative helps communities across Indiana restore their historic downtowns to boost community pride and make small-town America a place where people have enhanced opportunities for personal and professional growth. Rather than a piecemeal approach to development, we restore an entire downtown of 50-100 buildings in under 10 years. A typical project consists of 60-70% housing and 30-40% commercial and retail space that becomes locally owned and operated.

DEVELOPMENT OVERVIEW

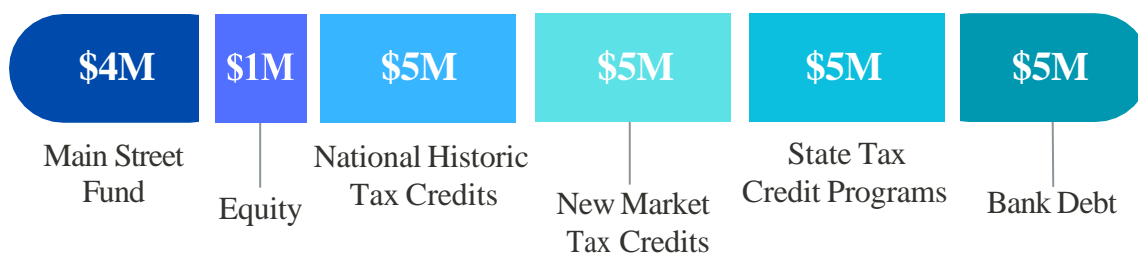
There are five basic steps to the development process:

1. Property Acquisition (12-24 months)
2. Design and Financing (12-18 months)
3. Construction (18 months from closing)
4. Property Management (ongoing)
5. Event Planning (ongoing)

The average historical building is 6500 sf. and costs \$2.5M to restore to modern standards. By undertaking at least 10 buildings at a time, the project has the scale and density to anchor a transformation and is large enough to qualify for federal and state tax credit programs.

SAMPLE CAPITAL STACK

Below is a sample capital stack for a \$25M project leveraging local investment, state and federal tax credits, and traditional capital sources. Typically, \$2-\$3M is required for property acquisition followed by funding for construction and redevelopment.



VAN WERT CASE STUDY

In 2019, a group of business and civic leaders in Van Wert, Ohio, decided to take action to address their community's steady and drastic decline. They secured \$3M from local investors and, with the assistance of PAGO USA, acquired 44 properties in under 20 months. The initial effort led to a \$46M investment to restore 20 of those properties, which are owned and leased by the community foundation. The mixed use properties now house residents and small businesses that have returned downtown, showing that decades of decline can be overcome with vision, strategy, and leadership.

Learn more at IndianaMainStreet.com



MAIN STREET FUND TERMS

Type: Impact Investment

Size: \$10M (\$5M Qualified Investors, \$5M Foundations and DAFs)

Return: 6-8% for Qualified Investors;
3-5% for Foundations and DAFs

Guaranty: Negotiated with local government and/or philanthropic institution

Dividend: Semi-annually

Period: 5 or 10 years

Manager: Commonwealth Impact Foundation

Fee: 1% fee at close plus annual servicing fee of 50 bps paid by the project

The Main Street Fund provides families and institutions the opportunity to invest in the redevelopment of your city's downtown assets, while providing the catalytic capital needed to unlock tax credits and bank debt for the construction phase. The Fund is managed by Commonwealth Impact Foundation, a nonprofit impact investing platform affiliated with Sagamore Institute. Commonwealth also offers a statewide fund that can be invested in communities across Indiana.

HOW IT WORKS

1. Commonwealth establishes the Main Street Fund, a limited liability company.
2. Investors complete an onboarding form, then sign a Master Investment Agreement and Promissory Note loaning money to the Fund.
3. Commonwealth calls investment and loans capital to the Downtown Trust for property acquisition and development.
4. Commonwealth monitors the Trust's progress and provides ongoing financial and impact reporting to investors.
5. The Trust repays the Main Street Fund according to the investment terms, which in turn repays investors.

CHARITABLE CAPITAL AS INVESTMENT

In addition to private investment, families and institutions can invest charitable assets from foundations, donor advised funds, and endowments in the Main Street Fund. Investment earnings are tax free and returned to the investing entity for grantmaking, thus multiplying the impact of those dollars. This is a great way to deploy low-risk capital alongside private investment for the betterment of your community.

PROJECT PARTNERS



Commonwealth Impact Foundation manages the Main Street Fund and helps educate community leaders through its think tank affiliate, Sagamore Institute. Commonwealth's partner, Gingras Global, provides investor relations and accounting support to the Main Street Fund.



PAGO USA leads property acquisition and development in partnership with the Board of Managers of the Downtown Trust, which is comprised of local business and civic leaders.