

EPIC FUND

An Impact Fund Providing Equity Products
for Investing in Communities



Despite their assets and human capital, many Chicago-area communities grapple with deep, persistent inequities in access to financial and other resources, including those needed for catalytic real estate projects. Reflecting community aspirations, and often led by people of color, these projects have the potential to contribute to significant change in a community's economy, build wealth, and improve quality of life. Such projects often are stymied by a missing piece in the financing marketplace—the flexible, patient, risk-tolerant equity and equity-like resources they need to unlock other capital and advance development.

Problem: A gap in the financing marketplace

An ample supply of debt capital is available through Chicago's robust CDFI industry and key bank partners. However, debt alone is insufficient to advance these complex projects. Funding from public sources may be available but it is highly-targeted, inflexible, and scarce. Philanthropic grants are often essential but not routinely available at the volume or typically the size that significant projects need.

Solution: EPIC Fund, an innovative \$50 million pool of catalytic capital

With \$40 million of investment capital and a \$10 million loss reserve, the EPIC Fund provides the equity and equity-like resources that catalytic projects need to proceed and, as a powerful proof of concept, lays the foundation for long-term, structural change in community development investment and financing.

- 10-year Fund life
- 4-year project investment period
- Investors provide capital in the form of unsecured loans, recoverable grants, or grants through capital calls over the first three years
- Fund is housed at and managed by 30-year-old, nationally-respected, Black-led CDFI, with proposed investments considered by a new, independent, single-purpose Investment Committee
- Fund provides innovative capital to projects in the form of recoverable grants, non-dilutive equity, or first-loss subordinated debt
- Likely projects include commercial properties, mixed-use developments, restaurants and entertainment venues, food and grocery stores, local shops and services, and community facilities
- Innovative Fund design provides that successful completion of a project or other agreed-upon milestones allow capital to be repaid to the Fund, with maximum project returns capped at a below-market rate so that wealth can accrue to the benefit of the developer or sponsor
- Fund balance is returned to investors at the end of the Fund's 10-year life

Impact: Significant immediate and long-term benefits

The EPIC Fund is a distinctive, innovative effort to provide what Chicago-area real estate developers, especially those led by people of color, need to lead the revitalization of their communities.

The Fund's ambitious goals include:

- **Ready access to equity capital** to launch projects or get them across the finish line
- **Increased scale and pace of catalytic real estate projects** with easier access to equity capital
- **Tangible community benefits** through needed amenities and services, jobs, greater economic activity, increased optimism and confidence, and more
- **Community wealth** built through Fund design that caps returns to the Fund
- **Investment capital returned to investors** under reasonable portfolio construction scenario
- **Contribution to favorable neighborhood market conditions** that, over time and with other development, diminish the perception of risk and help support conventional, market-rate investment and economic activity
- **Contribution to national efforts** to extend the reach and impact of the community development finance Industry
- **Over the long-term, a permanent change in the financing marketplace** that makes equity and equity-like capital routinely available, especially to project developers and sponsors led by people of color working to increase prosperity and opportunity in Chicago-area communities that have experienced scarce or inequitable investment

Partnerships: Working together for greater impact

The EPIC Fund is an initiative of the Corporate Coalition of Chicago, an alliance of companies whose mission is to reduce systemic inequities in the region by identifying new ways to deploy their capital, capabilities, and employee enthusiasm.

To oversee the operations of the EPIC Fund and innovate in the design of new financing products, the Corporate Coalition is partnering with the EPIC Fund Collaborative, which has been formed for this purpose by leading community development financial institutions (CDFIs) in Chicago: Chicago Community Loan Fund; IFF; and LISC Chicago.

The Corporate Coalition is a formal partner of *We Rise Together: For an Equitable and Just Recovery*, an initiative of The Chicago Community Trust. Investments in the EPIC Fund are considered contributions to *We Rise Together*.

For more information, please contact Brian Fabes, Managing Director of the Corporate Coalition, at brian.fabes@corpcoalition.org.

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