



## **SMART Opportunity Zone USA 2019-2020**

### **Executive Brief**

SMART Community Exchange (SCE) organizes teams of SMART economic development and technology leaders to serve the U.S. opportunity zones as they define the transformation into 21<sup>st</sup> Century societies.

The SMART Opportunity Zone (SOZ) development teams consist of private and public (P3) partners. The SOZ teams partner with opportunity zone leaders to assess, define, develop and deploy the SMART Economic Development, Education, Workforce Development and Training and SMART Infrastructure, Networks, Equipment, Intelligence and Maintenance that would constitute a 21<sup>st</sup> century SMART platform.

The SOZ vision is to transform U.S. opportunity zones into SMART economies and societies. We accomplish this while allowing opportunity zone officials maximum input, flexibility and control over the SOZ development. Each opportunity zone project is a tool for SMART Economic Development in each community.

### **1. The Vision**

The U.S. opportunity zones will become SOZs - technology-enhanced, inclusive and thriving societies. The SOZ teams partner with businesses, government agencies, educational and other institutions in each opportunity zone to transform opportunity zone economy to a more competitive economy and destination, reliant essentially upon innovative and sustainable technology tools that address the insularity of opportunity zones, while affording government and business leaders opportunities to maximize resources and infrastructures. In essence, we propose to transform the U.S. opportunity zones into SMART communities that promote SMART growth, SMART human capital development and SMART Jobs.

### **2. Scope**

SCE team partners with a U.S. opportunity zone to identify innovative designs in much of its core infrastructure; designs that leverage best-in-class information/digital technology. The objective is to establish the blueprint and strategic plan to accomplish the following:

- a. Build awareness and consensus among and across the opportunity zones territory for an effective, efficient implementation of the SMART Community for each opportunity zone.
- b. Conduct a feasibility and needs assessment to focus the proposal's design and scope to the true SMART government, economic, education and societal needs of the opportunity zone.
- c. Construct a public-private-partnership which will establish protocol, financial planning, governance, oversight and, management structure for the planning, design, deployment and implementation of the SMART community projects.
- d. Develop the project management structure to ensure the project is managed and deployed in a cost-effective, needs-based manner.

Typical solutions in a SMART community implementation include monitoring and management of health care delivery, energy, water and food resources, planning and design of buildings and structures, planning and design of transportation and mobility systems, planning and design of local infrastructure, delivery of governmental services, and of course delivery of education.

The technology fueling this platform includes Internet of Things (IoT), machine learning, artificial intelligence, 5G wireless networks, fiber optic networks, and big data as basic infrastructure.

Suggested SMART community priority areas where this basic infrastructure is applied include:

- Broadband Communications infrastructure and networks
- SMART grid and energy infrastructure
- SMART transportation and mobility
- SMART telehealth and remote health care delivery
- SMART government services and public safety
- SMART water and wastewater management
- SMART economic development - 21<sup>st</sup> Century business models and tourism
- SMART Education - digital education strategies

*The full implementation of the SMART Community platform will require additional and subsequent documentation and approvals, in one or more final agreements setting forth the terms of a Proposed Transaction to organize, fund, manage and complete the project.*

### **3. Objective**

The principal objective of to build awareness and to conduct a needs assessment as the initial phase the SOZ transformation. Later phases will consist of a concise design and implementation strategy which substantially advances the resiliency and sustainability of the opportunity zone economy and collective lifestyle, and ultimately leading to a project management phase.

SOZ partners want to understand the practical needs of each U.S. opportunity zone in order to tailor the solution to the opportunity zones' core strategic priorities, as well as its education and societal needs. We then propose to recognize international standards for SOZ development, in order to adopt best practices in implementing the strategic and societal goals of the SOZs. In the course of this exercise, our SMART community development partners anticipate forging strong relationships with the grassroots constituents in the opportunity zones for the SOZ platform.

### **4. Key Stakeholders**

- A. Government agencies
- B. SMART technology providers
- C. SMART community developers
- D. Financiers/Public-Private-Partnership

### **5. The Activities and Schedule**

#### **a. Awareness Campaign**

The SOZ partners agree to organize and participate in an awareness campaign, to evolve into a constituent interface group. This activity will offer information, insights, and training for constituents in the opportunity zone describing the core elements of infrastructure, as well as the objectives of a SMART community. This process is intended to value and understand the capabilities, functions and features of a SMART infrastructure and platform in order to exploit same.

Constituents agree to host the events associated with this activity, to identify vital attendees, and to organize, and administer an ongoing constituent interface group.

First phase; First quarter 2020

**b. Needs assessment; feasibility study**

The opportunity zone agrees to conduct a SMART readiness assessment that will define what existing resources are available, what are the core needs in the opportunity zone, and where priorities and opportunities exist in the opportunity zone community's infrastructure and technology. The partners will produce a feasibility report which is expected to extend over a multi-year implementation schedule for the SOZ platform.

The constituents define a clear vision for the transformation of the opportunity zone's economy and society and identify vital inputs and attendees. It is further proposed that the opportunity constituents agree to fund this activity.

First phase; First quarter 2020

**b. Public/Private/Partnership**

The opportunity zone partners propose that this project be based on a business case that clearly articulates the potential value of the project to private constituents. The value can take different forms, from direct returns on investment to indirect benefits like greater economic development. This proposed transaction proposes to build consensus on the final revenue models, and further identify the related business risks. It is necessary to clear define the factors that will make the SOZ project financially sustainable.

The opportunity zone partners propose the adoption of the best practice adopted by many other communities in establishing a third-party entity, called a public-private-partnership ("P3") to house the operations and management of the SOZ infrastructure.<sup>1</sup> This approach encourages role clarity, political feasibility, and eases procurement. A third-party entity can help partners and cities navigate the complex structure of both local and state governments, and private corporations. The SOZ partners agree to research and present best practices for P3 development in SMART community initiatives.

The constituents define legal standards, regulatory requirements, procurement regulations, and other oversight standards that govern the operations of a P3 in each SOZ application.

---

<sup>1</sup> *Using Public-Private Partnerships to Advance Smart Cities: Part Two – Funding and Financing Smart Cities Series*, Deloitte Center for Government Insights; <https://www2.deloitte.com/global/en/pages/public-sector/articles/smart-cities-funding-and-financing-strategies.html>

The Parties agree to devote their best efforts to jointly establish governance, protocol, financial planning guidelines, government oversight and, management structure for the P3 proposed for the SOZ platform.

First phase; Second quarter 2020

## **6. The Operating Principles and Guidelines for the Project**

### **a. Implementation priorities**

The essential operating principle of this proposed transaction is that it make clear the focus, strategy and process for a transaction in which the SOZ partners would develop a SOZ platform for the U.S.

Ultimately, this project has as its fundamental principle that it should be results based, with the essential result that it be a clear force in the transformation of the SOZ. Evidence is emerging that effective implementation of SMART community technologies can produce a 50 percent reduction over a decade in energy consumption, a 20 percent decrease in traffic, an 80 percent improvement in water usage, a 20 percent reduction in crime rates, all while enhancing existing private sector businesses, and attracting 21st Century businesses:

- Transparency and openness
- Open network architecture; seamless integration

## **7. Financing**

A. Each party shall be responsible for its own expenses incurred in the including travel, meetings, communication or work performed in the negotiation of each SOZ project.

### **B. Project Budget of P3**

The SOZ partners propose an innovative approach for funding and managing the SOZ project, that includes a comprehensive strategic plan with a robust business model, a creative approach to funding and financing—new sources of revenue, new business models for recovery and value capture—and innovative financing structures for investors. This model places particular focus on finance raising, restructuring and refinancing of both project finance and corporate debt transactions. It further includes

development of government and infrastructure assets, real estate, energy, renewable energy assets, and more.

The SOZ partners agree to identify best practices in financial planning, budget and financial management of the SMART community infrastructure projects.

The constituents specifically describe any public incentives available for each SOZ project; The Parties agree to devote their best efforts to establish criteria and guidelines for ownership of assets.

First phase; Second quarter 2020

## **8. Other Understandings and Agreements**

The parties will be consistent with, and committed to the conceptual, strategic and operations plans which are agreed to by the SOZ partners, including opportunity zone officials with authority for the SMART community development. The parties agree to devote their best efforts to the completion of SOZ plans. Beyond SOZ plans, nothing precludes signatories from entering other agreements which do not represent a conflict of interest with SOZ projects, even if aligned with the objectives of this project.

### **Projected Third Parties**

## **9. SOZ Letter of Intent (Draft)**

A. The Letter of intent will remain in effect for a period of \_\_\_\_\_ years from the date of the last signature below: It may be extended or amended by mutual agreement of all parties.

B. Any of the parties can terminate their participation in this Letter of Intent within thirty (30) days of written notice. The remaining parties not obligated to continue this Letter of Intent, invite new parties or conclude a new Letter of Intent.

C. Should any party exercise its right to termination, all parties agree that the responsibilities, arrangements or understandings of the resigning party as defined by the scope of this Letter of Intent, including its purpose, are hereby relinquished.

D. Any projects that have been put in place or are in the process of being completed as a result of this Letter of Intent remain unaffected by the resignation of a

single or multiple parties, including the termination/natural conclusion of this Letter of intent.

E. Confidentiality. Each party should clearly identify information or materials which represent trade secrets, or are otherwise to be treated as proprietary, confidential communications. All parties agree to execute a nondisclosure agreement related to this proposed transaction.

#### F. Signatures

For more information, contact: [info@SMARTCommunityExchange.com](mailto:info@SMARTCommunityExchange.com)