



Lee-Ogle Enterprise Zone Agenda

Location: Ogle County Building, Rochelle

Date: 9/19/2018 at 10 am

10:00 a.m.	I. Call to Order and Attendance	Chair
10:05 a.m.	II. Minutes	Chair
10:10 a.m.	III. Unfinished Business	
	a. Financial & Admin Report	Andy Shaw, Administrator
	b. Other Unfinished Business	Board
10:25 a.m.	IV. New Business	
	a. Sign Application for Oregon-Ashton	AS
	b. Use of EZ for Solar	AS
	c. Remaining Zone Area	AS
	d. Opportunity Zone	AS
11:00 a.m.	V. Next Board Meeting & Location	Board
11:05 a.m.	VI. Roundtable Discussion	Chair
11:15 a.m.	VII. Adjournment	Chair

Lee-Ogle Enterprise Zone Meeting Minutes

Location: City Hall, Dixon

Date: September 19, 2018 | Time: 10:00 am

Voting Membership Attendance

In- Person	Remote	
<input type="checkbox"/>	<input type="checkbox"/>	Rochelle Mayor Chet Olson (Chair)
<input type="checkbox"/>	<input type="checkbox"/>	Dixon Mayor Liandro Arellano (Vice-Chair)
<input type="checkbox"/>	<input type="checkbox"/>	Amboy Mayor John Schamberger
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Ogle County Chairman Kim Gouker
<input type="checkbox"/>	<input type="checkbox"/>	Lee County Chairman Jim Wentling
<input checked="" type="checkbox"/>	<input type="checkbox"/>	GREDCO President Jason Anderson
<input checked="" type="checkbox"/>	<input type="checkbox"/>	LCIDA Exec. Director Kevin Marx
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Administrator Andy Shaw

Guest Attendance

In- Person	Remote	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Dan Payette, BHRC
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Greg Sparrow, Ogle County Board
<input checked="" type="checkbox"/>	<input type="checkbox"/>	John Finrock, Ogle County Board & Mount Morris
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Theresa Wittenauer, Lee County Admin
<input type="checkbox"/>	<input type="checkbox"/>	

Call to Order

With both Chair and Vice-Chair absent, Shaw called the meeting to order at 10:07 AM. Brief discussion of Love’s Travel Stop proceeding, Mighty Vine making decisions regarding expansion location in the Opportunity Zone. Suggestion of having a forum for businesses about OZs with Anderson and Marx. Gouker arrived at 10:14, establishing quorum.

Minutes

The minutes of the June 14, 2018 meeting were emailed out and handed out.

Financial Report

New Projects include a new restaurant in downtown Dixon called Curate Kitchen, and Boise Cascade adding a building in Rochelle at their site near Americold.

Andy motion, Kim second – minutes & financial report. Passed.

Administrator’s Report

New Abatement Application: Andy reported he is meeting today (9/19/2018) with Amboy Schools’ superintendent; hoping to submit application to state by early November.

Zone does not have resolutions from Township road and bridge funds that are separate line-items on tax bills. (Flagg said its intent was to have all of it jurisdictions included; asked how do we fix it?); Andy will seek these overlooked abatements to have the most complete coverage of tax districts.

Andy will send out an RFQ for a new description of original zone and Amboy addition; this will happen next spring

With the certification of the three project amendments it was a two-month process, these were smaller applications and the timing was favorable for hearings and ordinance passage, and thanks to Lee County’s board policy change. Good guideline of a best case timeframe, and evidence that new description of zone boundaries is acceptable to the state DCEO.

Lee-Ogle ENTERPRISE ZONE

The much thicker applications for amendments to add municipalities would be expected to have additional time, probably at least to the state's stated timeframe of 90 days. Mount Morris' final form went in and will be expected soon since most review was said to have taken place. Oregon and Ashton will be sent in the next few weeks and would be expected to be at least the 90 days for certification.

Upcoming meetings: Illinois Enterprise Zone Conference next week, IDOT rural transportation planning conference, and county zoning officials conference that will feature solar developers and the Illinois Department of Agriculture (in regards to solar topic).

New Business

Use of Zone for Solar Projects

Shaw started discussion with mention of a call from one of the already-permitted Ogle project's attorneys. They wonder if we would be open to extending enterprise zone to solar site. Apprehensive due to lack of abatement resolutions in the area where we don't have zone now and wouldn't expect interest from school boards especially. Alternatively, we could offer no abatement and just the building materials exemption. Anderson sees the zone as jobs first and then EAV/investment gains. Gouker does not see using our EZ acres for this, and sees them as subsidized already. Wittenauer wondered what job creation would there be with these? Thought to be lightly staffed, solar is low-maintenance. Shaw has not heard of other zones being approached, but will be at conference next week.

Remaining Zone Area

The board discussed the remaining area for the zone by county, assuming a 50/50 split. At this time there are 10.51 more acres in Lee County. After balancing that Lee County would have 269.975 available and Ogle County would have 290.995 available of the 560.97 that remain after amendment 6 is certified.

Anderson suggested we agree to maintain a proportion in reserve at set number like 200 per county. Marx asked about removing land from zone. Shaw stated it is complicated to change; relatively locked, but it can be changed, although perhaps politically complicated (and in other ways)

Gouker stated that we can move things around and Anderson replied: I think it's going to get complicated/get harder to move things. Shaw cited the UP Global III example where it was built in the zone and removed on completion. Anderson cited that availability of utilities, cost of farm land complicates decisions.

Agenda item at the next meeting.

Opportunity Zone

Shaw stated that IRS rules not out yet, and are expected by end of the year, but deals are being made; it has to be a good business looking for equity partners; we should have a list of doable deals that we know about; although it is tricky to quietly advertise/ask businesses if they're asking for new equity partners; gave Mighty Vine example.

Anderson wondered if it matters what type of investment funds come from? Shaw stated that origin of money is irrelevant; it is any realized capital gains; You take the cash from the sale and you've got six



months to move the gains into an Opportunity Fund and an investment; we should have a meeting with the owners of the existing businesses in the OZ and let them know this has potential.

One big question is how do you handle 6-month requirement when many construction projects can take years to complete. This is one question expected to be addressed with the forthcoming rules.

Open Prairie venture capital group/Lee Strom could be an investor with its OF. This group has already noticed and visited Rochelle over a month ago. There are \$6 trillion in unrealized capital gains out there.

Anderson asked if you can use to acquire buildings? It is for improvements only; and they need to double the value of a place (beyond sale price), or what is known as a substantial improvement. If they buy building for \$30 million then that 30 is not part of the Opportunity Fund.

Marx asked what the best use case would be. Shaw stated from-scratch projects; also best case is something dilapidated with bigger upside potential; improvements, not land; suggested that free or reduced cost land could be provided to companies for a bigger upside (and then you can add strings, it's not completely Wild West because you can somewhat control development)

Marx then asked about timeline and Shaw stated the best case is to have a project done by the end of next year; incentive to get things done quickly.

Anderson wondered if can public projects be funded and Shaw said perhaps in some kind of lease back. Sparrow asked, will state have a major role and Shaw said no; it is reported that there is no one working on this, despite other states moving on this; 1/3 of the states no state-level action; a weird program and its federal taxes; presenters suggested a state-level pipeline and that locally a pipeline of investible deals should be put together.

Roundtable Discussion

None

Next Board Meeting & Location

The next board meeting will be held on November 1 at 10 AM at Rochelle City Hall.

Adjournment

Shaw motion to adjourn the meeting. Wittenauer seconded. Meeting adjourned at 11:11 AM.

Lee-Ogle Enterprise Zone Meeting Minutes

Location: Ogle County Building, Rochelle

Date: July 26, 2018 | Time: 10:00 am

Voting Membership Attendance

In- Person	Remote	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Rochelle Mayor Chet Olson (Chair)
<input type="checkbox"/>	<input type="checkbox"/>	Dixon Mayor Liandro Arellano (Vice-Chair)
<input type="checkbox"/>	<input type="checkbox"/>	Amboy Mayor John Schamberger
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Ogle County Chairman Kim Gouker
<input type="checkbox"/>	<input type="checkbox"/>	Lee County Chairman Jim Wentling
<input checked="" type="checkbox"/>	<input type="checkbox"/>	GREDCO President Jason Anderson
<input type="checkbox"/>	<input type="checkbox"/>	LCIDA Exec. Director Kevin Marx
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Administrator Andy Shaw

Guest Attendance

In- Person	Remote	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Julie Jacobs, BHRC
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Greg Sparrow, Ogle County Board
<input checked="" type="checkbox"/>	<input type="checkbox"/>	John Finrock, Ogle County Board & Mount Morris
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Tim Henert, Village President, Ashton
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Ryan Pettenger, Ashton Trustee
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

Call to Order

Chair Olson called the meeting to order at 10:04 AM. Minutes and Financial Report were moved to the bottom of the agenda waiting on a quorum.

Administrator's Report

Shaw reported on the new abatement application. He will be meeting with Ashton Township board in August. A couple more are coming in from Ashton area and Amboy School District. Amboy's Mayor is assisting with setting a meeting with the new superintendent. Crest Foods is assisting with getting some other districts on board.

Lee County officials sent a response to the 30 taxpayers that were not abated. Crest Foods was rightfully not pleased with the deferral of abatement offered by Lee County officials. Abatement would be delayed one year and company would not lose the abatement year, but would not be able to plan for much larger tax bills in 2018. This will be discussed further in bringing Ashton back into the zone.

Shaw met with Lee County Executive Committee to encourage them to waive their rule for holding over ordinances. The Executive Committee passed a resolution permanently waive it when it comes to the EZ. The full Lee County Board approved it as well. If your boards ever consider having these policies it is advised that they make an exception for zone amendments. Lee County's resolution is a good model for this.

Shaw recently spoke to Vic Narousis, DCEO, concerning Mt. Morris. Shaw was informed that the Zone description needed to be amended. Shaw is working on the amendment, what used to be a few pages is now 27 pages. Areas need to be described as outside boundaries rather than parcels which are not permanent features. On that note, the State wants us to re-do the entire 2015 Zone map and the Amboy map with a complete boundary description. There is no required time frame as to when it needs to be done, but it was suggested to be after our other amendments are complete. It might require contracting the work out with an engineering firm or Ogle County GIS since it is pretty complicated. Shaw is looking at the different options.

A public hearing has been scheduled for Oregon on August 14, 2018.



New Business

Tettens Grain-Transfer of Abatement - Shaw read the process of how assignment or transfer for abatement shall be handled. The Tettens Family Farm LLC, headquartered in Sterling, purchased the M&R Farms grain elevator near Nachusa. Taxing bodies don't have a choice, but need to be informed of our board actions. Tettens will employ four full-time employees and is expected to continue expansion of facilities here. M&R Grain Elevator had been successful with multiple expansions in previous years. Shaw made a motion to approve the business transfer property tax abatement to the Tettens Family Farm LLC. Gouker seconded. Motion passed.

Crest Foods Concerns-Village of Ashton

With the new zone map of the new EZ, Ashton was not included which in turn impacted Crest Foods. The Village would like to be put back in the EZ. As mentioned earlier, Crest Foods was upset with the County over its abatement and tax bill. This would be one way of assisting the company and support future expansion inside the village where its production facility is now. Shaw shared a map of Ashton showing the area of discussion. To bring Ashton back into the Zone could be approximately 74 acres. Farm on the corner is zoned industrial as well. There was discussion as to where does the Zone stand, it had an initial 1000 acres that were unused and thought to be divided equal between the counties. Anderson stated we need to be aware of how are we stand acreage wise Lee vs. Ogle. In making good with Crest Foods, Shaw made a motion to add Ashton back into the Zone, minimum 34 and maximum of 74 acres, for commercial and industrial properties. Anderson seconded it. It was recommended at the next meeting the Zone acreages by county be shared.

Minutes

The minutes of the June 14, 2018 meeting were emailed out and handed out. Motion by Gouker to accept. Shaw seconded. Motion passed.

Unfinished Business

Financial Report

The project fund account financial report and the administration expense were included in the meeting folders. Shaw explained that Amboy's administration fee was included in the same check as their application fee. A check was issued to BHRC for \$670.00 for Amboy's administration fee. A check from Boise Cascade will be submitted soon. The financial report also included the overall budget status for administrative expenses for the first five months. Pretty close to 40% of what was budgeted. Motion by Anderson. Gouker seconded. Motion passed.

Roundtable Discussion

Anderson reported that Mighty Vines is looking at doubling in size. They are already in the Zone. They would have to pay a new project application fee. They are looking for a grant to help with electrical cost. Shaw recommended they look at DCEO's EDGE Program. Anderson also announced that there will be a Ground Breaking Ceremony on August 6th for the \$7 million expansion of the City's rail system. This will open into Lee County. Five hundred acres of rail served property. In the same area, the brand new well built by Hayes and Steward Roads is no longer functional due to high radium. A radium plant will have to



be built next to it. Negotiating on purchasing the land for the building. Because of the radium removal process the sewer line will have to be extended from county line down to the Hayes Road.

Next Board Meeting & Location

The next board meeting will be held on August 23 at 10 AM in Ashton at Mills Petrie Building, 704 North First Street (East side of the building).

Adjournment

Anderson motion to adjourn the meeting. Gouker seconded. Meeting adjourned at 10:53 AM.

**Lee-Ogle Enterprise Zone
Sauk Valley Bank Checking Account**

Date	Check Number	From	Deposit	Withdrawal	Total
5/25/2017	237254	Willett, Hofmann & Associates, Inc.	\$ 266.00		\$ 266.00
8/3/2017	2888	Centerstage Dance Company	\$ 50.00		\$ 316.00
8/23/2017	3865	Nathan & Jennifer McGee	\$ 200.00		\$ 516.00
8/29/2017	29265	Hayden Real Estate, Inc.	\$ 1,450.00		\$ 1,966.00
9/6/2017	39105	City of Amboy	\$ 3,670.00		\$ 5,636.00
9/19/2017	17440	Griffco Design/Build Inc.	\$ 50,000.00		\$ 55,636.00
9/20/2017	ETF	Harland Clarke (Checks for Account)		\$ 19.10	\$ 55,616.90
10/2/2017	6520	Larry Farley Insurance Agency, Inc.	\$ 15.00		\$ 55,631.90
10/2/2017		Interest	\$ 4.27		\$ 55,636.17
10/31/2017		Interest	\$ 11.00		\$ 55,647.17
11/30/2017	25173	Illinois River Energy LLC	\$ 1,688.86		\$ 57,336.03
11/30/2017		Interest	\$ 11.39		\$ 57,347.42
12/11/2017	9174	Richard & Doris Kennay	\$ 5,200.00		\$ 62,547.42
12/11/2017	5480	Hvarre Holdings	\$ 400.00		\$ 62,947.42
12/31/2017		Interest	\$ 12.89		\$ 62,960.31
1/31/2018		Interest	\$ 13.32		\$ 62,973.63
2/28/2018		Interest	\$ 12.03		\$ 62,985.66
3/31/2018		Interest	\$ 13.32		\$ 62,998.98
4/18/2018	3102001	Growmark, Inc.	\$ 14,000.00		\$ 76,998.98
4/30/2018		Interest	\$ 14.04		\$ 77,013.02
5/22/2018	5832	Blackhawk Hills Regional Council	\$ 3,000.00		\$ 80,013.02
		(Mt. Morris Application Fee)			\$ 80,013.02
	25555	Illinois River Energy LLC	\$ 139.46		\$ 80,152.48
5/31/2018		Interest	\$ 16.48		\$ 80,168.96
6/14/2018	1000	Blackhawk Hills Regional Council (Amboy's Admin. Fee)		\$ 670.00	\$ 79,498.96
6/30/2018		Interest	\$ 16.36		\$ 79,515.32
7/31/2018		Interest	\$ 16.81		\$ 79,532.13
8/8/2018	12769	Boise Cascade Company	\$ 2,375.00		\$ 81,907.13
8/15/2018	27265	Bob Slain Construction LLC	\$ 800.00		\$ 82,707.13
8/31/2018		Interest	\$ 17.28		\$ 82,724.41



22-Aug-18

Lee Ogle Enterprise Zone Administrative Budget
January 1-August 31, 2018

	Budgeted	Actual
Income		
Lee County	\$ 10,574.00	\$ 10,574.00
Ogle County	\$ 7,778.00	\$ 7,778.00
City of Dixon	\$ 22,508.00	\$ 22,508.00
City of Rochelle	\$ 23,866.00	\$ 23,866.00
City of Amboy	\$ 670.00	\$ 670.00
Village of Mt. Morris	\$ 1,750.00	\$ 1,665.00
Total	\$ 67,146.00	\$ 67,061.00
Expenses		
Personnel	\$ 35,600.00	\$ 23,370.57
Fringe	\$ 10,150.72	\$ 4,858.50
Travel	\$ 1,765.49	\$ 1,441.00
Other/Indirect	\$ 6,714.60	\$ 4,476.40
Non-Fixed Expense	\$ 12,915.19	\$ 2,057.81
Total	\$ 67,146.00	\$ 36,204.28



To: Enterprise Zone Advisory Board
From: Andy Shaw, Administrator
Date: 9/19/2018
Subject: Report of Activities

1. Financial: The fund report is attached to this month's board material.
2. New Abatement Application: I presented to Ashton Township board in August and they approved at their September meeting. I am still working on a few before sending this one around beginning of November.
3. Mount Morris: The Mount Morris application supplement was finalized and sent to DCEO on 9/18/18.
4. Legal Description of Entire Zone: As mentioned before, DCEO now wants us to re-do the entire 2015 zone and Amboy amendment with a complete boundary description. I will be putting out a RFQ for a contract job to area engineering firms and complete the hearing and application for this in late Spring 2019.
5. New 2018 Projects Applications: The 3 applications (Manor Court, Aanchor Road Storage, and Johnson Implement) were all certified on 8/9/18. The new description methods were good with DCEO. This is probably a best case example of the timing of an amendment. The Public Hearing for Johnson Implement was on June 4th, Ordinances passed in June, and application sent on July 11th. About a two month certification time, which was most critical for Johnson Implement to get started.
6. Revolving Loan and/or Facade Program: Delayed on this, more information next meeting.
7. City of Oregon/Village of Ashton: Public hearings were held 8/13/18 and 8/14/18. Ordinances have all been passed and now we are waiting for the copies and certified copies of those from a couple units of government and also waiting Department of Agriculture Review approval letter. I expect to send this one in the first couple weeks of October and see likely certification by the first of the year.
8. Website & Records and Minutes: Many of the meeting records have gone onto the documents page of leeoglezone.com. More is to be added to site, especially some project examples and Opportunity Zone information. I have recently started setting up a Facebook page for the zone, to reach people with our latest news, like groundbreaking, etc.
9. Disclaimers: I will be adding a disclaimer notice to our informational card to avoid any misunderstanding about abatement and TIF. Further, on other tax questions, like the Opportunity Zone, disclaimers will advise that professional tax advice be sought.

B. The City of Oregon, Illinois, adopts the terms of the Intergovernmental Agreement made on December 15, 2015, and is hereby added as a “Designating Unit of Government” of the Lee Ogle Enterprise Zone.

C. CHANGE TO SECTION I. OF THE INTERGOVERNMENTAL AGREEMENT– GENERAL PROVISIONS

Subsection D) is hereby amended to read as follows:

D) Administration Fees.

2) Designating Units of Government – The Designating Units of Government agree to provide financial assistance to the organization employing the Zone Administrator. Said assistance shall be calculated using a per capita rate of \$0.75 (seventy-five cents) based on the population of the respective Designating Units of Government according to the most recent decennial census as well as allocation of Enterprise Zone Acreage as described below:

Lee Ogle Enterprise Zone Area and Funding Formula for EZ Administration Operating Expense

2010 US Census Population Lee & Ogle Counties

Dixon 15,692	Rochelle 9,574
Amboy 2,404	Mount Morris 2,998
Ashton 972	Oregon 3,721
Lee 36,031	Ogle 53,497
Total population both counties	89,528
Budget of \$.75 Per Capita for EZ Admin	\$67,146.00

LEE COUNTY PORTION % of Zone		OGLE COUNTY AREA PORTION % of Zone		
to Uninc. Lee	3206.40 acres	35.47%	to Uninc. Ogle	1066.92 acres 11.80%
To Dixon	1161.48 acres	12.85%	To Rochelle	3150.03 acres 34.85%
To Amboy	78.52 acres	0.87%	To Mount Morris	193.43 acres 2.14%
To Ashton	66.24 acres	0.73%	To Oregon	91.76 acres 1.02%
50% of Strips	12.13 acres	0.13%	50% of Strips	12.13 acres 0.13%
Area To Lee County	4524.77 acres	50.06%	Area To Ogle County	4514.26 acres 49.94%

Zone Parcel Acreage	9014.77 acres 99.73%
Connector Strips	+24.26 acres 0.27%
Total Zone Area	9039.03 acres 100.00%

Total Zone Area	9039.03 acres 94.16%
Acres in reserve (unallocated)	560.97 acres 5.84%
Max Acres per Statute	9600.00 acres 100%

<u>LEE COUNTY FINANCIAL SHARE</u>		<u>OGLE COUNTY FINANCIAL SHARE</u>	
Lee County Share	\$10,204.00	Ogle County Share	\$7,433.00
Dixon Share	\$22,138.00	Rochelle Share	\$23,521.00
Amboy Share	\$670.00	Mount Morris Share	\$1,750.00
Ashton Share	\$600.00	Oregon Share	\$830.00
50.06% of Budget	\$33,612.00	49.94% of Budget	\$33,534.00
Total Budget for Administration		\$67,146.00	

Budget shall be adjusted each year for the following year according to the 3-year rolling average of each year's annualized October CPI published by the US-BLS.

D. CHANGE TO SECTION II OF THE INTERGOVERNMENTAL AGREEMENT– DEFINITIONS

Subsection D) is hereby amended to read as follows:

- D) “Eligible Special Uses, Variations” as defined herein are considered Eligible Project Types when the Special Use or Variation is granted pursuant to local ordinance of the applicable Designating Unit of Government where the project is located.

City of Dixon Districts for Eligible Project Types:

- B-1 Limited Neighborhood Business District
- B-2 General Business District
- CBD Central Business District
- BH-1 Interchange Planned Unit Development District
- LM Limited Manufacturing/Business Park District
- GM General Manufacturing District

City of Amboy Districts for Eligible Project Types

- C-1 Neighborhood Commercial District
- C-2 General Commercial District
- I-1 Light Industrial District
- I-2 Heavy Industrial District

Village of Ashton Districts for Eligible Project Types

- C-1 Neighborhood Business District**
- C-2 Central Business District**



To: Enterprise Zone Board
From: Andy Shaw, Administrator
Date: 9/19/18
Subject: Opportunity Zone Conference Notes

- Opportunity Zones turn what would already be 'good' investments into something that is competitive with anything
 - Real estate improvements are a logical beginning point but the best benefit will come from business capital that creates jobs
 - The idea is to change investor behavior at scale, to transform underinvested communities. Long-term intent
 - There is a strong divide and market activity retreat from distressed community, bypassed by recovery
 - 35 million people live in these zones. 56% are minority, 76% are metro area, 294 tribal tracts
 - 6 trillion unrealized gains are out there and could be invested
 - No requirements that each zone gets investment, reporting of use is not in rules, Wild West
 - More \$ than projects at this time
 - Tight timeframe for best benefit, end of 2019 for 15% tax forgiveness

- State's role could be:
 - identify a pipeline of projects that are investible
 - States need a plan, especially after governor's races this fall
 - State-level coordinator at DCEO? not funded at this time.
 - State-level Opportunity Fund?
 - Other role could carve out a portion of other programs for OZ, like historic tax credits
 - By tying to another program, could create reporting requirements

- Investors are looking for deals now, what is investible in your zone?
 - Create a prospectus of opportunities available in your zone
 - Prospectus template: top ten developable projects
 - Marketing needed to overcome the friction of information
 - -get noticed -urgency is key -think like an investor -layer programs and incentives for best success
 - Do tours to show zone potential and investible deals



- What are the investments?
 - Does a project make sense without the incentive?
 - Existing businesses that want to grow by not through debt
 - Need to keep finger on the pulse of your businesses
 - Private developers using own gains for their own project pipeline
 - First use/substantial improvement requirement
 - Spend at least as much as the cost of the business on the improvements
 - Program could be better in areas of low real estate costs
 - Cities can make OZ investments even more valuable with low price of land they control, and have ability to seek strings or conditions on the company that are not otherwise part of OZ, attract investors by allowing them more upside
 - New investment and new productive businesses are key

- Opportunity Funds
 - Single purpose deals are happening now
 - Require a readiness to deploy the funds
 - Need a pipeline of investible projects
 - 180 days deployment period to move \$ into project
 - 90% deployment requirement but common practice can be construction draws over multiple year project. Its not known if this is ok, but common in other arenas, IRS Treasury rules are expected soon
 - We funder platform may be a place for smaller investors to find Opportunity Funds

- Engage your community foundations and impact investors, they have access to wealthy people who donate but could be looking for real investments too.
 - Community foundations know the importance of their places, perfect partners
 - Impact investing alliance

- To have most effective impact:
 - positive outcome and “but for this incentives, would not happen”
 - Impact based on even distribution or lopsided
 - Impact based on job creation and enterprise survival rate
 - Spillover benefits into adjacent areas of same city?
 -

- PNC Bank announced 500m Opportunity Fund
 - Including a debt-like equity product for OZ

Qualified Opportunity Zone Business Property (QOZBP)

Must be tangible property used in Business Operations

- Acquired by purchase from an unrelated party (20% standard for relatedness) after December 31, 2017
- During substantially all of the holding period, substantially all of the use of the tangible property is within a QOZ
- Original use of the property
 - must be in a QOZ and must start with the taxpayer, or
 - Taxpayer substantially improves the property⁶

⁶ During any 30-month period after acquisition, additions to basis exceed an amount equal to the adjusted basis of such property at the beginning of such period.

Potential Investment Types in Opportunity Zones

- Construction & Development of Commercial Real Estate
- Development & Renovation of Existing Property in Opportunity Zone
- The creation of a new business in a Opportunity Zone
- Expansion of Existing Business in a Opportunity Zone

Opportunity Zone Investment Example

January 2, 2018

- Taxpayer enters into a sale of property that results in \$1M of capital gain
 - June 30, 2018 (which is within the 180 day requirement), the Taxpayer contributes cash equal to the entire \$1M of capital gain to obtain an interest in the Qualified Opportunity Fund
 - Qualified Opportunity Fund invests the \$1M in a Qualified Opportunity Zone Property (stock, partnership interest, business property)
 - **REMINDER:** Taxpayer is deemed to have a \$0 basis in its Qualified Opportunity Fund investment to retain taxability.
 - **NOTE:** The cash used to make Qualified Opportunity Fund investment does not need to be traceable to original gain transaction.

Opportunity Zone Investment Example continued

- June 30, 2023
 - After 5 years, the Taxpayer's basis in the Qualified Opportunity Fund investment is increased from \$0 to \$100k
- June 30, 2025
 - After 7 years, Taxpayer's basis in the Qualified Opportunity Fund investment is increased a further \$50,000 (from \$100k to \$150k)
- December 31, 2026 – NOTE: Statutory deadline for all gains to be triggered (required taxable event)
 - \$850k of the \$1M of deferred capital gains are taxed and the basis in Qualified Opportunity Fund investment increases to \$1M
 - It is hoped that this deadline will be amended to be a rolling 7 year deadline determined by the year of investment
- June 30, 2028
 - After 10 years, Taxpayer sells its investment for \$2M
 - Taxpayer's basis in the Qualified Opportunity Fund investment is deemed by statute to be equal to current market value after 10 years
 - The effect is no tax on unrealized appreciation of the original investment in the Qualified Opportunity Fund (avoids gain on the new \$1,000,000 created by the unrealized appreciation of the original investment)