



May 20, 2019

Dear Friend:

Board of Directors

Jake Lee
President

Rev. Montele Crawford
Secretary

Monica Pizano
Treasurer

Don St. Germaine

Dave Baron

Barbara Taylor-Wells

On behalf of the Board of Directors of Key City CDC, I wish to extend my sincere appreciation for your interest in our program on Opportunity Zones Basics held on Thursday, May 16 at Kankakee Public Library. Those of you were able to attend know that we had a remarkable attendance of over 100 people, demonstrating that there is genuine excitement and curiosity over the prospect of utilizing this new tax incentive to spur development within the City of Kankakee.

Enclosed are the slides from our presenters, who included Scott Styck, Dave Baron, Frank Koehler, Tim Nugent, Scott Snavelly, and Linda Crane. Please join me in thanking them for their time and analysis of this novel program. Each have indicated that they are willing to field questions that you may have about Opportunity Funds, Opportunity Zones, and incorporating the benefits into your own plans for new projects. So please do not hesitate to contact them.

As I stated at the event, Key City's mission is to cultivate quality of life improvements in Kankakee through long-term, sustainable economic growth in areas of tourism, entertainment, culture, business development, and home ownership while maintaining the unique characteristics of our community. We plan to move quickly to build off of the momentum of the event and to utilize the potential of Opportunity Zones, as well as other available tools of comprehensive economic development, to realize new projects in the community.

If you have ideas to contribute to Kankakee's economic progress or if you are interested in being involved with Key City's efforts, please contact me or any member of our board. Kankakee has great potential for transformational growth, but it will only be realized through the hard work of members in our community. We at Key City are very excited to get started on that task. We hope that you are too!

Sincerely,

A handwritten signature in blue ink, appearing to read "Jake Lee", is written over a large, stylized, and somewhat abstract signature that spans across the lines of the typed name and title below it.

Jacob M. "Jake" Lee
Board President
Key City CDC

Enclosure

Key City CDC presents

OPPORTUNITY ZONE basics



in partnership with



Information contained in presentation is provided for educational purposes only. All are advised to seek the counsel of an attorney and/or accountant for specific situations.

Key City CDC presents

OPPORTUNITY ZONE
basics

Mayor Chasity Wells-Armstrong City of Kankakee

WELCOME

Key City CDC presents

OPPORTUNITY ZONE
basics

Jake Lee
Key City CDC, Board Chair
INTRODUCTION OF KEY CITY

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OPPORTUNITY ZONE
basics



KEY CITY

Community Development Corporation

Key City Community Development Corporation

Vision

- To facilitate transformational growth within Kankakee City

Mission

- To cultivate quality of life improvements through long-term, sustainable, economic growth in areas of tourism, entertainment, culture, business development, and home ownership while maintaining the uniqueness of Kankakee.

Role of Key City Community Development Corporation

- Assist the Mayor in moving Kankakee forward through Transformational Growth
- Key City C.D.C. will focus its efforts around four components:
 1. Land
 2. Business
 3. Education
 4. Housing

Key City C.D.C. is Dedicated to Progress

Simple, short-term projects can test concepts and build momentum for larger revitalization efforts.

Business

Key City Will Develop an Entrepreneurial Ecosystem

- Create an environment where people want to do business and then identify and support entrepreneurs.
- i.e. Pop Up Retail, commercial enterprises
- Shared Workspace
- Arts & Culture
- Entertainment enterprises

Small Business Education

- Key City C.D.C. will partner with the local college and subject matter experts to create an intensive small business planning and accelerator program for new and existing businesses
- Key City will assess (individual and/or small business) and create an MBA level curriculum designed to assist businesses in writing fundable business plans, counseling and a toolkit to prepare them for success.
- Graduates (advanced) may qualify for SBA loan or CRF loan as start up capital
- Key City will also work with TIF resources to create workforce development programs providing skilled workforce.

Housing

- Key City will work to develop various housing alternatives from single family, rental, seniors and will target various demographic and income groups :
 - Veterans
 - Millennials
 - Seniors
 - Families
 - College Students
 - Single Adults
 - Professionals

Scott Styck & Karen Benson, CPAs
Smith, Koelling, Dykstra & Ohm, P.C.

OPPORTUNITY ZONE PRINCIPLES

Key City CDC presents

OPPORTUNITY ZONE
basics

OPPORTUNITY ZONES & YOUR TAX RETURN

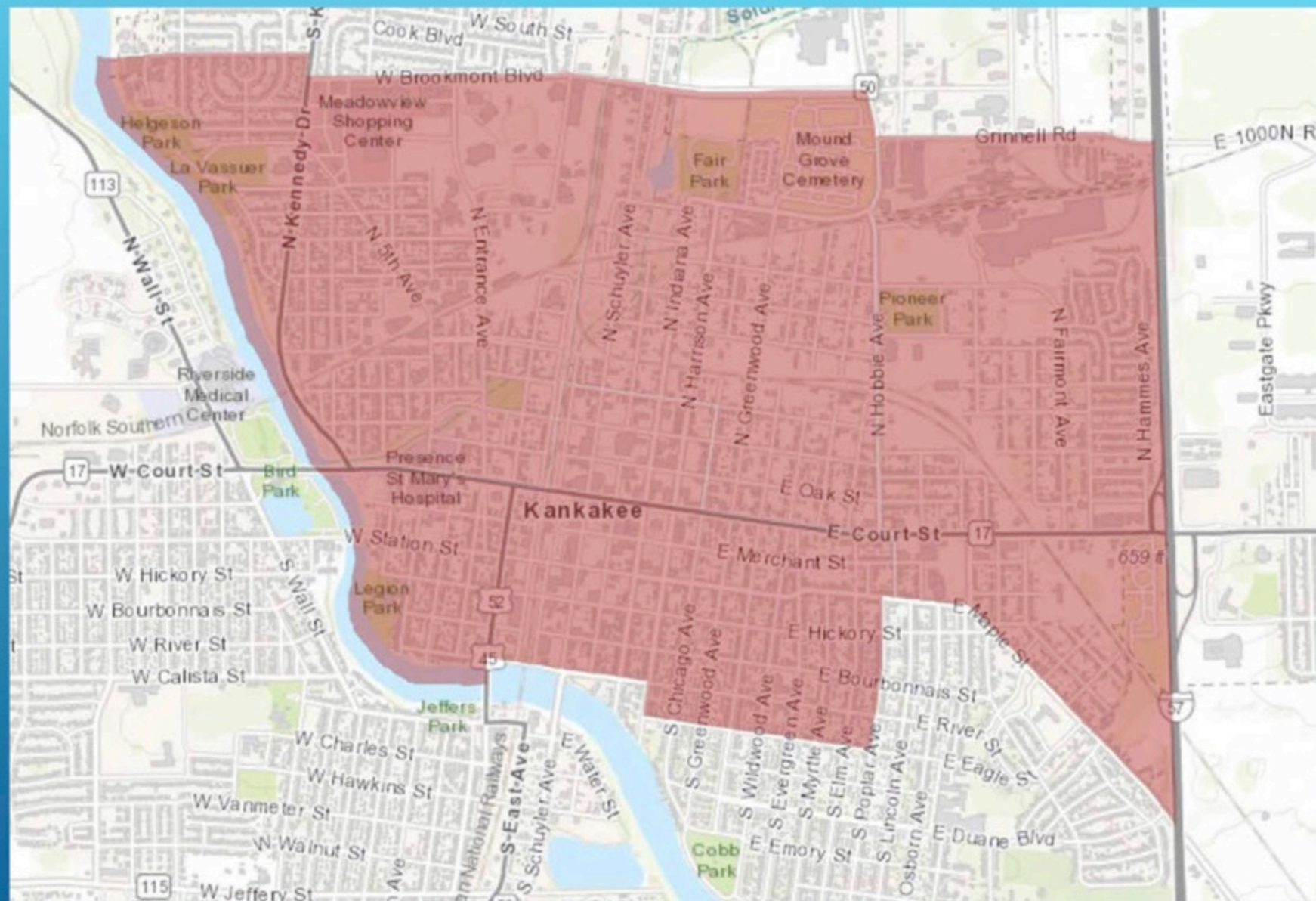


Prepared by Smith, Koelling, Dykstra & Ohm, P.C.

HOW DID WE GET HERE?

- ▶ Opportunity Zones were added to the tax code by the Tax Cuts and Jobs Act on December 22, 2017
- ▶ An Opportunity Zone is an economically-distressed community, meeting the criteria in § 45D(e) of the Code
- ▶ Qualifying localities were nominated by each state and that nomination has been certified by the Secretary of the U.S. Treasury via delegation of authority to the IRS
- ▶ The first set of Opportunity Zones, covering parts of 18 states, were designated on April 9, 2018. All 50 states, the District of Columbia and five U.S. territories now have designated Opportunity Zones





THE INVESTOR

- ▶ Who can invest into a Qualified Opportunity Zone (QOZ)?
 - ▶ Eligible Gain
 - ▶ Eligible Taxpayer
- ▶ What are the benefits of investing into a QOZ?
 - ▶ Tax Deferral
 - ▶ Tax Reduction
 - ▶ Tax Elimination
- ▶ How do you create a Qualified Opportunity Fund (QOF)?
- ▶ What can you contribute to a QOF and by when?



WHO CAN INVEST INTO A QOZ?

▶ Eligible Gain

- ▶ Must be “treated as capital gain” for federal income tax purposes
 - ▶ Sec 1231 vs. Sec 1245 & 1250 gain
- ▶ Would be recognized for federal income tax purposes before 1/1/2027
- ▶ Does not arise from a sale or exchange with a related party (a 20% direct or indirect relationship either before or after the sale)

▶ Eligible Taxpayer

- ▶ Any taxpayer that realizes eligible gain for federal tax purposes may elect to defer that gain.
- ▶ These taxpayers include individuals, C corporations (including RICs and REITs), partnerships, S corporations, and trusts and estates.
 - ▶ Partnerships and S Corps can either defer the gain or pass it through to the owners



WHAT ARE THE BENEFITS?

- ▶ Tax **Deferral**

- ▶ Eligible gain will not be reported on the current year tax return

- ▶ Tax **Reduction**

- ▶ Once the investment is in the QOF for 5 years, the basis of the investment is increased by 10% of the deferred gain
 - ▶ After an additional 2 years, the basis of the investment is increased by an additional 5% of the deferred gain, totaling 15% of the deferred gain
 - ▶ On 12/31/2026, taxpayer will recognize 85% of the deferred gain

- ▶ Tax **Elimination**

- ▶ Once the investment is in the QOF for 10 years, the basis of the investment is increased to the FMV, no gain is recognized

HOW DO YOU CREATE A QOF?

- ▶ A QOF is a special-purpose entity that effectively acts as a conduit, achieving the policy goal of ensuring that invested capital is ultimately employed in a business located within a QOZ
- ▶ A QOF may be organized as a corporation or partnership and may be newly formed or a preexisting entity. A QOF does not need to be located within a QOZ.
- ▶ A QOF must self-certify that it is a QOF by filing Form 8996, Qualified Opportunity Fund, with its tax return for each year the entity intends to operate as a QOF.



HOW DO YOU CREATE A QOF?

- ▶ Form 8996
- ▶ Page 1

Form 8996 (December 2018) Department of the Treasury Internal Revenue Service		Qualified Opportunity Fund ▶ Go to www.irs.gov/Form8996 for the latest information. ▶ Attach to your tax return. See instructions.		OMB No. 1545-0123 Attachment Sequence No. 996
Name			Employer identification number	
Part I General Information and Certification				
1 Type of taxpayer: <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership				
2 Is the taxpayer organized for the purpose of investing in qualified opportunity zone property (other than another qualified opportunity fund)? <input type="checkbox"/> No. STOP. Do not file this form with your tax return. <input type="checkbox"/> Yes. Go to line 3.				
3 Is this the first period the taxpayer is a Qualified Opportunity Fund? <input type="checkbox"/> Yes. By checking this box, you certify that by the end of the taxpayer's first qualified opportunity fund year, the taxpayer's organizing documents include a statement of the entity's purpose of investing in qualified opportunity zone property and the description of the qualified opportunity zone business. See instructions. <input type="checkbox"/> No. Go to Part II.				
4 If "Yes" on line 3, list the first month in which the fund chooses to be a Qualified Opportunity Fund. ▶				
Part II Investment Standard Calculation				
5 Total qualified opportunity zone property held by the taxpayer on the last day of the first 6-month period of the taxpayer's tax year. See instructions if Part I, line 3 is "Yes"	5			
6 Total assets held by the taxpayer on the last day of the first 6-month period of the taxpayer's tax year. See instructions if Part I, line 3 is "Yes"	6			
7 Divide line 5 by line 6.	7			
8 Total qualified opportunity zone property held by the taxpayer on the last day of the taxpayer's tax year	8			
9 Total assets held by the taxpayer on the last day of the taxpayer's tax year	9			
10 Divide line 8 by line 9.	10			
Part III Qualified Opportunity Fund Average and Penalty				
11 Add lines 7 and 10	11			
12 Divide line 11 by 2.0. See instructions if Part I, line 3 is "Yes"	12			
13 Is line 12 equal to or more than 0.90? <input type="checkbox"/> Yes. Enter -0- on this line and file this form with your tax return. <input type="checkbox"/> No. The fund has failed to maintain the investment standard. Complete Part IV to figure the penalty. Enter the penalty from line 8 of Part IV on this line, and file this form with your tax return	13			
For Paperwork Reduction Act Notice, see separate instructions.				
Cat. No. 37620G				
Form 8996 (12-2018)				



HOW DO YOU CREATE A QOF?

► Form 8996

- **Page 2** – Designation of the first month is critical as any investment into the entity before the entity's first month is not eligible for deferral

Form 8996 (12-2018)		Page 2				
Part IV Line 13 Penalty						
If you checked "No" in Part III, line 13, complete Part IV to figure the penalty. Enter the number from line 8 below on Part III, line 13. See instructions if Part I, line 3 is "Yes."						
	(a) Month 1	(b) Month 2	(c) Month 3	(d) Month 4	(e) Month 5	
1 Total assets on the last day of the month						
2 Multiply line 1 by 0.90						
3 Total qualified opportunity zone property on the last day of the month						
4 Subtract line 3 from line 2. If zero or less, enter -0-						
5 Underpayment rate						
6 Multiply line 4 by line 5						
7 Divide line 6 by 12.0. Round up to two decimal places. See instructions if Part I, line 3 is "Yes"						
	(f) Month 6	(g) Month 7	(h) Month 8	(i) Month 9	(j) Month 10	(k) Month 11
1						
2						
3						
4						
5						
6						
7						
8 Penalty. Add columns (a) through (l) of line 7. Enter the total here and on Part III, line 13						\$

Form 8996 (12-2018)



WHAT CAN YOU CONTRIBUTE & BY WHEN?

- ▶ Under the proposed regulations released on October 19, 2018
 - ▶ Although not specifically stated, it is presumed cash was required to be contributed
 - ▶ **In order to defer eligible gains**, Taxpayer had 180 days to reinvest all or some of the eligible gain
- ▶ Under the latest regulations released on April 17, 2019
 - ▶ Taxpayer may contribute property (**Not services**) for interest in the QOF
 - ▶ The 180-day period with respect to any capital gain net income from section 1231 property for a taxable year begins on the last day of the taxable year



THE RECIPIENT

- ▶ I want to do something, but what?
 - ▶ Qualified Opportunity Zone Property
 - ▶ Qualified Opportunity Zone Business
 - ▶ Qualified Opportunity Zone Business Property
- ▶ Are certain businesses prohibited?
- ▶ What is a "trade or business" for purposes of the opportunity zone incentive?



QOZ PROPERTY

- ▶ Three types of property
 - ▶ QOZBP
 - ▶ QOZ Stock
 - ▶ QOZ Partnership Interest
- ▶ The 90% Test (Form 8996)
 - ▶ This standard is tested every six months, and at each testing date, at least 90% of the assets of the QOF must be QOZP
 - ▶ QOZP can either be qualified opportunity zone business property or an interest in a subsidiary corporation or partnership that conducts a qualified opportunity zone business



QOZ BUSINESS

- ▶ A QOF can conduct a business directly, or through a corporate or partnership subsidiary
 - ▶ If done through a subsidiary, the subsidiary must meet the definition of a QOZB
 - ▶ Subsidiary must meet a "70% Test", "income-and-assets test," and a "qualifying-business"
 - ▶ At least 70% of all of the tangible property owned or leased by the trade or business of the subsidiary must meet the definition of QOZBP
 - ▶ At least 50% of the gross income must be derived from the active conduct of a trade or business in the QOZ
 - ▶ A substantial portion of the intangible property must be used in the active conduct of a trade or business in the QOZ



QOZ BUSINESS PROPERTY

- ▶ 90% Test uses only tangible property
- ▶ Property purchased after 2017 from an unrelated party and, in general, either
 - ▶ 1. the "original use" of the property in the QOZ begins with the QOF or QOZB, or
 - ▶ 2. the QOF or QOZB "substantially improves" the property
- ▶ "Substantially Improves" - during any 30-month period beginning after the date of acquisition of the property, the QOF spends as much to improve the property as the QOF's original basis in the property at the beginning of the 30-month period



PROHIBITED QOZ BUSINESSES

- ▶ Under § 144(c)(6)(B), certain businesses are prohibited
 - ▶ Private or commercial golf course
 - ▶ Country club
 - ▶ Massage parlor
 - ▶ Hot tub facility
 - ▶ Suntan facility
 - ▶ Racetrack or other facility used for gambling
 - ▶ Any store the principal business of which is the sale of alcoholic beverages for consumption off premises



TRADE OR BUSINESS?

- ▶ Proposed Regulations require that a QOF conduct a trade or business within the meaning of Section 162
- ▶ Ownership and operation of real property is the active conduct of a trade or business
- ▶ Triple-net leases are not the active conduct of a trade or business
 - ▶ QOF or QOZB should structure any lease arrangement to avoid being classified as a triple-net lease

ONE LAST ITEM.....

- ▶ A QOF and QOZB may now lease property & satisfy definition of QOZBP, rather than purchase QOZBP
 - ▶ The lease must be entered into AFTER December 31, 2017
 - ▶ A lease does not need to satisfy the "original use" requirement
 - ▶ The QOF or QOZB is not required to "substantially improve" the lease



Dave Baron

Key City Board Member & Attorney, Deck & Baron

SMALLER PROJECTS

Key City CDC presents

OPPORTUNITY ZONE
basics

LAWYER DISCLAIMER!

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Return Potential

Here's what **\$100** worth of capital gains would return
In 10 years, after taxes collected, assuming 7% investment appreciations
<https://eig.org/wp-content/uploads/2018/02/Opportunity-Zones-Fact-Sheet.pdf>

\$132

in a traditional stock portfolio

vs.

\$176

by investing in an Opportunity Fund

Opportunity Fund Tax Calculator:

<https://opportunitydb.com/tools/calculator/>

Types of Opportunity Funds

- Outside Investor Funds
- Local Investor Funds
- Funds of \$ Billions
- Funds of \$ Thousands
- Pooled Funds
- Single Investor Funds
- Multiple Project Funds
- Single Project Funds

All self-certify using the same [IRS Form 8996](#)

Comparison to 1031 Exchange

1031 Exchange

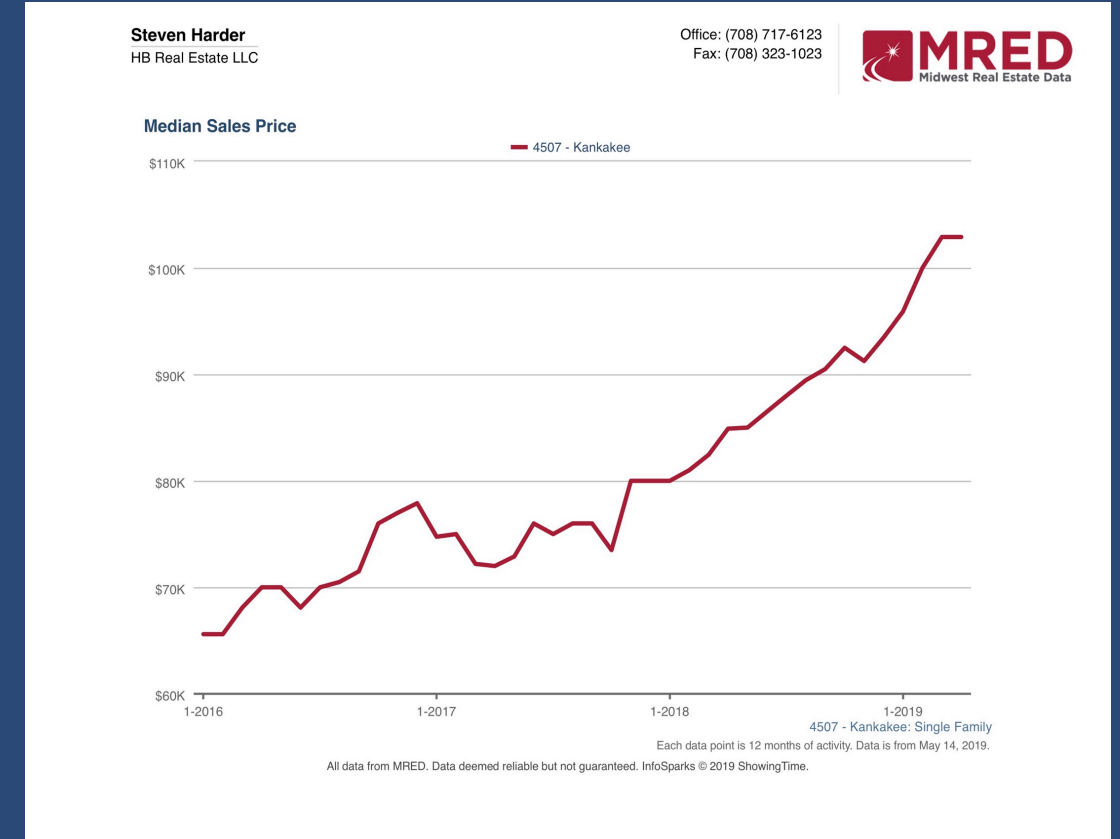
- Like-Kind Exchange Required
- Restricted Types of Property
- No Liquidity
- Perpetual Deferral of capital gains tax
- Step-Up Basis upon Death

Opportunity Fund Investment

- Like-Kind Exchange Not Required
- Any Capital Gains Realized
- Available Liquidity
- Must pay (potentially reduced) capital gains tax in 2026
- Heirs receive tax benefit upon death
- Elimination of capital gains tax on appreciation on investment

Example 1: Residential Rehab

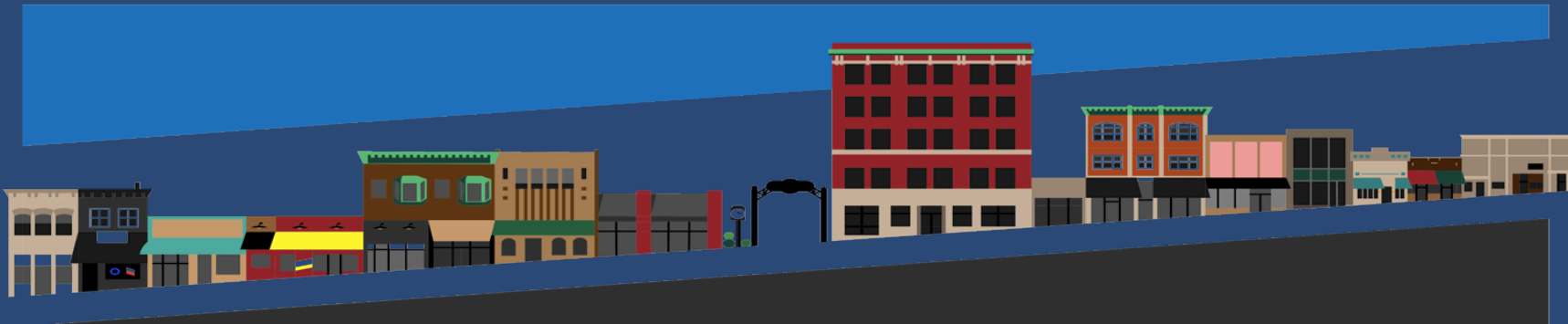
- Property manager creates new LLC as Opportunity Fund and injects capital gains (hers or someone else's) or other sources of funding (loan, debt, pocket change)
- Fund purchases single family residential property and substantially improves it (spends double the value) using capital gains or other sources
- Manager receives regular income from rent
- After 10 years, no capital gains tax on any appreciation to property
- Same process for commercial properties, mixed-use multiple tenants, etc.



City of Kankakee, Median Sales Price for Single Family Traditional Sales
Past 12 Months = 21.2% Increase. Past 36 Months – 47% Increase

Example 2: Business Expansion

- Existing Biz creates new LLC to qualify as Opportunity Fund and invests capital gains
- Fund purchases real estate and substantially improves the property
- Fund serves as Holding Co. and permits Existing Biz to lease the property



Example 3: Start Ups

- Angel Investor
 - Investor with capital gains creates LLC certified as Opportunity Fund to purchase shares in a New Biz
- Incubator
 - See Example 1 and apply to new commercial property

Frank Koehler, City of Kankakee
Tim Nugent, Economic Alliance
Scott Snavelly, Midland States Bank

LARGER PROJECTS

Key City CDC presents

OPPORTUNITY ZONE
basics



KANKAKEE OPPORTUNITY ZONE

**Availability of Opportunity Zone, Tax
Increment Financing, Enterprise Zone,
Historic Tax Credits, and other benefits**



Kankakee Riverfront MASTER PLAN

May 25, 2018

Adopted: July 16, 2018

KANKAKEE OPPORTUNITY ZONE

- **DOWNTOWN RIVERFRONT MASTER PLAN -
PROPOSED PUBLIC IMPROVEMENTS:**

- Lighting on Key Bridges
- Streetscape Enhancements
- White Water Run
- Kayak/Canoe Launches
- Festival/Entertainment Venue
- Linear Bike Way / Pedestrian Walkways
- Pavilions, Gardens, Enhanced Landscaping

KANKAKEE OPPORTUNITY ZONE

- **PRIVATE INVESTMENT SCENARIO'S**
 - Market Rate Multi Family Residential
 - Mixed Use Residential/Commercial/Office
 - Senior Citizen Housing
 - Lease to Own Townhome/Duplex Developments
 - Corporate Offices / R & D Facilities
 - Small to Mid-sized Manufacturing/Industrial Uses
 - Distribution / Logistic Facilities
 - Restaurants
 - Hotels





Kankakee Riverfront TIF Boundary Map



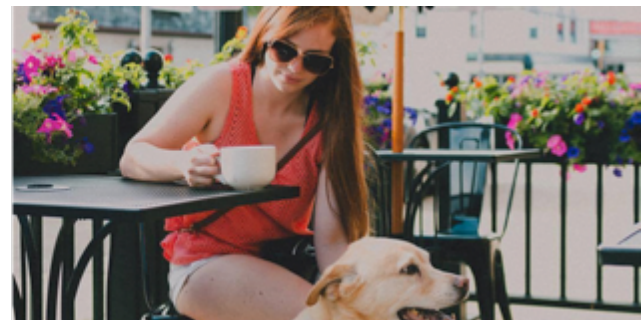
Legend

-  Riverfront TIF Boundary
-  Riverfront TIF Parcels

KANKAKEE OPPORTUNITY ZONE

FOR MORE INFORMATION, PLEASE CONTACT:

FRANK KOEHLER
ECONOMIC DEVELOPMENT DIRECTOR
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850 N. HOBBIE AVENUE
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Fjkoehler@citykankakee-il.gov



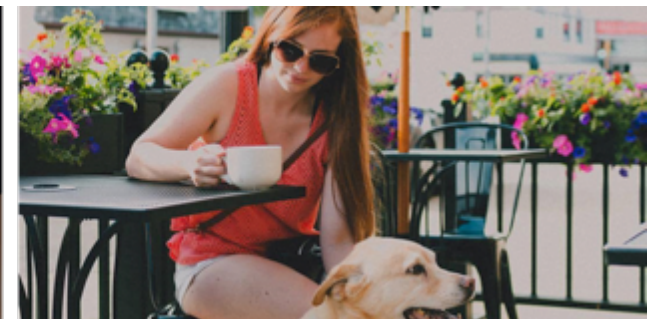
Kankakee Riverfront OZ Basics

Thursday, May 16, 2019

Kankakee Public Library



**USA'S #1
GROWTH METRO**
at Greater Chicago's
Interstate 57 Corridor*



92% OF U.S. AVERAGE
COST OF LIVING INDEX

C2ER | THE COUNCIL FOR COMMUNITY
AND ECONOMIC RESEARCH

\$1.7 BILLION
2014-2018 MAJOR CAPITAL INVESTMENT



#8
IN USA
COST OF
DOING
BUSINESS

#1 IN ILLINOIS
SMALL METRO FOR JOB
& TECH GROWTH
2013, 2014, 2016, 2017, 2018



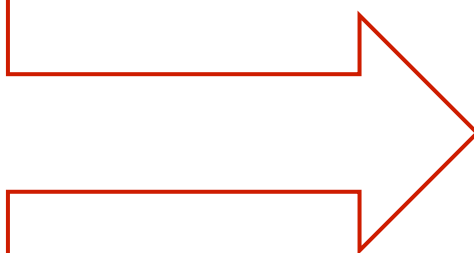
Click to download complete
[2019 Kankakee County Market Profile](#)



City of Kankakee: A Vital Role

- Historic Downtown District
- Riverfront Master Planned Area
- Medical Corridor
- Government/Civic Center
- Employment & Entrepreneurship Hub
- Community Gateway

- Market-rate Multifamily Residential (Unmet demand for 800+ units)
- Hospitality & Recreation
- Office, incl. Co-working & Incubation
- Niche Manufacturing & Retail
- Business Services





Investment-ready Development Zones

With investment sites available across all of Kankakee County's 680 square miles, this tool offers a deeper dive into those that fall within three prime development areas.

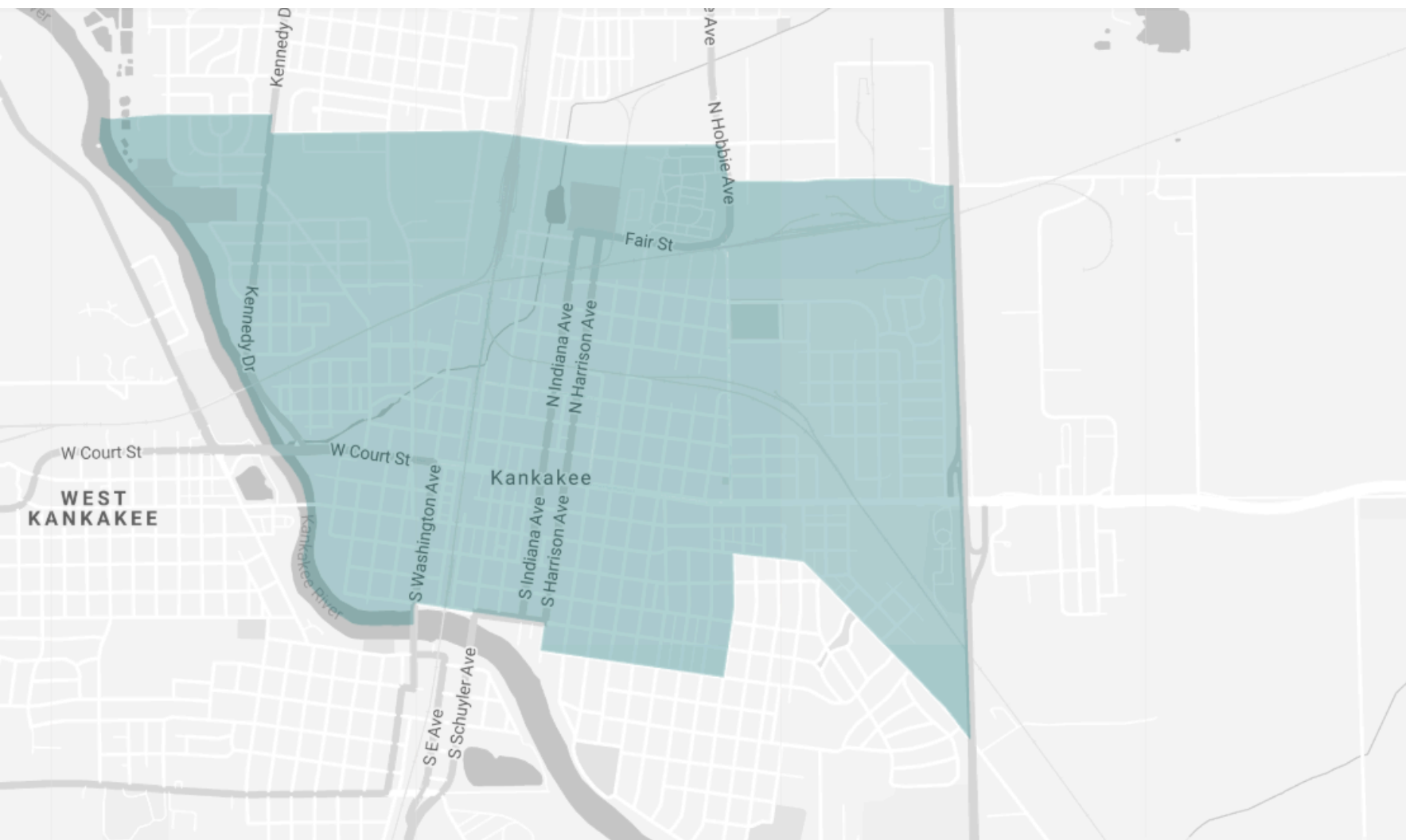
**Bourbonnais Pkwy
Development Area**

**Bradley Route 50
Commercial Corridor**

**Kankakee Riverfront
Opportunity Zone**

Learn more about the Kankakee Riverfront Opportunity Zone

Learn More



[< Back](#)

Kankakee Riverfront Opportunity Zone

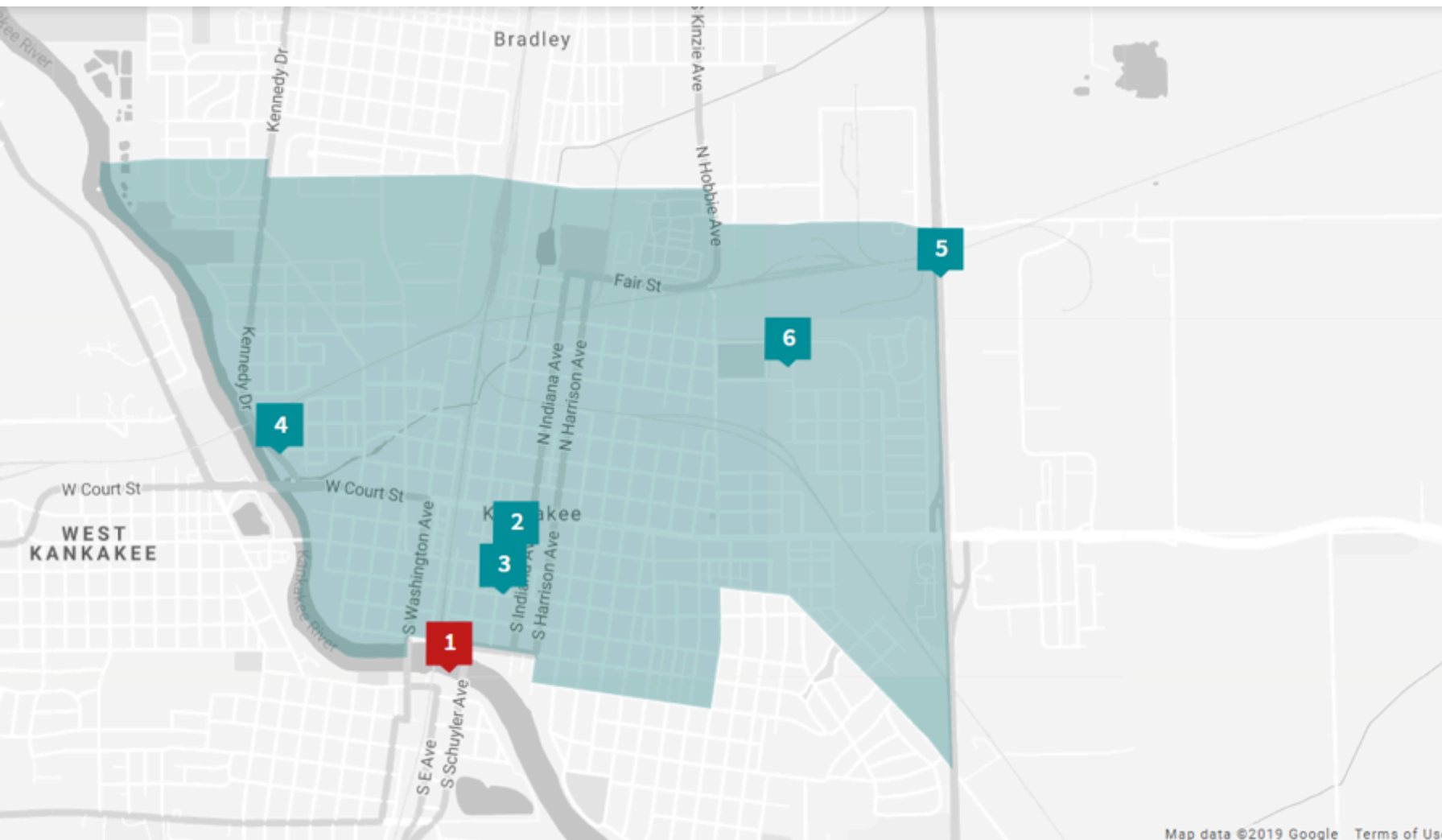
The only federally designated OZ within Kankakee County, the Kankakee Riverfront Opportunity Zone encompasses a number a key areas undergoing revitalization, including the Downtown Kankakee Historic District, Meadowview Shopping Center and the master planned Kankakee Riverfront.

[Transportation & Assets](#) >

[Top Properties](#) >

[Incentives](#) >

< **2** MILLION Labor Force  >



[< Back](#)

Top Properties

Kankakee Riverfront Opportunity Zone

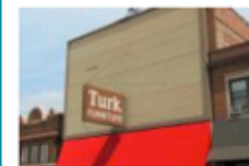


Historic Stone Restaurant

555 S West Ave.
Kankakee, IL 60901
Available (sf):14,600 SF

[View Details](#)

1/6



Downtown Flex/Retail

126 N Schuyler Ave.
Kankakee, IL 60901
Available (sf):21,000 SF

[View Details](#)


2/6



Downtown Office




Medical Office



Historic Restaurant near Kankakee River (Opportunity Zone)

555 S West Ave
Kankakee, IL 60901



<https://prod.kankakee.allias-advertising.com/insite3/search-insite.aspx?details=1576>



Historical Stone building from mid-1800's in view of the Kankakee River. Formerly a Banquet hall & Full restaurant. Original building had been added on to & updated in 1971. The building has 14,600 sq. ft., 8800 sq. ft. on main level 5800 sq. ft. on second floor. Main dining room has a 2- story stone fireplace with exposed stone walls, parquet HW floors, exposed timber roof along with ornate chandeliers. Seating for approx. 500 people. Main dining Rm seats 200, upstairs 230, & the lounge seats 80. 2nd level. 2nd level room can be divided into 3 or 4 smaller rooms for multiple functions. New roof in 2003. 2 handicap access bathrooms on each level 2004. 3 HVAC units, with 1 new. Bldg originally designed for industrial use, redesigned into a restaurant/banquet hall in 1971. Parking for 150. Excellent building, location, & parking. Many possible uses as there is a great deal of space. Does need updating.

Broker Contact
Terry
McColly Rosenboom
Dziadon
Phone: 815-353-2518
Email: Terry.Dziadon@mccolly.com

ED Contact
Lisa Wogan
200 E. Court St.
Suite 507
Kankakee, IL 60901
Phone: 815-935-1177
Email: lwogan@kankakeecountyed.org
Website: <http://www.kankakeecountyed.org/>

Building Size:	14,600	Air Conditioned:	Yes
Year Built:	1880	Parking:	Yes
Primary Construction Material:	Masonry	Number Of Parking Spaces:	150
Site Size (acres):	1	Previous Use:	Restaurant
Zoning:	COMM	Number of Stories:	2

Pricing Terms	
For Sale:	Yes
Sale Price:	\$298,900.00

Geographic/Transportation Information			
Latitude:	41.115081	Distance to Highway 2:	2
Longitude:	-87.8676728	Interstate Name:	I-57
County:	Kankakee	Distance to Interstate:	2
Reutilization Area:	Yes	Airport Name:	Greater Kankakee Airport
Enterprise Zone:	Yes	Distance to Airport:	5
Opportunity Zone:	Yes	Airport Name 2:	Chicago Midway International Airport
Highway Name:	IL-17	Distance to Airport 2:	54
Distance to Highway:	1	Airport Name 3:	Chicago International Airport
Highway Name 2:	IL-50	Distance to Airport 3:	73

Utility Information			
Service to Property (Distribution):	Yes	Gas Provider:	Norco Gas
Electric Provider:	ComEd	Water On Site:	Yes
Sewer On Site:	Yes	Water Provider:	Aqua Illinois
Sewer Provider:	City of Kankakee	Fiber Optics:	Yes
Gas On Site:	Yes		












Economic Alliance of Kankakee County
200 East Court St., Suite 507, Kankakee, IL 60901 | 815-935-1177 | lwogan@kankakeecountyed.org | www.kankakeecountyed.org

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BUSINESS RESOURCES

Please Note: Overlays may take up to one minute to load depending on file size

- ☐ Kankakee River Valley Enterprise Zone 
- ☐ Kankakee County Enterprise Zone 
- ☐ Special Service Districts 
- ☐ TIF Districts 
- ☐ Opportunity Zones 
- ☐ New Market Tax Credit Boundaries 
- ☐ Historic Districts 
- ☐ Major Business Park 
- ☐ Largest Employers 

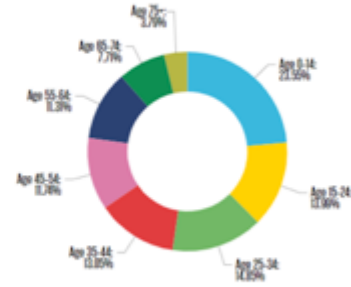
Clear Mapped Data

Population Data



26,173

Total Population ►
in Kankakee in 2010



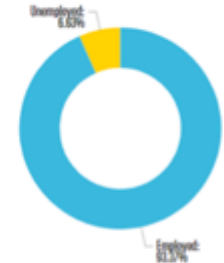
Age Distribution ►
in Kankakee in 2010

Workforce Data



11,712

Total Labor Force ►
in Kankakee in 2010



Total Employment ►
in Kankakee in 2010

Income and Spending Data



\$41,064

Average Amount Spent ►
in Kankakee in 2010



\$18,119

Per Capita Income ►
in Kankakee in 2010



Top Jobs by Occupation ►
in Kankakee in 2010



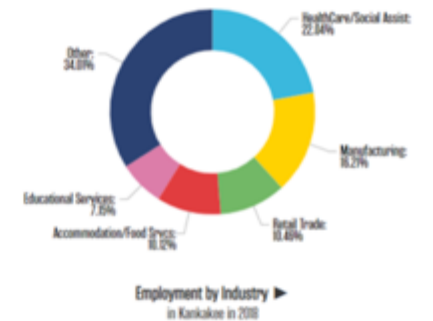
% College Graduates or Above ►
in Kankakee in 2010

Industry Data

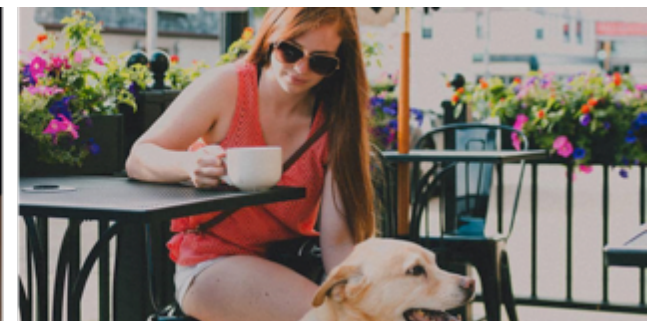


1,156

Total Establishments ►
in Kankakee in 2010



Employment by Industry ►
in Kankakee in 2010



Contacts

Timothy Nugent

President/CEO

tnugent@kankakeecountyed.org

Lisa Wogan

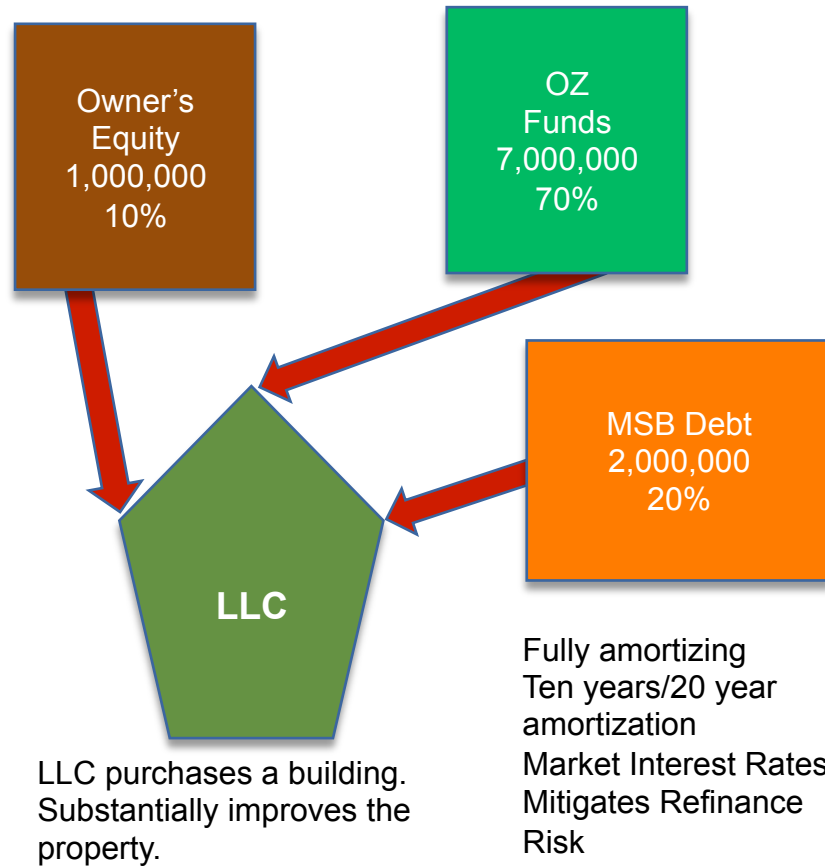
Vice President, Marketing

lwogan@kankakeecountyed.org

Opportunity Zone Basics



OZ Funding Stack-Midland Example



PROJECT SOURCES

Owner Equity			
Private Equity			
Grants			
Cash			
			<hr/>
			1,000,000
Total Owner Equity	1,000,000	10%	
OZ Funds	7,000,000	70%	
Midland Debt	2,000,000	20%	
Subordinate Debt		0%	
Total Sources of Funds			<hr/> <hr/>
			10,000,000 100%

PROJECT USES

Land	500,000
Acquisition Cost	2,500,000
Construction Costs	5,000,000
Soft Costs	1,500,000
Contingency	500,000
<hr/>	
Total Uses of Funds	10,000,000



COMMERCIAL LOAN TYPES

Commercial Real Estate

- Retail with Credit Anchor
- Retail without Credit Anchor
- Multi-Family
- Office – OO
- Office – NOO
- Industrial – OO
- Industrial – NOO
- Warehouse – OO
- Warehouse – NOO
- Senior Care
- Hotel/Motel (mid-tier or high tier flag)
- Gas Station/Car Wash/C-Store
- Special Use
- New Construction/Rehab financing
- *SBA 504/FHA w/Love Funding/TIF*

Equipment Finance

(Leased or Financed)

- Guidance Line for multiple periodic purchases
- Agriculture Equipment
- Municipal Vehicles (Police, Fire, Ambulance, Fleet)
- Industrial or light duty equipment
- Tractor/Trailer
- Construction Equipment
- Medical Equipment
- Computers/Software, etc.

Operating Lines

Lines of Credit for Working Capital/Cash Flow



LOVE FUNDING

KNOWLEDGE. INTEGRITY. RESULTS.

FHA FINANCE SOLUTIONS

Multifamily | Healthcare | Hospital

LOAN PROGRAMS

Love funding provides refinance, acquisition, construction, rehabilitation and bridge loans for market-rate multifamily and affordable housing communities, healthcare facilities and senior housing, as well as hospitals. In the last 2 years, we've closed nearly \$1.8 billion in HUD-insured financing for our valued clients.

www.lovefunding.com



BENEFITS OF FHA FINANCE

There are a lot of finance options out there, but we firmly believe in the many benefits of FHA financing. In fact, we focus exclusively on HUD-insured loan programs and have the knowledge and expertise to show for it.

- ✓ Low, fixed interest rate
- ✓ Non-recourse
- ✓ Fully assumable
- ✓ Long-term amortization
- ✓ Flexible pre-payment structure



BRIDGE LOAN PLATFORM

Love Funding offers a bridge-to-HUD loan platform as an interim financing option when quicker executions are required or HUD regulations dictate the need for interim financing.



Midland States Bank

R. Scott Snavelly
Market President II
Kankakee County, Beecher, Dwight

310 S. Schuyler Ave.
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Brent Frank

Love Funding

815-230-4370

Bfrank@LOVEFUNDING.com



Linda Crane Protagonist Capital LLC

FUND ADMINISTRATION & EQUITABLE DEVELOPMENT

Key City CDC presents

OPPORTUNITY ZONE
basics

Protagonist Capital LLC Key City CDC

“Opportunity Zone Basics: Using the New Incentive to Support Large and Small Projects”

Thursday, May 16, 2019
Kankakee Public Library
Kankakee, Illinois

PROTAGONIST CAPITAL LLC

Alternative Financing Solutions

www.protagonistcap.com

Who is Protagonist Capital?

Founded by two of Chicago's leading lawyers, Michael O. Brown and Linda R. Crane to pursue their vision of a firm that reinvents the alternative financing industry and has a strong positive impact on the communities in which they operate.

Protagonist Capital is a diverse firm that offers its clients direct, often exclusive access to real estate, private equity, and secondary market assets along with comprehensive back office administration and accounting services.

What Are Opportunity Zones?

Sponsored by Sen. Tim Scott of South Carolina, and passed by Congress as a part of the Tax Cuts and Jobs Act of 2017, The Opportunity Zone Act encourages long-term investments in low-income urban and rural communities throughout the U.S. and its territories. It is intended to stimulate investment and economic development in designated areas known opportunity zones..

The Act provides a powerful way for investors to shelter realized capital gains by re-investing them into qualified Opportunity Funds. Purpose is to be used as a community investment tool.

To summarize: Opportunity Funds invest in Opportunity Zone Businesses that are located inside of Opportunity Zones.

Community Playbook for Opportunity Zone Projects

- Bipartisan support of Tax Cuts and Jobs Act of 2017 (legislation championed by Sens. Tim Scott and Corey Booker).
- The pot of potential capital eligible for reinvestment in Opportunity Zones climbs to a total of \$6.1 trillion (***Forbes, July 18, 2018***).
- New and expanding businesses, affordable housing, infrastructure, energy, commercial developments, or just about anything else that creates productive economic activity.
- Need to assess neighborhood types and match strategies accordingly.
- Rethink ROI for nontraditional investment communities.



1

Each State nominated census tracts to be designated as Opportunity Zones.

2

Must be a population census tract within a State that qualifies as a low income community.

3

Some states have designated some non-low income communities as Opportunity Zones (this tract is contiguous to a low income community designated as an Opportunity Zone).

The Designation of Opportunity Zones

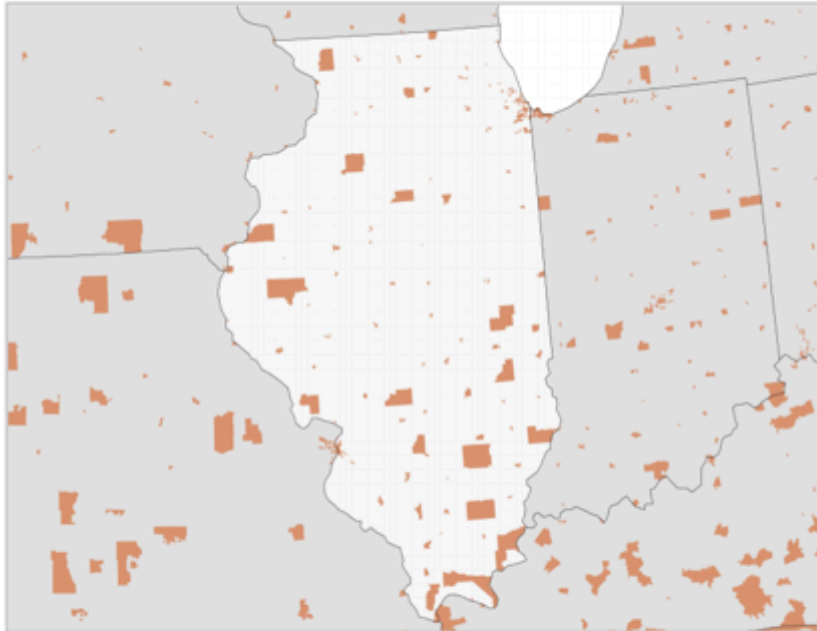
Opportunity Zones Census Tract Qualifications

Poverty rate of 20% or higher or median household income that is less than 80% of the the surrounding area.

Governors were allowed to designate 25% of their states' eligible tracts as Opportunity Zones

Nationwide, about 8,700 areas, have been approved as opportunity zones

Illinois Opportunity Zones



327

Total Opportunity Zones

1.2 M

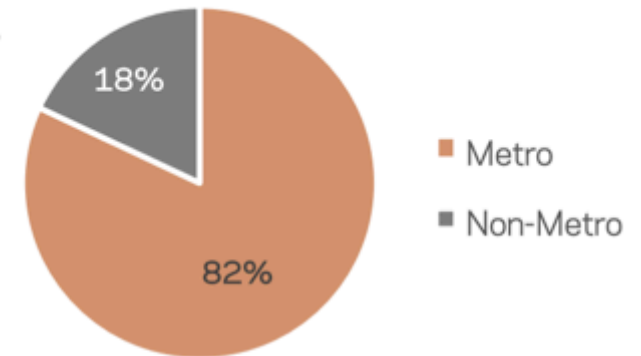
Zone Residents

499 k

Zone Jobs








34 k

Zone Businesses



Illinois

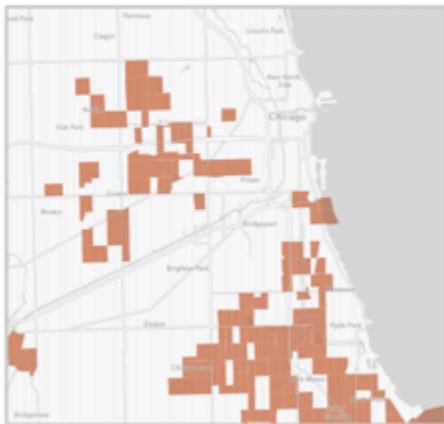
Opportunity Zones

 Minority Population	 Poverty Rate	 Median Income	 Bachelor Degree +	 Adults Not Working	 Housing Vacancy	 Rent Burdened
38%	14%	\$76,500	33%	25%	9%	49%
69%	32%	\$39,200	14%	39%	17%	60%

Illinois Opportunity Zones

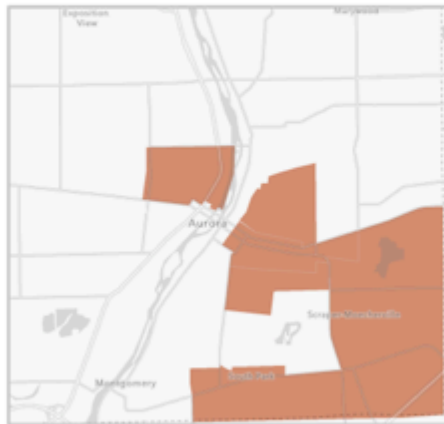
Major Cities with the Largest Number of Zones

Chicago



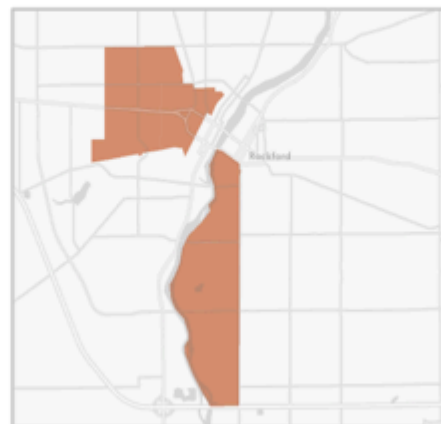
135 Tracts

Aurora



5 Tracts

Rockford

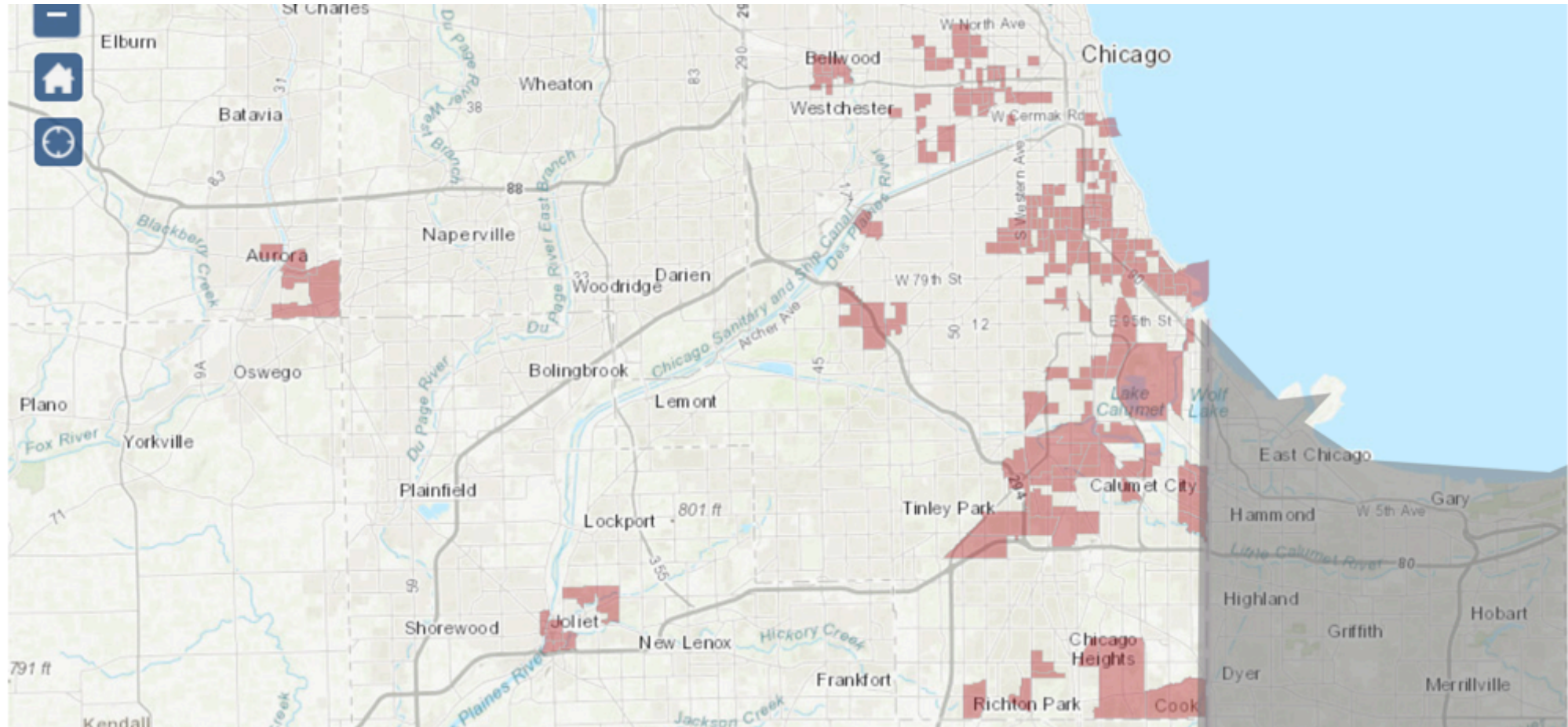


5 Tracts

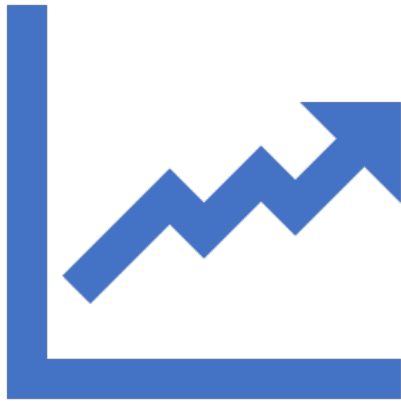
Congressional Districts with the Largest Number of Zones

Representative	District	Party	Zones
Danny K. Davis	IL-7	D	61
Bobby L. Rush	IL-1	D	61
Robin L. Kelly	IL-2	D	46
John Shimkus	IL-15	R	31
Mike Bost	IL-12	R	23

Chicagoland Opportunity Zones



Three Tax Benefits from Investing in Opportunity Zones



1. **Deferral of initial capital gains** from recent sales.
2. Elimination of a portion of gains from recent sales reinvested in qualified opportunity zone fund interest upon **5th (10% initial capital gain eliminated)** and **7th (additional 5% of initial capital gain eliminated)** year anniversary.
 - Up to 15 percent of the gains realized from recent sales or exchanges and reinvested in a qualified opportunity fund can be eliminated.
 - Investor may only defer invested initial gain until **December 31, 2026**.
3. Opportunity Zone project gain **tax-free after 10th anniversary** of the investment.

90- Percent Test

Fund must meet compliance requirements (at six-month period of the taxable year and at end of tax year)



Qualified Opportunity Fund

At least **90 percent** of its assets in qualified opportunity zone property.

10% of assets may be invested elsewhere.



Proposed Opportunity Zones Regulations

Types of Qualified Opportunity Zone Property Interests

Qualified opportunity zone fund stock – invest in opportunity zone corporation.

Qualified opportunity fund zone partnership interest – capital interest in OZ partnership

Qualified opportunity fund zone business property

Tangible property

Not eligible: commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack, gambling facility or liquor stores.

i) original use – “ground-up” development

ii) substantial improvement – 30-month period timeframe.

- Must **invest all capital gains into the fund within 180 days** of sale or exchange transaction.
- **No minimum or maximum** in regulations limits on the amounts of contribution.
- Investors **can invest personal monies with capital gains contribution to the opportunity zone fund**, but will only receive tax benefits from capital gains contribution.

Limitations on Investments

Potential Steps to Avoiding the Negative Effects of Gentrification

Investors can **offer cheap renovation loans and subsidized mortgages** so local community can benefit from rising property values instead of getting priced out.



Local government can **take the new payroll-tax and property-tax revenues and reinvest them in the community** to improve basic services and infrastructure.



Leaders must **ensure that a large portion of locals are hired to build and service new projects**



Towns adopt and **enforce zoning and affordable-housing laws as new capital flows into the community.**

Why Protagonist Capital?

Our team's business principals supported by **70+ years of legal and development experience.**

Offer creative alternative financing solutions for:

- Opportunity Zone Financing;
- EB-5 Funding;
- Tax Increment Financing; and
- Foreign direct investment blended with debt funding.

Purpose-built back office fund administration.

- Leading industry-leading solutions to specialized financial transactions, our team offers an unsurpassed level of customer service to Opportunity Zone Fund and alternate financing managers and their investors

Our Menu of Services

Opportunity Zone Financing

EB-5 Financing

New Market Tax Credit Financing

Consulting

Community Support Initiatives

Funding of Projects

Protagonist Capital can **assist funding of your project with comparative financial modeling and non-traditional sources of funds.**

Protagonist Capital can **advise and consult regarding your projects suitability** as a potential Opportunity Zone, EB-5, foreign direct investment or tax-increment financing project.

PROTAGONIST CAPITAL TEAM



Michael Brown
Managing Partner



Linda Crane
Managing Partner



Elizabeth Bleakley
General Counsel



Michael Janniere
VP of Operations

ANY
QUESTIONS
?

Contact Information

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All are invited to continue
the conversation at
GRAPES & HOPS
251 South Schuyler Avenue

Key City CDC presents

OPPORTUNITY ZONE
basics