

Thank you for joining today's Opportunity Zones webinar. Before we get started, please review these few housekeeping tips to ensure everyone has the best experience possible.

- Please place your phone/computer microphone on mute.
- This webinar is being recorded. The live recording will be posted to the Advocacy page of the NDC website once it becomes available.
- Using the chat box:
 - Please send subject matter questions to the National Development Council.
 - For webinar technical issues please send a message to the WebEx Producer.



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Panelists

Ira Weinstein- CohnReznick *Managing Principal*

Kenan Fikri- EIG *Director of Research*

Kevin E. Rogers- PNC Bank *SVP, CD Lending & Investing
Manager Community Development Banking*

James D. Howard- DV Financial Services *Principal*

Matt Wexler- NDC *Director*



Ira Weinstein
Managing Principal - Baltimore

Current State of the Opportunity Zone Marketplace

...
What a difference a year makes!

- ❖ Where we have been and where we are going?
- ❖ How do Opportunity Zones fit into the community development ecosystem?
- ❖ Purposefully regulation lite – and the need for further guidance.
- ❖ How the guidance unfolded?
- ❖ Reporting requirements.
- ❖ Did we get what we expected?

Current State of the Opportunity Zone Marketplace, continued

What did this “phase” of proposed regulations cover?

- Form and character
- Timing issues
- 90% test
- Use of leverage
- Disposition of a QOF interest
- Substantial Improvement (revenue ruling)
- Substantially All
- Working capital safe harbor
- Gross Income
- Special allocations

Current State of the Opportunity Zone Marketplace, continued

What is still forthcoming?

- Interim gains
- Debt financed distributions
- Active conduct / trade or business
- Substantially All
- Gross income
- Other issues
- Timing

Current State of the Opportunity Zone Marketplace, continued

Observations from the marketplace.


- Market participants
- State conformance
- Combinations with other programs / sources of money
- The public – private partnership / collaboration
- Community concerns
- Asset classes
- Pricing



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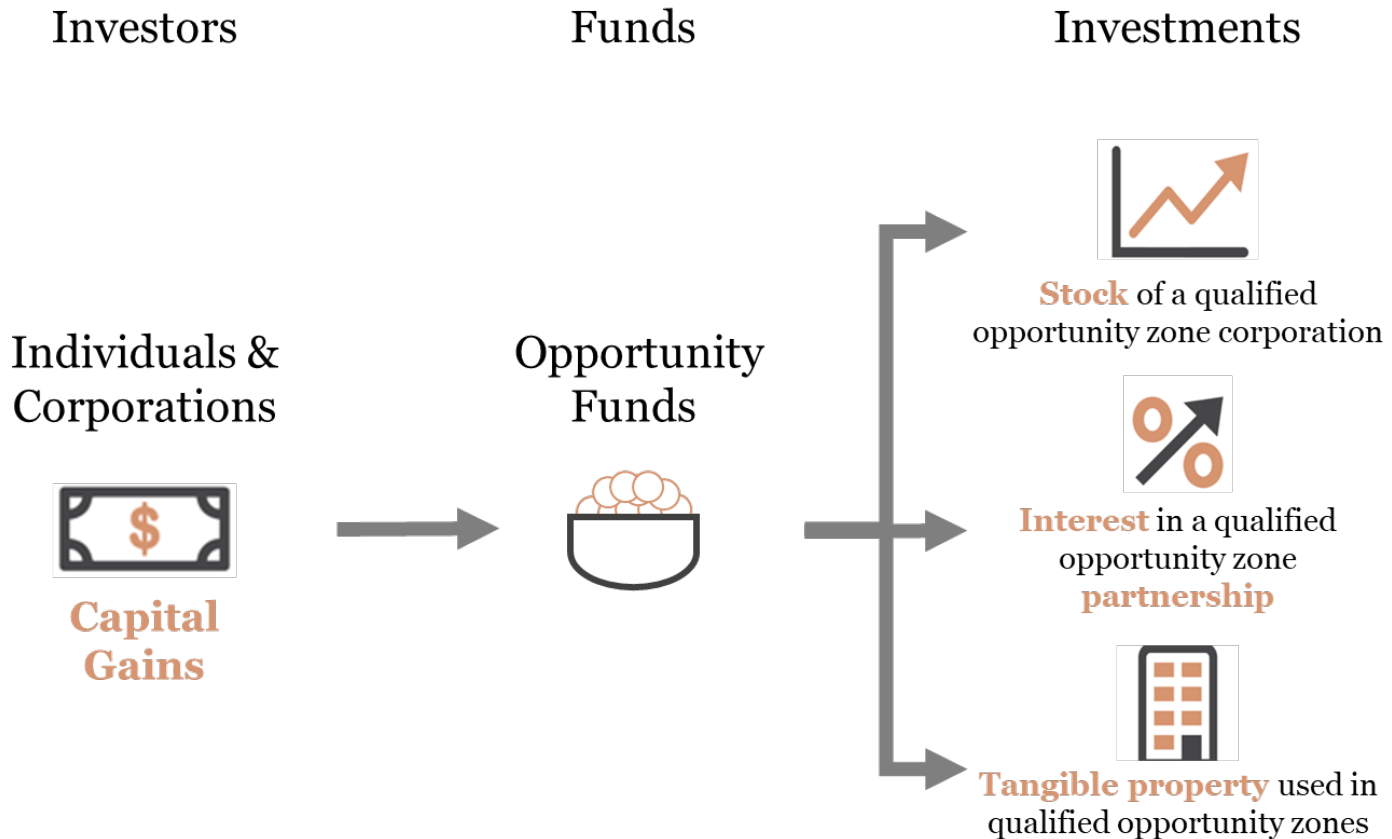
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Let's reflect again on how this is different.

- ✓ It is **flexible** and designed to unlock scarce **equity capital** for the full range of communities and needs.
- ✓ It is **scalable**: There is no appropriated cap on how much capital can move.
- ✓ It is **simple** and avoids the micromanagement of business models that limited the uptake of past programs.
- ✓ It is **market-based** and there are no applications to complete for individual projects. Investors can move at the speed of business.
- ✓ There are no up-front subsidies or tax credits; instead it operates by boosting **expected returns** long in the future.
- ✓ The fund model allows for **broad participation**.
- ✓ It can provide an **anchor** for local economic development strategies.

As you're thinking about your strategy, remember to tend to all sides of the market.



Market-based means everything will take care of itself, right? **Wrong.**

There are many entry points for local economic development leaders:

- Rallying investors to **commit capital**
- Nurturing **fund formation**
- **Activating** the business, philanthropic, and other communities
- Raising awareness among **entrepreneurs and growth companies**
- Raising awareness among **developers and real estate holders**
- Not just building a pipeline, but **charting a vision**
- Forging the **connective tissue** between capital and community
- Delivering the **workforce**
- **Protecting** long-time residents and managing growth
- **Anchoring** Opportunity Zones in something bigger



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DV Financial Services

- Broker dealer based in Phoenix, Arizona



DVFS Role in Opportunity Zones & Funds

- Early advocate of the Investing in Opportunity Act
- Member of national working group researching incentive implementation & industry standards
- Extensive relationships with public and private community development professionals
- Frequent speaker/sponsor of Opportunity Zones & Funds conferences and events
- Raising Opportunity Funds on behalf of blue-chip sponsors



Matt Wexler
East Team Director

Municipalities

...

Now that we have Opportunity Zones, what next?

Should we be creating an OZ Fund? Tempting but...

- Most municipalities don't manage equity funds
- Legal and technical details
- Limited resources – human and capital
- Why choose?

Build from the Demand Side

... Staying with Strengths

- Identify infrastructure to be updated
- Plan for the long term
- Public spaces as part of place making
- Promote social goals to balance market forces
- Convene the stakeholders and build partnerships

The Pitch

...

How should we promote our projects and businesses?

- More than data – make it a narrative
- Clear entry point
- Showcase the collaboration
- Leverage existing investments

Examples of Prospectus

•••
Erie, PA and Louisville, KY

- Communicate competitive advantages
- Trigger local partnerships
- Identify sound projects that are ready for public, private and civic capital.

