



Opportunity Zones: Locality Marketing Strategies

Houston-Galveston IEDC Panel Presentation

Ronald D Berkebile

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Strategic Growth Area Office (757) 385 - 2902

August 19, 2019



Steve Glickman - EIG

National Networking and Locality Mission



Knowledge, Information, and Networking Conduit
↓



Investor

Novogradac 2018
Opportunity Zones
Conference

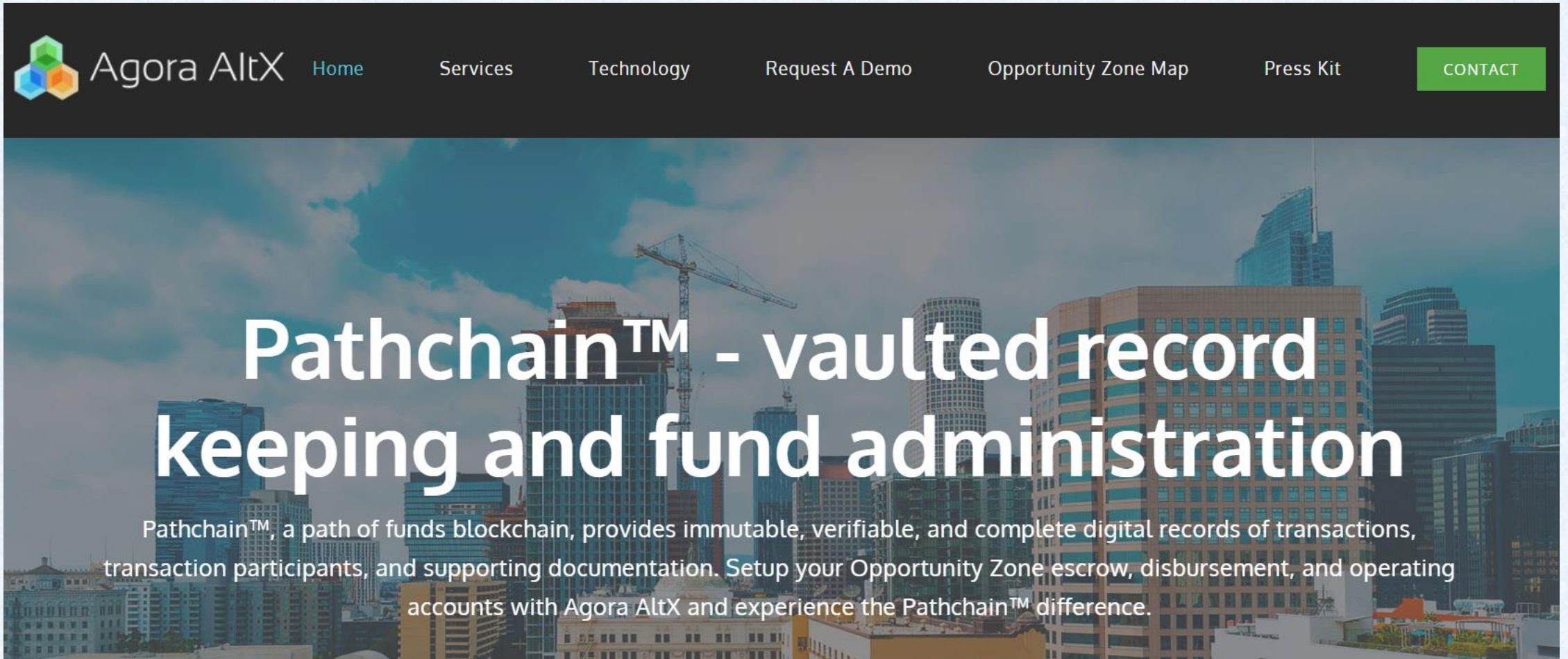
Oct. 2-3
The Roosevelt New Orleans
New Orleans



Opportunity Zone Conference: Exhibition Halls

Free Opportunity Zone Fund
Investment Organizational Software

Family Trust Investors



The screenshot shows the top navigation bar of the Agora AltX website. The navigation menu includes: Home, Services, Technology, Request A Demo, Opportunity Zone Map, Press Kit, and a prominent green CONTACT button. The main content area features a large white headline: "Pathchain™ - vaulted record keeping and fund administration". Below the headline is a descriptive paragraph: "Pathchain™, a path of funds blockchain, provides immutable, verifiable, and complete digital records of transactions, transaction participants, and supporting documentation. Setup your Opportunity Zone escrow, disbursement, and operating accounts with Agora AltX and experience the Pathchain™ difference."

Opportunity Zone Conference: Exhibition Halls

Project/Investor Clearinghouse

Large Investment Funds

InvestReal

[HOME](#) [INVESTORS](#) [DEVELOPERS](#) [DATA](#) [BLOG](#) [COMPANY](#) [LOGIN](#)

Data-driven marketplace for Opportunity Zone investments

[JOIN NOW](#)

Investors

Identify the best Opportunity Zones and projects

[FIND OUT MORE ▶](#)

Developers

Raise capital from a large pool of qualified investors

[FIND OUT MORE ▶](#)

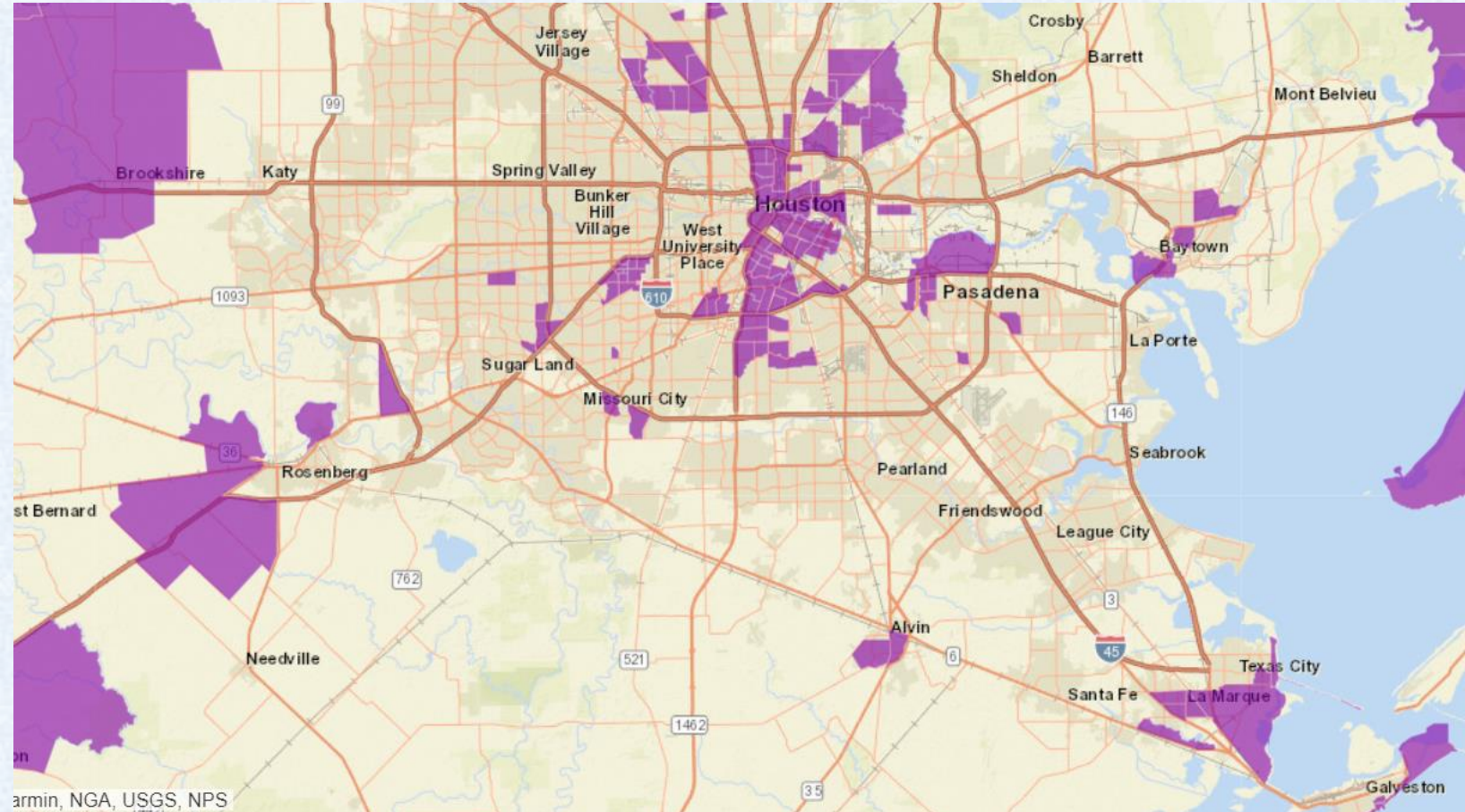
Catalyzing Opportunity Zone Investments



Theoretical



Practical



Located on the City's ED site

- [Map](#) tab
 - Interactive mapping tool
- [Open House](#) tab
 - Local network building initiative
- [Resources](#) tab
 - National OZ information
- [Property Prospectus](#) tab
 - Available City owned properties
- [Zone Reports](#) tab
 - Demographic OZ reports
- [IRS Guidelines](#) tab
 - IRS tranche tax law references
- [Investment Example](#) tab
 - Comparative ROI examples
- [City Contacts](#) tab

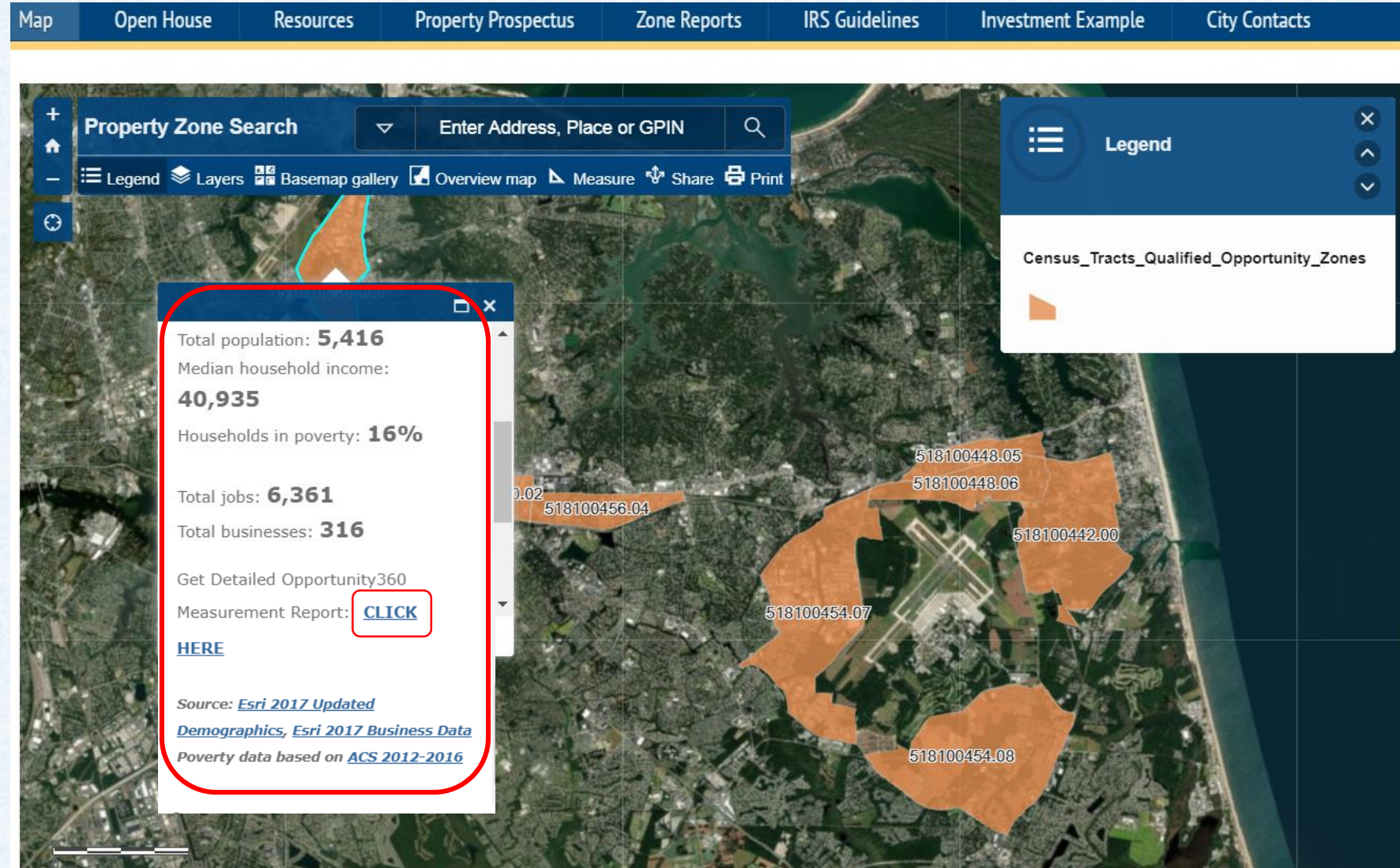
Opportunity Zone Competitive Advantage Website

The screenshot displays the website for Virginia Beach Opportunity Zones. The browser address bar shows the URL: <https://www.yesvirginiabeach.com/business-districts/Pages/Opportunity-Zones.aspx>. The page features a navigation menu with tabs for [Map](#), [Open House](#), [Resources](#), [Property Prospectus](#), [Zone Reports](#), [IRS Guidelines](#), [Investment Example](#), and [City Contacts](#). The [Map](#) tab is currently selected. The main content area shows a satellite map of Virginia Beach with several Opportunity Zones highlighted in orange. The zones are labeled with their respective IDs: 518100402.00, 518100410.02, 518100456.04, 518100448.05, 518100448.06, 518100442.00, 518100454.07, and 518100454.08. A legend on the right side of the map identifies the orange areas as 'Census_Tracts_Qualified_Opportunity_Zones'. The page also includes a search bar for 'Property Zone Search' and various map controls like zoom, layers, and print.

Opportunity Zone Demographic Tool

Activate by clicking OZ

- Brief demographic sketch
 - Population
 - Median HH Income
 - Jobs
 - Businesses
- Robust demographic option
 - Opportunity 360



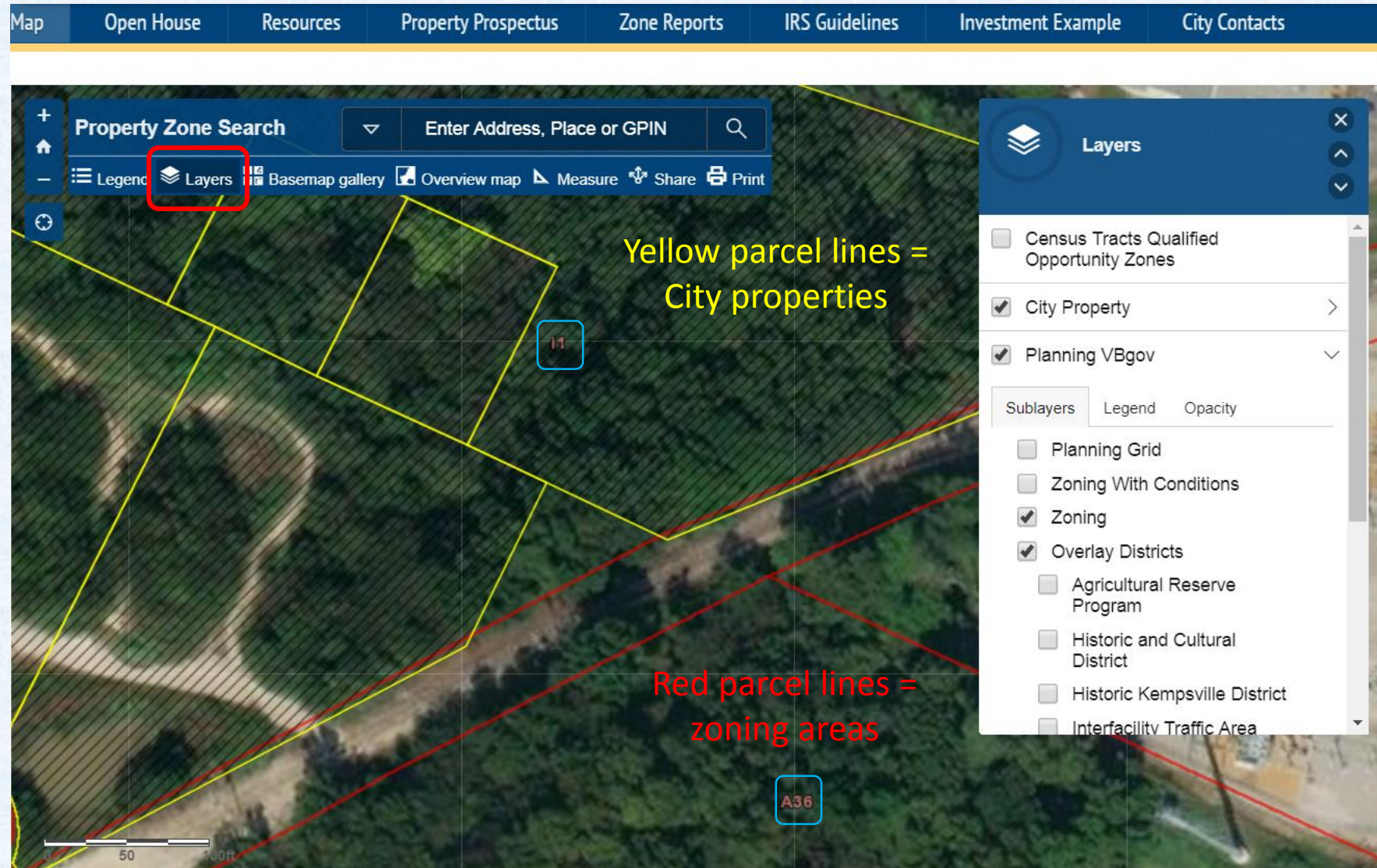
Opportunity 360 Demographics

25-page report for each OZ

- Neighborhood data
- Network data
- Building data
- Home data
- Mortgage data
- Resident data
- Also available: [Zone Reports](#) tab



Opportunity Zone Map Layer Tool



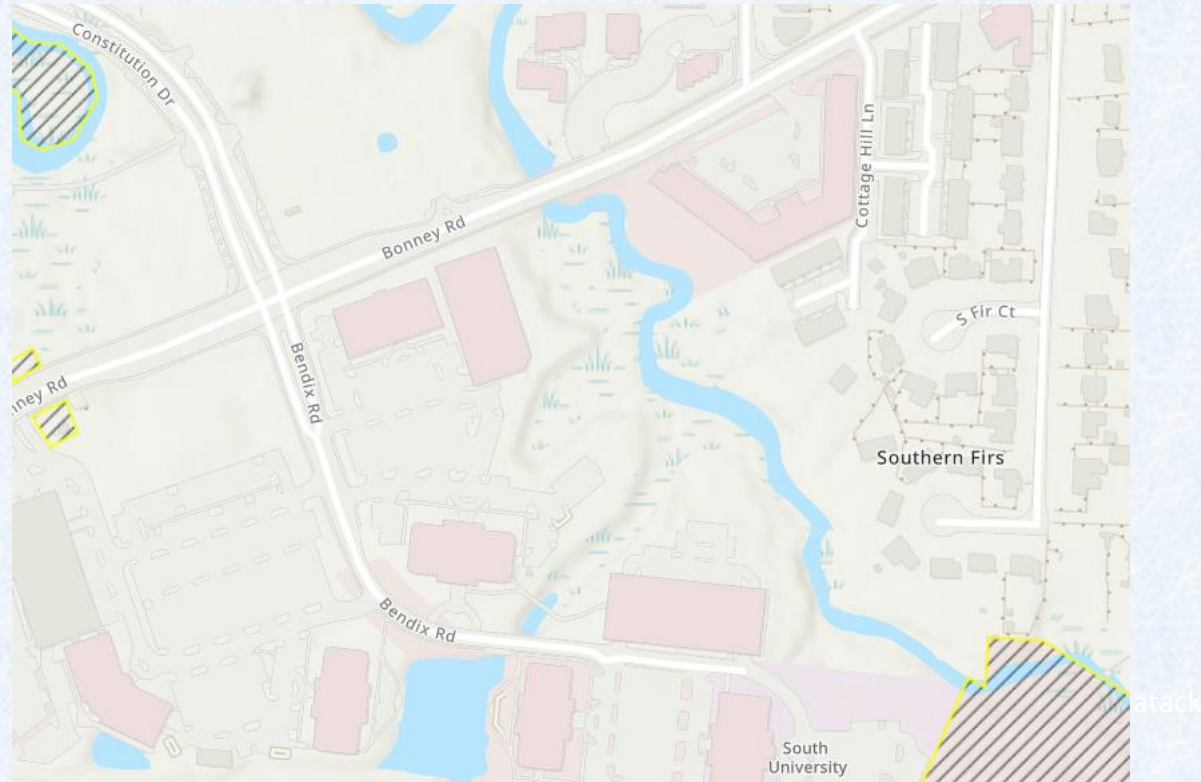
Layers

- Census Tract QOZ
 - Identifies the entire zone
- City property identification
 - Land banked properties
 - Objective: tax generation
- Zone lines and identifiers
 - Developer tool

Opportunity Zone Base Map Gallery Tool

Gallery

- Twenty map types
 - Imagery (natural state)
 - Streets
 - Topographic (current view)
- Retains layer capabilities



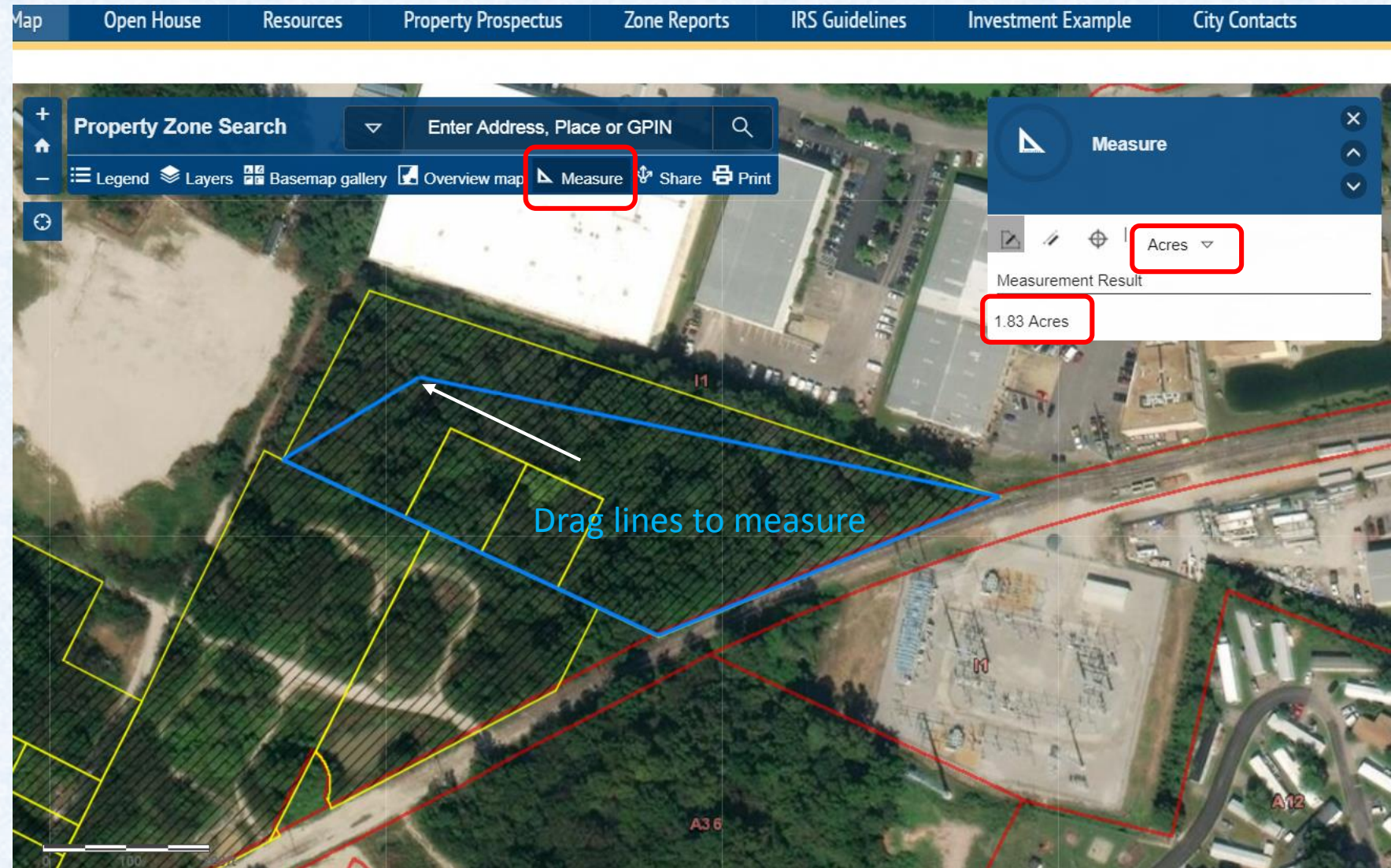
Topographic map

Corporate Landing

Opportunity Zone Parcel Measurement Tool

Measurement tool

- Drag line tool
- Eight measurement scales
 - Acres
 - Square miles
 - Square feet
 - Square yards
 - Metrics



Local Networking Initiative


Open House

- 1,300 business invitations
 - 125 RSVPs
 - 70 attendees
 - Local network developed
- Four OZ expert speakers
 - Opportunity Zone Basics
 - Opportunity Zone Funds
 - Opportunity Zone Businesses
- Recorded for future investors
 - Alleviated daily questions
- PPT presentations posted
- Real estate industry very interested

Map **Open House** Resources Property Prospectus Zone Reports IRS Guidelines Investment Example City Contacts

On February 20, 2019, the City of Virginia Beach held an Open House event to allow subject matter experts to explain the intricacies of Opportunity Zones and take questions from the audience. Below is a video of the event, along with a list of those in attendance.

Opportunity Zone Open House Presentation



Documents

- [Open House Presentations](#)
- [Virginia Beach Opportunity Zone Open House Attendee List](#)

For questions about the event, please contact Ron Berkebile at rberkebi@vb.gov or (757) 385-2902.

Local Network Building Initiative

Alphabetically organized:

- Name of individual
- Business name
- Industry type

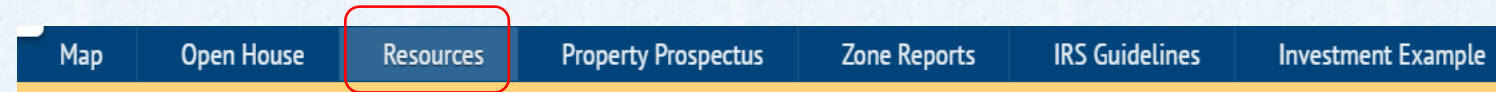
RSVP List

<i>Chris Aebel</i>	Clark Nexsen	Engineering
<i>Georgia Allen</i>	First Financial Group	Investors
<i>Billy Almond</i>	WPL	Consulting
<i>Laurie Arcand</i>	TowneBank	Banking
<i>Brian C Baker</i>	The Katsias Company	Developer
<i>Justin Ballard</i>	S.B. Ballard Construction Company	Developer
<i>Mark Baumgartner</i>	Pender & Coward P.C.	Law
<i>Laurence Benson</i>	Kimley-Horn	Consulting
<i>Ronald D Berkebile</i>	City of Virginia Beach	Government
<i>Kimberly Bethea</i>	Team Fishel	Energy
<i>Donald D Biernot</i>	Zukerman & Associates, LTD	Accounting
<i>Edward Bohoslav</i>	BB&T Securities – Scott & Stringfellow	Investors
<i>Jamie Booth</i>	Hourigan Construction Company	Developer
<i>Tip Brown</i>	Venture Realty Group	Developer
<i>Chris Burnett</i>	Denton Realty Company	Real Estate
<i>Brian Carson</i>	Gold Key/PHR	Developer
<i>Kate Cerone</i>	WPL	Consulting
<i>Alden Cleanthes</i>	Norfolk Solar Qualified OZ Fund	OZ Fund
<i>Kaylyn Conner</i>	Old Point National Bank	Banking

Legislative and OZ Resources: Informational Conduit

Quick reference OZ documents

- White House initiatives
- Federal Administration documents
- Think tank documents
- FAQs
- State documents
- Basic informational documents



Map Open House **Resources** Property Prospectus Zone Reports IRS Guidelines Investment Example

Links:

- [Opportunity and Revitalization Council Executive Order](#) (New - December 12, 2018)
- [CDFI Fund](#)
- [Economic Innovation Group: Opportunity Zones](#)
- [IRS Opportunity Zone FAQ's](#)
- [Virginia Department of Housing and Community Development](#)

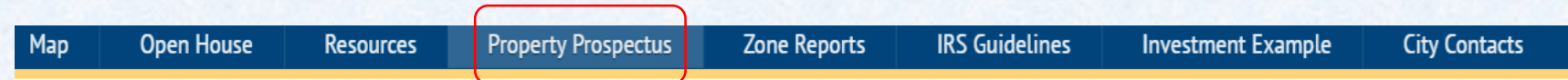
Opportunity Zone Overviews:

- [Opportunity Zones Basics](#)
- [Opportunity Zone Operating Businesses](#)
- [Opportunity Zone Commercial Investments](#)
- [Opportunity Zones and Low Income Housing Tax Credits](#)

Property Prospectus: Locality Opportunity

Marketing tool

- Each OZ identified
- Zoning matrices to aid with decisions
 - Allowable improvements



Map Open House Resources **Property Prospectus** Zone Reports IRS Guidelines Investment Example City Contacts

Below are a series of prospectus documents detailing City owned land in Virginia Beach's Opportunity Zones. Others will be posted as they are completed, but please contact City Staff for questions or inquiries in any of the Zones.

- [Opportunity Zone Prospectus - Burton Station](#)
- [Opportunity Zone Prospectus - Cleveland St.](#)
- [Opportunity Zone Prospectus -Corporate Landing](#)
- [Opportunity Zone Prospectus -Seatack](#)
- [Opportunity Zone Prospectus - Lynnhaven](#)

Zoning ordinances that apply can be found in the document below:

- [Zoning Allowance Matrices](#)

Marketing Tool

City property prospectus information

- Acreage \geq 1 acre
- Shovel ready
- Current zoning
- Assembly potential
- Special restrictions
- Roads
- Commercial points of interest
- Demographics

Tim Road Assembly



Three parcel assembly:

- 3.9 acres
- Primarily wooded shovel ready
- I1 zoned and rail accessible
- Could be assembled with Sandpit Rd site

Roads and destinations:

No road access – 0.1 miles to Tolliver Rd

- Major arterial – Northampton Blvd: 0.9 miles
- Interstate 64: 1.5 miles
- Norfolk International Airport: 4.1 miles
- Virginia Wesleyan College: 1.5 miles
- Little Creek Joint-Expedition Base: 2.5 miles
- Norfolk Outlet Mall: 1.5 miles

[Demographics](#)



Marketing Tool

Prospectus ground level views

- Access roads
- Land improvements status
- RFP challenges

Tim Road Assembly



The graphic features a yellow header with the text 'Tim Road Assembly' and a small icon of a presentation board. Below the header, there are three images: a wooded area with a fallen log, the City of Virginia Beach logo, and a residential street with a white car. Below the wooded area image is the text '[OZ Open House Broadcast](#)', and below the residential street image is the text '[Opportunity Zone Resources](#)'. A small yellow box with the number '3' is located in the bottom right corner of the graphic.

[OZ Open House Broadcast](#)

[Opportunity Zone Resources](#)

3

IRS Guidelines: Information Conduit

Tranche updates

- Referenced IRC statutes
- 43 references for the two tranches
- Congressional Acts

Map Open House Resources Property Prospectus Zone Reports **IRS Guidelines**

The following legislation and regulations were recently released by the Internal Revenue Service:

- [Investing in Opportunities Act](#)
- [Section 1400Z2 - Opportunity Zone Capital Gain Special Rules](#)
- [Proposed Rule Summary](#)

IRS Codes:

- [Section 1221 - Capital Gain Rules](#)
- [Section 1222 - Capital Gain Terms](#)
- [Section 167 - Depreciation](#)
- [Section 267 - Family Relationships](#)
- [Section 707 - Partnership Relationships](#)
- [Section 584 - Common Trust Funds](#)
- [Section 1 - 1275 -1 - Debt Instruments](#)
- [Section 752 - Liability Treatments](#)
- [Section 1256 - Tax Attributes](#)
- [Section 1092\(c\)\(1\) - Straddle Definition](#)
- [Section 1092\(b\) - 3T - Straddle Netting Requirements](#)
- [Section 1092\(b\) - 4T - Mixed Straddle Netting Requirements](#)
- [Section 1397C - Safe Harbors](#)
- [Section 1.1502-Regulations](#)
- [Section 1-475-Financial Statement Valuation Methods](#)

Financial Examples: Investment Benefits

Hypothetical examples

- OZ vs non-OZ ROIs
 - “OZ’s can make good projects better” (EIG)
 - “OZ’s don’t make a bad project good” (EIG)
 - Disclaimer at bottom
- \$1.0 million hypothetical ROI
 - Each program ROI
 - Annual ROI 5%
 - Capital gain tax rates
- Theory to practical example
 - Regional newspaper op-ed
 - Solar and OZs

Opportunity Zones

Virginia Beach has eight Opportunity Zones that are uniquely positioned and ready for investment and growth.

What is an Opportunity Zone?

Opportunity Zones, created as a result of the Federal Tax Cuts and Jobs Act of 2017, are designed to encourage long-term investments in designated portions of a community. Tax incentives are provided to investors who re-invest their unrealized capital gains into one of the designated zones.

Virginia Beach Opportunity Zones

Virginia Beach has eight (8) designated Opportunity Zones.

[Map](#)[Open House](#)[Resources](#)[Property Prospectus](#)[Zone Reports](#)[IRS Guidelines](#)[Investment Example](#)[City Contacts](#)

Below is an example of savings that could be accrued by investing in an Opportunity Zone. Please note that this is an illustrative example only. We advise you to seek financial and legal advice for specifics on individual investments.

[Return on Investment Examples](#)[The Confluence of Solar Energy, Capital Gains, and Opportunity Zones](#)

ROI example

Calculations intended as examples only	Federal Capital Gain Taxes			\$1.0 mm Investment after 5-Year Deferral		\$500,000 Net Capital Gain without Incentive		
	Without Incentive	With Incentive	Incentive Benefit	Without Incentive	With Incentive	Capital Gain	Capital Gain Tax	Net Gain
	<i>Tax Bracket</i>							
35% Bracket or lower (rate 15%)	\$150,000	\$135,000	\$15,000	\$850,000	\$865,000	\$500,000	\$75,000	\$425,000
39.6% Bracket or higher (rate 20%)	200,000	180,000	20,000	800,000	820,000	500,000	100,000	400,000
		Incentive Benefit	ROI Growth		10-Year ROI Growth Rate			
35% Bracket or lower (rate 15%)		\$90,000	\$275,000	\$365,000	27.50%	36.50%		
39.6% Bracket or higher (rate 20%)		120,000	200,000	320,000	20.00%	32.00%		

Ten-Year Investment	\$1,000,000
10% Basis Point Reduction	100,000
Incentivized Taxable Amount	\$900,000
Capital Gain after Ten Years	500,000
Investment + Capital Gain	\$1,500,000

Opportunity Zone Ten-Year Exemption and Five-Year Deferral

Exempts capital gains attributable to reinvestment and defers capital gain for five years

Investment deadline is December 31, 2021

Deferral ROI example:

- Capital gain incentive benefit \$90,000 - \$120,000 per \$1.0 million invested
- Post-exemption incentivized net capital gain \$320,000 - \$365,000 per \$1.0 million invested
- Net incentivized capital gain return rate 32.00% - 36.50 versus 20.00% - 27.50%



Ronald D. Berkebile: The potential of opportunity zones

Ronald D. Berkebile
City of Virginia Beach
Jun 19, 2019

IN 2017, CONGRESS passed the **Tax Cut and Jobs Act**. Embedded in the act were two new IRS sections known as 1400Z-1 and 1400Z-2. Commonly referred to as the Opportunity Zone (OZ) legislation, 1400Z-2 introduced a unique capital gain tax incentive. Specifically, it offered a tax reduction, deferral of taxes and tax exemptions.

Similar to other investors, **Ruth McElroy Amundsen** endured an OZ learning curve and followed a self-prescribed qualification process. It began with a research and discovery period.

Amundsen believes, “Climate change is the most serious issue facing global communities. It requires substantial effort and urgent actions.” In 2018, a confluence of environmental sustainability, social returns, legislative incentives and a financial windfall enabled Amundsen to actively engage her financial resources to achieve those goals. Initially, her objective was to increase global renewable energy usage.

Mass Media Marketing: Op-eds

Treasury Still Weighing Options on Opportunity Zone Guidance and more | June 25, 2019



Medora Ventures <ozguide@rasa.io>
To Ronald D. Berkebile

Tue 6/25/2019 7

[If there are problems with how this message is displayed, click here to view it in a web browser.](#)

Qualified Opportunity Zones are mostly high-poverty, low-income census tracts in which the federal and state governments wish to encourage ...



GOOGLE

Ronald D. Berkebile: The potential of opportunity zones

Commonly referred to as the Opportunity Zone (OZ) legislation, 1400Z-2 introduced a unique capital gain tax incentive. Specifically, it offered a ...



GOOGLE

A billionaire CEO reaps benefits from Opportunity Zone loophole: report

The knock on the wildly popular federal Opportunity Zones program has been that, so far, its intended purpose of lifting up distressed ...



Ruth Amundsen: Opportunity zones show potential Jun 12, 2019

OPPORTUNITY ZONES have the power to start healing the widening divide in this country — that the rich keep getting richer and the poor keep getting poorer. The tax legislation allowing Opportunity Zone Funds is the first time in decades that the federal government has effectively incentivized individuals to invest their capital gains in the poorest communities.

Social Media Marketing



- 700-person global network
- Postings
 - National news
 - Local news
 - Regional news
 - Op-eds
 - Theory – Practical accounts
 - National OZ rankings

The screenshot displays a LinkedIn profile page for 'Articles & activity' with 704 followers. The main article, titled 'The City of Virginia Beach Adds a New Opportunity Zo...', is published by Ronald Berkebile. The article text states: 'The City of Virginia Beach has posted its fifth Opportunity Zone (OZ) prospectus. Capital gain investors and groups will find the state's largest city a good fit for investment opportunities & ...see more'. The article has 17 likes and 1 comment. Below the article are buttons for 'Like', 'Comment', and 'Share'. To the right, the 'Activity' section shows three items: 'Congratulations! Ronald commented', 'Opportunity Zones and the Alternative Energy Industry Three weeks ago, th... Ronald shared this 6 Likes', and 'Capital gain investors and groups are looking for a place to invest, and the... Ronald shared this 17 Reactions • 1 Comment'. A 'See all activity' link is present below the activity items. At the bottom left of the screenshot, there is a 'See all articles' link.



Pipeline Potential: Wind Energy Manufacturing



Everlear Avenue Assembly

City of
Virginia Beach



Seven parcel assembly:

- About 9.0 acres
- Zoned I1 and rail accessible
- Potential assembly with Pearl Ave site
- Wooded and shovel ready

Roads and destinations:

On Tim Rd – connector

- Major Arterial Northampton Blvd: 0.8 miles
- Interstate 64: 1.4 miles
- Norfolk International Airport: 4.0 miles
- Virginia Wesleyan College: 1.4 miles
- Little Creek Joint-Expedition Base: 2.4 miles
- Norfolk Outlet Mall: 1.3 miles



Pipeline Potential: Solar Farm

Pennsylvania investment group

- \$6.5 million investment
- Network member
- 13.2 acres
- Four parcel assembly
- Information from City prospectuses
- Selling energy to adjacent battery manufacturing



Pipeline Potential: Smart City Initiative

New cybersecurity and cloud start-up

- \$100.0 million investment
- IT component
- Workforce development component
- Workforce housing component
- Micro-economy components
- Youth development component



Global Opportunity Zone Access to Investors

HOW RENEWABLES CAN GET INTO THE ZONE – THE OPPORTUNITY ZONE

📅 July 30, 2019 at 2:00 p.m. ET

Potentially one of the most beneficial tax incentives in decades, Opportunity Zones might be a boon to the rapidly changing renewable energy industry, particularly given looming ITC and PTC step-downs. However, complex IRS requirements, a tight investment deadline (12/31/19), and a long vesting period (7-10 years) to reap maximum tax benefits make it especially challenging for investors and developers to leverage this opportunity.



Global Accounting Firm
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Questions?