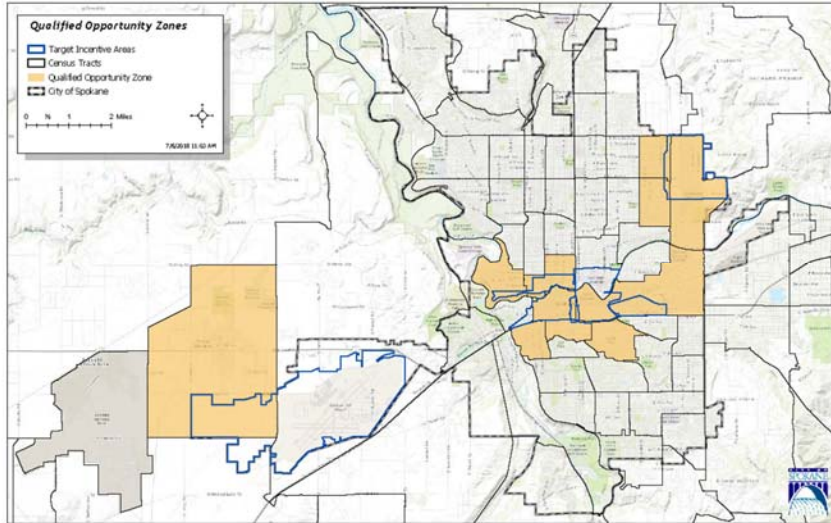


my.spokanecity.org/qoz—add it to your favorites, today

The image displays four screenshots of the website my.spokanecity.org/qoz. The top-left screenshot shows the 'Qualified Opportunity Zones & Funds' section, detailing the 'Tax Cuts and Jobs Act of 2017 "Tax Cuts Act"' and listing key features such as 'Investment tax incentives' and 'Capital gains tax deferral'. The top-right screenshot shows a map of Spokane with highlighted opportunity zones and a list of 'Qualified Opportunity Funds'. The bottom-left screenshot features a grid of images illustrating various development projects and community benefits. The bottom-right screenshot provides a 'Why these areas?' section, highlighting factors like 'Investment incentives', 'Economic development', and 'Alignment with Strategic Plan'. The website footer includes the 'My Spokane' logo and contact information.

Spokane's 11 Qualified Opportunity Zones



OPPORTUNITY ZONE LISTENING SESSIONS
Spokane, WA | July 11, 2018



Department of Commerce

Opportunity Zone Listening Session

Background

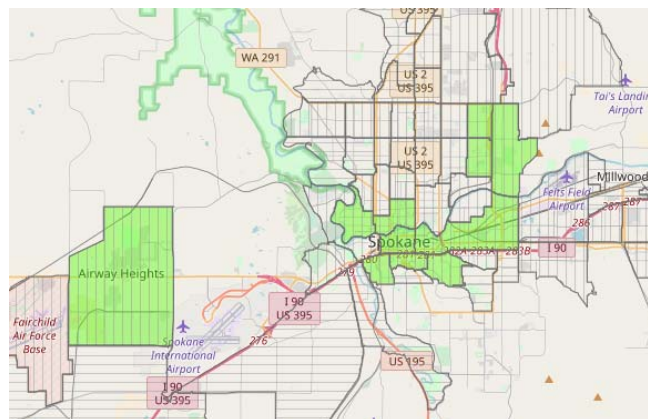
- Established by congress in the Tax Cuts and Jobs Act of 2017
- Goal is to spur private sector investment in low income communities
- Treasury has yet to issue regulations, but has provided FAQ's
- A “Light Touch” regulatory framework



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Opportunity Zone Listening Session

Local Opportunity Zones



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Opportunity Zone Listening Session

The Basics

- Provides tax incentives for investors to re-invest unrealized capital gains by:
 - Temporary tax deferral for capital gains
 - Tax reduction on capital gains (at 5 and 7 years)
 - Elimination of taxes on gains from OZ investments (if held for 10 years)



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Opportunity Zone Listening Session

How it Works

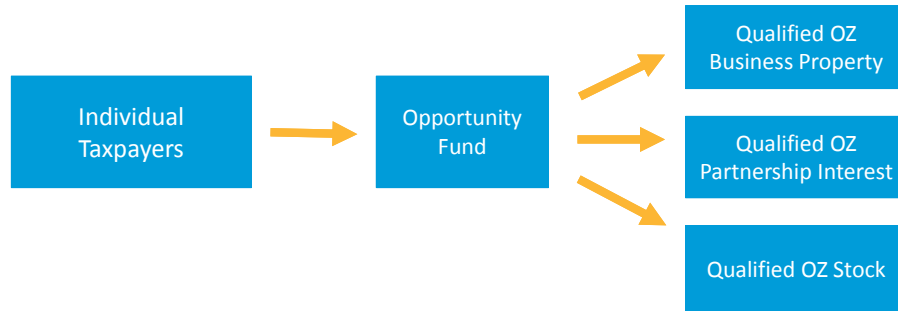
- Individual invests capital gains into Opportunity Funds
- Opportunity Fund invests in qualified Opportunity Zone investments
- Qualified investments include:
 - Stock or partnership interest in operating business in OZ
 - Qualifying property in OZ



8

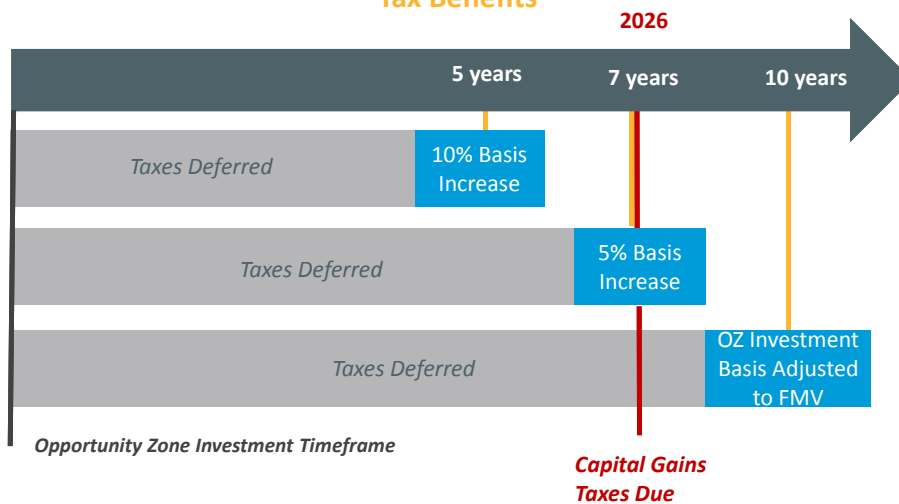
Opportunity Zone Listening Session

How it Works



Opportunity Zone Listening Session

Tax Benefits



Opportunity Zone Listening Session

INVESTMENT EXAMPLE

Investor has an Investment
Subject to Federal Capital
Gains Tax

Investment Amount \$500,000
Capital Gains Rate 23.80%
Capital Gains Tax Owed \$119,000

Invests in Real Estate – Businesses
Located in Designated
Opportunity Zones



Investor wants a 7% Return



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Opportunity Zone Listening Session

INVESTMENT EXAMPLE

Investor Exits in YR 5

| | |
|----------------------------------|--|
| | Investment Now Worth \$701,276 |
| Original Capital \$500,000 | Original Basis For Capital Gains Tax Reduced by <u>10%</u> $\$500,000 \times 90\% \times 23.80\% = \$107,100$ Instead of Paying \$119,000 – Investor Pays <u>\$107,100</u> |



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Opportunity Zone Listening Session

INVESTMENT EXAMPLE

Investor Exits in YR 5

New
Gain
\$201,276

Investment Now Worth \$701,276
Investment Exit Triggers Capital Gain
 $\$201,276 \times 23.80\% = \underline{\$47,903}$

Original
Capital
\$500,000



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Opportunity Zone Listening Session

INVESTMENT EXAMPLE

Investor Exits in YR 5

New
Gain
\$201,276

Investment Now Worth \$701,276
Investor Summary

| | |
|--------------------------|-----------|
| Original Investment | \$500,000 |
| Investment Value At Exit | \$701,276 |

Minus:

| | |
|------------------------|-------------|
| Tax on Initial Capital | <\$107,100> |
| Tax on New Gain | <\$ 47,904> |

| | |
|-----------------------------|-----------|
| Investor Funds – After Tax | \$546,272 |
| Investor Return – After Tax | 1.8% |



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Opportunity Zone Listening Session

INVESTMENT EXAMPLE

Investor Exits in YR 7

| | |
|-------------------------------|--|
| | Investment Now Worth \$802,891 |
| Original Capital \$500,000 | Original Basis For Capital Gains Tax Reduced by 15% $\$500,000 \times 85\% \times 23.80\% = \$101,150$ Instead of Paying \$119,000 – Investor Pays <u>\$101,150</u> |



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Opportunity Zone Listening Session

INVESTMENT EXAMPLE

Investor Exits in YR 7

| | |
|-------------------------------|--|
| | Investment Now Worth \$802,891 |
| New Gain \$302,891 | Investment Exit Triggers Capital Gain $\$302,891 \times 23.80\% = \underline{\$72,088}$ |
| Original Capital \$500,000 | |



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Opportunity Zone Listening Session

INVESTMENT EXAMPLE

Investor Exits in YR 7

| | |
|----------------------------------|--------------------------------------|
| New Gain \$302,891 | Investment Now Worth \$802,891 |
| | Investor Summary |
| Original Capital \$500,000 | Original Investment \$500,000 |
| | Investment Value At Exit \$802,891 |
| | Minus: |
| | Tax on Initial Capital. <\$101,150> |
| | Tax on New Gain <\$ 72,088> |
| | Investor Funds – After Tax \$629,653 |
| | Investor Return – After Tax 3.3% |



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Opportunity Zone Listening Session

INVESTMENT EXAMPLE

Investor Exits in YR 10

| | |
|----------------------------------|---|
| Original Capital \$500,000 | Investment Now Worth \$983,576 |
| | Original Basis For Capital Gains Tax Reduced by <u>15%</u> |
| | $\$500,000 \times 85\% \times 23.80\% = \$101,150$ |
| | Instead of Paying \$119,000 – Investor Pays <u>\$101,150</u> |



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Opportunity Zone Listening Session

INVESTMENT EXAMPLE

Investor Exits in YR 10

New
Gain
\$483,576

Original
Capital
\$500,000

Investment Now Worth \$983,576
Investment Exit Triggers
NO Capital Gain



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Opportunity Zone Listening Session

INVESTMENT EXAMPLE

Investor Exits in YR 10

New
Gain
\$483,576

Original
Capital
\$500,000

Investment Now Worth \$983,576

Investor Summary

Original Investment \$500,000

Investment Value At Exit \$983,576

Minus:

Tax on Initial Capital <\$101,150>

NO Tax on New Gain

Investor Funds – After Tax \$882,426

Investor Return – After Tax 5.85%

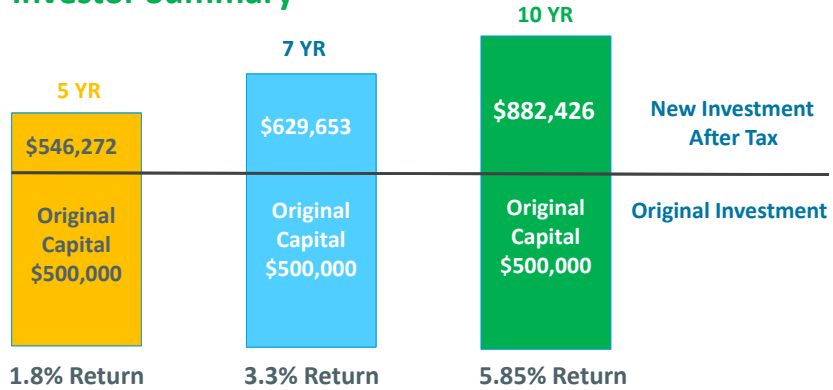


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Opportunity Zone Listening Session

INVESTMENT EXAMPLE

Investor Summary



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Opportunity Zone Listening Session

Looking Forward

- Local communities to organize, identify projects, and engage investors
- Treasury and IRS to issue technical rules and guidance to give investors more clarity
 - Time period to invest OZ funds in projects
 - Definition of eligible businesses (“substantially all” tangible property must be in OZ)
 - Definition of acquisition: own or lease?
 - Valuation of Opportunity Fund assets to meet 90% rule

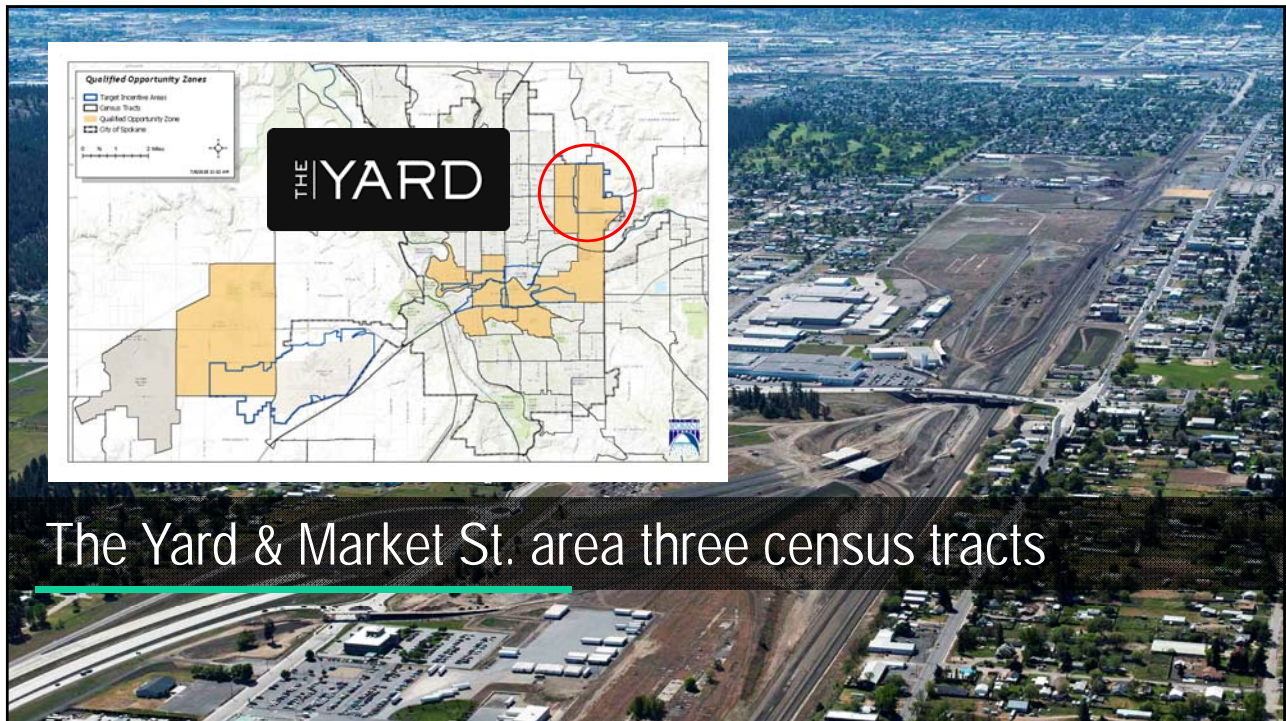


22

Opportunity Zone Listening Session

Contact Information

Melissa LaFayette
Assistant Director, National Development Council
mlafayette@ndconline.org



The Yard is Ready:

- Land zoned for light, heavy industrial as well as residential and mixed use.
- Easy access to Class I Rail service.
- Location adjacent to US 395, a designated high priority International Corridor and T1 truck route.
- Two planned and funded interchanges flanking the industrial district with direct access to I-90.

The Yard & Market St. area



- High-capacity utilities, already on site.
- Available real estate, including many build-to-suit opportunities.
- The Northeast Public Development Authority (NEPDA) Board, working to encourage economic vitality and a business-supportive environment within the YARD.
- Additional infrastructure projects called for in the City's 6-year comprehensive streets program.

The Yard & Market St. area

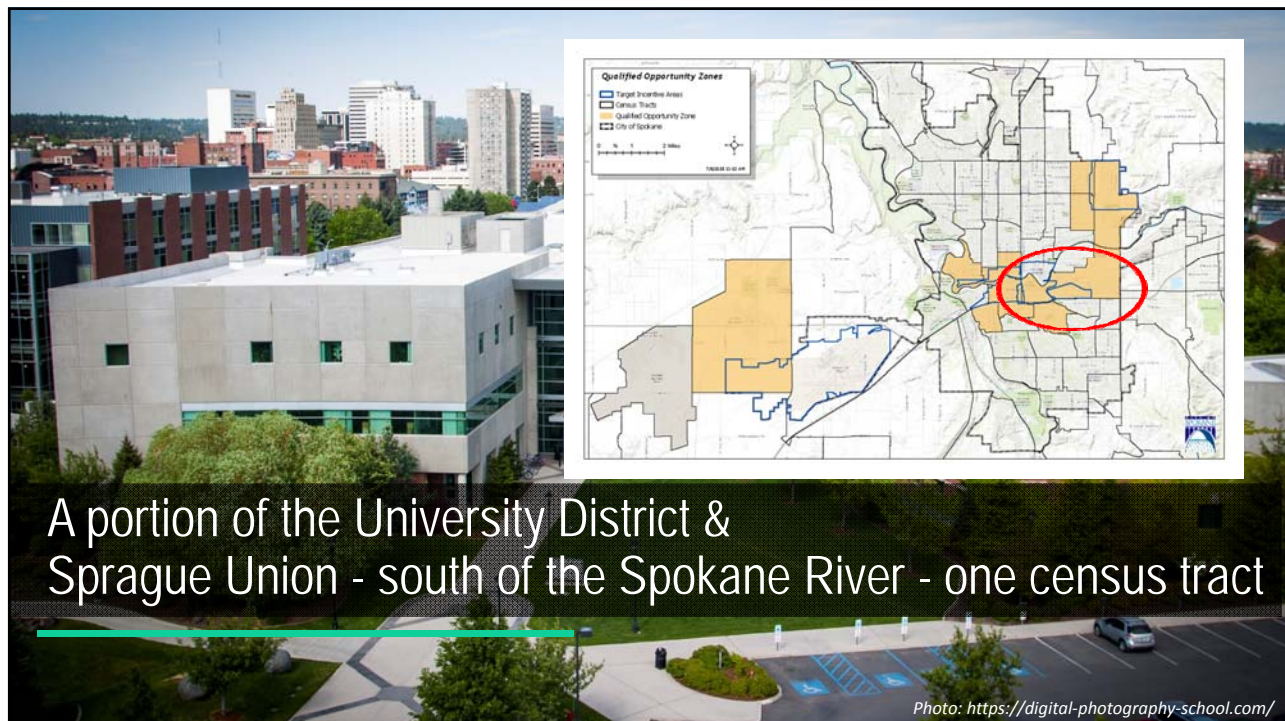


Pipeline projects of private and public/private investments:

- Under Construction the North Spokane Corridor—\$1.5 Billion
- Two arterial rebuilds for freight mobility—\$5,300,000
- Beacon Hill (Work Force Housing)—\$20,000,000
- Jayne Auld Apartments (low Income)—\$7,000,000
- Spokane International Academy Charter School—\$3,700,000
- Community Frameworks The Zone (Affordable)—\$1,000,000

The Yard & Market St. area

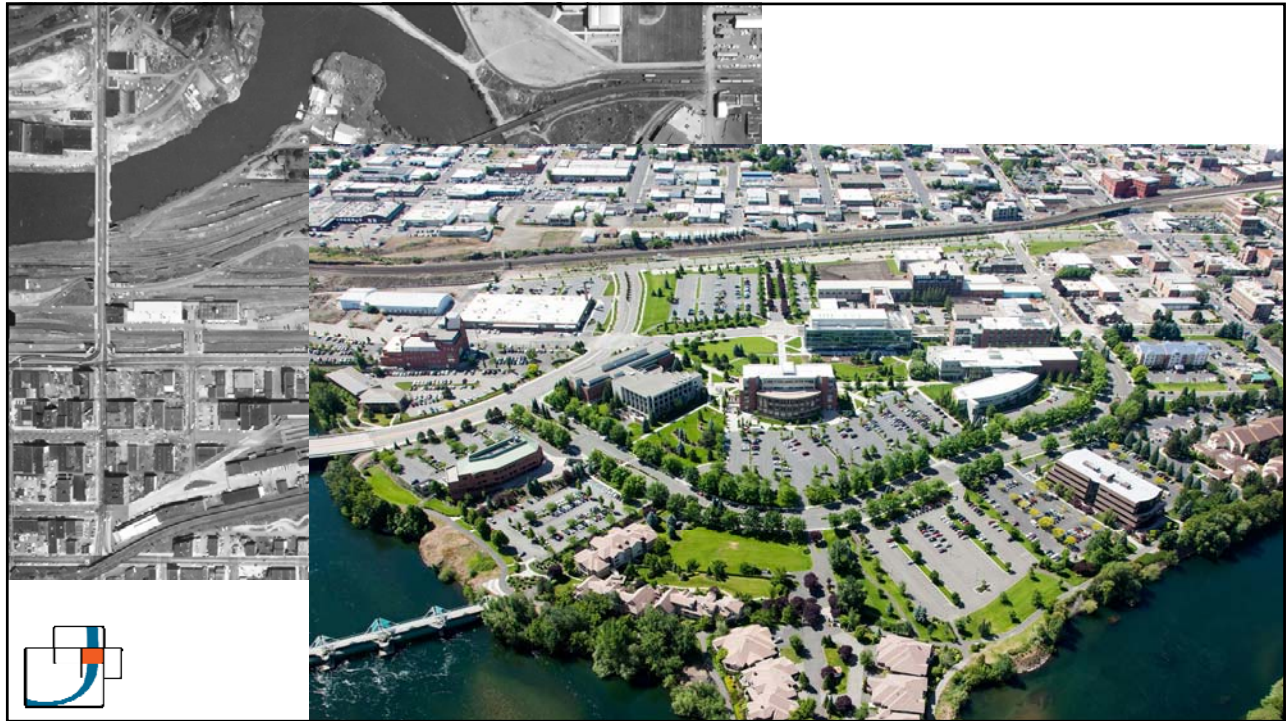
Anthony V. Carollo, CEO, Vista Title & Escrow
 Northeast Public Development Chairperson
acarollo@vistatitle.com



UNIVERSITY DISTRICT

CURRENT AND FUTURE DEVELOPMENT OPPORTUNITIES





The confluence of business, research, education and opportunity.

Decades of hard work by many have opened the way for you to take advantage of the University District's new infrastructure, innovation centers, partnership resources and real estate opportunities. Welcome to your chance to ride the strongest current in Spokane business.



NEW INFRASTRUCTURE

1. CENTRAL CITY LINE RAPID TRANSIT
2. DIVISION STREET GATEWAY PROJECT
3. EAST SPRAGUE REVITALIZATION (PHASE 1 AND 2)
4. MARTIN LUTHER KING, JR. WAY EXTENSION
5. TRENT BRIDGE SR-290 (TO COME IN 2019)
6. UNIVERSITY DISTRICT GATEWAY BRIDGE (TO COME 2018)

INNOVATION AND ENTREPRENEURSHIP

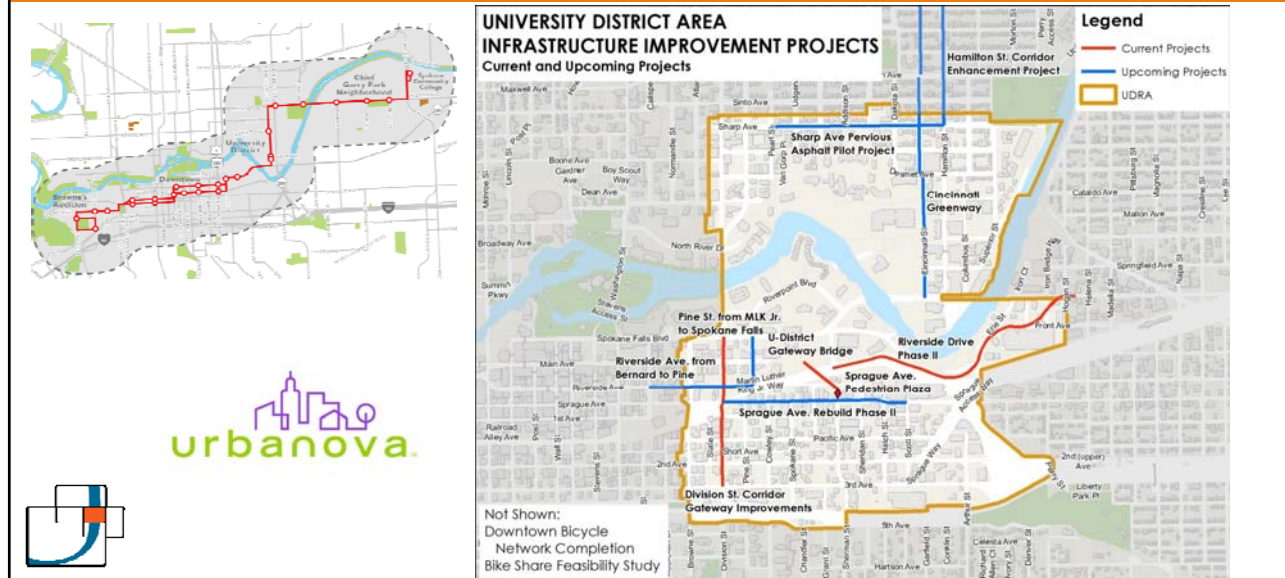
1. AVISTA CATALYST PROJECT (TO COME 2019-2019)
2. EASTERN WASHINGTON UNIVERSITY, CENTER FOR ENTREPRENEURSHIP
3. GONZAGA UNIVERSITY - HOGAN ENTREPRENEURIAL LEADERSHIP CENTER, NEW VENTURE LAB, SCHOOL OF BUSINESS ENTREPRENEURSHIP AND INNOVATION PROGRAMS
4. IGNITE NW/WSU INNOVATION CENTER
5. MCKINSTRY INNOVATION CENTER AND TOOLBOX
6. UNIVERSITY OF WASHINGTON SPOKANE CENTER/COMOTION LABS

UNIVERSITY AND COLLEGES

1. COMMUNITY COLLEGES OF SPOKANE
2. EASTERN WASHINGTON UNIVERSITY
3. GONZAGA UNIVERSITY
4. UNIVERSITY OF WASHINGTON SCHOOL OF MEDICINE - GONZAGA UNIVERSITY REGIONAL HEALTH PARTNERSHIP
5. WASHINGTON STATE UNIVERSITY HEALTH SCIENCES SPOKANE
6. WRIGHT UNIVERSITY



Physical and Tech Infrastructure



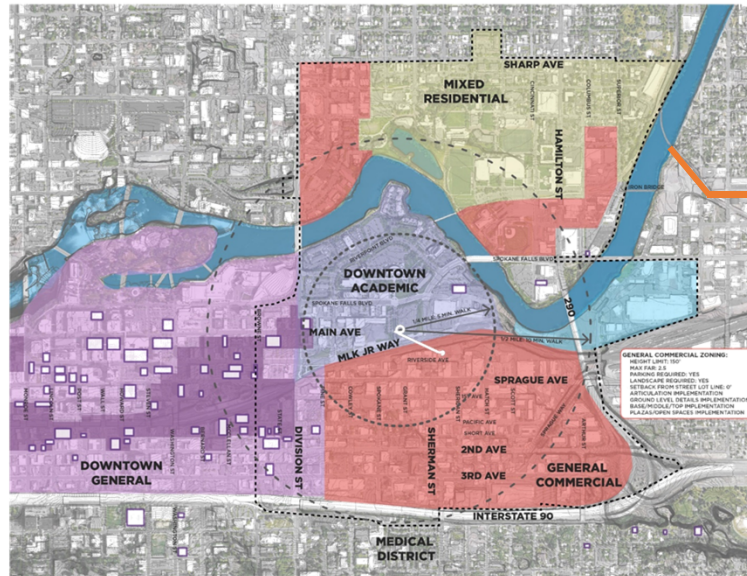
Catalyst Building



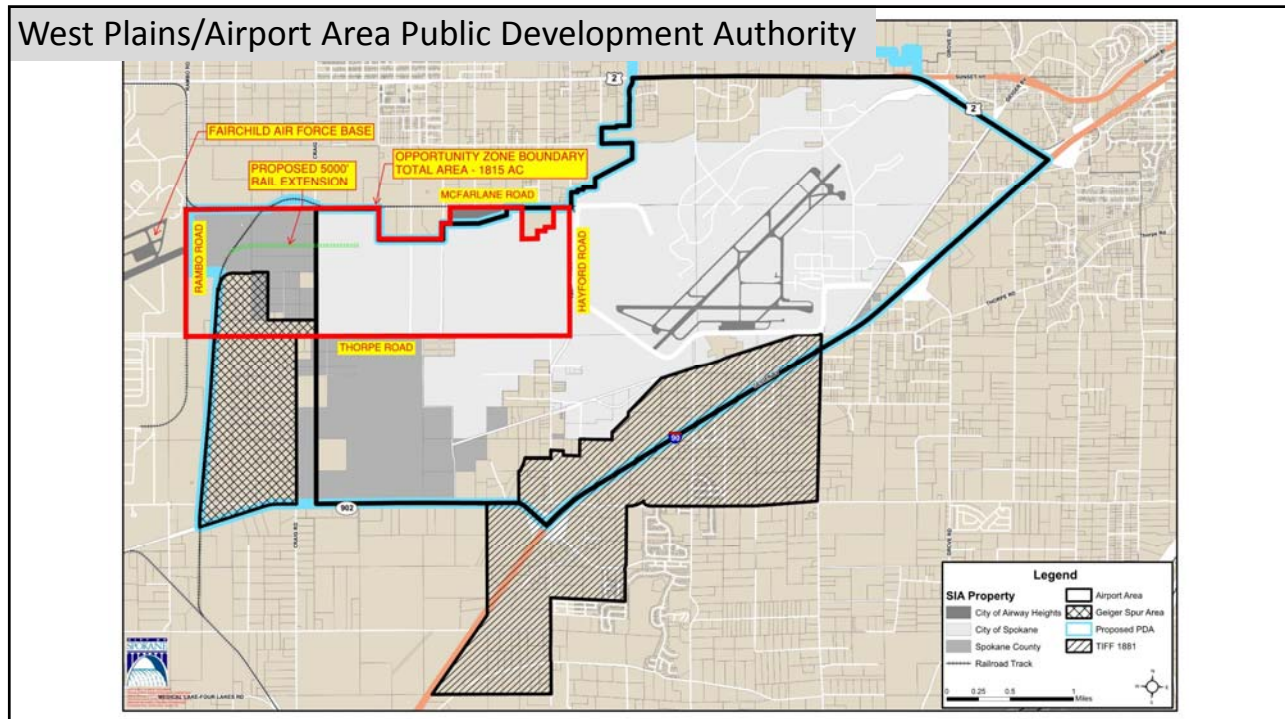
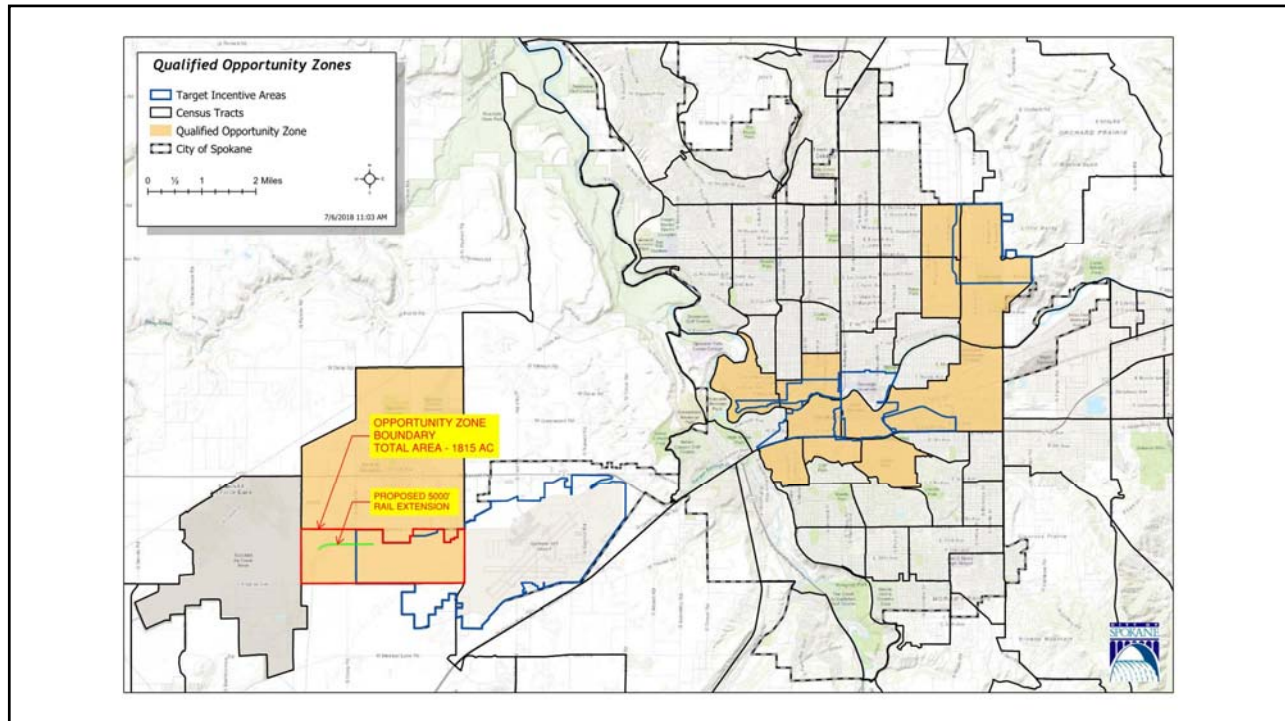
Spokane's University District: Where Business and Education Grow Together

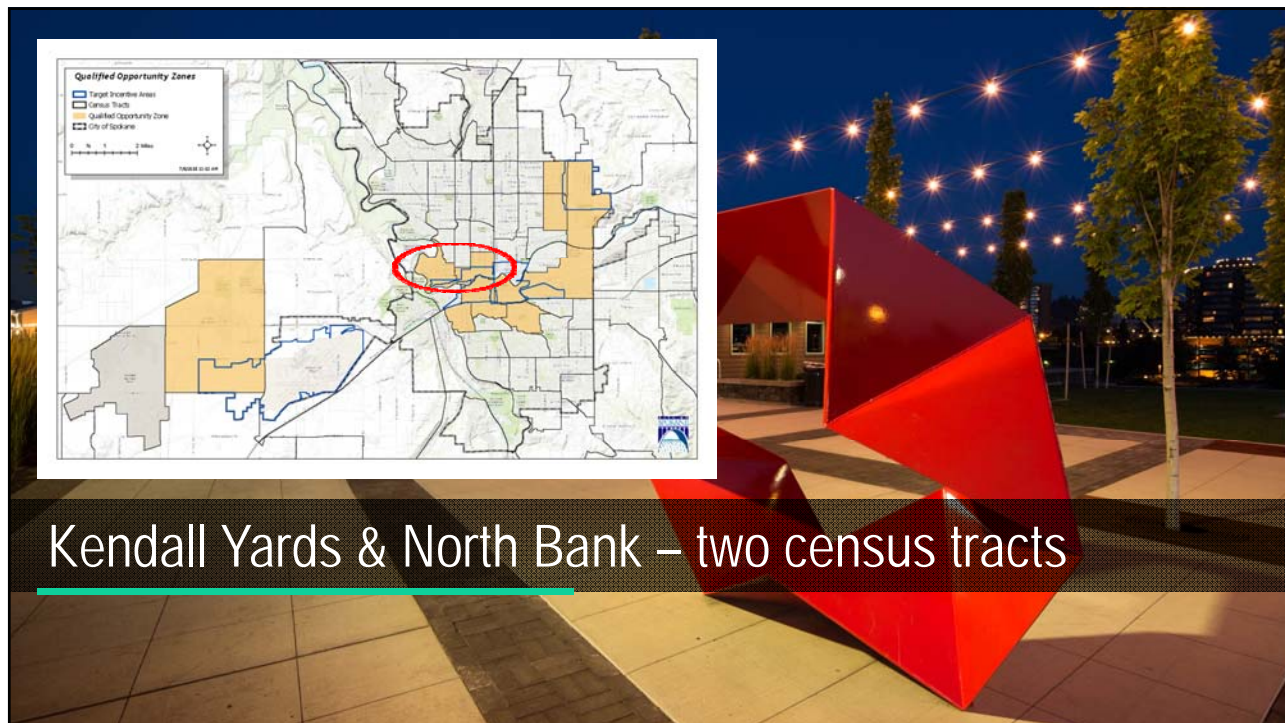
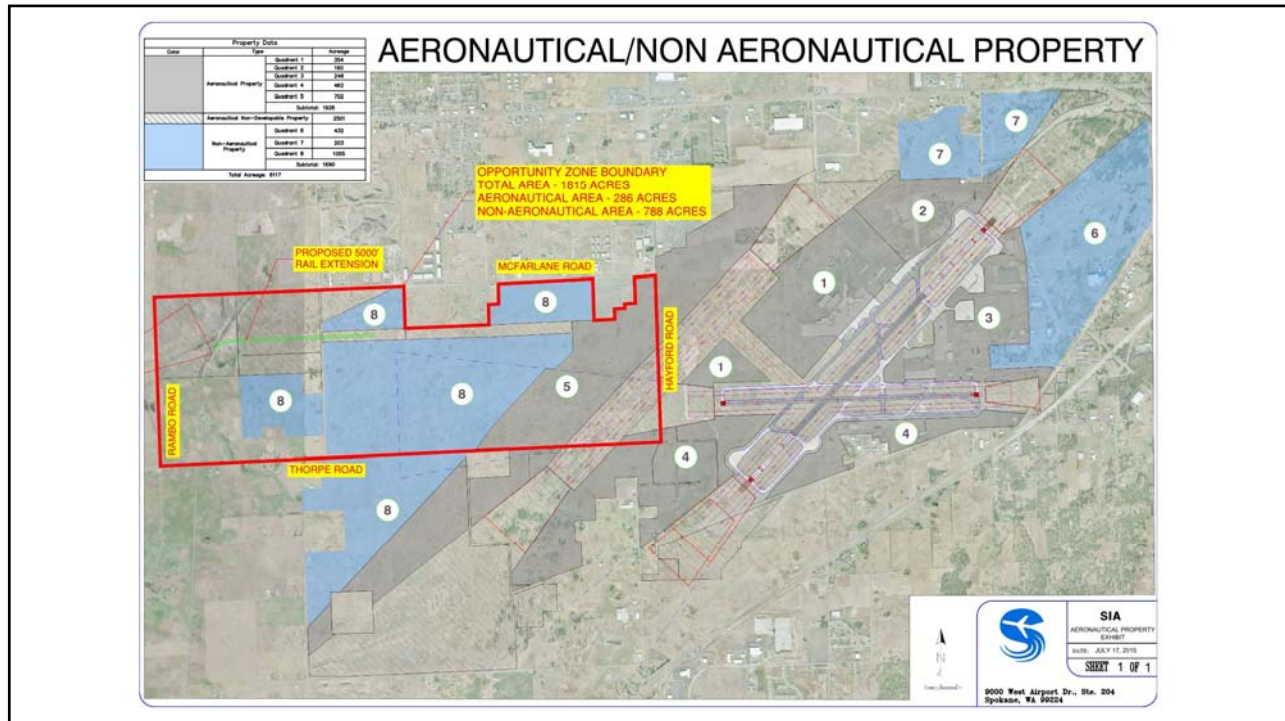
For more information about how to invest or develop in the University District please contact:

Lars Gilberts
509-255-8093
lgilberts@spokaneudistrict.org

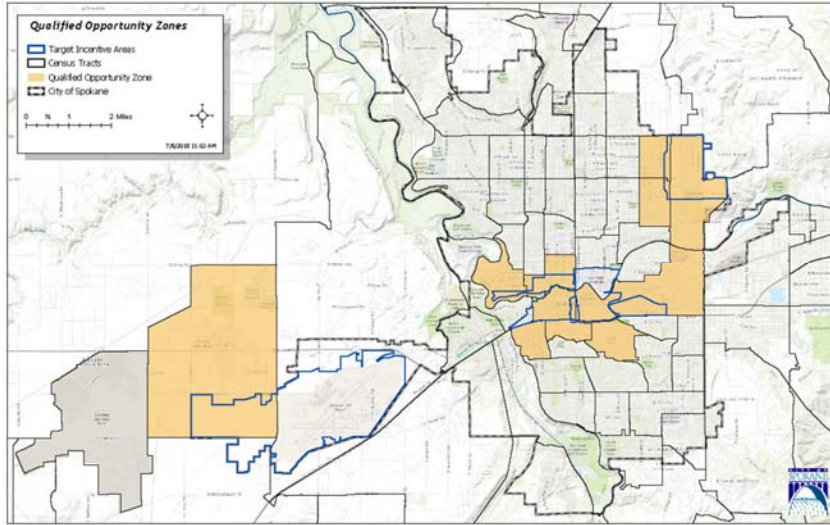


Portion of West Plains and Spokane International Airport

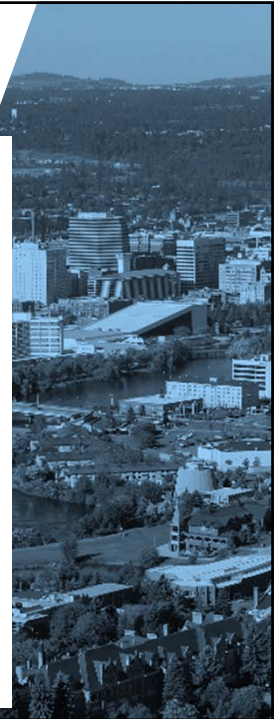
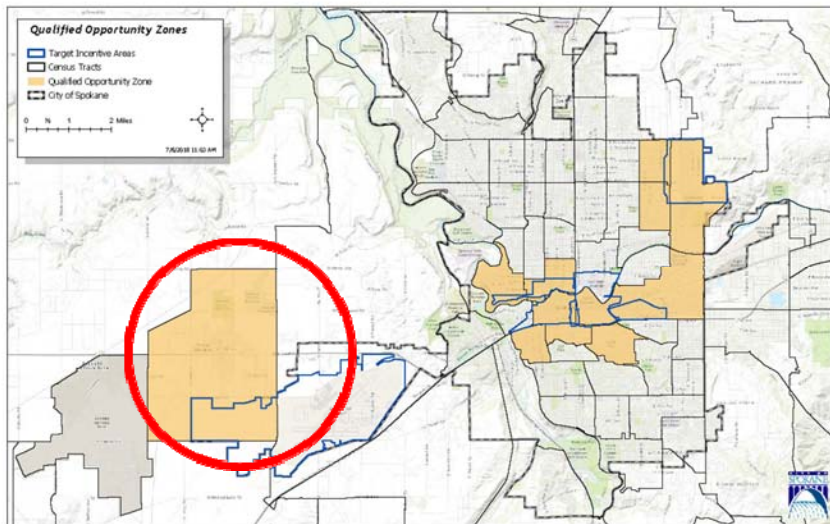




Spokane's 11 Qualified Opportunity Zones



Airway Heights Qualified Opportunity Zone



City of Airway Heights



- Where business takes off:
 - Plentiful, affordable, developable land
 - Accessibility
 - A “get it done” local government attitude
 - Small town feel with professionalism of a city
 - 2 Sovereign nations with Trust Land poised for expansion and development

Albert Tripp, Chief Executive Officer
City of Airway Heights
Atrippp@cawh.org

Ready for Growth

- City has 300 acres of vacant, inexpensive industrial zoned land
- Spokane Tribe has 300 acres available for gaming/resort development as well as industrial park development
- Kalispel Tribe has 400 acres available with a goal of growing entertainment, residential, and commercial retail

Albert Tripp, Chief Executive Officer
City of Airway Heights
Atrippp@cawh.org

Public/Private Pipeline Projects

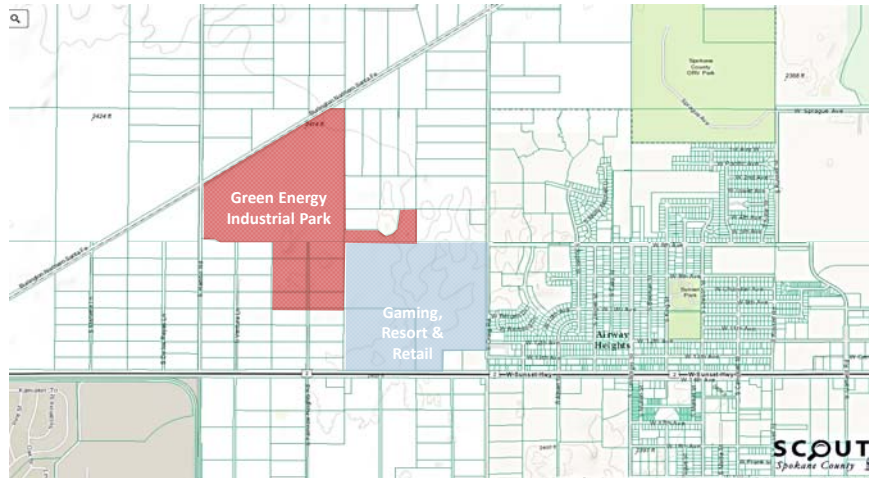
- Recreation: \$17 million, 45,000-square foot recreation center
- Commercial: \$20 million, 55,000-square-foot casino expansion
- Commercial: \$7 million RV park development
- Commercial: \$1 million hotel project
- Single Family Residential Development: 350 plus single family units
- Multifamily Residential Development: 350 plus market unit apartments

Albert Tripp, Chief Executive Officer
City of Airway Heights
Atripp@cowh.org

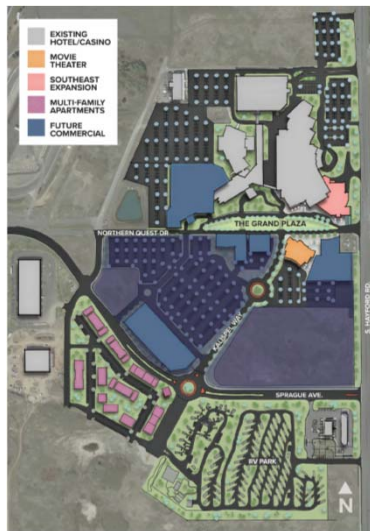
Spokane Tribal Trust Land



Spokane Tribe's Gaming & Green Energy Space



Kalispel Tribal Trust Land



For More West Plains & Airway Heights Information

- West Plains Chamber of Commerce
Toby Broemmeling
Executive Director
509-747-8480
toby@westplainschamber.org



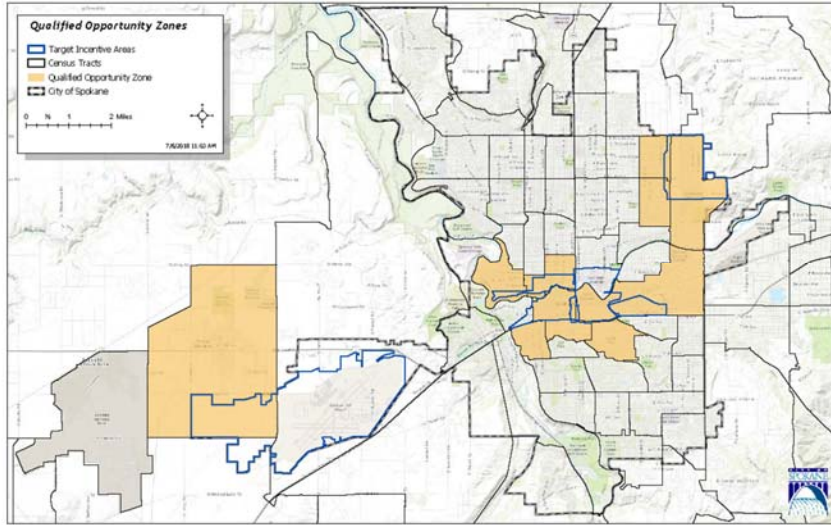
Department of Commerce



**Strengthening Communities &
Growing Washington's Economy**

Sarah Lee, Project Manager
Sarah.lee@commerce.wa.gov
206.898.2025

Spokane's 11 Qualified Opportunity Zones



Online

my.spokanecity.org/goz

