

Columbus-Franklin County
Finance Authority

Jean Carter Ryan
President





Port Authority Financing Benefits

- Issues bonds (taxable & tax-exempt)
- Act as public applicant
- Own property and take title
- Facilitate state and local financing



Public Finance for Business Benefit

Clients Include:

- Developers
- Companies (for profit)
- Non-profits
- Local governments

Projects Financed Since 2007:

- Over \$2 billion in financing issued
- \$2.4 billion investment
- 6,000 jobs



Finance Authority Programs



Central Ohio Bond Fund Program

- **\$1.5-\$7 million loan size**
- **A- rating Fixed rate**
- **90% financing – private sector projects**
- **100% financing – TIF and other government**



Vision TIF - Bond Fund

- 3-phase \$28.7 million, multi-family project
- \$4,170,000 bond proceeds - 2 series
- LOC on Ph2 - burn off when Ph2 CO issued and minimum services payments escrowed
- Business Loan program eliminated need for developer equity/LOC





Grandview Yard - Conduit

- Mixed-Use: office, hotel, fitness, retail, residential
- \$500+ million total private investment
- \$145 million public investment including public parking, streets & infrastructure



Columbus-Franklin County Finance Authority



Grandview Yard – Conduit (continued)

- Issued \$120 million in revenue bonds (phases 1 and 2 of project)
- Financed parking garages and infrastructure
- TIF and income tax repayment stream
- Only pay based on income generated



Columbus-Franklin County Finance Authority



Tax-Exempt Financing

- Can issue tax-exempt debt for eligible projects:
 - Public entities
 - Qualified small-issue manufacturing
 - 501(c)(3)



Capital Lease

Overview

- Finance building or improvements
- Finance Authority holds title to building
- Enters into long-term lease with a call feature
- Construction materials exempt from state & local sales tax (Franklin County 7.5%)

Potential Projects

- Corporate Headquarters
- Manufacturing
- Distribution Centers
- Office
- Affordable Housing



Sales Tax Exemption

Rogue Manufacturing:

- \$31 million construction cost
- \$15.5 million construction material cost
- $\$15.5\text{mm} \times 7.5\% = \$1,162,500$
- $\$1,162,500 \times 80\% = \$930,000$ savings





Energy Program

- Transaction size \$200,000 to \$6,000,000
- Up to 100% financing of project costs
- Fixed rates up to 20 years
- Energy usage reduction should range from 15%-20% (need ASHRAE II energy audit)
- Payback should be 15 years or less



Eligible Projects

- Office
- Retail
- Manufacturing
- Healthcare
- Education
- Government
- Non-profit
- Mixed-use



Eligible Improvements

Heating and Cooling

- High efficiency HVAC
- Building envelope – including “cool roofs”
- Steam systems – heat and industrial usage – boilers
- Compressed air
- Refrigeration systems
- Solar hot water heaters
- Ground source heat pumps – geothermal HVAC
- District heating and cooling systems

Electricity Improvements

- LED lighting
- Energy management systems and controls – including metering

Energy Distribution Technologies

- Waste energy recovery: power generation, absorption chillers, process reviews
- Fuel cells
- Renewable power generation: methane gas, biomass, wind, solar PV
- Combined heat and power systems – microturbines – cogeneration
- Electrical distribution – power factor correction, transformer replacement
- Water conservation measures or reduced flow – (must be able to calculate accompanying energy savings)



Benefits of PACE

- Improvements can be made quickly when needed
- Reduction of operating budget expense
- Energy and maintenance savings pay for improvements
- No upfront cash required; 100% of the cost of improvement is provided including evaluation and design, equipment, labor, and professional fees



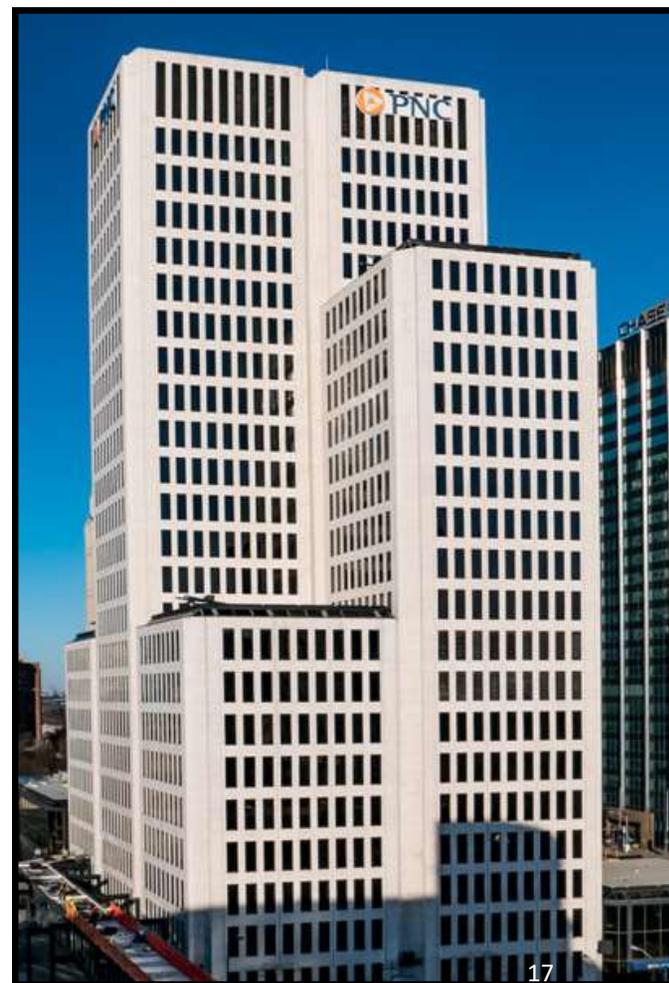
Benefits of PACE (continued)

- Preserves business cash and capital budgets
- Off-balance sheet financing
- Building life is extended
- Building becomes energy efficient, providing good stewardship of environmental resources
- Opportunity to pass off financing to your tenants



PNC Plaza

- PNC Plaza is a 24-story building on Capital Square in Downtown Columbus.
- The Finance Authority was able to help the building owners finance energy efficiency improvements within the high rise, upgrades that should save the company about \$187,000 a year.
- Investment of \$3.2 million in energy upgrades.
- Financing stayed with building when sold.





Thank You

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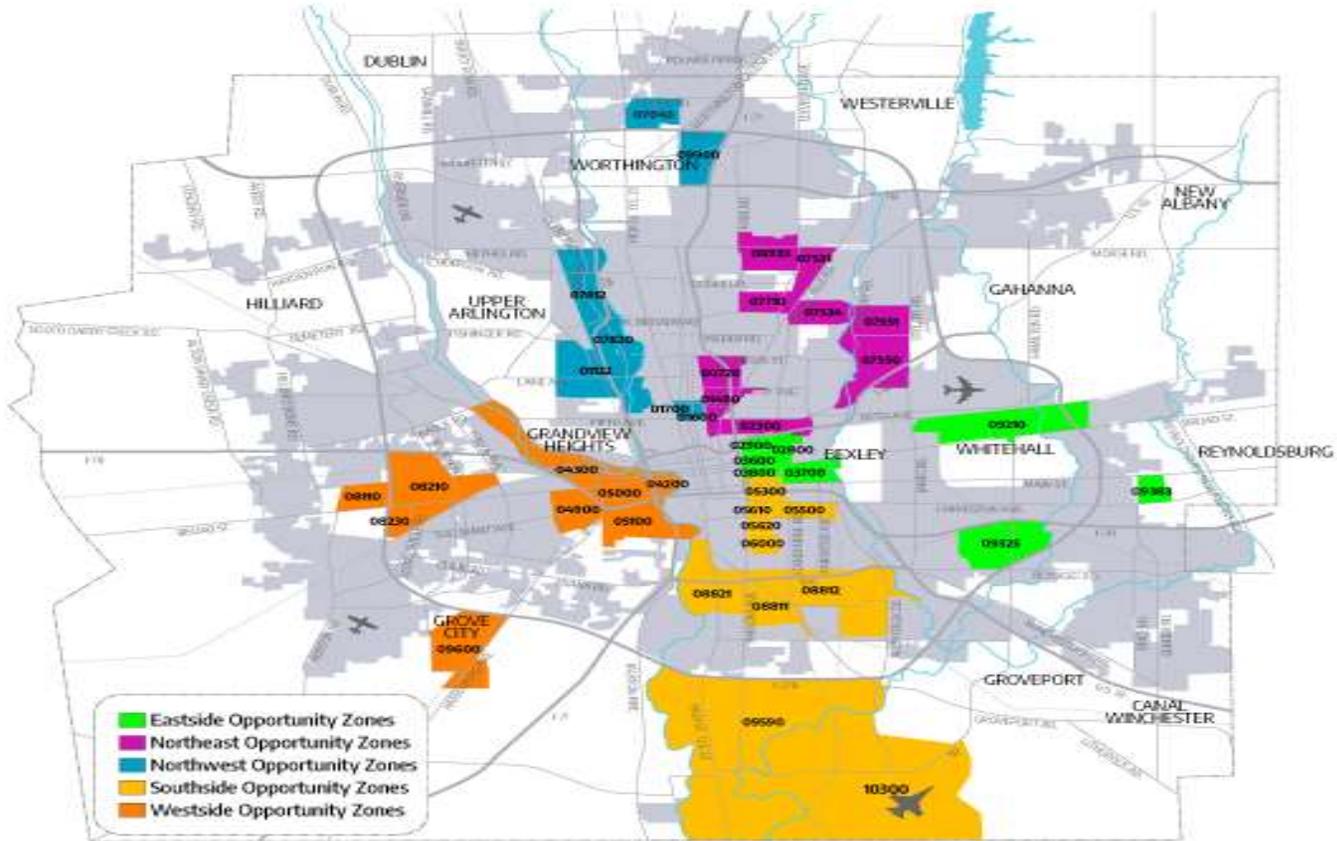
OPPORTUNITY ZONES

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NAIOP Central Ohio

May 8, 2019



<https://www.columbus.gov/development/economic-development/Opportunity-Zone-Program/>

<https://opportunityzones.ohio.gov/wps/portal/gov/ooz>

Map of Central Ohio Opportunity Zones

Opportunity Zone Benefits Under the Federal Law

1. **Temporary Deferral**: Capital gains that are invested into Opportunity Funds are temporarily deferred.
 2. **Step-Up in Basis of Capital Gain**: The basis of the gain will increase by 10% if held for at least 5 years, and by an additional 5% if held for at least 7 years.
 3. **Permanent Exclusion of Appreciation**: An investor who holds their investment for at least 10 years will have any appreciation on the investment permanently excluded from taxable income.
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IN THE ZONE – WEINLAND PARK

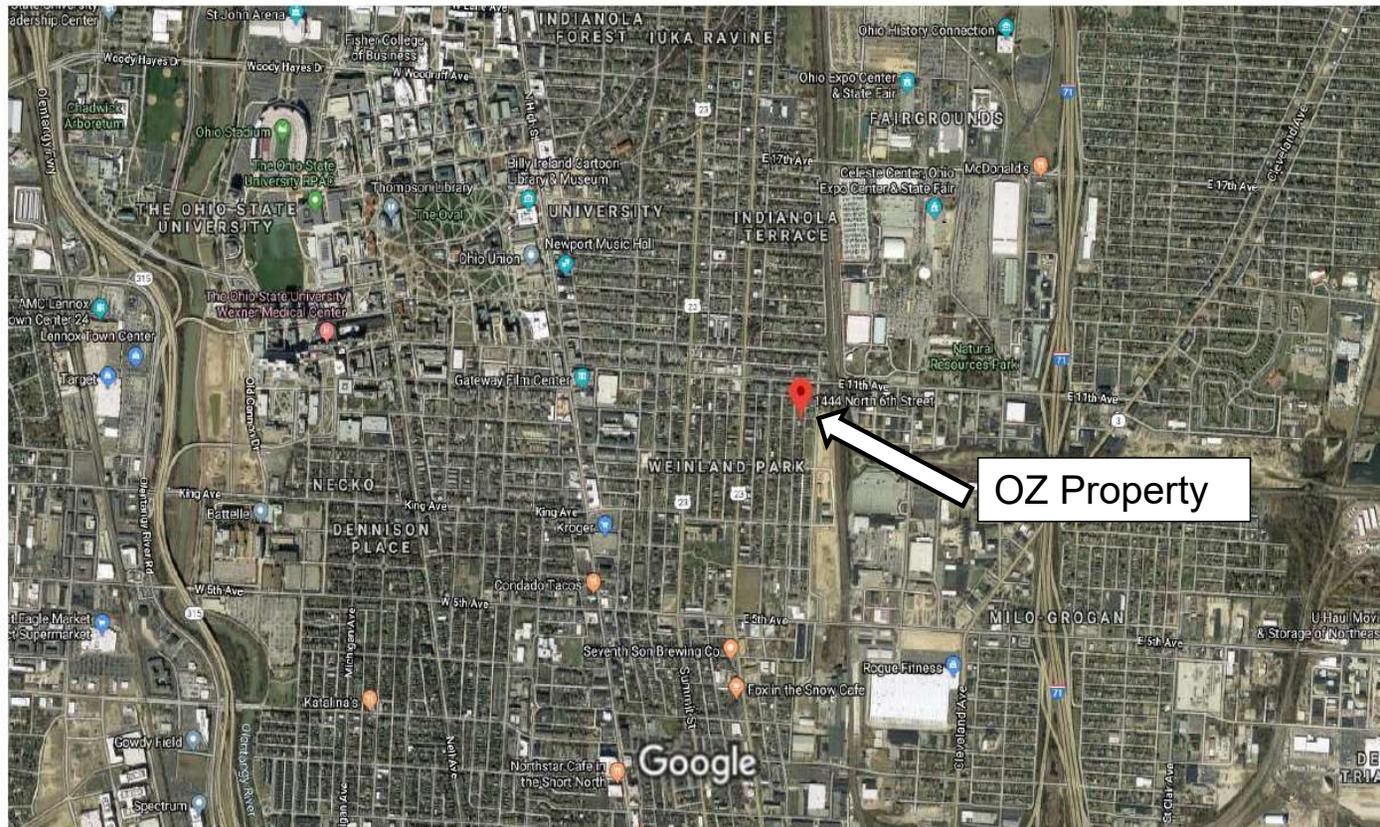




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IN THE ZONE – WEINLAND PARK





Guidance Provided by Proposed Regulations & What it Means for Real Estate

- **180 days to invest gain**
- **Substantial Improvement:** Investment in OZ Property must double the basis in the Property (not including the basis attributable to land) within 30-months from the date of acquisition
- **Vacant Property & Land:**
 - Buildings vacant for five years satisfy the original use requirement
 - Vacant land does not have an original use or substantial improvement requirement

More Guidance Provided by Proposed Regulations

- **Active Conduct of a Trade or Business:**
 - 3 Safe harbors and “facts and circumstances”
 - **NNN Leases:** Not considered to be “active conduct of a trade or business”
 - NNN leases can disqualify an OZ Investment
 - Alternative Lease Structure with greater involvement of Landlord
 - **Working Capital:** There is a 31-month safe harbor period to deploy capital for OZ Businesses that are acquiring, constructing, or substantially improving property, so long as there is a written plan and execution of plan
-

Ohio Bills SB 8 and HB 166

■ Both Bills

- ❑ Authorize a nonrefundable income tax credit equal to 10% of a taxpayer's investment in an Ohio Opportunity Zone
- ❑ Limits the total credit allowed to any individual taxpayer to \$1 million per fiscal biennium

■ Differences in the Bills

- ❑ SB 8 states that the Fund must hold 100% of its invested assets in Ohio Opportunity Zones, while HB 166 only requires 90%
- ❑ SB 8 allows the credit to be carried forward for up to 5 years, while HB 166 provides a 7 years carry forward period



Sample Calculation

- A fund invests \$1,000,000 in capital gains into a property that is sold for \$3,000,000 after being held for 10 years

\$1,000,000	Capital Gain Invested in OZ Fund
-\$100,000	Reduction of Capital Gain that is Taxable if Held > 5 Years
-\$50,000	Reduction of Capital Gain that is Taxable if Held > 7 Years
+/- \$2,000,000	Hypothetical Appreciation / Tax Free if Held > 10 Years
\$2,150,000	Total Potential Amount of Capital Gain not Subject to Federal Taxation in This Hypothetical
\$100,000	Additional Tax Credit Available under Ohio Bills



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Gravity

We believe Gravity can be harnessed as a force for the development of unique communities; bringing like-minded people, programs and physical spaces together.

In that way, a collective consciousness forms that positively impacts the world-at-large.





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DEVELOPMENT









Gravity – Partnerships Make it Possible



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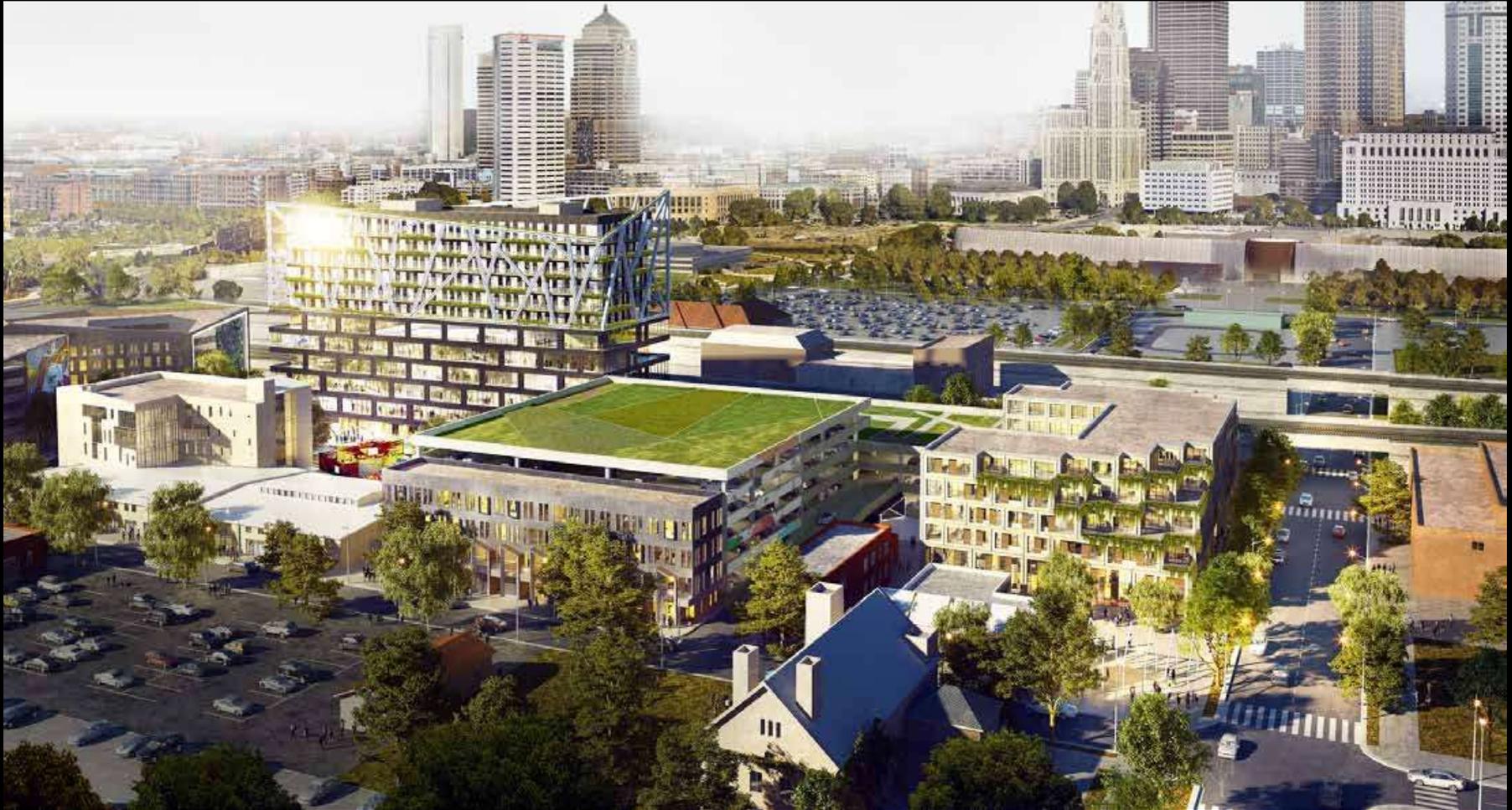
THE CITY OF
COLUMBUS

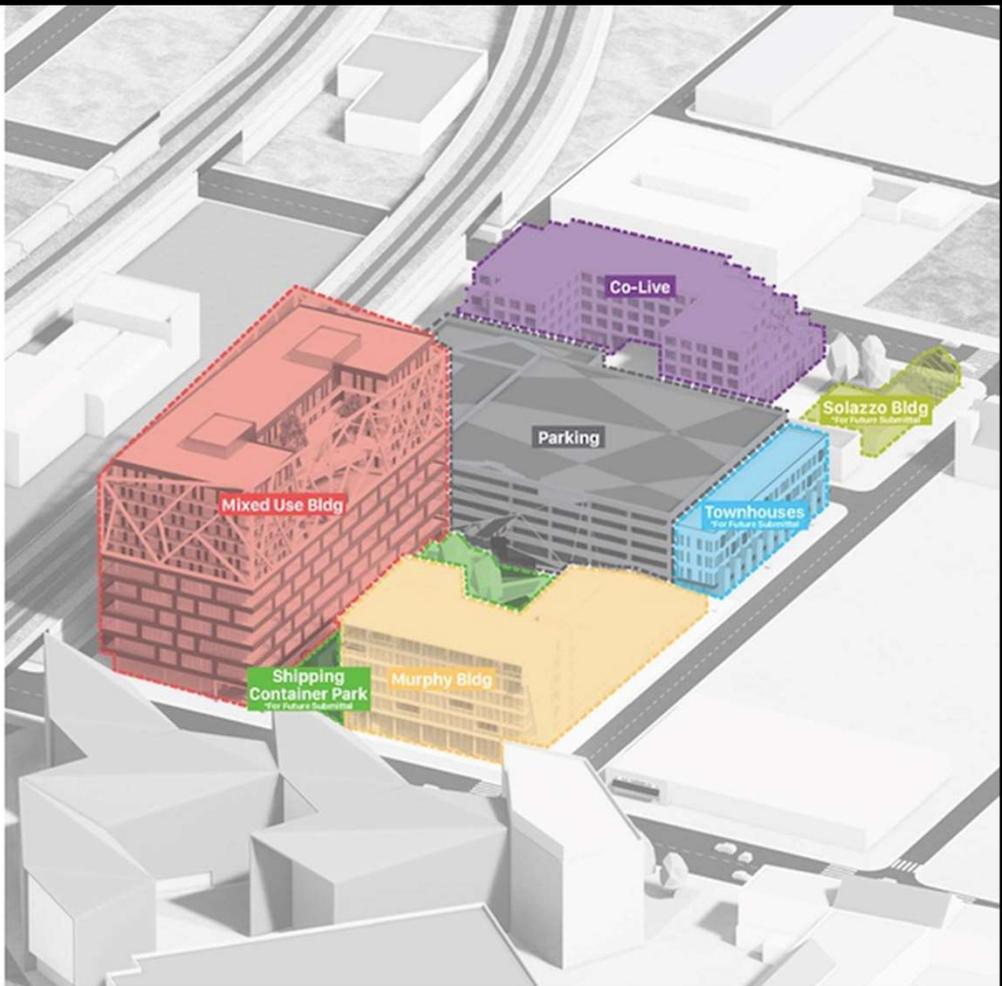
 **Huntington**
Welcome.™

 **JobsOhio**

- Capital Lease Structure
- City of Columbus
 - Workforce Housing, Infrastructure, Parking
- Tax Abatement
- JobsOhio
- Huntington Bank

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DEVELOPMENT







Mixed-Use Building

Market Rate Apartments
and Retail



Murphy Building

Class A Office

Co-Living



Opportunity Zone Structuring

- Always lead with good real estate
- “Shovel Ready” is key
- Land acquisition: \$4.5m in Opportunity Zone equity in July 2018
 - Deferral of tax on gains
 - Favorable treatment on new gains if held for 10 years
- Significant opportunity zone equity investment for vertical const. late 2019
- Office space positioned for Qualified Opportunity Zone Businesses

Qualified Opportunity Zone Businesses

- A **tremendous** opportunity for start-ups / venture-backed firms
- Imagine the next CoverMyMeds growing in an Opportunity Zone
- April 2019 Regulations clarified tests. Must meet one or more of the following:
 - 50% of services by employees (hours worked) happen in the zone
 - 50% of services by employees (based on compensation) happen in the zone
 - Tangible property & mgmt. in the zone necessary to generate at least 50% of gross income
 - Facts & circumstances