



OPPORTUNITY



AWAITS...



***DOWNTOWN CONNEAUT
OPPORTUNITY ZONE***

INVESTMENT PROSPECTUS

Overview

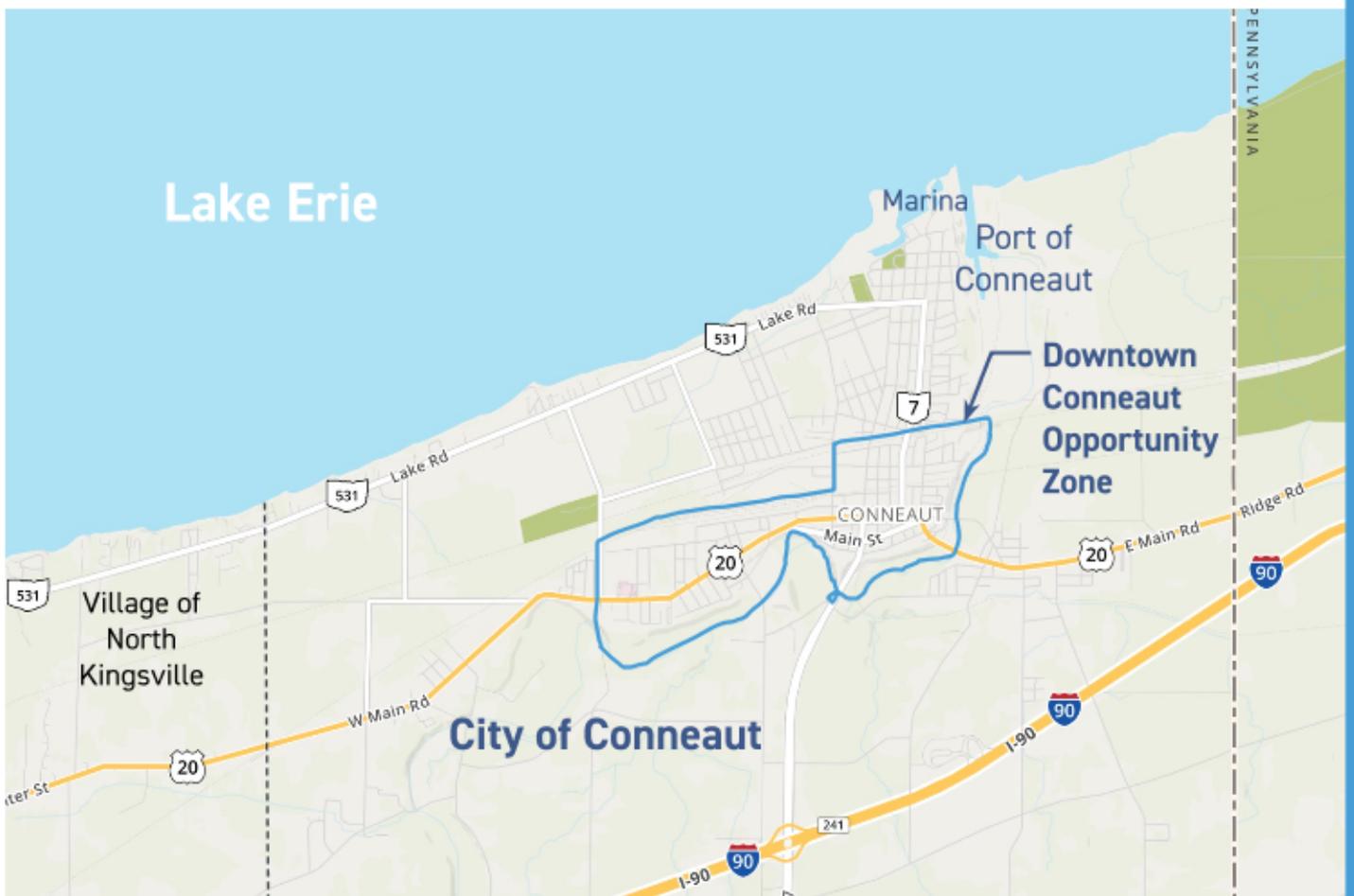


Downtown Conneaut

Situated just off the shores of Lake Erie, historic Downtown Conneaut is strategically located just one mile south of a deep water port and marina, and one mile north of Interstate 90. The Downtown Conneaut Opportunity Zone is a Priority Economic Development Area for the City of Conneaut. As such the City and its partners are fully committed to assisting potential investors in identifying viable projects in Conneaut.



***INVEST IN CONNEAUT -
WHERE RECREATION &
INDUSTRY INTERSECT ON THE
SHORES OF LAKE ERIE***



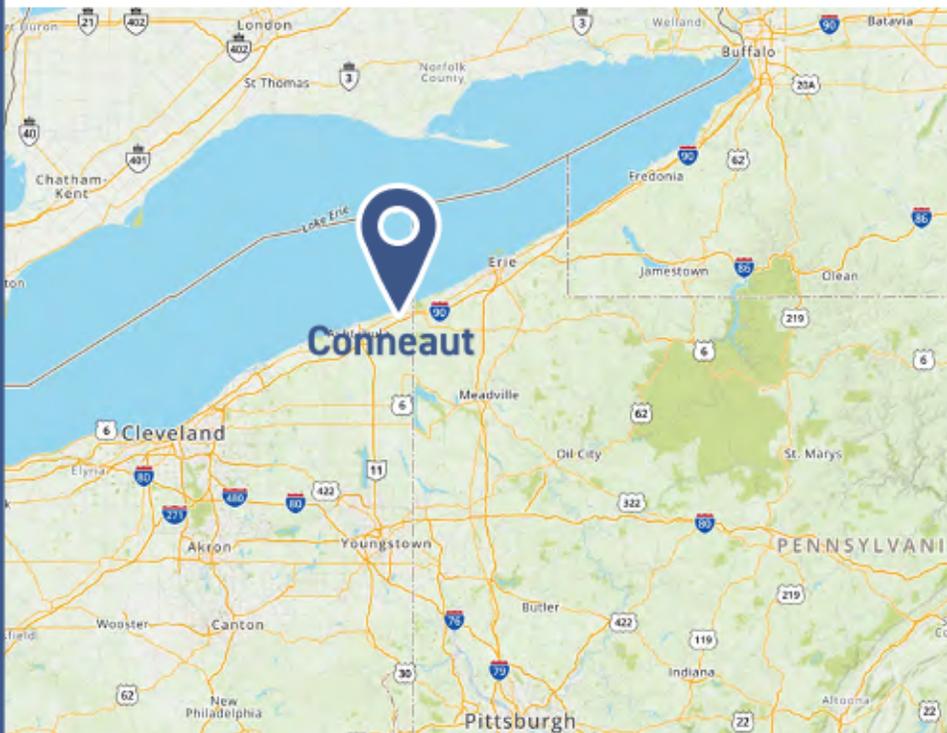


Location

Ohio's Hidden Lakefront Gem

The City of Conneaut, Ohio's hidden gem, is located on the northeastern corner of the State, bordering Western Pennsylvania and resting along the southern Lake Erie shoreline.

The Downtown Conneaut Opportunity Zone is located at the intersection of multiple modes of transportation adjacent to the deep water Port of Conneaut, 3 rail lines, and Interstate 90, just one hour from Cleveland, and two hours from Pittsburgh and Buffalo.



Travel Times / Distances

Erie PA

50 minutes / 29 miles

Cleveland OH

1 hour 10 minutes / 70 miles

Buffalo NY

2 hours / 120 miles

Pittsburgh PA

2 hours 5 minutes / 131 miles

Target Niches



Capitalizing on the Waterfront

Conneaut is ripe for private investment due to its strategic lakefront location at the crossroads of industry and leisure. The City's freight connectivity to the Great Lakes, transcontinental railways, and Interstate Freeway System make it a perfect location for industries dependent on bulk materials, while the abundant presence of water and greenspace provides a haven for tourists and outdoors enthusiasts alike.



BULK MATERIALS SUPPLY CHAIN

A deepwater port with 3 docks handling over 4.4 Million tons of bulk materials annually with rail and truck freight connections.



OUTDOOR RECREATION & ECOTOURISM

Boating. Swimming. Fishing. Birding. Bicycling. The recreation possibilities are endless along the Lake Erie shore.



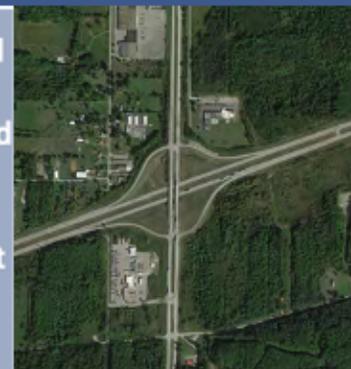
MIXED-USE INFILL

Downtown Conneaut has dozens of buildings built in the early half of the 1900s ripe for potential historic tax credit renovation projects.



LOGISTICS & DISTRIBUTION

Centrally located on I-90 within 1 hour of Cleveland and 2 hours of Pittsburgh and Buffalo is perfect for logistics and distribution.





Vision

Implementing the Comprehensive Plan

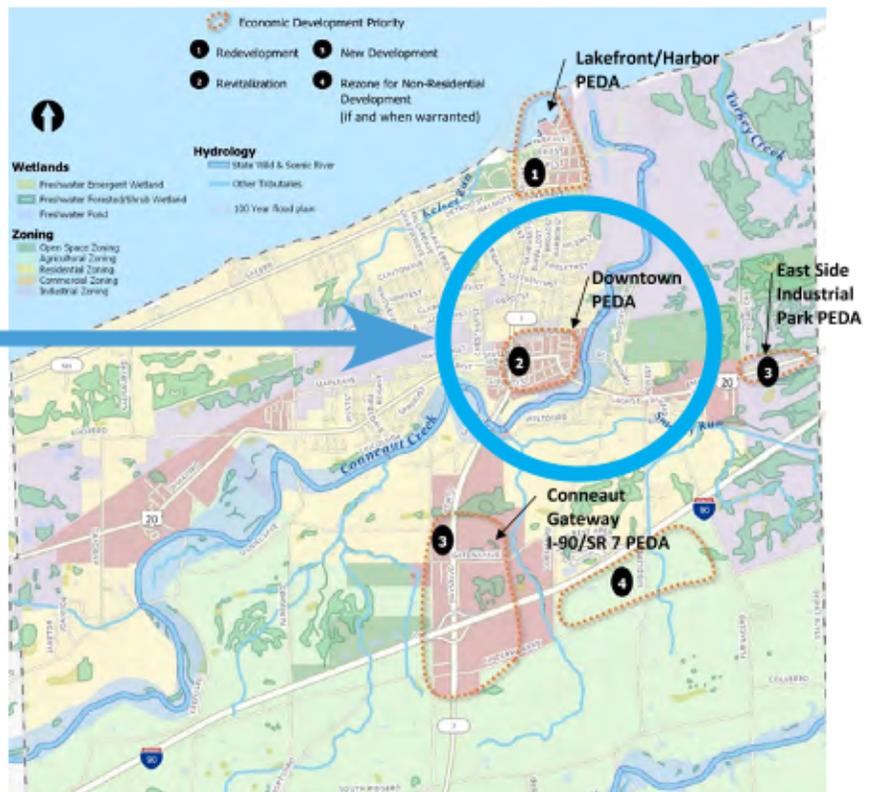
The Downtown Conneaut Opportunity Zone will advance economic development efforts identified in the City's recent 2018 Comprehensive Plan Update. Downtown Conneaut was highlighted in the Comprehensive Plan as one of four Priority Economic Development Area identified through a robust, multi-faceted community engagement effort.



Public Support for Downtown Investment
Revitalization of Downtown Conneaut is a key economic development initiative supported by the Comprehensive Plan and the Citizens Advisory Committee (CAC) comprised of over 30 citizens and stakeholders representing a wide range of perspectives.



Downtown Priority Economic Development Area
The Downtown Conneaut Opportunity Zone encompasses a Priority Economic Development Area cited in the City's recently updated Comprehensive Plan which calls for a mixed-use district that preserves the historic fabric and traditional layout of the downtown core by promoting a walkable environment with a pedestrian-scale retail experience.



Land Use

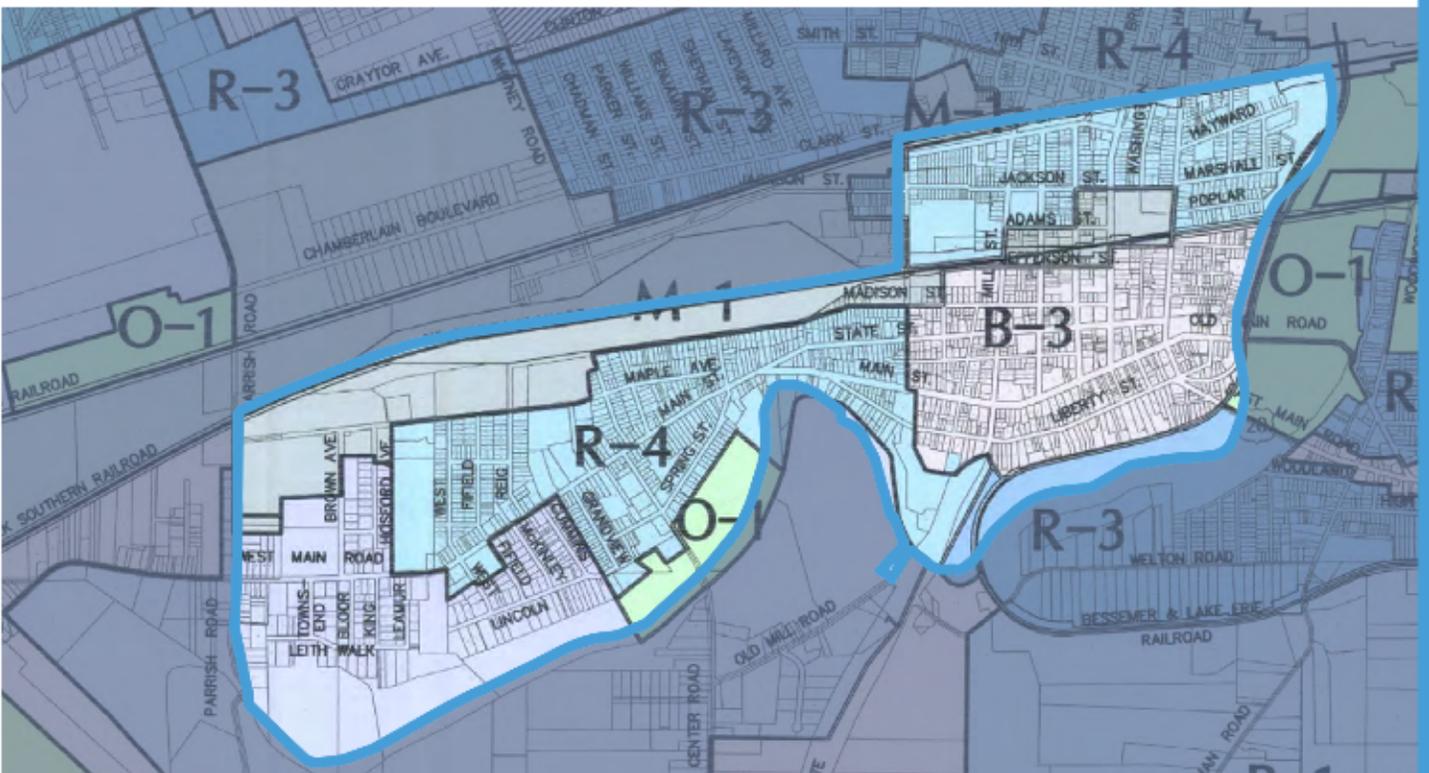


Wide Range of Potential End Uses

The Downtown Conneaut Opportunity Zone offers properties and buildings to accommodate a wide range of end users. Current zoning provides ample space for commercial, residential, and industrial land uses. Zoning classifications in the zone (shown below) include:

- B-3 General Business District
- M-1 Industrial District
- R-2 Urban Residential District
- R-4 Urban Residential District

**CERTIFIED
OPPORTUNITY
ZONE**
CENSUS TRACT
39007000103:
**1.39
SQUARE MILES**





Infrastructure

Access to Global Markets

The Downtown Conneaut Opportunity Zone is located in the City of Conneaut in the very northeast corner of the State of Ohio on the shores of Lake Erie.

The City's strategic location adjacent to the deep water Port of Conneaut, 3 rail lines, and Interstate 90 provides convenient access to domestic and global markets.

Locally, US 20 and SR 7 provide access to Downtown Conneaut.

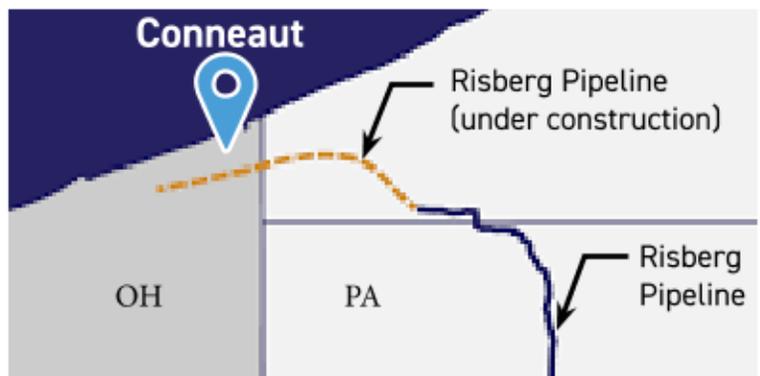
Bulk Materials Deep Water Port

The Port of Conneaut has 3 docks that handle bulk materials:

- Dock 1 – for inbound stone, aggregate, gypsum and sand products with storage for up to 700,000 tons and capacity for up to 2 million tons annually.
- Dock 3 – for outbound coal and energy products at 119 acres in size and can unload 400 railcars.
- Dock 4 – for inbound iron ore and related products with an annual throughput of more than 10 million gross tons.

Natural Gas Capacity

The City of Conneaut is leveraging infrastructure investments currently underway with the construction of the Risberg Natural Gas Pipeline project, which will provide an initial capacity of 55,000 MCF per day of natural gas capacity to the region.



Amenities



Recreational Paradise

Located on the shores of Lake Erie at the mouth of scenic Conneaut Creek, the City of Conneaut is a recreational paradise with ample opportunities for boating, fishing, hunting, bird watching, hiking, biking, and paddling.

For those tourists preferring a more relaxed experience, the Ashtabula County region is home to 24 wineries and 19 covered bridges, more than any other county in the state.

Over 4 Million tourists visit Ashtabula County each year with over 25% staying overnight.



By the Numbers...

- 1 Great Lake: Lake Erie
- 2 State Parks: Pymatuning and Geneva
- 3 State-designated scenic rivers
- 4 public beaches
- 14 Metroparks Covering over 2,000 Acres
- 14 Campgrounds
- 15 rivers and creeks
- 27 miles of Western Reserve Greenway Trail
- 3000 available campsites





Market Analysis

Untapped Buying Power

Market analysis of the local trade area in Conneaut shows substantial gaps in demand for several categories of retail:

- \$19.5 million in general merchandise
- \$10.2 million in clothing and accessories
- \$6.4 million in furniture and home furnishings
- \$5 million in sporting goods, hobbies and books/music
- \$5 million in electronics and appliances

LOCAL RETAIL CATEGORIES GAPS OVER \$5 MILLION:



Housing Demand

An examination of local household incomes, affordability, and existing housing supply shows upward mobility for 575 households earning between \$50,000 and \$100,000 annually.


**575
UNITS**

**DEMAND IN THE
\$135,000 TO
\$270,000 RANGE**

Conneaut Housing Supply and Demand Analysis					
Annual Household Income	Affordable Monthly Housing Cost (30% of Income)	Housing Unit Value Affordability Range	Number of Units Demanded	Number Supplied	Net Demand
less than \$24,999	Less than \$625	less than \$67,499	1,673	1,965	-292
\$25,000 to \$34,999	\$625 to \$875	\$67,500 to \$94,499	835	1,167	-332
\$35,000 to \$44,999	\$875 to \$1,125	\$94,500 to \$121,499	615	702	-87
\$45,000 to \$49,999	\$1,125 to \$1,250	\$121,500 to \$134,999	233	233	0
\$50,000 to \$59,999	\$1,250 to \$1,500	\$135,000 to \$161,999	432	293	139
\$60,000 to \$74,999	\$1,500 to \$1,875	\$162,000 to \$202,499	450	188	262
\$75,000 to \$99,999	\$1,875 to \$2,500	\$202,500 to \$269,999	271	97	174
\$100,000 to \$124,999	\$2,500 to \$3,125	\$270,000 to \$337,499	117	85	32
\$125,000 to \$149,999	\$3,125 to \$3,750	\$337,500 to \$404,999	57	21	36
\$150,000 and more	\$3,750 and more	\$405,000 and over	79	10	69

Workforce



Manufacturing Labor

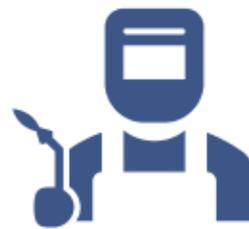
Conneaut's local workforce is well-suited to meet the staffing needs of industrial companies looking to locate in close proximity to port, rail and highway access. Ashtabula County has been a center for manufacturing and industry for decades and has seen a resurgence in recent years.

The top five large manufacturing industries are key export components of the County's economic base:

- Plastics & Rubber
- Chemicals
- Primary Metals
- Wood
- Machinery

TOP 2 NAICS INDUSTRY SECTORS: CITY OF CONNEAUT EMPLOYEES

32%
MANUFACTURING

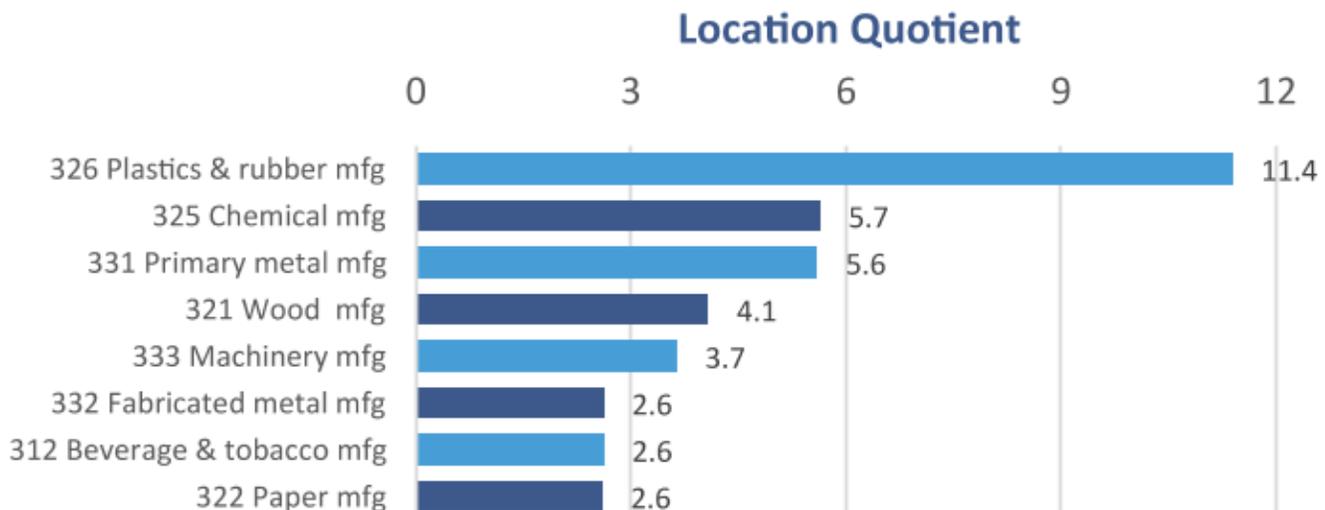


15%
HEALTH CARE
& SOCIAL WORK



Export Industries in Ashtabula County

In the manufacturing sector there are 8 subsectors (see below) with a Location Quotient greater than 2.5 indicating a high concentration locally in Ashtabula County.





Featured Properties

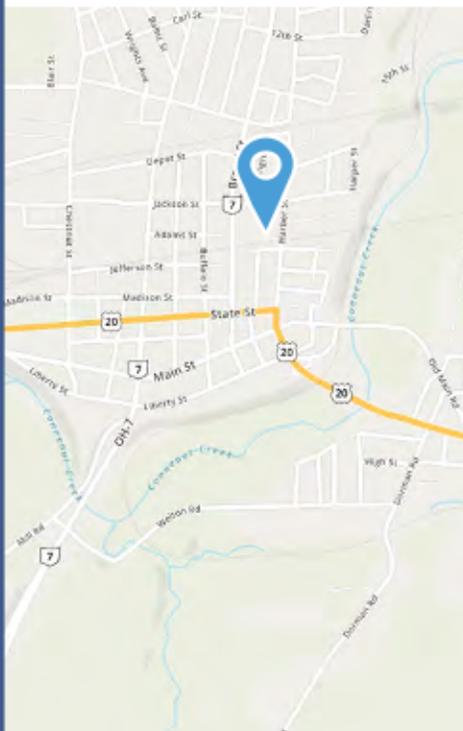


INDUSTRIAL/FLEX:
341 HARBOR STREET

66,384 SF **5.54 ACRES**

1-STORY **BUILT: 1977**

***CITY-OWNED FLEXIBLE SPACE WITH
SR 7 VISIBILITY ALONG NS RAILROAD***



Featured Properties



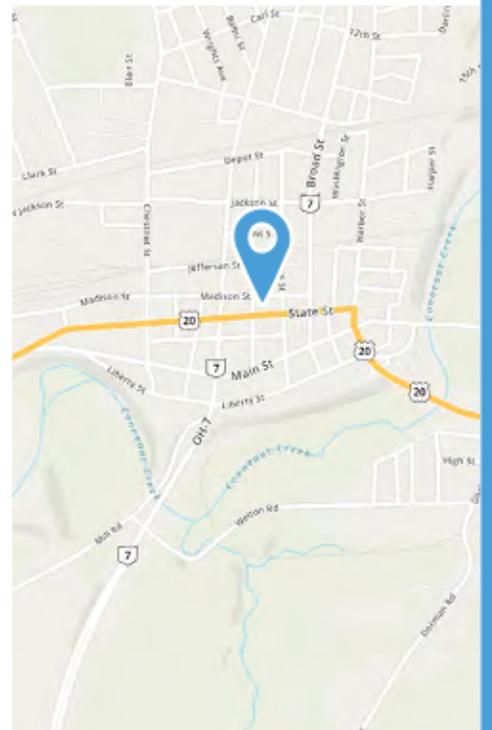
ADAPTIVE REUSE: 282 STATE STREET

6,014 SF 0.49 ACRES

2 LEVELS BUILT: 1908



HISTORIC CARNEGIE LIBRARY IS AN ICONIC SPACE RIPE FOR A CREATIVE ADAPTIVE REUSE ALONG US 20 IN THE HEART OF DOWNTOWN





Featured Properties

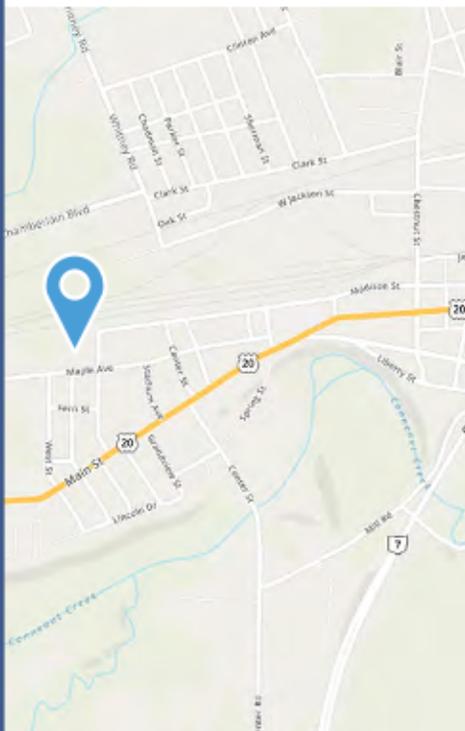


INDUSTRIAL:
880 MAPLE STREET

154,182 SF 11.48 ACRES

1-STORY BUILT: 1941

EXPANSIVE FORMER GENERAL ELECTRIC FACILITY WITH RAIL SPUR ALONG NS RAILROAD



Featured Properties



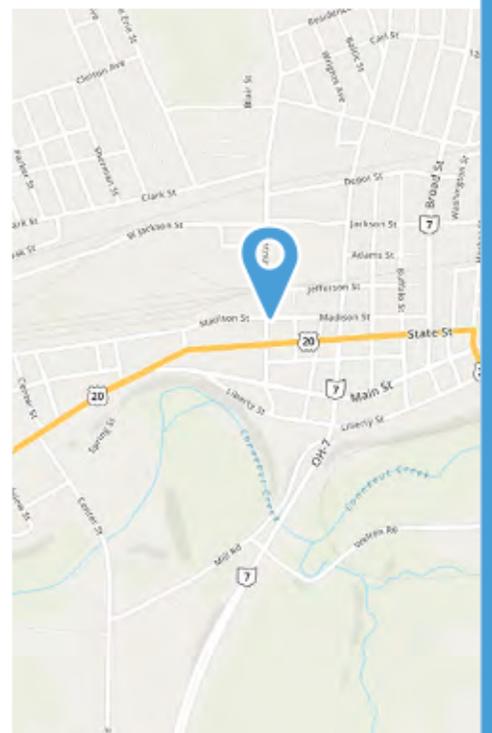
**INFILL COMMERCIAL:
290 SANDUSKY STREET**

**CORNER LOT (1 HOME ON
SITE & 1 RECENTLY DEMOED)**

0.10 ACRES



**REDEVELOPMENT OPPORTUNITY JUST STEPS FROM
DOWNTOWN BUSINESS DISTRICT ON CORNER LOT
AT SANDUSKY AND MADISON STREETS**





Featured Properties

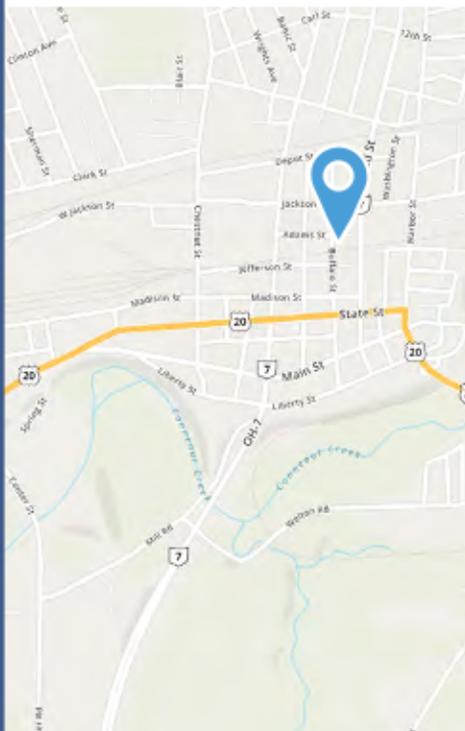


INDUSTRIAL:
346 BUFFALO STREET

7,196 SF 0.25 ACRES

1-STORY BUILT: 1929

***WAREHOUSE (WOOD STRUCTURE) WITH
16-20' CEILINGS ALONG NS RAILROAD***



Featured Properties



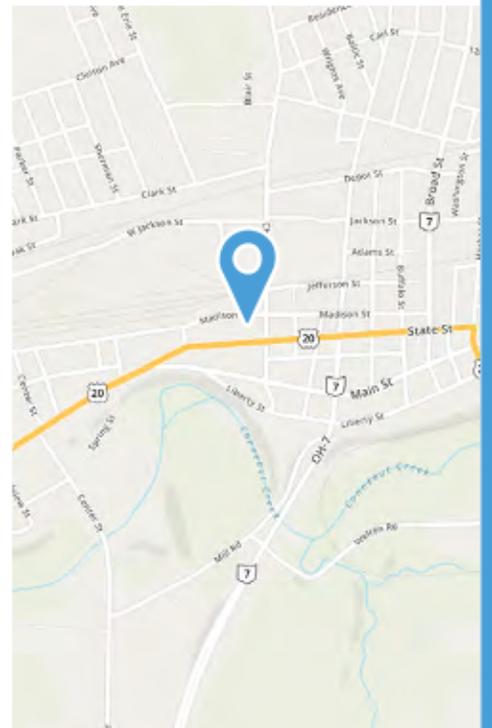
COMMERCIAL:
471 MADISON STREET

20,000 SF 0.86 ACRES

2-STORY BUILT: 1964



FORMER SCHOOL BUILDING FEATURING 6 CLASSROOMS, GYMNASIUM, 2 RESTROOMS, KITCHEN, 2 GARAGES & 24 PARKING SPACES





Featured Properties

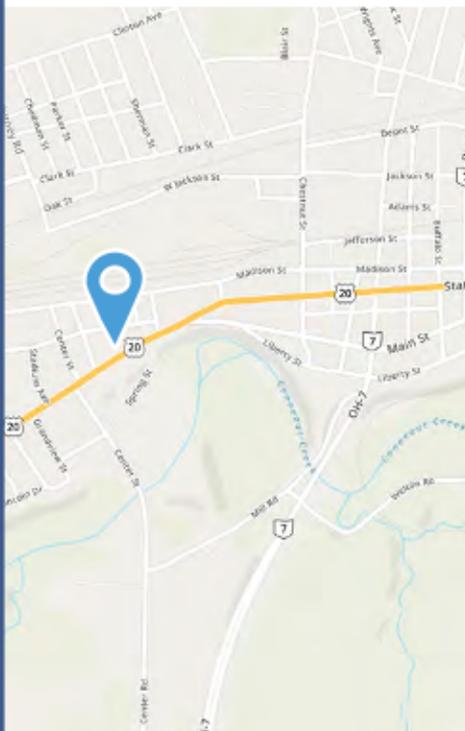


COMMERCIAL:
740 MAIN STREET

3,504 SF 0.32 ACRES

2-STORY BUILT: 1950

GROUND FLOOR *RETAIL STOREFRONT ON US 20*
(ADT 7,823) WITH UPSTAIRS OFFICE/RESIDENTIAL



Featured Properties



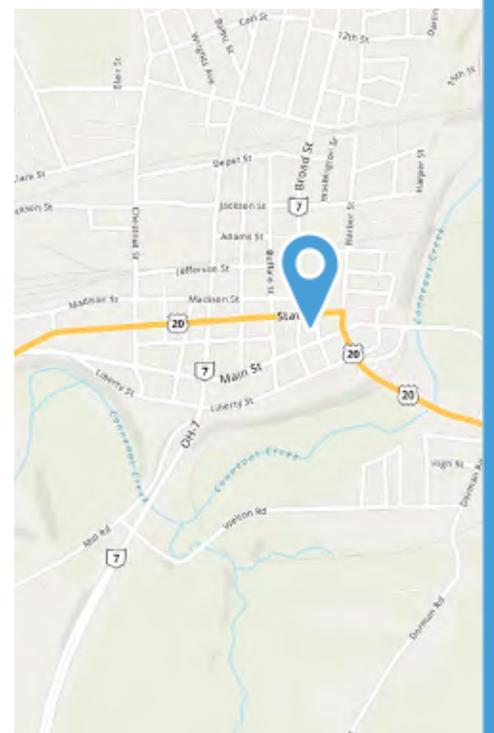
MIXED-USE:
213 WASHINGTON STREET

3,120 SF **0.04 ACRES**

2-STORY **BUILT: 1976**



CONVENIENT DOWNTOWN LOCATION IN CLOSE WALKING DISTANCE TO CIVIC CENTER AND CENTRAL BUSINESS DISTRICT





Investing in the Zone

Program Overview

The Tax Cuts and Jobs Act of 2017 provided a new tax incentive to spur private investments in low-income areas designated by states as Opportunity Zones. **Qualified Opportunity Zones (QOZ)** are an *economic development tool* designed to stimulate redevelopment and job creation in distressed communities by providing tax benefits to investors who invest *capital gains* into a **Qualified Opportunity Fund (QOF)**.



How it Works

A QOF is an investment vehicle that is set up as either a partnership or corporation for equity investments (e.g. preferred stock or partnership interest) in an eligible QOZ Property or QOZ Business that is located in an Qualified Opportunity Zone. There are over 8,700 Qualified Opportunity Zones nationally eligible for QOF investments, representing one-quarter of the nation's distressed census tracts.

How to Start an Opportunity Fund: Self-Certification

It is expected that taxpayers will use Form 8996, Qualified Opportunity Fund, both for initial self-certification and for annual reporting of compliance with the 90-Percent Asset Test (see next page). It is anticipated that Form 8996 would be attached to the taxpayer's Federal income tax return for the relevant tax years. The IRS expects to release this form (currently available as a draft) contemporaneous with the release of these proposed regulations.

Financial Benefits



Financial Benefits

The Opportunity Zones program offers three tax incentives for investing capital gains in a QOF:

- 1. Temporary Deferral** - Investors can defer tax on any prior gains invested in a QOF until the earlier of the date on which the investment in a QOF is sold or exchanged, or December 31, 2026.
- 2. Increase in Basis** - If the QOF investment is held for longer than 5 years, there is a 10% increase in basis thereby excluding up to 10% of the deferred gain. If the investment is held for more than 7 years, the 10% increase in basis is increased to 15%.
- 3. Permanent Exclusion** - If the investor holds the investment in the QOF for at least 10 years, the investor is eligible for a permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in a QOF. This exclusion only applies to gains accrued after an investment in a QOF.

TAX INCENTIVES FOR QOF INVESTMENTS



CAPITAL GAINS
invested in QOF
until 12/31/2026



10% at 5 YEARS
15% at 7 YEARS



CAPITAL GAINS
from QOF
at 10 YEARS

YEAR 1	YEAR 5	YEAR 7	YEAR 10
Rollover Capital Gains into QOF	10% Increase in Basis	Additional 5% Increase in Basis	Eliminate Capital Gains on QOF Profits

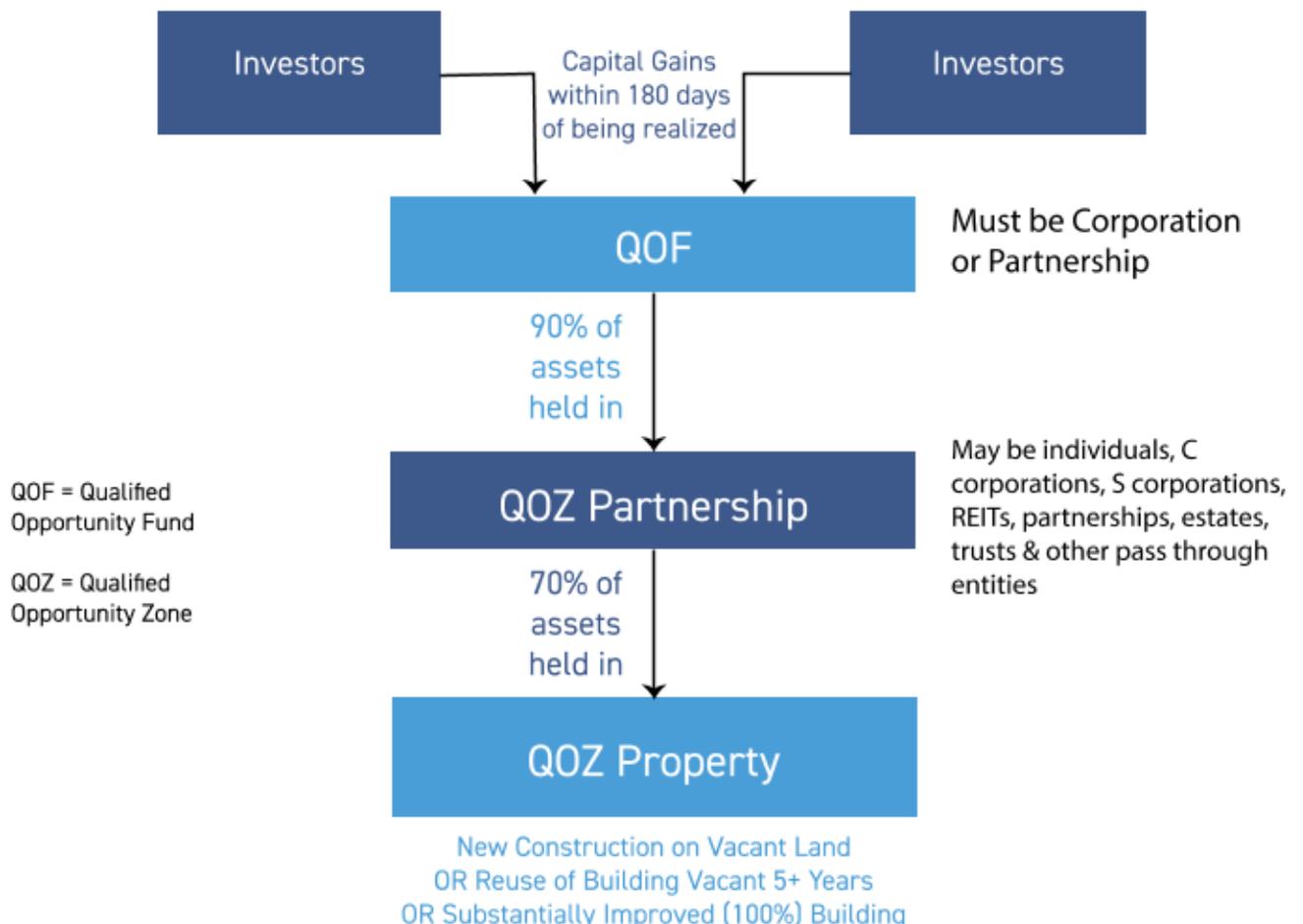


Fund Structure

How Investment Will Take Place

As investments in Opportunity Zones are predicated on patient capital over a long time period to maximize financial benefits at five, seven, and 10-plus years, most real estate development projects will have a QOZ Partnership or QOZ Business serve as the landlord to tenants occupying QOZ Property. The simplistic structure shown in the flowchart below represents a potential development scenario for a single project, but more complex investment structures may include a REIT as the QOF, multiple funds, or funds in a series.

BASIC INVESTMENT FLOWCHART: RENTAL REAL ESTATE PROJECT



Key Requirements



TIP:

DEPLOY A 2-TIER OWNERSHIP STRUCTURE
QOF (LLC) OWNS QOZ PARTNERSHIP OWNING QOZ REAL PROPERTY
ENABLES QOF TO HOLD 90% OF ASSETS IN QOZ PARTNERSHIP HOLDING 70% OF ASSETS IN QOZ PROPERTY

EXCEPTION:
BUILDINGS VACANT FOR >5 YEARS
DO NOT NEED TO BE SUBSTANTIALLY IMPROVED

EXCEPTION:
THE SAFE HARBOR TIME WINDOW PAUSES FOR HOLDUPS ON GOVERNMENT APPROVALS

Investment Requirements

QOZ Property

90-Percent Asset Test - A QOF must hold at least 90% of its assets in qualified opportunity zone property. Compliance with the 90-Percent Asset Test is determined by the average of the percentage of QOZ Property held in the QOF on the last day of the first six-month period of the taxable year and on the last day of the taxable year.

QOZ Business

“Substantially-All” Test - A QOF may own a QOZ Business (rather than directly owning QOZ Property), but such a business will not qualify as a QOZ Business unless “substantially all” of its assets - defined by the Proposed Regulations to be *at least 70%* - are QOZ Business Property.

At least 50% of the QOZ Business’s gross income must be from the “active conduct” of a business in a QOZ. Also, no more than 5% of QOZ Business Property can be comprised of Non-Qualified Financial Assets such as debt, stock, partnership interests, options, futures, swaps and similar property.

Substantial Improvement

The “substantial improvement” requirement applies to tangible property (e.g. buildings), other than land, that was used in a QOZ prior to its acquisition by the QOF (or QOZ Business). To constitute a substantial improvement, the QOF (or QOZ Business) must invest more in the tangible property during any 30-month period than the adjusted basis in the property at the beginning of such period.

Working Capital Safe Harbor

The Proposed Regulations provide a Working Capital Safe Harbor for QOF investments in QOZ Businesses that acquire, construct, or rehabilitate tangible business property (real and other tangible) used in a business operating in an opportunity zone.

For the purposes of the 90-Percent Asset Test, this safe harbor allows QOFs to have “cash in hand” while for a period of up to 31 months if it is used in a manner substantially consistent with intended uses and schedule that are designated in writing.



Local Incentives

Bridging the Financing Gap

The City of Conneaut offers financial incentives to development projects that result in long-term benefits to the City's municipal tax base. One or more of the following innovative financing tools or programs may potentially be applicable to your project:

- Community Reinvestment Area
- New Markets Tax Credits
- C-PACE
- Historic Preservation Tax Credits
- Low Income Housing Tax Credits
- Tax Increment Financing
- Downtown Redevelopment District
- Enterprise Zone

The City of Conneaut and its partners are ready to assist you in developing a financial incentive package that results in both a profitable project for your investors and a long-term increase in municipal revenue streams.



Building the Capital Stack

With Opportunity Fund investments expected to account for between 5-30% of the needed capital for real estate development projects, the City of Conneaut's local incentive offerings and partner agency programs may be help close the funding gap to make your project's balance sheet provide the level of return you and your investors require.



State Support

On July 18, 2019, Ohio Governor Mike DeWine's operating budget was signed into law, including a 10 percent nonrefundable income tax credit to those who invest in the state's Opportunity Zones.

The income tax credit is equal to 10 percent of capital gains reinvested, up to \$1 million, into Qualified Opportunity Funds operating within Ohio.

Your Partners



Strength in Numbers

The Downtown Conneaut Opportunity Zone is a clear demonstration of the collaboration and trust amongst the community anchor institutions, city residents, and local and state governments. This investment prospectus marks the culmination of a multi-year grass roots effort by several community partners to strategically, aggressively, and collectively pursue comprehensive regional economic development.

In 2018, The City of Conneaut finalized a partnership with the Conneaut Foundation and the Conneaut Port Authority to bring professional economic development expertise to the City. Each entity has partnered to hire an economic development firm, inSITE Advisory Group, to assist in management of current development projects and aid in the creation and management of new projects.

Our team is dedicated to spurring catalytic investment in the City of Conneaut and its Downtown Opportunity Zone. We encourage you to contact us to find out more about the opportunities that await for you in Conneaut, Ohio!

CONNEAUT^{OH}



**Interested
in
Conneaut?**



**Please
contact us!**

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