

**Montgomery County Economic Development Corporation**  
**Executive Director's Report**  
**May 1 to June 4, 2018**

**List of meetings attended:**

- 2018-0510 meeting with the Montgomery County Growth Initiative Group
- 2018-0514 Legislative Breakfast – Lincoln Land
- 2018-0514 Civil Rights review for U of I
- 2018-0517 Meeting with Whitey Patton
- 2018-0521 U of I Staff Meeting
- 2018-0521 Meeting with Dr. Mulch (talked about MCEDC Summit, MCEDC priorities, Community Foundation meeting)
- 2018-0522 Presentation at the Montgomery Co Farm Bureau monthly meeting
- 2018-0531 Meeting with Revolving Loan Fund Committee

**CEO Updates:**

- Designed flyer for CEO Marketplace and had flyers and signs printed.
- 2018-0504 CEO mock trade show in Nokomis
- 2018-0507 CEO Trade Show Set up at Lincoln Land
- 2018-0508 Continue with final preparations for CEO marketplace set up, then marketplace event, then take down.
- Worked with the CEO kids on their end of the year profiles
- 2018-0522 CEO Orientation for next year's class
- 2018-0510 Toured Care Otter with the class

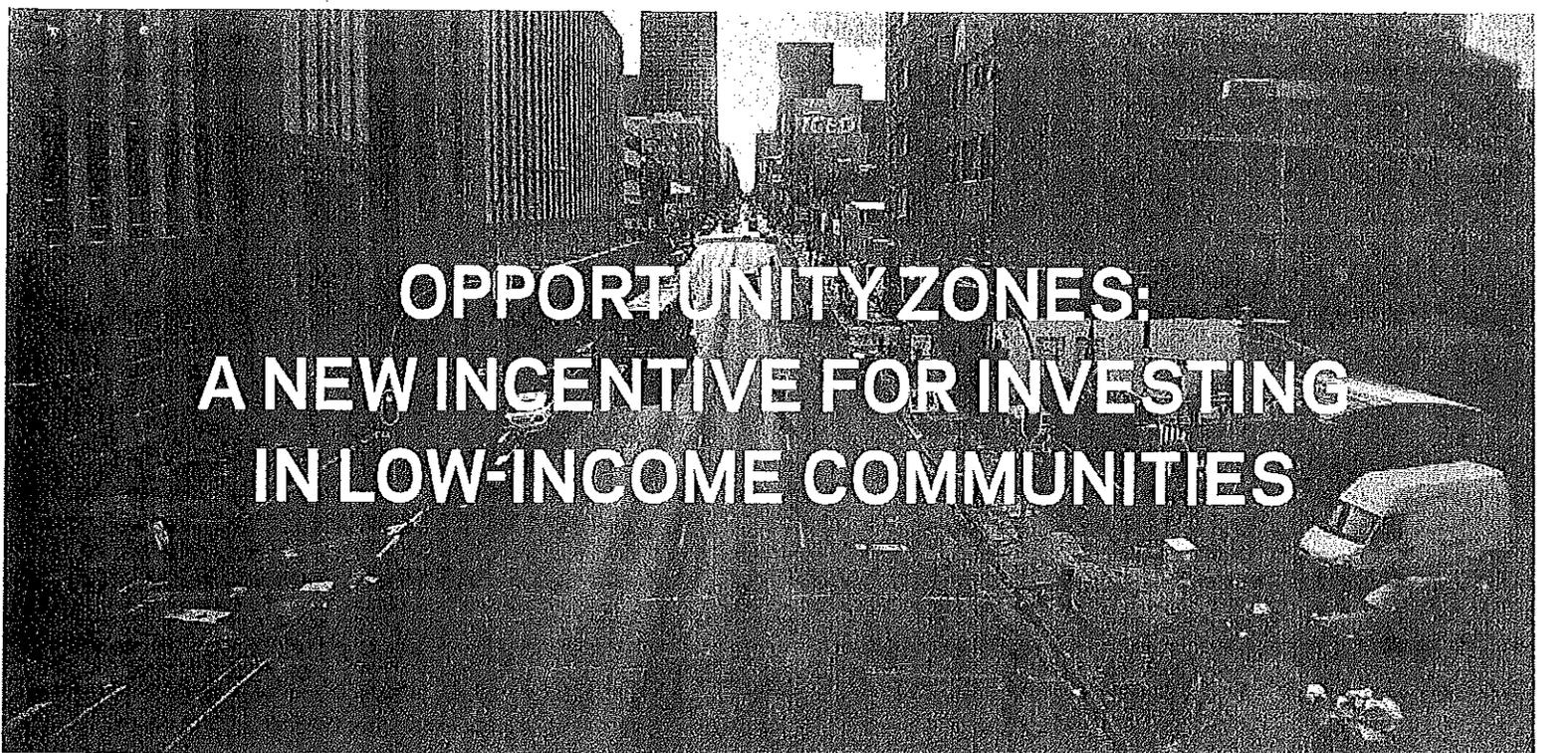
**Office tasks:**

- Worked on updates for MCEDC Tourism webpage
- Sent Brandy Lenz pictures that I took around the community so she could use them on the reality website
- Spoke with interested business person on RLF – also spoke to their banker and sent him all necessary information to apply
- 2018-0601 Taught a Business of Babysitting class to 4H and community youth (and created presentation for it)
- 2018-0530 call with Jennifer Russell about U of I programing courses that I could offer to help our community members
- 2018-0602 – Imagine Hillsboro Concert Series

- Emails exchanged with Brad Watson (Vistra) and Jeff Ferry (Dynergy) on meeting to be held in June
- Worked with several communities on CEDS reporting
- Created brochure for Montgomery County Growth Initiative (vets project)
- Participated in several online webinars:
  - Life Skills training Program (part of the Extension Opioid Programming Webinars)
  - Opportunity Zones: Part 1 & 2 covering state and local policies to prevent displacement and strategies to attract investment.

**Tourism:**

- Created draft application for financial assistance to promote tourism for MCEDC
- Personally delivered some of the Rack Cards for Spring Summer events
  - Super 8, Baymont, Hampton, Holiday Inn, Nancy's Pizza, Quality Inn, Lily Pad Learning Center, Library, Care Otter, Magnuson Grand Hotel, Hillsboro Library, Hillsboro City Hall, Books & Moore, National Bank (Hillsboro), Hillsboro Area Hospital
  - Also passed out cards at May Farm Bureau meeting
- Worked with ILSouth to find a solution to help disseminate rack cards – this is a “one time only” deal for them distributing these cards for free.
  - 1,200 were distributed in bags at:
    - Pride Parade in St. Louis
    - Lobby Day (down by the ball park) in St. Louis
    - Art on the Square in Belleville
  - 2,000 were distributed between:
    - Visitor's Center in Chester
    - Gateway Grizzlies Stadium
    - Illinois Tourist Information Centers
      - Turtle Creek – South Beloit
      - Homestead – Hamel
      - Silver Lake – Highland
      - Rend Lake North – Whittington
      - Fort Massac – Metropolis
      - Cumberland Rd – Marshall
      - Salt Kettle – Oakwood
- Turned in Fall tourism date/event information to ILSouth
- 2018-0602 Hillsboro Summer Concert Series – took photos and video
-



# OPPORTUNITY ZONES: A NEW INCENTIVE FOR INVESTING IN LOW-INCOME COMMUNITIES

The Opportunity Zones program offers three tax incentives for investing in low-income communities through a qualified Opportunity Fund <sup>1</sup>:



## Temporary Deferral

A temporary deferral of inclusion in taxable income for capital gains reinvested into an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the opportunity zone investment is disposed of or December 31, 2026.



## Step-Up in Basis

A step-up in basis for capital gains reinvested in an Opportunity Fund. The basis is increased by 10% if the investment in the Opportunity Fund is held by the taxpayer for at least 5 years and by an additional 5% if held for at least 7 years, thereby excluding up to 15% of the original gain from taxation.



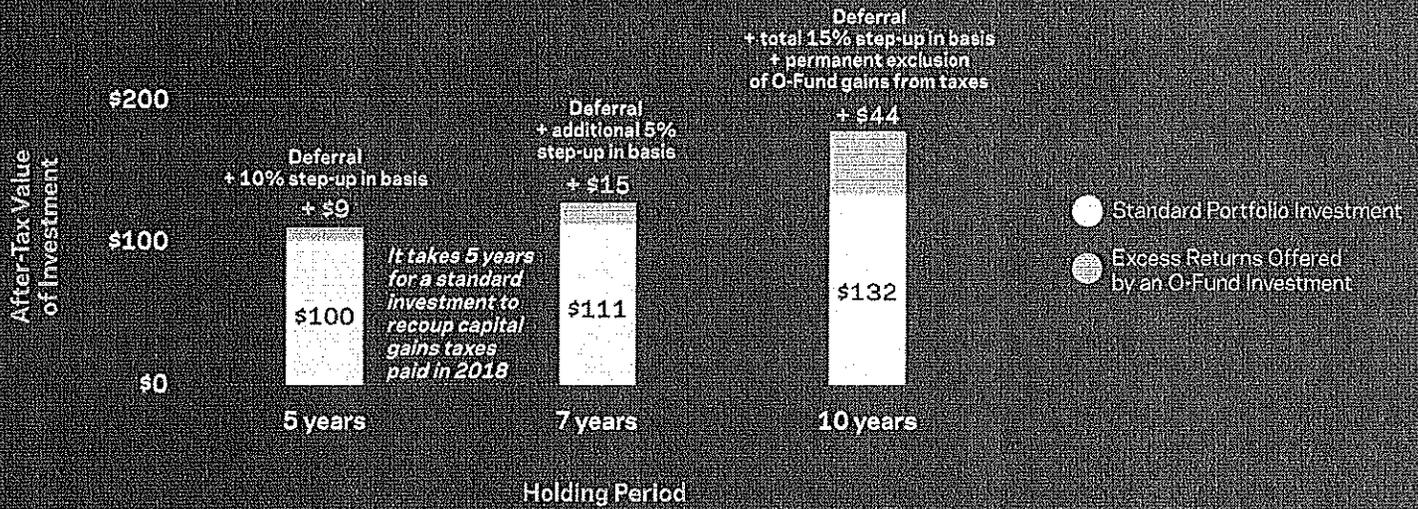
## Permanent Exclusion

A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund if the investment is held for at least 10 years. This exclusion only applies to gains accrued after an investment in an Opportunity Fund.



Figure 1. Incentives Offered by the Opportunity Zones Program

How does a capital gain of \$100 reinvested in 2018 perform over time?



\* Note: Assumes long-term federal capital gains tax rate of 23.8%, no state income tax, and annual appreciation of 7% for both the O-Fund and alternative investment.

The Opportunity Zones program is designed to incentivize patient capital investments in low-income communities nationwide. All of the underlying incentives relate to the tax treatment of capital gains, and all are tied to the longevity of an investor's stake in a qualified Opportunity Fund, providing the most upside to those who hold their investment for 10 years or more.

The figure above and table below illustrate how an investor's available after-tax funds compare under different scenarios, assuming various holding periods, annual investment appreciation of 7%, and a long-term capital gains tax rate of 23.8% (federal capital gains tax of 20% and net investment income tax of 3.8%). For example, after 10 years an investor will see an additional \$44 for every \$100 of capital gains reinvested into an Opportunity Fund in 2018 compared to an equivalent investment in a more traditional stock portfolio generating the same annual appreciation. Table 1 and the examples that follow provide additional information on the tax liabilities and differences in the after-tax annual rates of return.

Table 1. How Investing in an Opportunity Fund Compares to a Traditional Stock Portfolio

Scenario: A Capital Gain of \$100 is Reinvested in 2018

Holding Period	Appreciation Rate	Investment in a Stock Portfolio		Investment in an Opportunity Fund		Difference in After-Tax Annual Rate of Return
		Total Tax Liability	After-Tax Funds Available	Total Tax Liability	After-Tax Funds Available	
5 Years	7%	\$31	\$100	\$31	\$109	1.9%
7 Years	7%	\$35	\$111	\$35	\$126	1.8%
10 years	7%	\$41	\$132	\$20	\$176	3.0%



### Example 1: Investor holds the O-Fund stake for 10 years

Susie has \$100 of unrealized capital gains in her stock portfolio. She decides in 2018 to reinvest those gains into an O-Fund that invests in distressed areas of her home state, and she holds that investment for 10 years. Susie is able to defer the tax she owes on her original \$100 of capital gains until 2026. Further, the basis is increased by 15% (effectively reducing her \$100 of taxable capital gains to \$85). Thus, she will owe \$20 (23.8% of \$85) of tax on her original capital gains when the bill finally comes due. In addition, since she holds her O-Fund investment for at least 10 years, she owes no capital gains tax on its appreciation. Assuming that her O-Fund investment grows 7% annually, the after-tax value of her original \$100 investment in 2028 is \$176. Susie has enjoyed a 5.8% effective annual return, compared to the 2.8% an equivalent non-O-Fund investment would have delivered.

*Total tax bill in 2028: \$20*

*After-tax value of investment in 2028: \$176*

*Effective after-tax annual return on \$100 capital gain in 2018: 5.8%*

### Example 2: Investor holds the O-Fund stake for 7 years

As in Example 1, in 2018 Susie rolls over \$100 of capital gains into an O-Fund. She holds the investment for 7 years, selling in 2025. As in Example 1, she temporarily defers the tax she owes on her original capital gains and steps-up her basis by 15%, so that in 2025 she will owe \$20 (23.8% of \$85) of tax on her original capital gains. Unlike Example 1, however, Susie will owe capital gains tax on the appreciation of her O-Fund investment, since she holds the investment for less than 10 years. Assuming that her O-Fund investment grows 7% annually, in 2025 Susie will owe \$15 (23.8% of \$61) of tax on the O-Fund investment's capital gain. Susie did not take full advantage of the Opportunity Zone program but nevertheless received a 3.3% effective annual return compared to the 1.5% an equivalent non-O-Fund investment would have delivered.

*Total tax bill in 2025: \$35*

*After-tax value of investment in 2025: \$126*

*Effective after-tax annual return on \$100 capital gain in 2018: 3.3%*

### Example 3: Investor holds the O-Fund stake for 5 years

As in Example 1, in 2018 Susie rolls over \$100 of capital gains into an O-Fund. She holds the investment for 5 years, selling in 2023. As in Example 1, she can temporarily defer the tax she owes on her original capital gains, but her step-up in basis is only 10%, so that in 2023 she will owe \$21 (23.8% of \$90) of tax on her original capital gains. As in Example 2, Susie enjoys no exemption from capital gains tax on the appreciation of her O-Fund investment, since she holds the investment for less than 10 years. Assuming that her O-Fund investment grows 7% annually, in 2023 Susie will owe \$10 (23.8% of \$40) of tax on the O-Fund investment's capital gain. Susie did not take full advantage of the Opportunity Zone program but nevertheless received a 1.8% effective annual return on her initial capital gains compared to the -0.1% effective annual return an equivalent non-O-Fund investment would have delivered.

*Total tax bill in 2023: \$31*

*After-tax value of investment in 2023: \$109*

*Effective after-tax annual return on \$100 capital gain in 2018: 1.8%*





Lanae Clarke  
Illinois Department of Commerce and Economic Opportunity  
500 East Monroe  
Springfield, Illinois 62701

March 1, 2018

Dear Ms. Clarke;

The Montgomery County Economic Development Corporation (MCEDC) has recently learned that Governor Rauner is seeking input on projects that would be eligible for Community Development Financial Institutions.

Montgomery County has been overlooked for many opportunities due to its lack of adequate fiber optic Internet infrastructure. Since 2004, MCEDC has worked with the county and local municipalities in pursuit of improving Internet connectivity for residents and businesses.

In 2017, MCEDC was able to attract CTI from Taylorville, IL to our area. CTI is a FTTX (Fiber-to-the-Premises) company that has agreed to build-out five of the county's 20 municipalities in a five to six year period.

The largest municipality, Litchfield, IL is the county's principal employer and economic driver. At this time, Litchfield is not included current CTI build-out plans.

Note: CTI studied several different elements when determining which communities they would build out with fiber optic internet. The decision was ultimately based on: community take rates (pre-sign ups), most underserved areas, and best route for build out (from their current location in Taylorville).

Although the current project will bring Internet to many underserved areas, it is not enough to keep our region economically viable. This project must be expedited and must encompass:

1. Litchfield (17135957700, 17135957800)
2. Coffeen (1713595800)
3. Witt (17135957300, 17135957400)
4. Irving (17135957400)

MCEDC has reviewed several plans, which would allow a faster build-out while also expanding the project scope for maximum impact and economic benefit.

Support from the CDFI Fund will support ongoing technological growth, job creation and population retention/expansion for decades.

Sincerely,

Dr. Robert Mulch  
Board Chair

Montgomery County Economic Development Corporation  
PO Box 213  
Hillsboro, IL 62049

Phone: 217-851-4332  
[www.montgomerycountyillinois.org](http://www.montgomerycountyillinois.org)

## As of July 2018 Montgomery County Revolving Loan Fund Board

RLF Board Member	Date of Appointment	End of Term	# of Consecutive Terms	Contact Information
<b>Jennifer Compton</b> , Assistance Vice President, First National Bank Litchfield	Approved May 31, 2018	June/July 2021	1	First National bank Litchfield 324 North State St Litchfield, IL 62056 217-324-2105 jcompton@fnbl.com
<b>Tim Hoehn</b> , Loan Officer First National Bank, Nokomis	Approved May 31, 2018	June/July 2021	1	First National Bank of Nokomis 122 W. State St., PO Box 190 Nokomis IL 62075 563-8311
<b>Ron Deabenderfer</b> , County At-Large	To be approved by County Board in June 2018	June/July 2021	1	Montgomery County Board Hillsboro, IL 62049 No email.
<b>Mike Fleming</b> , Litchfield National Bank, Litchfield May 2018 Mike agreed to serve another term. He has only served on in the past. He may now serve 2 consecutive terms.	Approved May 31, 2018	June/July 2021	1	Litchfield National Bank PO Box 309 Litchfield IL 62056 324-6161 mfleming@ibanklnb.com
<b>Misty Borrowman</b> National Bank, Hillsboro	Approved May 31, 2018	June/July 2021	1	National Bank 212 S Main Hillsboro IL 62049 532-3991 MBorrowman@national-bank.com
<b>Nick Kuhns</b> , Loan Officer First Community Bank Hillsboro	Approved May 31, 2018	June/July 2021	1	First Community Bank of Hillsboro PO Box 40 Hillsboro IL 62049 532-2030 nkuhns@fcbhillsboro.com
<b>Bob Wagahoff</b> , Branch Manager Bank & Trust, Farmersville	Approved May 31, 2018	June/July 2021	1	Bank & Trust co 208 S. Cleveland St Farmersville, IL 62533 217-227-3291 bob.wagahoff@banktr.com
<b>Valerie Belusko</b> MCEDC				MCEDC PO Box 213 Hillsboro IL 62049

Montgomery County Economic Development Committee  
#1 Courthouse Square  
Hillsboro, IL 62049

5/2/2018

Imagine Hillsboro is hosting their 9th Annual Summer Concert Series on 6/2, 7/4, 8/1, 8/2, and 9/1 at 4th of July Point and downtown Hillsboro. These concerts keep getting bigger and bigger every year and bring in crowds from all around Central Illinois and beyond.

Our mission statement is "Engaging and mobilizing community citizens & organizations to further Hillsboro as a great place to live, work, learn, and play".

Our marketing is going to involve a few different areas. We plan on having news articles and advertisements in local newspapers. We will also have commercials for each show on WSMI as well as taking part in Around Montgomery County. Strategic marketing will be used with Facebook sponsored posts. We can pinpoint a more target audience and area this way. Other areas of marketing will include posters, tee shirts, and koozies.

Thank you to the County for considering financially supporting marketing for these events! If awarded financial assistance, Imagine Hillsboro will share pictures and a brief summary detailing how the event went and how we think the County's financial assistance improved our marketing strategy.

Thank you for your consideration and we hope to hear from you soon.

Imagine Hillsboro - Parks and Rec

Zach Wygal  
Concert co-chair  
217-556-4246