ECO Alliance Group

Focus

A for profit alliance of companies that are focused on addressing specific emerging market needs in the areas of food, health and wellness.

Ownership

ECO Alliance was founded as a group of individuals whose diverse backgrounds include, real estate development and investment, IT management, medical doctor, investment manager, urban farmer with experience in both plant and fish, community liaison with a background in social impact projects and business developer who has been involved in workforce development projects.

Project Focus

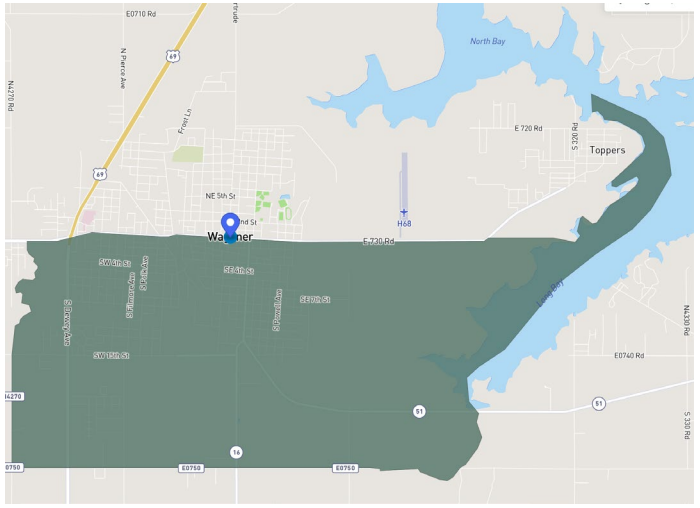
We evaluate communities that can benefit from economic revitalization and pursue adaptive restoration and reuse of existing buildings in targeted neighborhoods. Ideal market opportunities allow ECO Alliance to operate profitable growing businesses to drive health, hope and employment to communities and neighborhoods that are underutilized. We have a successful track record of collaboration in innovative public private partnerships (P3s).

10-8-20 Meeting Notes

- Real Estate Secured – Appraisals Approved 10-26-20
- Design/Space Use – Site Visit 10/25-27
- Governance Model/Team – Jim to Draft; Pam to ID Locals
- $/P3 – Capital Stack Overview to WEDA on 10-26-20
- Sources & Uses
- Proforma
- Nemawashi/Announcement

Wagoner, Oklahoma 74467

Construction and operation of a full-service grocery store and unique retail space in revitalized downtown that was damaged in a fire several years ago; Launching several integrated Food and Ag Hub Industrial Projects at the City's Industrial Park.



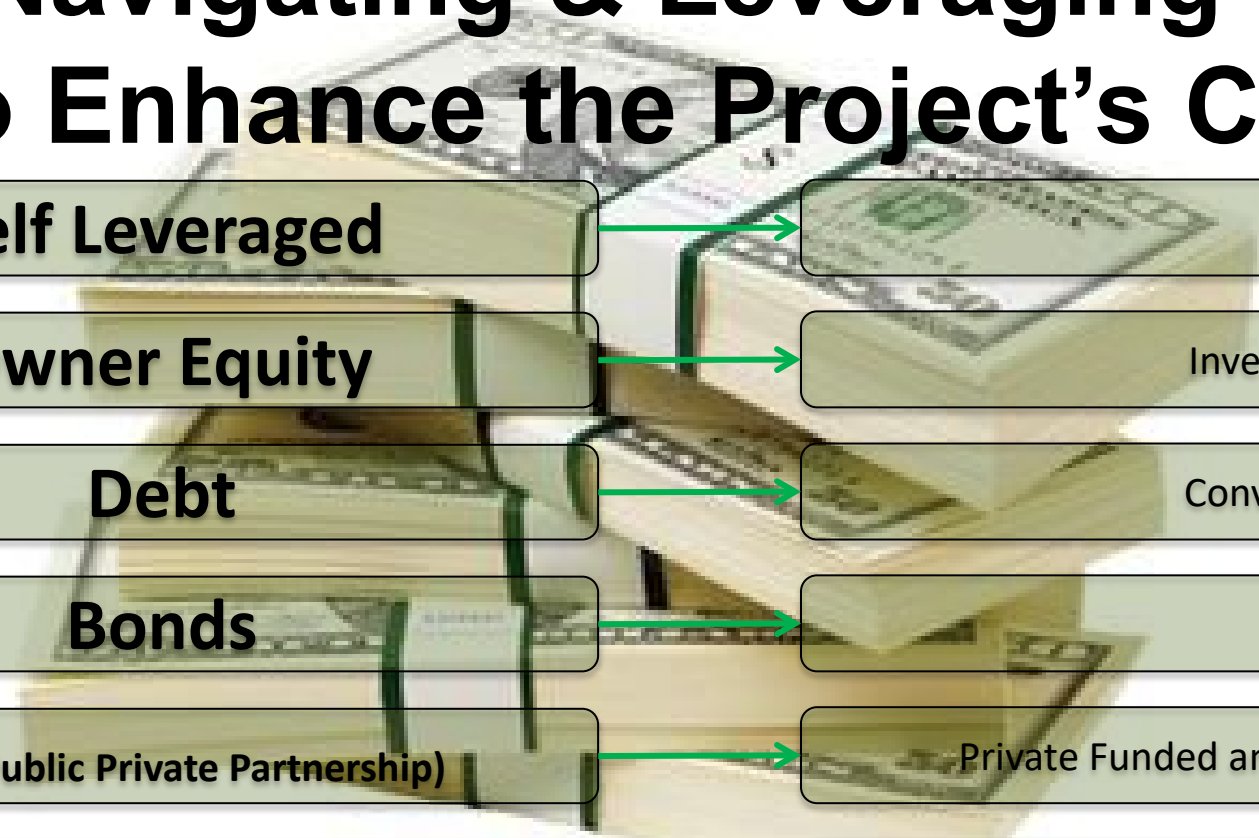
Projects and Phases

1. **Indoor Controlled Agriculture** — 144,000 SF | $12M | 120 Jobs
2. **Aqua-Culture Farm** — 60,000 SF | $14M | 75 Jobs
3. **Organic Shrimp Farm** — 90,000 SF | $18M | 45 Jobs
4. **Produce Processing & Pkg. Facility** — 20,000 SF | $ 4M | 20 Jobs
5. **Fresh Market Grocery Store** — 30,000 SF | $ 8M | 35 Jobs
6. **Retail Development** — 50,000 SF | $12M | 30 Jobs
7. **Sustainable Agriculture** — 70,000 SF | $10.75M | 40 Jobs
   (Xylose, BioCoal, Activated Carbon, Seed Protein/Grain)
8. **Project Development Costs** $31M

Project Totals: ***$109.75M Private Capital Investment/365 Jobs***

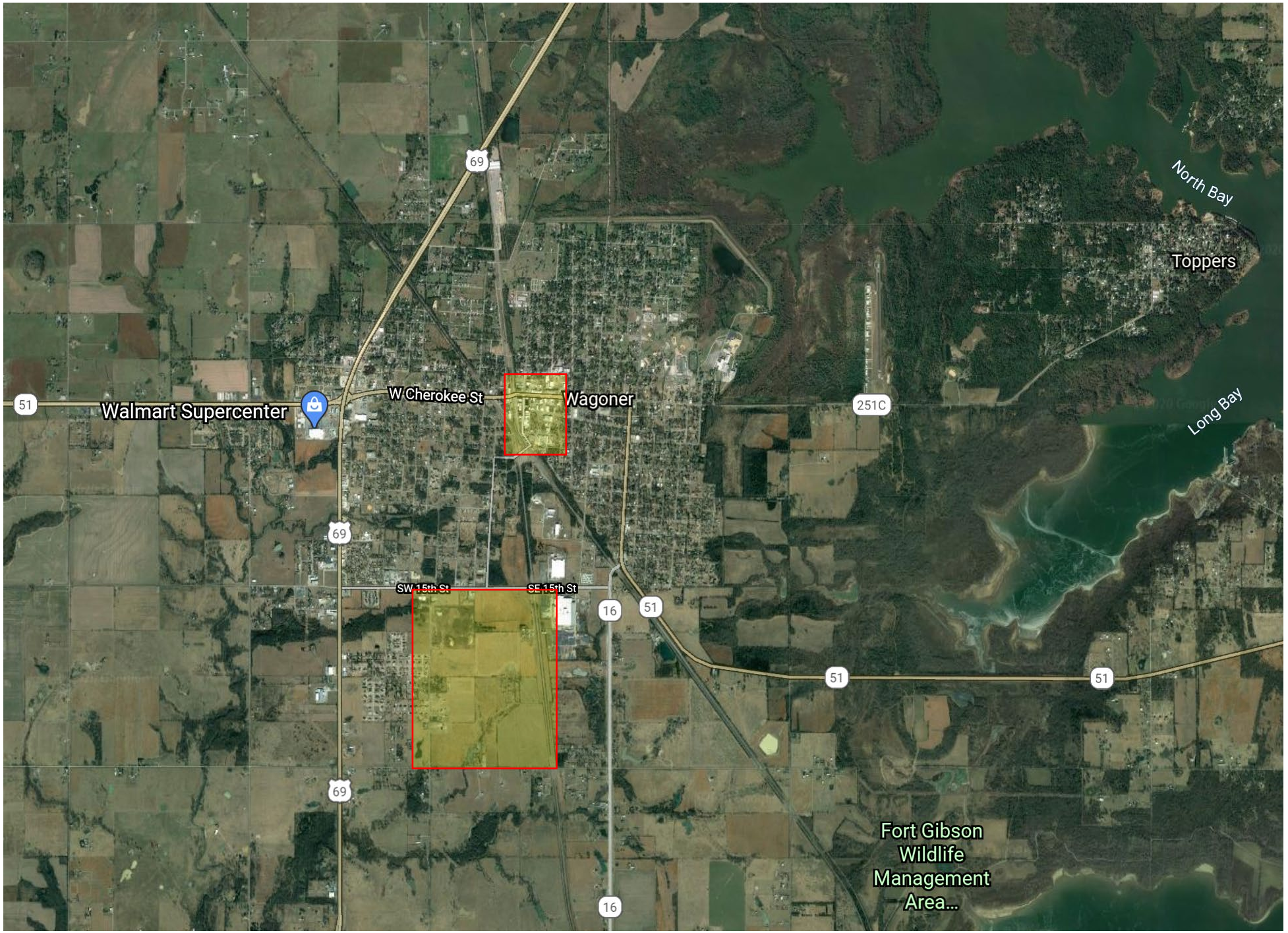
Projects and Phases	Project Metrics		24 Month Timeline & Project/Phase Start Date							
	Capital Investment	New Job Creation	1Q '21	2Q '21	3Q '21	4Q '21	1Q '22	2Q '22	3Q '22	4Q '22
Indoor Controlled Agriculture (144,000 SF Total)										
P1: 24,000 SF Grow Area	$ 2,000,000	20		1-Jun						
P2: 24,000 SF Grow Area	2,000,000	20			1-Sep					
P3: 24,000 SF Grow Area	2,000,000	20				1-Dec				
P4: 24,000 SF Grow Area	2,000,000	20					1-Mar			
P5: 24,000 SF Grow Area	2,000,000	20						1-Jun		
P6: 24,000 SF Grow Area	2,000,000	20							1-Sep	
Sub-Total	**$ 12,000,000**	**120**								
Aqua-Culture Farm (Estimates to be Confirmed) (60,000 SF Total)										
Aqua Lab Buildout	$ 2,000,000	5		1-Jun						
P1: 20,000 SF - Beramundi	4,000,000	20		1-Jun						
P2: 20,000 SF - Perch	4,000,000	20				1-Dec				
P3: 20,000 SF - Rainbow Trout	4,000,000	30						1-Apr		
Sub-Total	**$ 14,000,000**	**75**								
Organic Shrimp Farm (90,000 SF Total)										
P1: 30,000 SF - Shrimp Pond	$ 6,000,000	15	1-Mar							
P2: 30,000 SF - Shrimp Pond	6,000,000	15			1-Sep					
P3: 30,000 SF - Shrimp Pond	6,000,000	15					1-Mar			
Sub-Total	**$ 18,000,000**	**45**								
Produce Processing and Packaging Facility (20,000 SF Total)										
P1: 10,000 SF	$ 2,000,000	10		1-Jun						
P2: 10,000 SF	2,000,000	10				1-Dec				
Sub-Total	**$ 4,000,000**	**20**								
Fresh Market Grocery Store (30,000 SF Total)										
P1: 30,000 SF Grcocery Store	**$ 8,000,000**	**35**				1-Oct				
Retail Development (50,000 SF Total)										
P1: 50,000 SF Retail Lease Space	**$ 12,000,000**	**30**				1-Dec				
Sustainable Agriculture (Xylose, BioCoal, Activated Carbon, Seed Protein/Grain) (70,000 SF Total)										
P1: Processing/Refining BioMass 40,000 SF	$ 5,000,000	20		1-Jun						
P1: Renewable Energy Center 10,000 SF	2,250,000	10		1-Jun						
P1: Processing Grain and Bulk Products 20,000 SF	1,500,000	5		1-Jun						
P2: Farming Training and Cooperative	2,000,000	5						1-Jun		
Sub-Total	**$ 10,750,000**	**40**								
Project Development Costs and Milestones										
Working Capital / Pre-Development	$ 10,000,000	-	1-Jan							
1st Year Rent Payment	1,000,000	-	1-Jan							
Property Acqusition	5,000,000	-	1-Jan							
1st Year P3 Payment	5,000,000	-	1-Jan							
10% Contingency Reserve	10,000,000	-	1-Jan							
Sub-Total	**$ 31,000,000**	**-**								
Project Totals	**$ 109,750,000**	**365**	**15**	**90**	**35**	**115**	**35**	**55**	**20**	**-**
						255				**110**

Navigating & Leveraging Incentives To Enhance the Project's Capital Stack



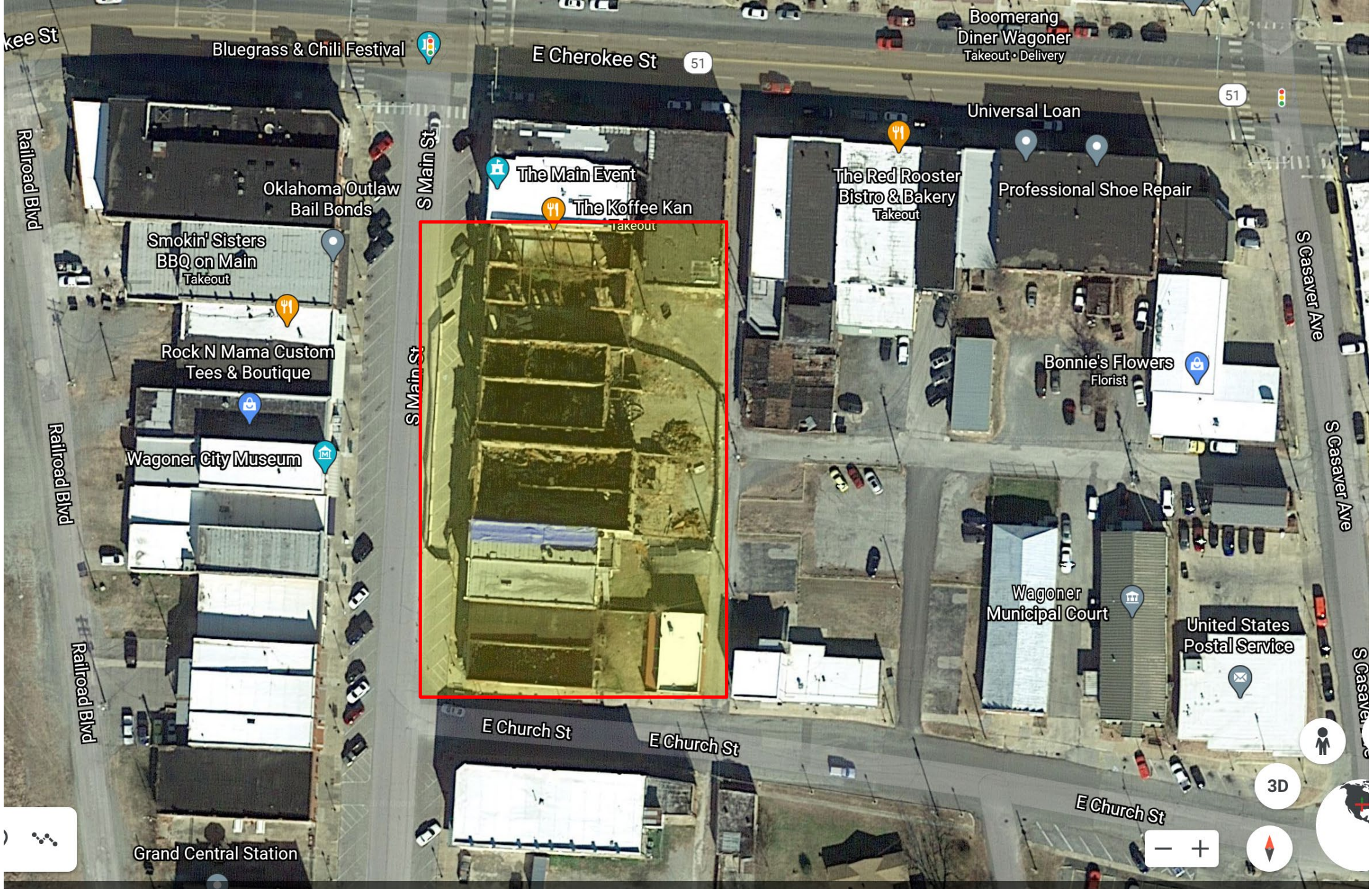
Self Leveraged	Cash
Owner Equity	Investors, Venture Capital
Debt	Conventional, Guaranteed
Bonds	Exempt, Taxable
P3 (Public Private Partnership)	Private Funded and Owned w/Long-term Lease Back
Special Districts	Tax Increment Financing (TIF), Tax Reinvestment Zones (TIRZ), Historic Districts, Special Development Districts (Opportunity Zone)
State & Local Incentives	Cash, Land, Buildings, Loans, Abatements, Training, Tax Credits
Federal Incentives	New Market Tax Credits, Historic Tax Credits, Housing Tax Credits, Native American Tax Credits & Accelerated Depreciation

Our job is to ***identify, facilitate & maximize*** your Project's Federal, State and Local Incentives.

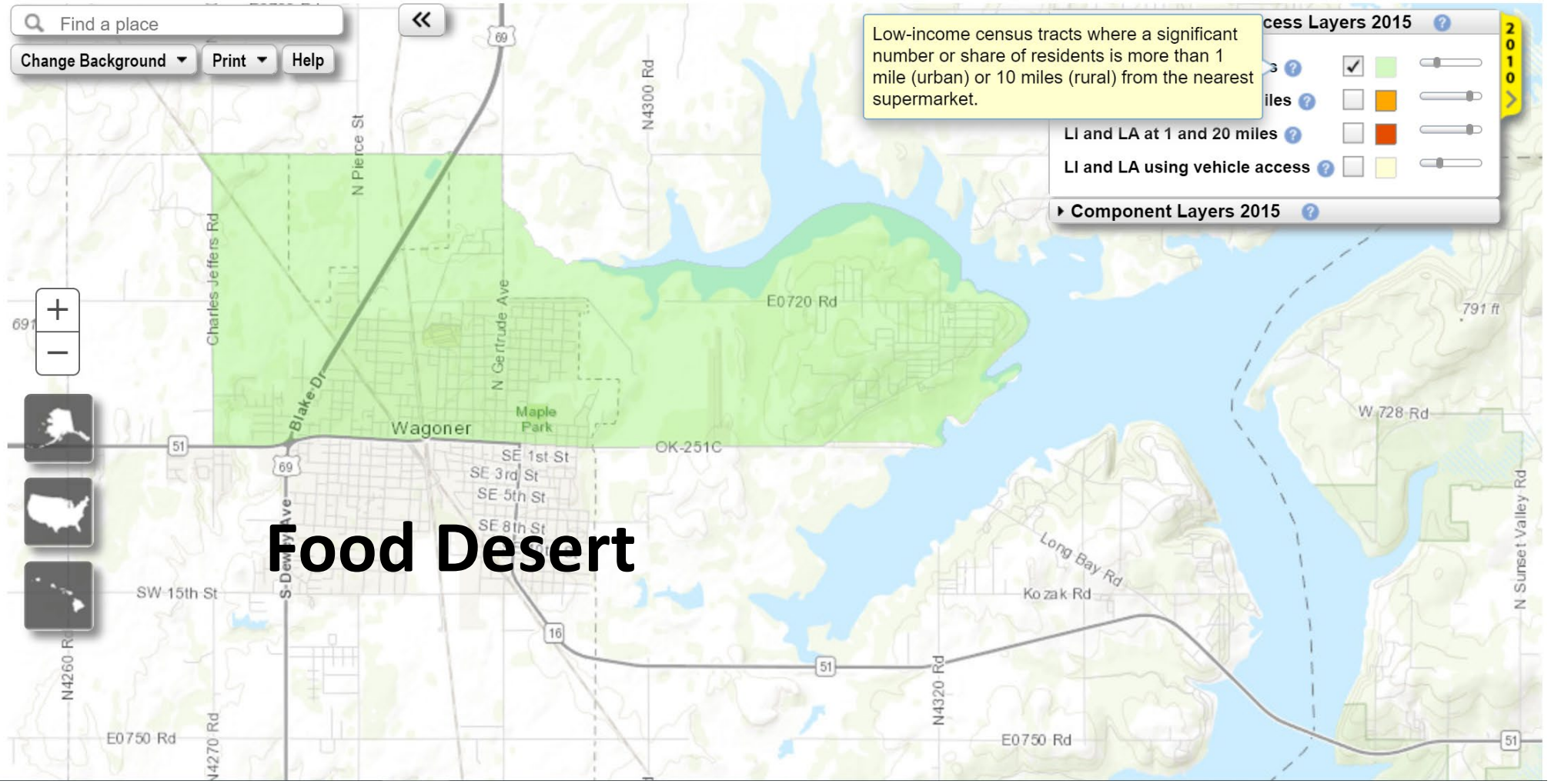

69
North Bay
Toppers
51
Walmart Supercenter
W Cherokee St
Wagoner
251C
Long Bay
69
SW 15th St
SE 15th St
16
51
51
51
69
Fort Gibson
Wildlife
Management
Area...
16


Smoke Shop
SW 15th St
SW 15th St
Unarco Industries
SW 21st St
23rd St
N4280 Rd
Rustic Countryside Estate
E 750 Rd
E 750 Rd
E 750 Rd


The American Bank
Diner Wagoner
Takeout · Delivery
Wagoner County
District Court Clerk
W Cherokee St
E Cherokee St
51
The Koffee Kan
Takeout
Tall Tails Rescue
Rock N Mama Custom
Tees & Boutique
United States
Postal Service
Smalley St
S Lee Ave
First Bank &
Trust Company
St James
Episcopal Church
E Church St
Budget Wrecker
& Recycling
Rainbo Baking
First United
Methodist Church
Railroad Blvd
S Main St
SE 2nd St
Wagoner
Wrecker Services
3D


Bluegrass & Chili Festival
E Cherokee St
51
Boomerang Diner Wagoner
Takeout • Delivery
Universal Loan
Railroad Blvd
S Main St
The Main Event
Oklahoma Outlaw Bail Bonds
The Koffee Kan
Takeout
The Red Rooster Bistro & Bakery
Takeout
Professional Shoe Repair
Smokin' Sisters BBQ on Main
Takeout
S Casaver Ave
Rock N Mama Custom Tees & Boutique
Bonnie's Flowers
Florist
Wagoner City Museum
Wagoner Municipal Court
United States Postal Service
E Church St
3D
Grand Central Station

Go to the Atlas



How an Opportunity Zone (OZ) Works

Investment Length	Benefits Received by Investors
Fewer than 5 Years	Deferred payment of existing capital gains until the date that the Opportunity Fund investment is sold or exchanged.
5-7 Years	Benefits above + 10% of tax on existing capital gains is canceled.
7-10 Years	Deferred payment of existing capital gains until December 31, 2026 or the date that the Opportunity Fund investment is sold or exchanged (whichever comes first) + 15% of tax on existing capital gain is canceled.
Greater than 10 Years	Benefits of 7-10 Year investment + investors pay no capital gains tax on the Opportunity Fund investment (investments are exempt from any capital gains beyond those which were previously deferred.

Note: All capital gains realized by an investor in the 180 days before an Opportunity Fund investment are eligible for the tax benefits of investment in Opportunity Funds.

Investment Example

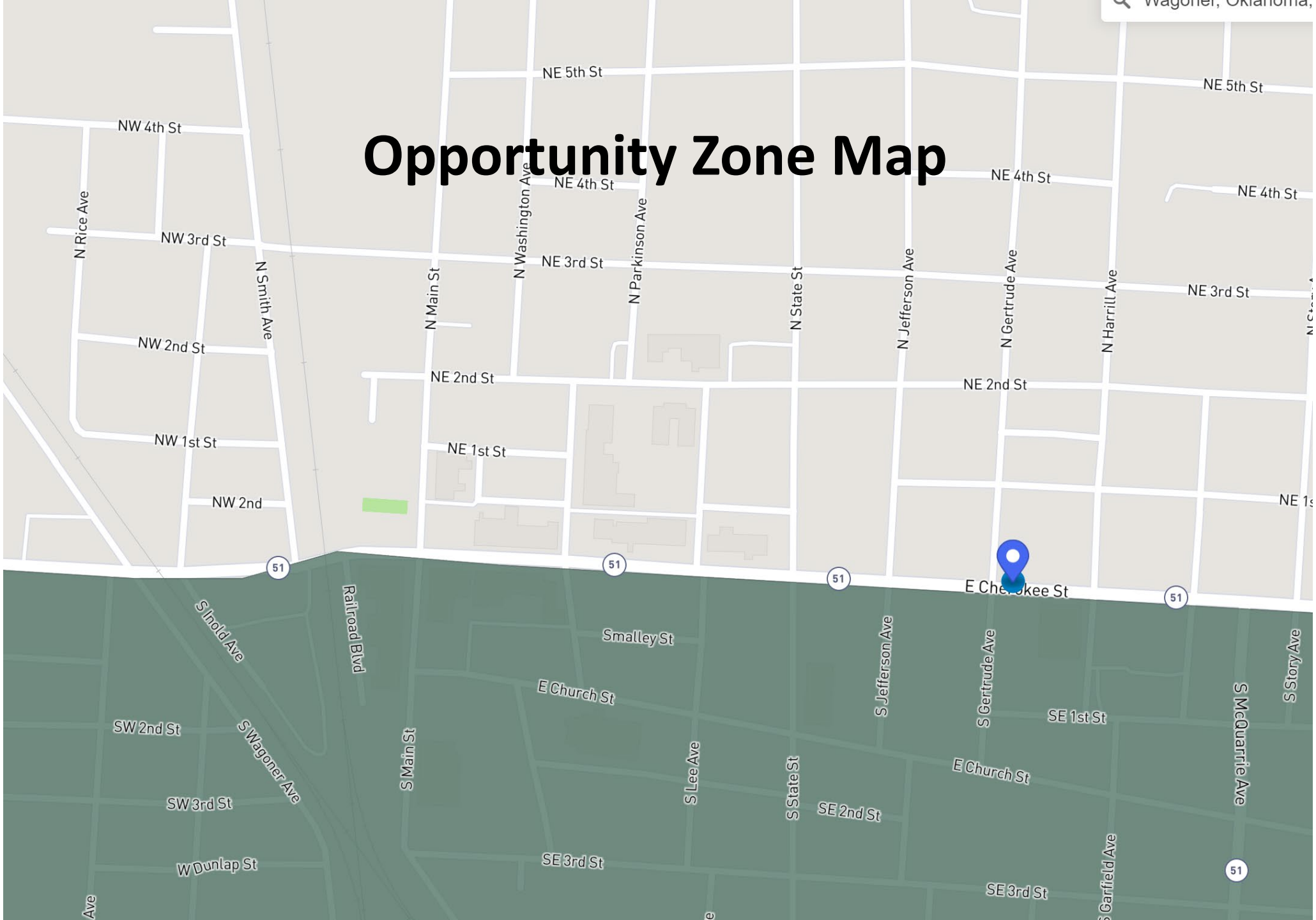
- In 2018, an individual investor sells 1,000 shares of Amazon stock they purchased in 2013 for $250,000.
- The sale at $1,250 per share results in a **$1M capital gain**.
- Instead of paying the $238,000 in Federal capital gains tax on this sale, the investor rolls their $1M gain into a **Qualified Opportunity Fund**.
- The Qualified Opportunity Fund invests the capital in newly issued preferred stock shares of various operating businesses located in the **Opportunity Zone**.
- By design, the Fund will be liquidated in 2028 with an assumed value of $2M.
- Investor Benefits:
    1. Investing $1M instead of the $726,000 that would be remaining if the capital was not reinvested into an Opportunity Fund.
    2. Paying $202,300 in taxes in 2024 instead of paying $238,000 in 2018.
    3. Owing no additional tax on the $1M in capital gains on the Opportunity Fund investment realized in 2028.

https://www.novoco.com/sites/default/files/mapbox/opzone/gozone_map_18.html

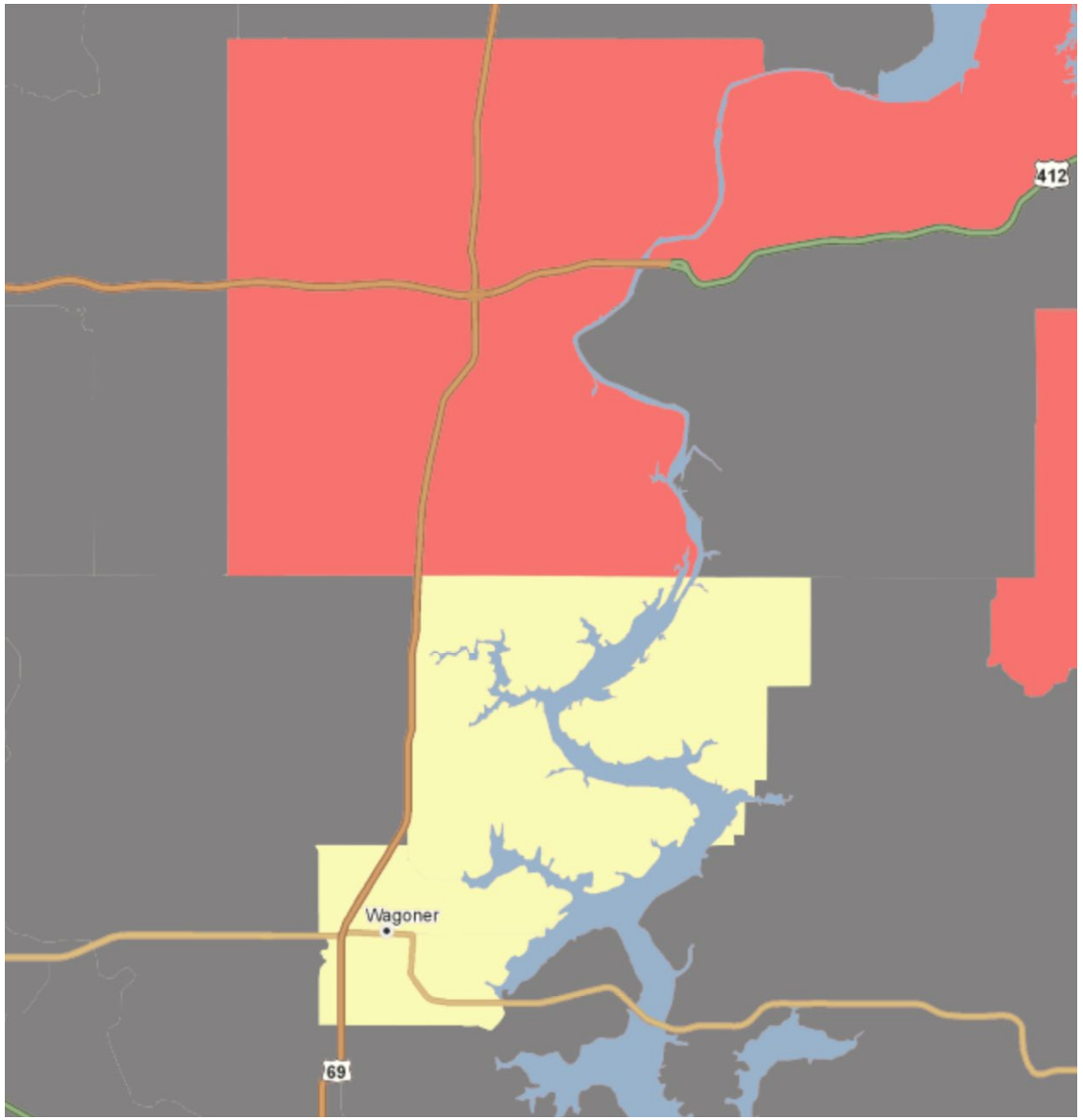
Opportunity Zone Map

https://www.novoco.com/sites/default/files/mapbox/opzone/gozone_map_18.html

Opportunity Zone Map



New Market Tax Credit Map



Eligible & Non-Metro, but….
Not Highly Distressed

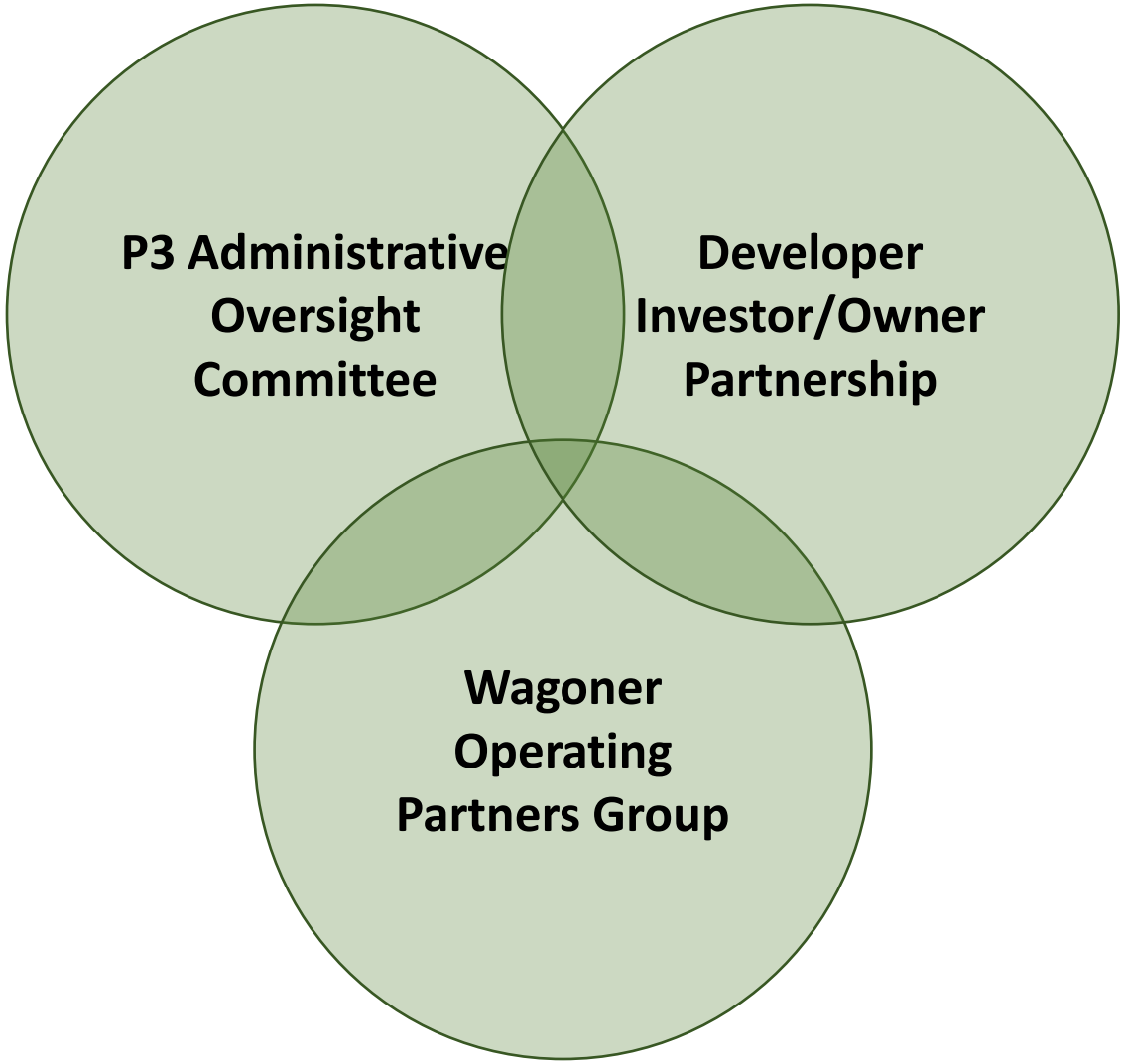
Public Private Partnership (P3)

- Wagoner Economic Development Authority (WEDA)
- City of Wagoner
- Wagoner Public Works Authority
- Eco Alliance
- Community Stakeholder Engagement
- Operating Businesses
- GRDA
- OK Department of Commerce
- OK Development Finance Authority
- OK Industrial Finance Authority

Economic Development Impact

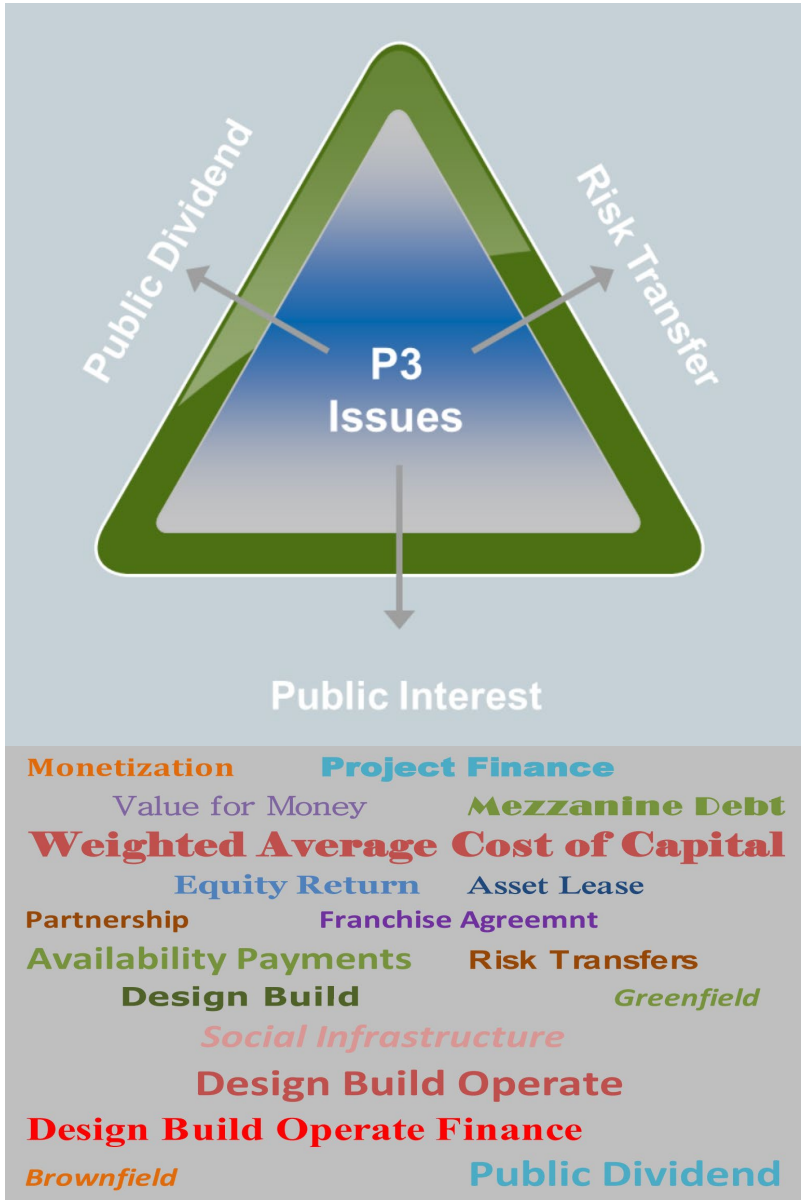
- ✓ Private Capital Investment
- ✓ Job Creation
- ✓ Infrastructure Impact (Utility, Transportation)
- ✓ Business Retention & Expansion
- ✓ New Industry Attraction
- ✓ Retail Development
- ✓ Housing
- ✓ Workforce, Education & Training
- ✓ Entrepreneurial Eco-System
- ✓ Destination Marketing & Tourism

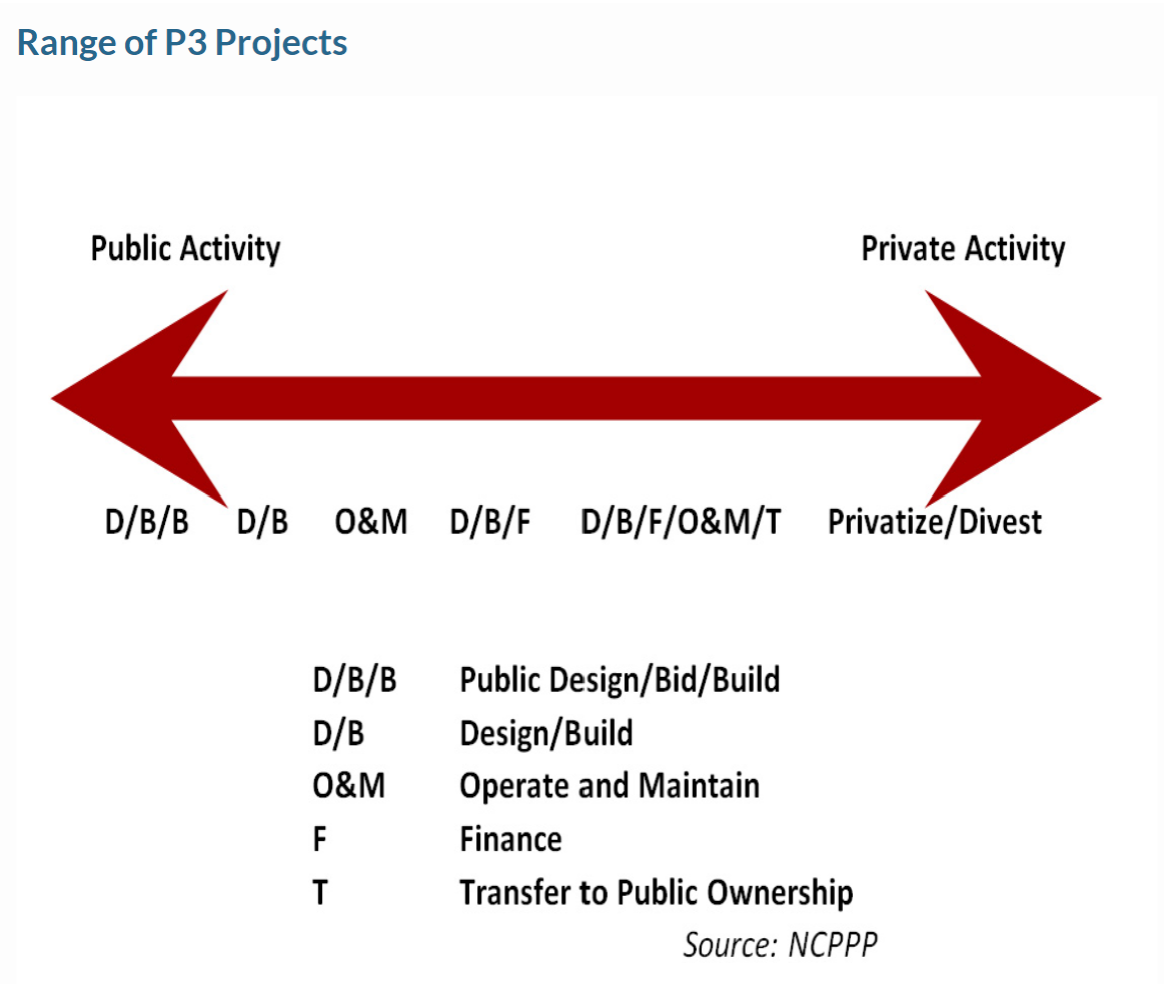
Wagoner Food & Ag Hub



https://rebusinessonline.com/building-momentum-how-public-private-partnership-revitalized-downtown-topeka-kansas/

Public-Private Partnership (P3)





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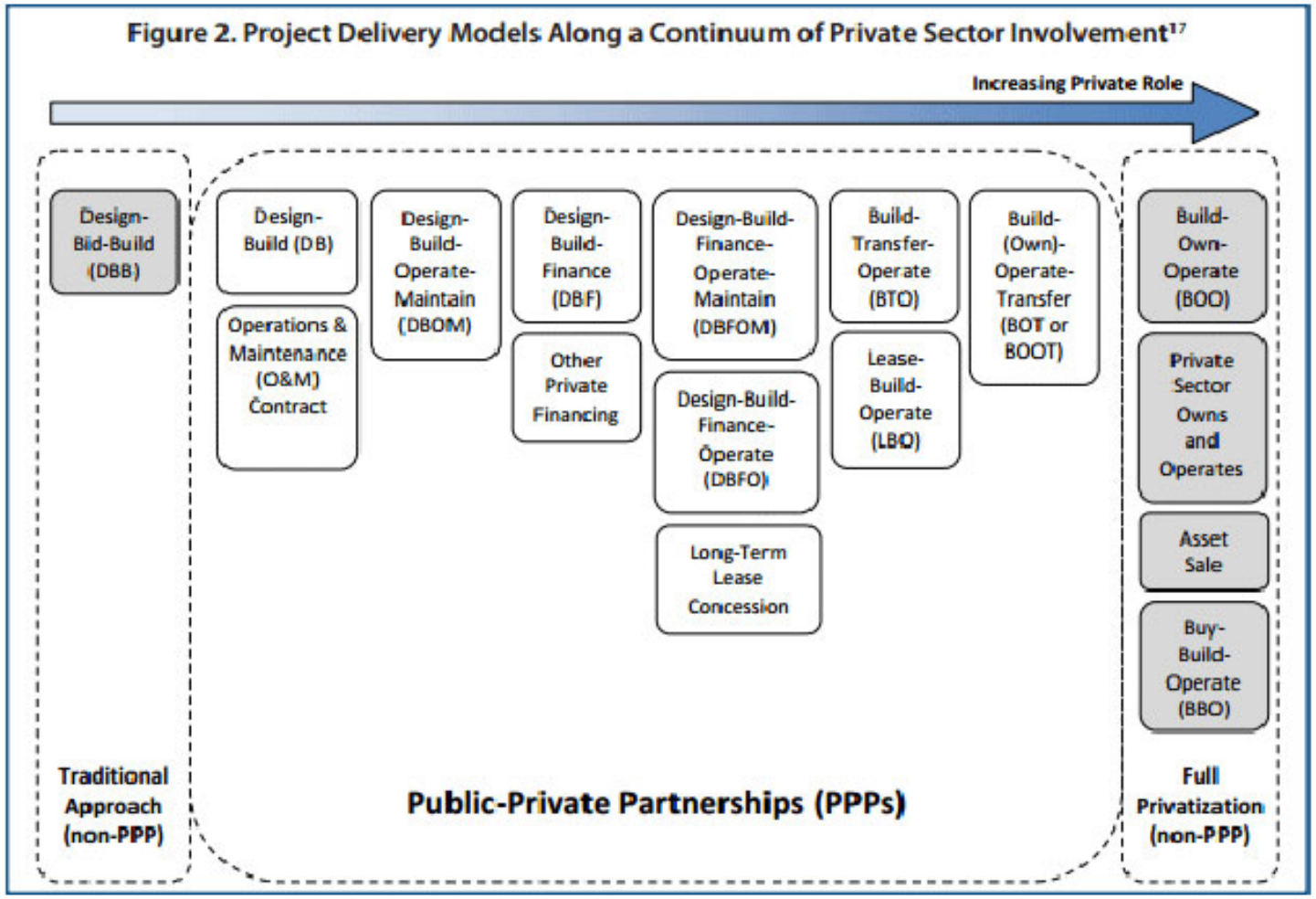

Capital Stack & Incentives

- $109M Equity Investment
- 365 New Jobs
- Oklahoma State Incentives:
  - —Private Capital Investment
  - —Job Creation
  - —Workforce Training
  - —Financing Tools
- Opportunity Zone (Capital Gains)
- New Market Tax Credits (~20% of Cap Ex)

P3 Model

Private Investment Capital Committed to Project	**DH Partners, LLC & Investor(s)**
Public Sector Partners	**WEDA, WPWA, City, GRDA, ODOC, ODFA, OIFA, etc.**

1. A contractual arrangement where ***a government agency contracts with a private partner to renovate, construct, operate, maintain, and/or manage a facility or system that provides a public service***.
2. The government agency may retain ownership of the public facility or system but ***the private party invests its own capital to design and develop the facility or system***.
3. Such a venture can differ from typical service contracting in that ***the private sector partner may make a substantial cash, at-risk, equity investment in the project***, and ***the public sector gains access to new revenue or service delivery capacity without having to pay the private-sector partner***.
4. The underlying strength of the P3 model is that ***the private sector has sufficient P3 capacity (expertise and availability) to successfully deliver project objectives***.
5. When paired with the power of ***bond financing***, this tool shows great promise for U.S. infrastructure, services and development.
6. In most cases, there must be a ***legal statutory authority provided by the government to enter into P3 transactions***.
7. In relationship to bond financing, P3s are a natural fit as many ***projects can benefit from not only the private management structure but also from the access to affordable capital*** provided by the bond markets.
8. Typically, ***each partner shares income*** resulting from the partnership.

Types of P3s

PPPs come in many different shapes and sizes. They include both existing facilities, referred to as "brownfields," and new-capacity facilities known as "greenfield" projects.

One commonality among the different types of PPPs is a need for a dedicated revenue stream. Often the private entity will provide all or some of the upfront funding for the building or improving of a facility, but there must be a method of repayment over the duration of the partnership. The revenue stream can be derived from a number of different sources, including fees, tolls, shadow tolls, availability payments, and local taxation.

PPPs change the nature of public works construction. Instead of working for a government agency, a contractor finds him or herself working for a private entity or consortium of private firms. Such an "owner" typically has much more flexibility than a government agency.

The private entity is typically free to select or create a project delivery system that fits its particular needs, and, in the process of doing so, may well request the construction contractor to expand its role beyond what the contractor has traditionally played in public works construction.

Such an owner may select the Design-Build delivery system, or CM Agency, or CM At-Risk, and without going that far, the owner may still request a range of individual services that increase the contractor's risk of "professional" liability, including:

- Definition of project goals
- Documentation of existing conditions
- Development of space or site program
- Advice on optimum use of available funds
- Early coordination during the design phase
- Value engineering
- Constructability reviews
- Control over the scope of work
- Optimum use of the design and construction firms' skills and talents

Benefits of P3s

Public-private partnerships help fill the void between typical annual government accounting and capital budgeting. The private markets know the benefits of capital budgeting and are investing heavily in U.S. capital infrastructure. Those who support the advancement of PPPs highlight many advantages. In a recent report by Deloitte titled, "Closing America's Infrastructure Gap: The Role of Public-Private Partnerships," it succinctly outlines six perceived benefits to governments utilizing PPPs as follows:

1. PPPs allow the costs of investment to be spread over the lifetime of the asset and, therefore, allow infrastructure projects to be brought forward in years compared to the pay-as-you-go financing that is typical of many infrastructure projects.
2. PPPs have a solid track record of on-time, on-budget delivery.
3. PPPs transfer certain risks to the private sector and provide incentives for assets to be properly maintained.
4. PPPs can lower the cost of infrastructure to the public entity by reducing both construction costs and overall life-cycle costs.
5. Since satisfaction metrics can be built into the contract, PPPs encourage a strong customer service orientation.
6. Because the destination, not the path, becomes the organizing theme around which a project is built, PPPs enable the private sector to focus on the outcome-based public value they are trying to create.

The merits of the points may be debatable, but they outline some of the key reasons governmental entities in the United States are interested in PPPs.

Keys to Successful Projects

1. Create Institutional certainty
2. Educate the public about PPPs
3. Prioritize and screen projects
4. Appoint senior government champions
5. Create a clear decision-making hierarchy
6. Be an effective counterparty with sufficient resources and experience advisors
7. Adopt standardized procurement practices
8. Clear accountability and transparency of the procurement process
9. Be prepared to provide credit support to projects

UNDERSTAND RISK TRANSFER

P3 is not business as usual — it calls for a new mindset on the part of University leaders around control over project design, delivery, financing, operations, and maintenance. Under P3, elements of the design, construction, financing, operations, and maintenance risks are transferred to the private entity, or Developer, under a Project Agreement that delineates strict cost and schedule implications to be assumed by the University should it elect to make changes to the contract. Key implications include the need to develop subject matter expertise in this type of real estate transaction; understanding of the inflexibility of the Project Agreement; and the recognition that most current P3 transactions do not include the kind of stakeholder engagement to which consensus-driven cultures at academic institutions are accustomed.

BECOME AN EXPERT, HIRE EXPERTS

Embarking on a P3 involves a complex communication and decision-making process that requires expertise in a range of areas, from legal and financial, to design and construction, to cultural and institutional. University leaders must develop a thorough understanding of a given building program, its budgetary considerations, the institutional culture, and other factors that will impact the project's success. These drivers must be reconciled in relation to one another and well-articulated within the financial and technical requirements outlined in the Project Agreement.

"In a traditional project delivery, we act as the planner, designer, owner, and operator. The P3 delivery method changes that greatly as we retain our role as academic planners and institutional owner representatives but must master the new skills required to successfully navigate the role of development and financial transaction partner. It is critical, as leaders, that we build teams with technical expertise and understanding of these new roles if we are to be successful in negotiating and delivering P3 projects for our campus" —Traci Ferdolage, San Jose State University (Formerly University of California, Santa Cruz)

MAKE "PARTNERSHIP" YOUR PRIORITY

In Public-Private Partnership, the operative word is "Partnership". After Procurement, the Developer becomes the University's partner for the duration of the contract, often 30 to 40 years. The longevity of the University / Developer relationship underscores the need for a partnership mentality that should start during the development of the P3 Business Case and extend to all entities that will inform the project's success. Key partnership entities besides the Developer include the Technical Advisors, University Stakeholders, and the O&M Partner.

"The most important P in P3 is Partnership. The process, from project inception to handover of the asset after the concession period, must focus on amicable problem-solving, given the anticipated multi-year relationship among the parties. This is a mindset shift for many but, when correctly implemented, provides a strong relationship baseline which will be the foundation to support the many challenges throughout the project's life cycle." — Paul Mackintosh, WT Partnership

GAIN BUY-IN AND COMMUNICATE

Consensus-building, a hallmark of campus culture, is not currently embedded in most P3 projects due to the risk transfer of design and construction to the Developer. In addition, P3 projects move fast, with decision-making happening at a speed that precludes extensive engagement. However, University staff and faculty are accustomed to a high level of stakeholder engagement. Address this cultural expectation and embedding consensus-building within the P3 model. This approach will result in more clearly defined goals, campus assets that better support the institutional mission, and greater efficiencies in project delivery. Stakeholder engagement workshops and meetings should be prefaced with a reminder of the risks and responsibilities that were transferred to the Developer, versus responsibilities that remain under the University's purview.

"At most universities, consensus-building is expected, especially around significant capital investments. Yet under P3, decisions are often made early and quickly. A strong and well-executed stakeholder engagement plan can help set expectations and gain buy-in for this new approach." — Margaret Saunders, University of California, Merced

CALIBRATE THE TECHNICAL REQUIREMENTS (TR'S)

As mentioned in Section 3, the Technical Requirements (TR's) are a set of documents that specify comprehensive building requirements across all disciplines and for all programmatic space types. The TR's are typically developed during Phase 1 (Business Case) or at the beginning of Phase 2 (Procurement) by University leaders and the Technical Advisors. They are often written two to four years in advance of Phase 3 (Design and Construction). TR's should be project-specific, balance both prescriptive and performance based requirements, vary in detail based on space type, and include area data sheets and functional layout diagrams for all spaces in the project. The following is an outline of items to consider when creating TR's:

TR'S SHOULD CONTAIN INTENT, GOALS, AND PRIORITIES DEFINED BY UNIVERSITY STAKEHOLDERS

Projects delivered under traditional methods such as Design-Bid-Build, Design-Build, or CM-at-Risk have an early process for defining intent, goals, and priorities to establish performance metrics, such as sustainability targets, building usage targets, and the ways in which these goals align with the broader institutional mission. In P3 projects, the project requirements for physical, economic and sustainability goals should be identified with Technical Advisors during a stakeholder engagement period, and embedded into the TR's. The Procurement phase should include a built-in a process for the Development Teams to engage with University leaders and Stakeholders to clarify intent, goals, and priorities. A functional explanation of the TR's might accomplish this goal without reopening conversations with the Stakeholders that could derail the schedule. This additional layer of information can support a meaningful dialog between the University and the Development Teams during procurement.

EMBRACE FINANCIAL CLOSE AS A CRITICAL MILESTONE

If the TR's are the laws of the P3, the Project Agreement / Financial Close is its binding legal framework — the contract developed and agreed upon by the University and the Developer that marks the close of Procurement, or bidding, finalizes the Technical Requirements (TR's), and launches the Design and Construction phase.

Analyze and Document: Be Thorough in Procurement

The Procurement phase ends in a Project Agreement and Financial Close acceptable to all parties. Because the bidding documents directly inform Financial Close, the University should require thoroughly documented, highly robust competition entries with more information than a standard Conceptual Design package. All important aspects of design should be noted and budgeted, with strategies for achieving social, economic, and environmental performance goals and objectives clearly articulated. Likewise, the Financial Close process should be undertaken with care. Revisions to the TR's during this time should be analyzed in detail by the Technical Advisors and Design Team. Omitting program elements at the last minute to close the deal can result in detrimental cost and schedule consequences.

INTEGRATE O&M AT PROJECT LAUNCH

During the course of a 30- to 40-year relationship, Operations and Maintenance (O&M) can represent up to 80% of the full term of the project. However, universities typically run capital and operational budgets separately. Under traditional delivery models, contractors provide constructibility reviews and develop operational budgets based on formulas; the University does not get an operational cost review from their O&M group. As a result, renewal budget requirements can be unpredictable, leading to deferred maintenance. The P3 model can help address this problem. Spending considerable time devoted to developing an O&M plan in the earliest stages of a P3 is recommended to avoid a misalignment of expectations and services delivered.

O&M can represent up to 80% of the full term of the project. Spend considerable time developing an O&M plan in the earliest stages of a P3 is avoid a misalignment of expectations and services delivered.

P3 IS A MARATHON: MANAGE THE SPRINTS AND FOXHOLES

P3 projects move fast and demand clarity, and changes can be disruptive and costly. A relatively new delivery model for most universities, P3 projects introduce management challenges that require the ability to forge relationships, set expectations and project parameters up front, make informed decisions on the fly, and embrace the quick pace of P3.

IMPLEMENT ACCOUNTABILITY AND TRANSPARENCY AROUND FINANCIAL PARAMETERS

The University should work with its Technical Advisors to define the P3 project's financial parameters during the development of the Business Case. Feedback from the market and the financial modeling of the project's impact upon the University's debt capacity should inform the parameters. The University should also clearly define the ways in which the financial parameters may be updated throughout the Pre-Development phase. Every few months, or at defined design stages, a "health check" of the financial market should be undertaken.

KICK-OFF DESIGN AND CONSTRUCTION BY CONFIRMING SUCCESS METRICS AND DEAL BREAKERS

For many reasons — lack of specificity in the TR's, changes in programmatic needs, and faculty expectations — project scope can become a contentious issue between the University and the Developer. Schedule workshops with the Governance Board, University Stakeholders, Building Users, and the Development Team at the kick-off of the Design phase to confirm project intent, goals, priorities and responsibilities. Clearly-articulated and agreed upon goals, objectives, and priorities should drive ongoing scope discussions to ensure the project stays on track and that there is buy-in for any changes. Once a process has been established, structure shoulder-to-shoulder meetings with the Developer and specific facility groups to seek feedback on TR intent and the design and schedule implications. Establish a clearly-defined decision-making process from the beginning, with all formal decisions issued from the highest level.