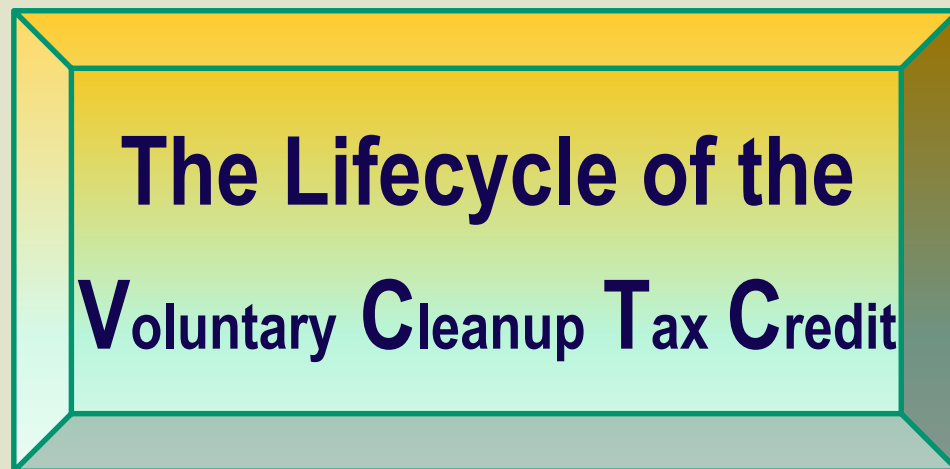


2019 Southeast Brownfields Conference



**Sue Ellyn Idelson,
Acquisitions Associate, Clocktower Tax Credits, LLC**

October 28, 2019 – Orlando, FL

Tax Credit Universe

Federal

State

Credits Based on Core Business:

- | | |
|---|---|
| <ul style="list-style-type: none">• Earned Income• Child Care• Research & Development | <ul style="list-style-type: none">• Job Creation• Payroll• Research & Development |
|---|---|

Investment-Based Credits:

- | | |
|--|--|
| <ul style="list-style-type: none">✓ Affordable Housing✓ Historic Rehabilitation✓ Economic Development✓ Renewable Energy | <ul style="list-style-type: none">✓ Affordable Housing✓ Historic Rehabilitation✓ Economic Development✓ Film & Media Production✓ <u>Brownfields</u> |
|--|--|

✓ = Available through
Clocktower Tax Credits, LLC

You!

Important Features of the VCTC:

- Created in 1998 by the Florida Legislature (*FS 376.30781*)
- Administered by the Florida Department of Environmental Protection
- Credit = “50% of the costs of voluntary cleanup activity that is integral to site rehabilitation”
- Program awards capped at \$10 Million (2017) annually
- Applicant awards capped at \$500,000 annually per site per year, plus 25% of total cleanup costs up to \$500,000 in final year of cleanup
- Transferable (one time)

Important Features of the VCTC (cont'd):

- Applied against Corporate Income
- Subject to forfeiture from audit, fraud, or other reasons for up to three years
- Application requires Certifications from:
 - Owner
 - Environmental Engineer
 - Accountant

Parties to the Sale Transaction

Credit Holders

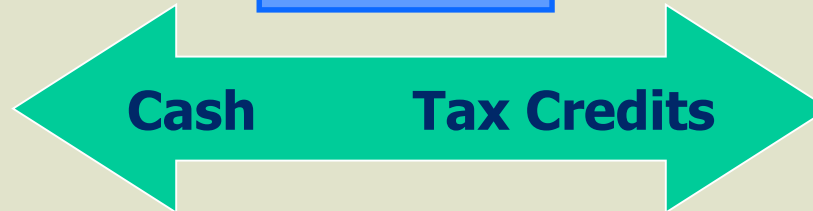
- Private Developers
- Municipalities

Broker

Clocktower
Tax Credits,
LLC

Investor

ABC
Corporation



Consultants

Accounting Firms with
Brownfields Specialty

Law Firms with
Brownfields Specialty

Environmental Firms with
Brownfields Specialty

Elements of a Sale Contract

- Timing – Purchase contract when Certificate is received, or contract in advance for transfer when Certificate is received.
- Amount – Can be sold in whole, or in parts of no less than 25% of the total credit.
- Due Diligence
- Payment – Who blinks first? Use of Escrow.
- Pricing – Net proceeds to Developer: \$0.85-\$0.90
- Indemnification – Tax credits are subject to audit by FL Department of Revenue, for up to three years. Purchasers typically require indemnification against any loss of the credit value.

Effects of the Supplemental Funding

- Caught market participants by surprise.
- Required the solicitation and entry of new corporate Investors.
- “Flight to Quality” – investors now have a choice of credits.
- More scrutinous underwriting – new investors not accustomed to the program requiring personal guarantees.
- Pricing? – Not much change, able to balance supply and demand.
- Next Year? – Perhaps more of a Seller’s market, due to decrease supply and expanded demand unless backlog is cleared.

The Holy Grail!

654321

Voluntary Cleanup Tax Credit Certificate

This certificate is issued pursuant to Section 376.30781,
Florida Statutes (F.S.), to Investor Corp., # 12-3456789, in the
amount of \$500,000, to be applied toward Corporate Income Tax
pursuant to s. 220.1845, F.S.

Tax credit certificates are transferable pursuant to Section 220.1845, F.S. A tax credit certificate holder seeking to transfer the certificate to one or more individuals or entities shall submit the original certificate to the Department's Division of Waste Management in Tallahassee along with a signed and notarized letter authorizing the transfer. The letter shall state the name, address, telephone number, and FEID or Social Security number, as applicable, of each transferee, and it shall indicate the portion (in whole or in units of no less than 25%) to be transferred. Such transferred credits may not be transferred again, although they may succeed to a surviving or acquiring entity after merger or acquisition.

Certificate Number:	654321A
FDEP Fiscal Year Issued:	2018-2019
Calendar Year:	2018
Site Type:	BF
FDEP Facility ID#:	12-3456789
VCIC Application #:	000

Issued by: _____ (Date)

(Authorized FDEP signature)

Questions?



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