



OPPORTUNITY ZONE LEADERSHIP TASK FORCE

***March 14, 2019
Eastern Shore Summit
Meeting Minutes***

I. Call to order

Lieutenant Governor Rutherford called to order the first regional meeting of the Opportunity Zone Leadership Task Force at 4:30PM on March 14, 2019 in Salisbury at the Truitt Community Center.

II. Roll Call/Attendees

Task Force Members: Lt. Governor Rutherford, Secretary Ken Holt, Secretary Kelly Schulz, Secretary Rob McCord, Assistant Secretary Sean Powell, Secretary Lourdes Padilla, Phil Hutson, Thomas Sadowski, Dannielle Glaros, Robert Brennan, George Davis, Jake Romanell

Designees: Sylvia Lawson- MSDE

Absent: Charlene Dukes, Secretary James Fielder

III. New business

a) Salisbury Mayor Day Remarks:

Mayor Day gave welcoming remarks and explained the significance of Truitt Community Center. The building gave the community a safe place for children to study and play. He expressed positive sentiments regarding the possibilities offered by Opportunity Zones that could open doors for interested stakeholders to begin conversations and matchmaking to help communities prosper. He thanked the Lt. Governor for keeping the Shore open for business and helping Maryland Opportunity Zones thrive.

b) Lt. Governor Remarks & Background:

Lt. Governor Rutherford welcomed everyone to the first regional meeting on the eastern shore. Governor Hogan created the Task Force by Executive Order on January 3, 2019 in response in the federally created Opportunity Zone Program. The Task Force is chaired by the Lt. Governor and is charged with conducting regional meetings across the state to allow citizens and local jurisdictions the chance to discuss opportunities in their regions. The objective of the Task Force is to explain and educate stakeholders on what the program is and what it isn't.

c) Agency Introductions

See minutes from February 22, 2019.

d) Federal Representatives:

- **U.S. Department of Housing and Urban Development, David Byrd, Deputy Assistant Secretary for Policy Development** - The President signed an Executive Order creating a White House Council, naming Secretary Carson as chair, to oversee opportunity zones. This is not a competition between towns or locales within states but a nationwide competition of state vs. state, i.e. MD vs. NY and VA. It is up to local communities to make OZs attractive for investment and funding opportunities. There are 8,700 Opportunity Zones across the U.S. and not every Opportunity Zone designation means it is an opportunity.
- **United States Department of Agriculture (USDA), Denise Lovelady, State Director of Delaware and Maryland** - USDA is focused on job creation and innovation. USDA is encouraging projects located in rural OZs to connect with the office for further financing and investment opportunities.

e) Message from Maryland Department of Commerce- Secretary Kelly Schulz:

- Commerce will be doing a statewide tour visiting every county and spending the day with local & state officials with the goal of bringing local concerns back to Baltimore & Annapolis. One message for you would be to have local conversations with your stakeholders and officials before you come to the state. It is easier

for us to work with you when all the local officials and stakeholders are on the same page.

f) Department of Housing & Community Development (DHCD):

- Each county has at least one Opportunity Zone.
- Every state was authorized to nominate 25 percent of their low-income tracts to receive a 10 year designation as an OZ by the US Dept. of the Treasury. Maryland was entitled to nominate 149 census tracts as OZs.
- The Information Exchange identifies 25 funds that exist in Maryland. There are 100 projects listed and businesses that are seeking capital investment.

g) Public Comment:

Mayor Day:

- Deadlines for funding and grants might not line up directly with the development process; which might impact how we plan when we only have a 180-day window to accept investment. How do we plan, as investors, to make sure we align with the process? Can you also discuss how we can help developers understand the benefit and resources for opportunities?
- DHCD - They are aware of the difficulties of lining up projects and there will be significant recommendations for improvements. States are also waiting for the finalized regulations from the Feds that will provide more insight and guidance.

Mike Dunn – *Greater Salisbury Committee:*

- The Greater Salisbury Committee came together with about 25 people and a tax expert to review and discuss projects. The general feeling is that the opportunity is clear but the process seems to be daunting. If you could help communities like ours figure out how the puzzle works, there are tremendous opportunities that can be taken advantage of here.

Debbie Bowen – *Caroline County:*

- Denton and Federalsburg are both OZs in my County. This program is enabling our County to leverage other people's money and we are

excited about that. I had questions from local Mid-shore folks that are interested in starting a fund, but am unsure how to answer questions about that.

- DHCD – They should contact an attorney that is experienced with OZs and how the funds operate. The type of business it is, brick and mortar or commercial, etc., will make a difference in the type of fund. It might be better for a high net-worth individual to create their own fund and control flow of the money into their own project – it depends on different variables, thus requiring a different answer based on the circumstances.

Danny Thompson – *Somerset County Economic Development:*

- Rural areas have had difficulty participating in the One Maryland Program. There needs to be more awareness and information disseminated so that developers are taking advantage of these areas.
- Commerce – That is a good point. These are stackable incentives that do not have to be connected to a large investment fund. The State did this to make sure that the areas without large investments coming in can still benefit.

Shawna Kearsley – *Crisfield Resident:*

- Crisfield has the highest rates of diabetes and child abuse and is located in one of the poorest counties in Maryland. A man named Harvey Blunder gave me possession of 4 of his buildings. I am located in an OZ and ask where you would recommend that I start in terms of starting to harness this opportunity?
- DHCD – Our Department recently assisted Crisfield for façade improvements and will be providing technical assistance grants for downtown area. As for you, the Mayor and Town Administrator will be good to work with. Frank Dickson from DHCD can help guide you from DHCD.
- LG – You should talk to your County Economic Development person to see what plan and investments are going on in your community and see what they are planning to do and that it fits in. DHCD has done a great job on the portal and proposed projects.
- DHCD – You should upload your business plan online.

Amber Green – *Executive Director Youth Organization:*

- I want to get a real take on how OZs are going to impact our youth. How are these opportunities going to benefit our communities? I want to make sure that whatever development is coming to our communities, that it will be sustained by our future generation. Our youth leave our communities because they don't feel invested in them. People tend to think about right now but I am thinking about 10 years from now.
- LG – well in 10 years from now is when people will benefit from the capital gain. But one of the things that will help the people in the community is that we included money with DLLR for skills training for the jobs that are anticipated to come in. It will be awarded in many cases as grants to community orgs that provide the specific skills training for the jobs that will be coming. We want to make sure that where there is development in OZs that the people living there will be able to take advantage of the jobs and can work in those areas. We have included MSDE, MHEC, and MACC in this task force to make sure that we are aligning everything with the education, so that young people are coming out with the skills that they need to be successful right here.
- DHCD – Young entrepreneurs who are visionaries, but people who may not have capital, could have access to capital that they could never get before. The beauty of this is being at the start of this opportunity.
- TEDCO – Community participation and engagement is the guarantee that programs work. EARN MD partnership – community orgs select participants and there are several partners' part of this, and of course the businesses that will tell the training provider what skills are needed so that individuals in your community can have access to the job. This is the same model for Maryland Opportunity Works. Also, the Builder Fund of \$1 M that targets lower socioeconomic disadvantaged groups, and provides upwards of \$50K in grants funds to start businesses.

Emily McCoy – *Kent County Economic Development*:

- Do we have indication that the Department of Treasury will improve the fund regulations?
- International Economic Development Council gave the indication that the investments cannot be self-serving, is that true?
- DHCD – Final regulations will be determined late April, early May. What you're describing is basically an arm's length transaction, so an individual cannot take a realized gain and invest in something and own more than 20% of what they are investing in. That is basically the limitation in what you're investing in.

Shanie Shields – *Community representative*:

- I have several development ideas and I think this is really a renaissance in areas.
- Are there incentives for businesses to do apprenticeships to do on the job training? I think that tax incentives should be given to businesses to train people right on the job. i.e. Average teenagers don't always want to go to college, and that shouldn't be a requirement to get a job in a skilled labor area.
- Also, there needs to be some kind of transportation/navigation for the eastern shore. Too many times places that need to be accessed by the public are too far and there is no way to get there.
- DLLR – We are proud over the last four years to have grown registered apprenticeships by over 20% and hit the 10k mark. Just this week had a Maryland Apprenticeship and Training Council meeting where we added additional youth apprenticeship employers, and we just hired an apprenticeship navigator to work solely on the eastern shore.
- LG –also on the apprenticeship programs, I visited a group, Vehicles for Change, they also train individuals on mechanics but they want to open a facility on the Eastern Shore to train people to be Diesel & Marine Mechanics because there is a need, specifically on the eastern shore.

Mary Lou Kauffman – *community resident*:

- My 92-year old mother lives here and does not want to leave. I am a life-long resident here and was pleased to hear people talking about investing in our children. I am a retired teacher and we are starting to see that not all size fits all when it comes to education. We have a large population that wants to work with their hands. Our high school graduates should not be graduating without skills. Young individuals are not able to get jobs and support their families so they resort to crime, and then in prison, they aren't getting the skills they need.
- LG – You are preaching to the choir. You need to talk to your elected officials, mayors, the county council members, and the people you vote for. Everyone shouldn't have to go to college. You should talk to your elected officials about vocational schools.

Chris Benzing – *Executive Director of Maryland Rural Development Corporation*:

- We are the community action agency for 3 counties on the mid to upper shore. I have seen in my position what investments can do for communities. When we speak of community development and do work in community development we try to match up and play matchmaker the best we can. We have an investor coming down on Monday to talk to people from Kent, Caroline, Cecil and Talbot Counties that to say “we have the money, what can we do, what projects do we have?” Is there a specific person from DHCD or other agency pushing these investments on the Eastern Shore?
- DHCD – Frank Dickson can attend the presentation on Monday to help facilitate and provide information.
- Commerce – We have regional representatives just for this purpose. Agencies involved in the Commerce Sub-Cabinet, including our regional teams, for exactly this purpose.

Stacey Wizner – *community resident*:

- One thing that strikes me is that everything seems geared towards developers, not how this is helping our community. Appreciative that everyone came, but I am not impressed by this and don't see how it will help the community.

- LG – This is a good point and what the state is concerned about and ensuring that communities are able to benefit from this. What we were discussing at the beginning is the structure of OZs and how this works, etc. But we want to make sure we are working with the locals and specifically elected officials, because they know what is best for the communities. This is not a top down approach. Stakeholders need to talk to the local leaders on what the communities need. Additionally, we are focused on providing training for people currently in the community so they can participate or benefit from the jobs development will bring. There are multiple levels between the federal, state, and locals – but that is why we have our state agencies involved to expand on the federal program.

John Cannon – *President of the Wicomico County Council:*

- We recognized as government agencies that we were no longer about basic core services, Economic Development is our number one priority. It is so important that the Task Force is here today and we will do everything that we can to ensure we work with the state to bring opportunities that benefit the citizens of Wicomico County.

Sam Shoge – *Talbot County Economic Development Coordination:*

- What happens after 10 years, is there an incentive to keep the money circulated within the community?
- DHCD – There will not necessarily be a liquidation event in year 11. But if there is and there is capital gain realized that is significant we would hope that money would be revolved and reinvested back into a business within the community. The Feds are grappling right now with these issues.

Bishop Cephas – *Hurlock Community Resident:*

- We seem to be leap-frogged over, we are in more economic distress than Cambridge but I am concerned that most of the areas that need it, have not been addressed. I want our young people to stay here. We need more programs where if you work here there are incentives to live here.

IV. Closing Remarks:

Lt. Governor – thank you for coming out. Watch our website for future meeting notices.

V. Next Meeting

Indian Head Pavilion, 100 Walter Thomas Rd, Indian Head, MD 20640
April 24, 2019
4:30PM

VI. Adjournment

Lieutenant Governor Rutherford adjourned the meeting at 6:31PM.
Minutes submitted by: Heather Poston & Courtney Highsmith
Minutes approved by: