

# *Opportunity Zone Capital Accelerator Program*

Colorado Office of Economic Development  
& International Trade



**COLORADO**

Office of Economic Development  
& International Trade

Business Funding & Incentives

# OEDIT's OZ program

**The Mission:** Position Colorado as a leading destination nationally for capital investment in Opportunity Zones, and use this investment to benefit distressed communities



- Designating 126 Opportunity Zones across the state
  - **Most zones designated are rural**
- Spreading the word to investors, community leaders, developers and other stakeholders
  - **Investor summits, stakeholder meetings, statewide webinars, pitch events**
- Empowering communities to understand how Opportunity Zones work and how they can benefit
  - **OZ Technical Support and Mini-Grant**
- Helping capital and projects find each other
  - **Co-Invest, OZ Capital Accelerator Program**

# *Why OZCAP? Some recent headlines...*

**Property investors, not job creators, seen benefiting most from Opportunity Zones**

**Black Businesses Largely Miss Out on Opportunity Zone Money**

**Do Opportunity Zones Do Enough for Operating Businesses?**

# *Is the tide turning?*

- **2018 & 2019:** very few investments into operating businesses due to uncertainty in regulations
- **January 2020:** Final regulations published, giving investors clarity on rules for investing in operating businesses
- **\*January:** Proximity Space in Montrose receives \$1.3M OZ equity investment, becomes national case study
- **February:** \$2B fund for operating businesses in Pittsburgh announced
- **March:** Covid hits, funds freeze
- **April:** RiseKit in Chicago receives investment to connect job seekers with employers
- **\*May:** Wedge Brands (also in Montrose) receives \$1M investment, IoT and healthcare companies in OH receive investment, OZCAP applications open
- **June:** \$100M fund for operating businesses announced in Provo, UT
- **July:** OZCAP first cohort announced
- **August and beyond: We need more examples!**

# *OZ Capital Accelerator Program*

**Goal:** To facilitate OZ equity investment into operating businesses across Colorado, serving as an example other Colorado businesses and investors can follow

# *OZ Capital Accelerator Program*

## How it works:

- Businesses located in or (open to relocating into) OZs apply
  - Those demonstrating investment readiness and strong community benefits are most strongly considered
  - Accepted businesses receive free training and capital campaign support from Colorado Center for Investment in Community Capital (CC4ICC)
- Services from CC4ICC include legal structuring, pro forma and pitch deck development, connecting with investors, and finalizing investment

# *OZ Capital Accelerator Program*

## Successful applicants are...

- Operating businesses seeking to grow through equity investment
- Ready to raise capital within ~6 months
- Seeking “patient capital”
- Located in an OZ or have clear plan to relocate (and stay 10+ years)
- Demonstrate clear community benefit
- Familiar with basic concepts of OZ investment

## We will not consider...

- Businesses seeking loans
- Real estate ventures
- “Sin” businesses

# *What investors are looking for*

- Excellent tax incentives to invest, but still seeking market rate returns (12 - 15% annually)
- Long-term investments (10+ years) with clear exit
- Community support
- Plan to grow and stay in an OZ



# *Our first cohort*



## **SIX RECIPIENTS SELECTED FOR PREMIERE OPPORTUNITY ZONE CAPITAL ACCELERATOR PROGRAM**

- Companies represent wide variety of sectors, including ed tech, environmental services, moving, a ghost kitchen, and a dog grooming
- Hail from Aurora, Brighton, Boulder, and Sterling
- Seeking \$100k to \$5 million, some early stage, some more mature



# *Our second cohort*

- Round 2 applications open until August 31
- Two-week extension for second and third-round applications
- Prioritizing founder and geographic diversity

# Questions?



**COLORADO**

Office of Economic Development  
& International Trade

Business Funding & Incentives