



EXPERIENCE | EXPERTISE | EXECUTION

Opportunity Fund 2019-2, LLC

\$8,150,000 Maximum Offering

Equity Investment into Opportunity Zone Fund
Bronx, NY Charter School Facility Development

January 2020

SUTTER

SECURITIES CLEARING, LLC

Placement Agent

*Securities sold only through Sutter Securities, Inc. or
Sutter Securities Clearing, LLC • Members FINRA/SIPC*



Disclaimer

SEC Legend-Regulation D Offerings

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Liquidity Risk-Regulation D Offerings

Investment in **Opportunity Fund 2019-2, LLC** has a high degree of risk including the lack of a market for their securities, as well as other risks common to Regulation D investments generally, including, but not limited to, other substantial restrictions on transferability, making this investment highly illiquid. **Opportunity Fund 2019-2, LLC** can make no assurances about the success of any plans to make their securities liquid at any time, if ever, or their ability to eventually qualify for a listing on a national, or any other, securities exchange; consequently, investors in **Opportunity Fund 2019-2, LLC** may lose some or all of their investments.

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We make statements herein that are considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), which are usually identified by the use of words such as "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "seeks," "should," "will," and variations of such words or similar expressions. We intend for these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement herein for purposes of complying with those safe harbor provisions. Similar statements are made in the Offering Circulars or offering memoranda of the companies mentioned herein. These forward-looking statements reflect, as applicable, our or mentioned companies' current views about plans, intentions, expectations, strategies and prospects, which are based on the information currently available to them or us and on assumptions they or we have made. Although they or we believe that such plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, they or we can give no assurance that such plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond their or our control. For further discussion of the factors that could affect outcomes, please refer to the risk factors set forth in the "Risk Factors" sections of the Final Offering Circular of Regulation A+ Offerings or the memoranda of the Regulation D Offerings. They or we assume no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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Issuer Specific Risk Factors

Relating to Opportunity Zone Investing, Real Estate Investing, and the Charter School Tenant

Opportunity Zone Investing Risks

The Opportunity Zone Provisions are technical and complicated. The Opportunity Zone Provisions were enacted on December 22, 2017, and there remains uncertainty with respect to many of these provisions in terms of interpretation and application. Failure to comply with these provisions could result in significant penalties and interest.

Risks Related to Investment in Real Estate

The Fund invests directly in the interests in real estate. It is impossible to know whether the values of the underlying Property will remain at the levels existing on the dates of acquisition. If the value of the Property drops, the risk of this investment will increase because of the lower value of the real estate. In this manner, real estate values could impact the value of the Fund's real estate investments. An economic downturn could have a material adverse effect on the real estate markets, which in turn could result in the Fund not achieving its investment objectives. The Fund's investment in the underlying Property will additionally be subject to the risks and other factors generally incident to the ownership of real property including such things as the effects of inflation or deflation, inability to control future operating costs, vandalism, uncertainty of cash flow, the availability and costs of borrowed funds, the general level of real estate values, competition from other property, residential patterns and uses, general economic conditions (national, regional, and local), the general suitability of the Property to its market area, governmental rules and fiscal policies, acts of God, other factors beyond control of the Manager of the Fund.

- Significant Construction Risks may Jeopardize the Project. The time and costs required to complete the Project may be substantially increased by many factors. These problems may delay construction and increase costs, which in turn would delay completion of the Project and the ability to generate cash flow, significantly reducing projected rates of return and the Project's ability to service debt costs.

Risks Related to the Charter School Tenant

The School's general revenues are a combination of state payments provided under several State and federal programs, including the Education Aid payments (consisting of Charter School Basic Tuition and federal/state aid attributable to students with disabilities) and Facilities Access Payments. Facilities Access Payments alone might be insufficient to make the total payments due under the Lease. Prior enrollment history of the School is no guarantee of future enrollment and revenues. Prior revenues and expenditures of the School are no guarantee as to future revenue and expenditures of the School. Additionally:

- The School has not yet opened. The School's projections of revenues and expenses have not been independently verified by any party other than the School,
- The School does not possess any taxing authority and the School is substantially dependent upon the State and New York City Department of Education to continue to provide funding for public charter schools.
- Delay in or termination or reduction of Education Aid or Facilities Access Payments will negatively effect the School's ability to make the total payments due under the Lease.
- The Charter may be terminated by the Board of Regents or the Authorizer for the grounds set forth in the Charter Schools Act.
- Under New York law, the School may not legally assign or pledge any interest in public education aid payable to the School pursuant to the Charter Schools Act to secure its obligations under the Lease.
- Factors associated with education may affect the investment return, including the ability to attract a sufficient number of students; future legislation and regulations affecting charter schools; increasing costs of compliance with federal or State regulatory laws or regulations; increased costs of attracting and retaining or a decreased availability of a sufficient number of teachers; cost and availability of insurance for charter schools in the State; and changes in existing statutes pertaining to the powers of the School and legislation or regulations which may affect program funding.
- No assurance can be given that the School will attract and retain the number of students that are needed to produce revenue necessary to pay annual rental payments on the Lease Agreement or that additional schools, notwithstanding the fact that no new charter schools will be authorized in New York City until such time as the charter cap is lifted, will be created in or near the School's service area that will increase the number of schools that will be competing with the School for students.
- As a School under the management of the Charter Management Organization (CMO), in the event that the Agreement is terminated in the future, the effect on the School cannot be determined in advance because the School would no longer be able to implement the CMO's proprietary educational program and would need to contract with another management company to provide the School with similar operation and management services as the CMO, or assume such management itself.
- The loss of any Key Personnel could adversely affect the School's operations, its ability to attract and retain students and, ultimately, its financial results.
- If the School fails to meet the requirements necessary to preserve its status as a not-for-profit education corporation and a tax-exempt charitable organization, the School could experience expenses which are greater than those anticipated and revenues which are lower than those anticipated which would adversely affect the School's ability to pay the amount due under the Lease Agreement.
- Future changes to the Charter Schools Act by the State Legislature could be adverse to the financial interests of the School and could adversely affect the security and sources of payment on the Lease.

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Opportunity Fund 2019-2, LLC

Equity Investment into Opportunity Zone Fund Bronx, NY Charter School Facility Development



Renderings used throughout this presentation are samples as of the date of such photos and are for illustrative purposes only

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Offering Term	Description
Fund Name	Opportunity Fund 2019-2, LLC (the “Fund”)
Fund Structure	A Delaware limited liability company, intending to qualify as a “qualified opportunity zone fund” under section 1400Z of the the Internal Revenue Code of 1986, as amended
Fund Organizational Type	Delaware Limited Liability Company
Fund’s Manager	Opportunity Fund 2019-2 Manager, LLC (the “Manager”)
Securities Offered	8,150 Limited Liability Company Membership Interests at \$1,000 per Unit
Offering Size	\$8,150,000
Minimum Offering Amount	\$4,000,000
Maximum Subscription	\$8,150,000
Minimum Subscription	\$100,000
Investment Returns	Cumulative Deal level preferred return of projected 12% per annum After hurdles, sponsor gets 25% promoted interest Remainder of cash flow split pro-rata among all equity
Fund Term	The Fund will continue through December 31, 2029, and the Manager will have the right to extend the term in its sole discretion for up to three (3) additional years. During the Fund Term, there will be no market for the equity interests in the Fund, and the investor will have no or limited liquidity rights.
Placement Agent	Sutter Securities Clearing, LLC, FINRA and SIPC Member

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- Experienced, local sponsorship group, with approximately 1.5 million square feet of projects that are completed or under development.
- Strong sponsors aim to provide personal guarantees for completion of construction, bank debt
- Tenant is a charter school and has signed long-term lease
- Experienced charter school management organization, successfully sponsored two other schools
- New York State education law provides that NYC provide rental assistance to the charter school tenant ¹
- Project is “shovel ready”, zoning is “As of Right”

¹ Decision and Order - CPS Bronx 4/29/19 (available in data room)



The “Tax Cuts and Jobs Act of 2017” created Section 1400Z of the Internal Revenue Code of 1986, as amended (the “Opportunity Zones” program) to encourage private investment into designated low-income communities. Taxpayers who invest capital gains into a *Qualified Opportunity Fund (“QOF”)*, which then invests into a *Qualified Opportunity Zone Business (“QOZB”)*, will likely receive the following tax benefits on the invested capital gain:

- ✓ **Deferral of Tax** on invested Capital Gains for up to 7 years (to 2026)
- ✓ **Elimination of up to 15% Tax** on the deferred Capital Gains Tax and
- ✓ **Elimination of Tax** on the future appreciation if the investment is held for 10+ years

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Three key steps in the Opportunity Zone (“OZ”) program:

- 1) **Sell Asset.** If the taxpayer owns an appreciated asset, sells that asset and may have a capital gain,
- 2) **Invest into Fund.** Taxpayer invests the capital gain into a Qualified Opportunity Fund (“QOF”), and
- 3) **Fund Invests into Business.** The QOF makes an equity investment into the Opportunity Zone Business (“QOZB”).



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Projected Timeline and Milestones for Opportunity Fund Investment	
Day 1	Sell appreciated asset
Within 180 days	Invest into an QOF. Initial Basis of Investment = \$0
After 5 years	Basis may increase by 10%
After 7 years	Basis may increase an additional 5% (to 15%)
December 31, 2026	Tax on potential original Gain is due on lower of: Gain or Fair Market Value, <u>minus increased basis</u>
Year 10 & after	<u>No tax</u> is due on the appreciated value of the potential original Gain invested

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Opportunity Zone benefits depend on properly structuring the investment to comply with technical requirements of the regulations, including:

- QOF 90% Test
- QOZB Original Use / Substantial Improvement Test
- QOZB 70% Sub-All Assets Test
- QOZB 50% Sub-All Revenue Test
- QOZB 5% Non-qualified Financial Property Limit

Source: Tax Cuts and Job Acts of 2017

OF Management works with nationally renowned legal, tax and accounting advisors to structure the transaction:

Snell & Wilmer



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JJS Boone LLC A Charter School Development



The redevelopment of the Property (the “Development”) comprises the purchase of the land and building at 1660 Boone Avenue, Bronx, NY, demolition of the existing building on the site, and the construction of an approximately 52,000 square foot building to be leased to Capital Preparatory Bronx Charter School. Boone signed a lease with Capital Preparatory Bronx Charter School on June 26, 2019 providing for a 32-year lease of the Development. The approximate cost of construction is \$30.6 million.

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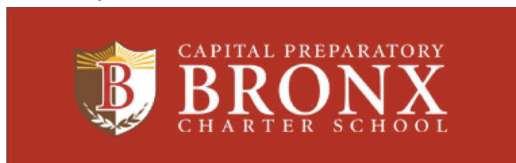


Charter Schools and Funding in the State of New York

- Charter schools are free, public schools that operate under a contract with a charter authorizer. In New York State, there are two charter authorizers currently able to issue charters: the New York State Board of Regents (BOR) and the State University of New York Board of Trustees (SUNY).
- Charter management organizations are non-profit organizations that manage charter schools. Charter management organization's management services typically include developing the curriculum, administrator and teacher recruitment, training and evaluation, data analysis, facility services, back-office services and the establishment of testing standards.
- Per Pupil Allocation/Per Pupil Funding - Charter schools in New York are eligible to receive funds from State, federal and private sources. The principal source of charter school funding in New York is "Charter School Basic Tuition" which is paid directly to a charter school by the school district of residence of each student enrolled in the charter school.
- Facilities Access Payments/Rental Assistance - Charter schools in New York City that commenced instruction or added grade levels in the 2014-2015 school year or thereafter are eligible to request co-location within a public school building. Upon such request, such charter school must be provided access to facilities pursuant to the Charter Schools Act, either in co-located space in a school district building, alternative private space provided by the school district at no cost to the charter school, or, upon a successful appeal by the charter school, in the form of rental assistance payments from the school district.

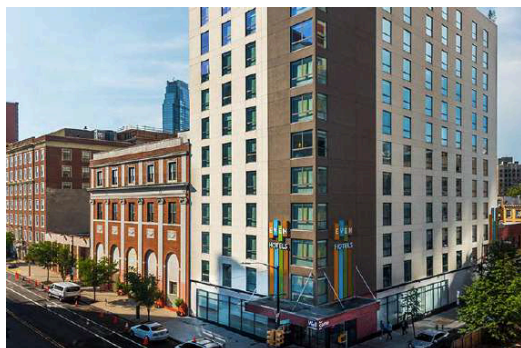
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Capital Preparatory Bronx Charter School (Tenant)



- Capital Preparatory Bronx Charter School (the “School”) is modeled in part after two other charter schools: Capital Preparatory Harlem Charter School (CP Harlem) which opened in 2016 and located in New York City Community School District 4 and Capital Preparatory Harbor Charter School (“CP Harbor”) which was opened in 2015 and is located in the Bridgeport School District in Bridgeport, Connecticut. The School, CP Harlem and CP Harbor are all modeled after the highly acclaimed magnet public school in Hartford, Connecticut: Capital Preparatory Magnet School founded in 2004.
- The charter management organization, Capital Preparatory Schools, Inc. is a Connecticut, non-stock not-for-profit corporation and an exempt organization described in Section 501(c)(3) of the Code, that will manage the operations of the School pursuant to an Educational Services Agreement. In addition to the School, the CMO currently manages two other charter schools: Capital Preparatory Harlem in New York and Capital Preparatory Harbor Charter School in Connecticut, serving approximately 1,200 students.
- An appeal upheld by the Commissioner of the State of New York Department of Education dated April 29, 2019 requires New York City Department of Education to pay rental assistance to the Capital Preparatory Bronx Charter School based on student enrollment for the current year in all grades for which it has been approved to provide instruction during its current charter term and any subsequent renewal term.

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- Founded in 1999, dual platform construction and development firm operating in the New York City metropolitan market.
- Dedicated approach focused on acquiring premium real estate coupled with a commitment to a value-add business plan rooted in the ability to construct own projects
- Has yielded a solid portfolio of NYC assets in the educational, hospitality, multifamily, office and industrial sectors.
- As of 2019, approximately 1.5 million square feet of projects that are completed or under development.

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Educational Portfolio

*Barone and affiliates are the developer and construction company, not the operator of the following schools:

Our World Neighborhood Charter School, Long Island City
(Pending approval from the New York City Board of Standards and Appeals)



International Charter School of New York, Brooklyn
(Pending approval from the New York City Board of Standards and Appeals)



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Educational Portfolio

Renaissance Charter School at 45-20 83rd St, Elmhurst

(Pending approval from the New York City Board of Standards and Appeals)

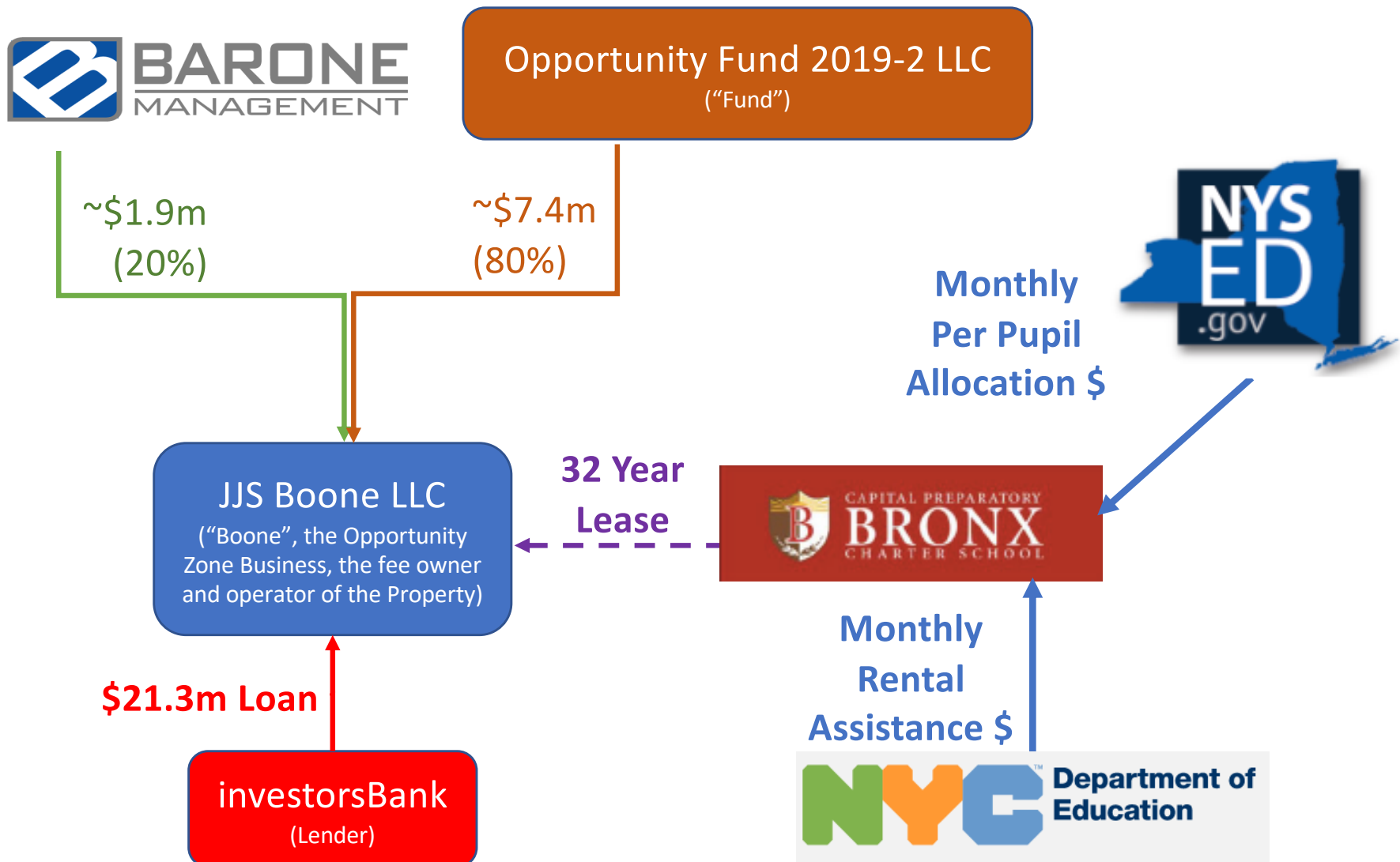


New Dawn Charter School, Jamaica

Growing Up Green Charter School, Jamaica

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Organizational Structure



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Project Sources and Uses

Sources and Uses		
Sources		
Debt	\$ 21,300,000	70%
Investor OZ Equity	7,409,305	24%
Other Sponsor-sourced Equity	1,852,326	6%
Total Equity	9,261,631	30%
Total Sources	\$ 30,561,631	
Uses		
Land Acquisition & Costs:	\$ 4,500,000	15%
Hard Costs:	19,049,137	62%
Soft Costs:	7,012,494	23%
Total Uses	\$ 30,561,631	

Financial numbers are estimated, unaudited and subject to change.

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Lease with Charter School Tenant



No. 17630

The University of the State of New York

The State Education Department

Before the Commissioner

NYS Education Department order of April 29, 2019 affirms rental assistance for the Charter School.

Appeal of CAPITAL PREPARATORY BRONX CHARTER SCHOOL from action of the New York City Department of Education regarding school utilization.

DOE is obligated to pay for grades 6 through 11 in the newly-opened charter school in each year of the initial charter term and any subsequent renewal term, provided that, in any such renewal term, the charter school serves the grades encompassed by the charter referenced herein; the amount payable must be based on the charter school's actual current year enrollment (see Appeal of Our World Neighborhood Charter School, 56 Ed Dept Rep, Decision No. 17,065; Appeal of Uncommon New York City Charter School, 56 id., Decision No. 17,010; Appeal of Rosalyn Yalow Charter School, 54 id., Decision No. 16,690).



IN WITNESS WHEREOF, I, MaryEllen Elia, Commissioner of Education of the State of New York, for and on behalf of the State Education Department, do hereunto set my hand and affix the seal of the State Education Department, at the City of Albany, this 29th day of April, 2019.

MaryEllen Elia
Commissioner of Education

Note: complete document is available with due diligence materials, and should be read in its entirety with other diligence materials.

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Lease with Charter School Tenant

SCHEDULE A

BASE RENT SCHEDULE

Year	Base Rent	Student Enrollment
1	\$ 1,229,490.26	240
2	\$ 1,571,442.24	300
3	\$ 2,142,399.58	400
4	\$ 2,738,254.47	500
5	\$ 3,359,838.23	600
6	\$ 3,721,720.80	650
7	\$ 3,904,986.93	667
8	\$ 4,094,615.90	684
9	\$ 4,284,680.31	700
10	\$ 4,381,085.62	700
11	\$ 4,479,660.04	700
12	\$ 4,580,452.39	700
13	\$ 4,683,512.57	700
14	\$ 4,788,891.60	700
15	\$ 4,896,641.67	700
16	\$ 5,006,816.10	700
17	\$ 5,119,469.47	700
18	\$ 5,234,657.53	700
19	\$ 5,352,437.32	700
20	\$ 5,472,867.16	700
21	\$ 5,596,006.67	700
22	\$ 5,721,916.82	700
23	\$ 5,850,659.95	700
24	\$ 5,982,299.80	700
25	\$ 6,116,901.55	700
26	\$ 6,254,531.83	700
27	\$ 6,395,258.80	700
28	\$ 6,539,152.12	700
29	\$ 6,686,283.04	700
30	\$ 6,836,724.41	700
31	\$ 6,990,550.71	700
32	\$ 7,147,838.10	700

The Lease dated June 26, 2019 includes the following Base Rent Schedule as Schedule A.

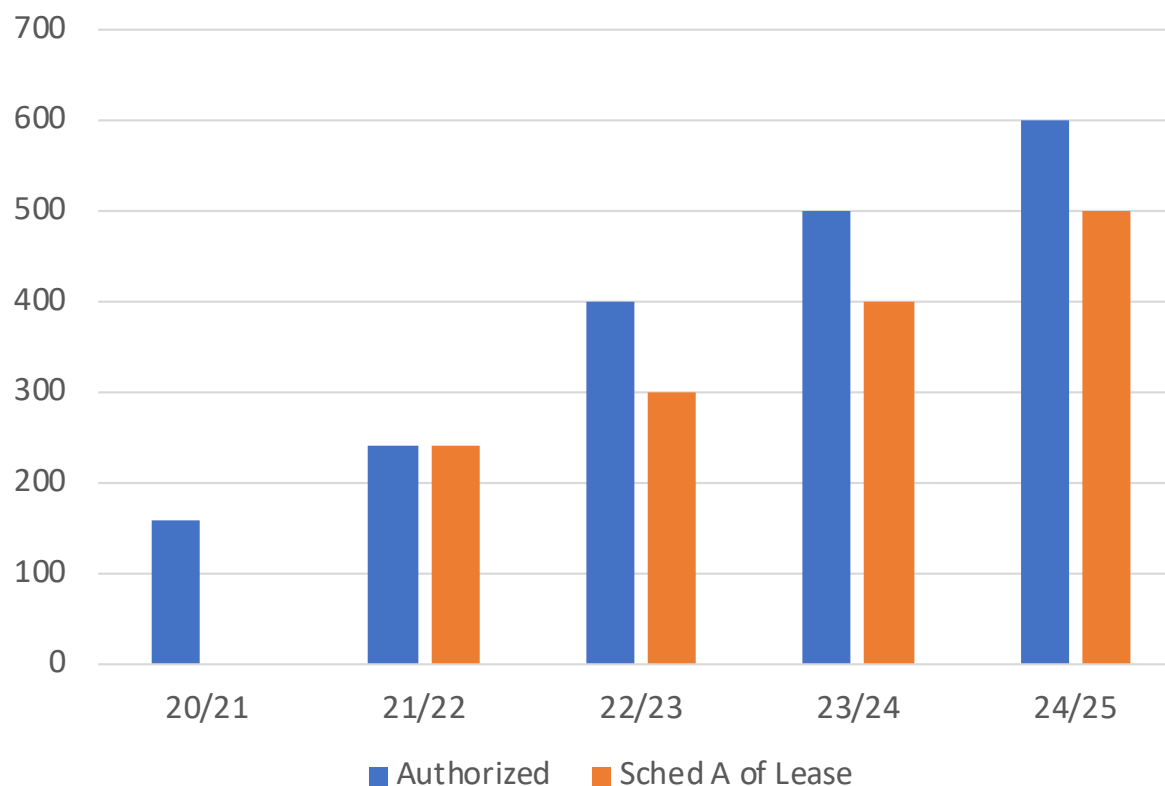
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Charter School

Authorized Enrollment vs. Enrollment per Schedule A of Lease

Student Enrollment by School Year

Lease Schedule A lists fewer students than authorized in the initial charter, allowing for potential for higher lease payments.



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Terms of investment into QOZB

- Fund will aim to make a projected \$7,409,000 equity investment
- Fund receives cumulative deal level preferred return of projected 12% per annum
- After hurdles, sponsor gets 25% promoted interest
- Remainder of cash flow split pro-rata among all equity

Manager Fees

- Fund pays 2% per annum management fee to Manager on initial capital invested
- Fund pays 20% incentive fee to Manager on returns to investors (after repayment of investors' capital)

DETAILED FINANCIAL MODEL PROVIDED BY NOVOGRADAC & COMPANY PROJECTS COMPLIANCE WITH ALL OZ INCENTIVE TESTS*

- ✓ QOF 90% Test
- ✓ QOZB Original Use / Substantial Improvement Test
- ✓ QOZB 70% Sub-All Assets Test
- ✓ QOZB 50% Sub-All Revenue Test
- ✓ QOZB 5% Non-qualified Financial Property Limit

**Financial model is based, in large part, on information provided by Barone Management, the Project sponsor. Compliance is subject to assumptions being accurate and subject to no material changes during the development phase.*

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Offering Sources and Uses

(rounded)

Sources:	
Gross Proceeds (Class A Units)	8,150,000
Closing fee paid by the Project to the Fund	444,000
Expense reimbursement paid by the Project to the Fund	75,000
Total Sources:	8,669,000
Uses:	
Placement Agent Fee	444,000
Organization and offering expenses of the Fund	75,000
Capitalized Management Fee	741,000
Amount invested in the Project	7,409,000
Total Uses:	8,669,000

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- **Bill Gresser**

- CEO
- \$200m+ in EB-5 real estate finance experience
- VP of EB-5 industry association IIUSA
- Real estate and business entrepreneur
- Former Attorney



- **Adam Greene**

- President
- \$500m+ in EB-5 real estate finance experience
- Board Member of EB-5 association IIUSA
- Construction and project finance experience at JPMorgan Chase, WestLB and Textron Financial
- Certified Public Accountant

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