



West Side Hwy

Corning

PROSPECTUS

Investment Opportunities in Corning, California

Opportunity Zones along the I-5 Corridor in Northern California



TABLE OF CONTENTS

- 3** I-5 Corridor
 - 4** About Corning
 - 5** Community Indicators
 - 6** Key Development Sites
 - 18** About Opportunity Zones
-

Disclaimer: The use of the word “prospectus” for the purpose of the work contained herein is not to advertise, endorse, or in any other way promote or offer specific investment opportunities. This prospectus has been prepared for discussion purposes and not to induce anyone to enter into any agreement or transaction. For the avoidance of any debt, the distribution of this prospectus does not constitute an offer to sell or a solicitation of an offer to buy any assets or equity securities or any investment of any kind.

I-5 CORRIDOR

The West Coast's major transportation lifeline

WHY LOCATE ALONG I-5?

Midway between Portland and Los Angeles lies a region that caters to travelers and truckers on the busy I-5 Corridor, as well as supplying nut, fruit, and dairy products to a hungry world. The location is attracting fresh interest from investors and urban exiles who desire a lower cost small town environment that's friendly while still providing ample space between neighbors.

“With quality agricultural products and close access to food processing facilities and distribution channels, this region is perfectly suited to focus on providing value-added food products to serve both regional and global markets.”

DON SCHJELDAHL
SITE SELECTION SPECIALIST WITH DSGADVISORS





CORNING HIGHLIGHTS

Bell Carter Foods, largest U.S. olive processor

Walmart's Northern California distribution center (13 miles north)

Cooperative city government and active county economic development (TEDC)

Low development impact fees

No cost pre-application development meetings with City Staff

California Northern Railroad (CFNR) connects with Union Pacific in Davis, CA

Tehama County Recycling Market Development Zone

ABOUT CORNING, CA

Corning, known as the Olive Capital, is prolific in many types of value-added agriculture. Corning also provides an affordable, close-knit family lifestyle for regional employees working in Red Bluff (19 miles up I-5) and Chico (28 miles south on Hwy 99).

Rolling Hills Casino, the popular attraction just 3 miles south, is managed by the Paskenta Band of Nomlaki Indians and presents further employment and development opportunities for Corning residents.

Visit our story map for more information:
<https://tinyurl.com/go-i5-prospectus>



COMMUNITY INDICATORS – CORNING, CALIFORNIA



7,767

Total Population
2020³



30.9

Median Age
2020²



2.84

Average Household Size
2020¹



2,683

Total Households
2020¹

INCOME



\$42,899

Median Household
Income 2018⁴



\$58,939

Average Household
Income 2018⁴



\$52,602

Median Family
Income 2018⁴

HOUSING



\$300,000

Median Home Sales Price
2020⁵



\$239

Home Price
per SF⁵

While Corning’s median home sales price jumped from \$146,000 (Nov. 2018) to \$300,000 (Jan. 2020)⁴ these prices remain substantially lower than most surrounding communities, making Corning a competitive alternative for young families in Northern California. By 2025, Corning’s population is expected to grow to 7,953.³ This represents an annual growth rate of 0.48% from 2020.

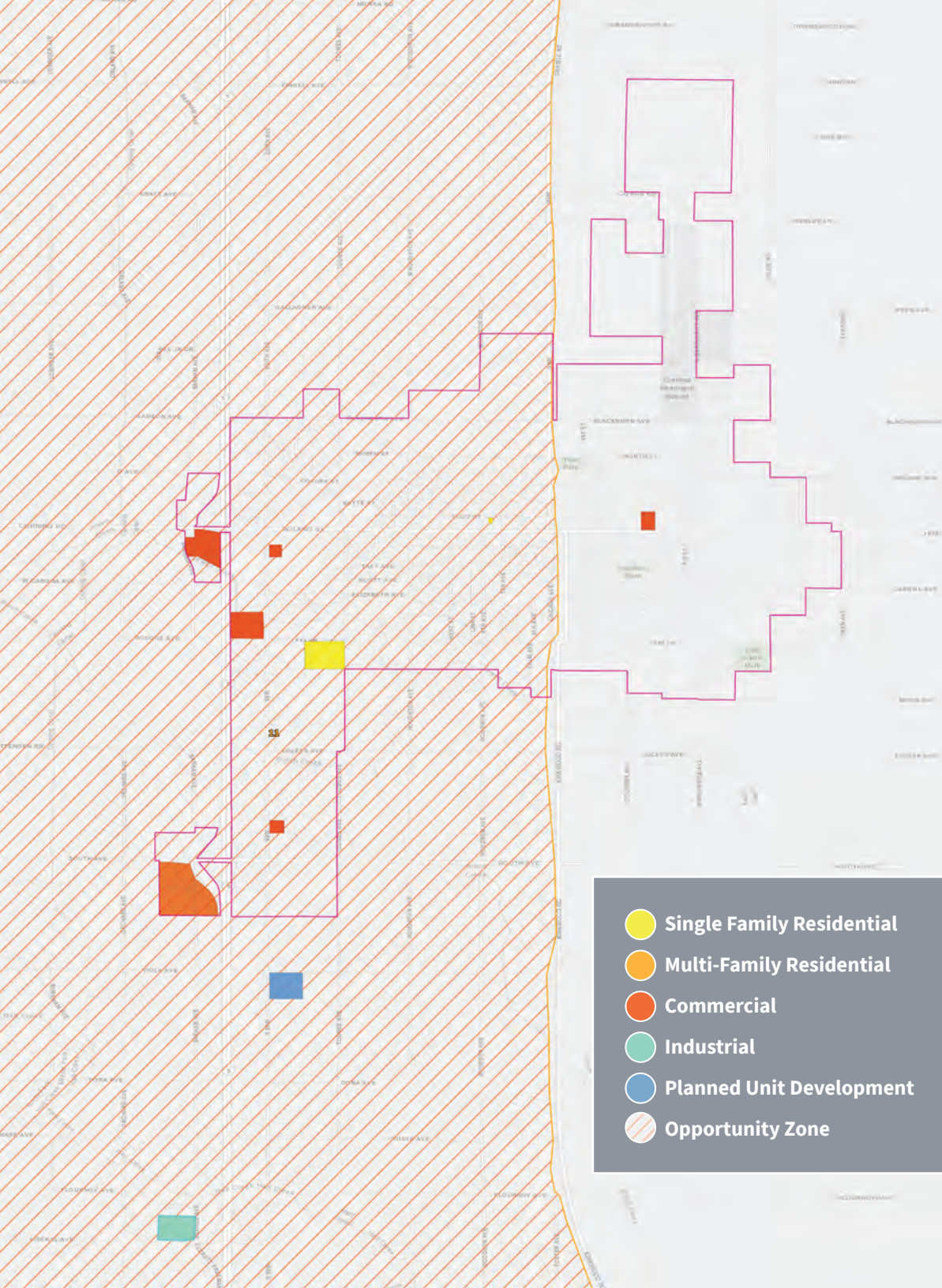
Sources:

1. CA Dept. of Finance E-5 Population and Housing Estimates, 2020.
2. Esri Business Analyst, July 2020 (2010 U.S. Census Data).
3. Peloton, “The Impacts of Camp Fire Disaster on Housing Market...” Sept. 2020. p. 13-14 (CA Dept of Finance).
4. Peloton, p. 51 (ACS 2014-2018, figures for Tehama Co.).
5. Peloton, pp. 23, 28 (SNVMLS).
6. Peloton, p. 9 (CA Dept. of Finance).

A large, light green graphic on the left side of the page. It features several overlapping, stylized leaf shapes pointing towards the right, and a large, light green circle at the bottom left. The background is a solid, light green color.

Key Development Sites

City of Corning, California



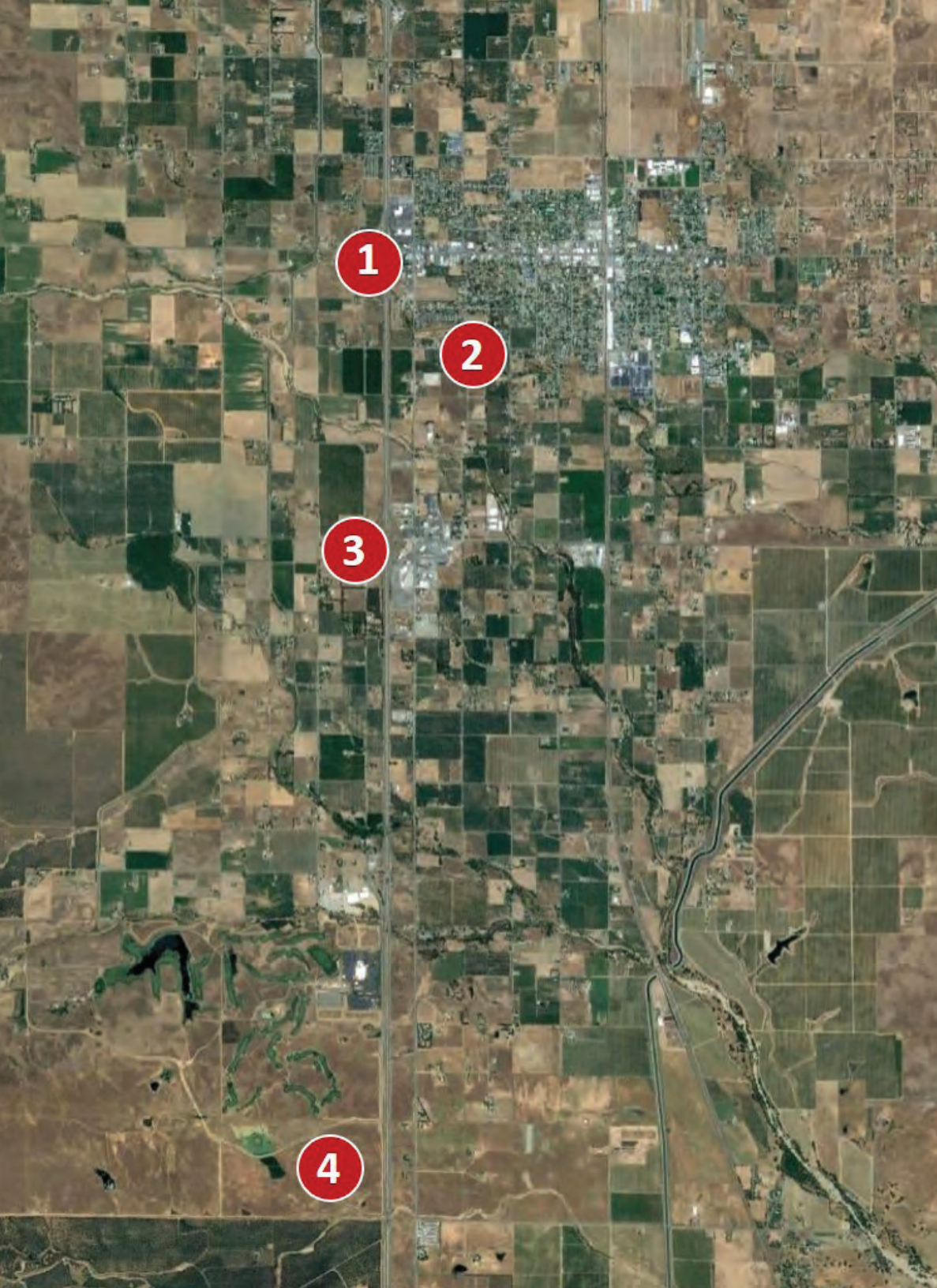
OPPORTUNITY SITES IN THE CORNING AREA

A total of 18 opportunity sites have been identified in Corning based on existing property listings as of March 2020 and the input of City Staff. Those sites, shown to the left, are classified according to land uses.

All properties and parcels were screened according to those sites within the Opportunity Zone. Developments located in Opportunity Zones can increase investors' return over time, as illustrated in the scenarios on the next few pages. There are two qualifying Opportunity Zone census tracts within this project area:

CENSUS TRACT 11 includes a portion of Corning west of 99W and the Paskenta Tribe lands.

Four key development sites are highlighted on the next few pages, including development scenarios. More information about Opportunity Zones follows.



KEY DEVELOPMENT SITES IN CORNING

The following three development sites in the City of Corning, plus the Paskenta Tribe Parcel, were selected to assess the market conditions and financial feasibility to develop the sites based on a proposed use and market conditions found in the greater Corning area. What follows is an overview of each site, followed by financial feasibility summaries and assumptions to deliver a project to meet a specified rate of return (IRR). All sites are located in the Census Tract 11 Opportunity Zone.

❶ CORNING CROSSROADS

Highway Commercial site with 7 parcels available.

❷ 2081 FIG LANE

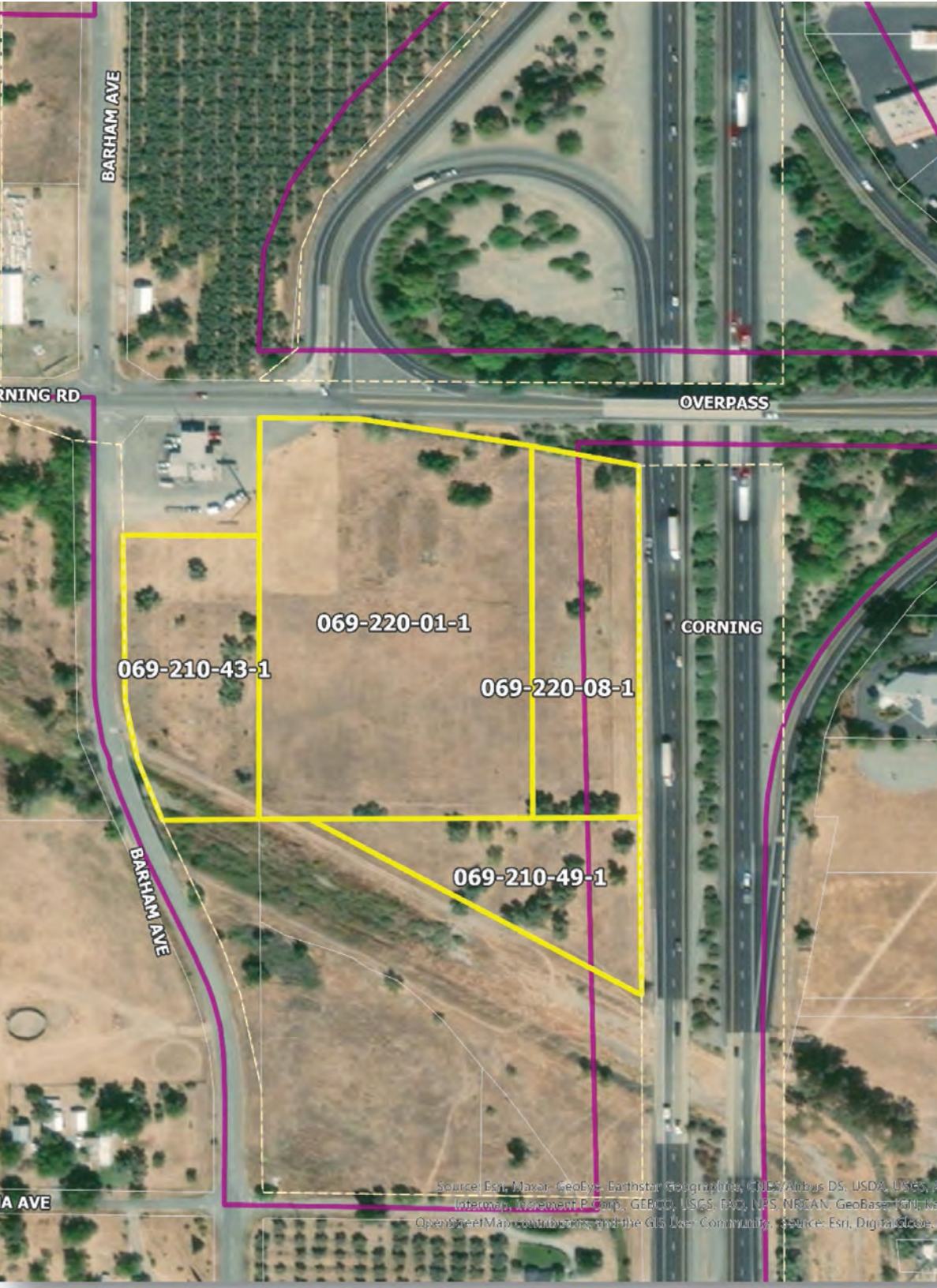
Multi-Family Development.

❸ SOUTH AVENUE/ I-5 HIGHWAY COMMERCIAL

Commercial site with great visibility.

❹ PASKENTA TRIBE PARCEL

The tribe has identified a parcel just south of the Rolling Hills Golf Course for future development potential.



FEATURED SITE

CORNING CROSSROADS

LOCATION:
Corning Road & I-5

APN	069-210-043, 069-210-049, 069-220-001, 069-220-008
Ownership	Private
Acreage	7 lots totaling 7.22 Acres
Zoning	C-3-CBDZ (Commercial)
Development Issues	Water & sewer extension under I-5 from east
UTILITIES:	
Water	Water line on east side of I-5. Extension to bore under I-5. SDC creditable
Wastewater	Sewer line on east side of I-5. Extension to bore under I-5. SDC creditable
Stormwater	On-site storage required. Site layout shows storm facility in SE corner of development

Source: Esri, Maxar, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, Swayam, Swire, GEBCO, USGS, ETO, NPS, NRCAN, GeoBase, Swire, OpenStreetMap contributors, and the GIS User Community. Source: Esri, DigitalGlobe, G

SCENARIO: HIGHWAY COMMERCIAL CENTER

CORNING CROSSROADS

8.1% Adjusted IRR on Project Cost



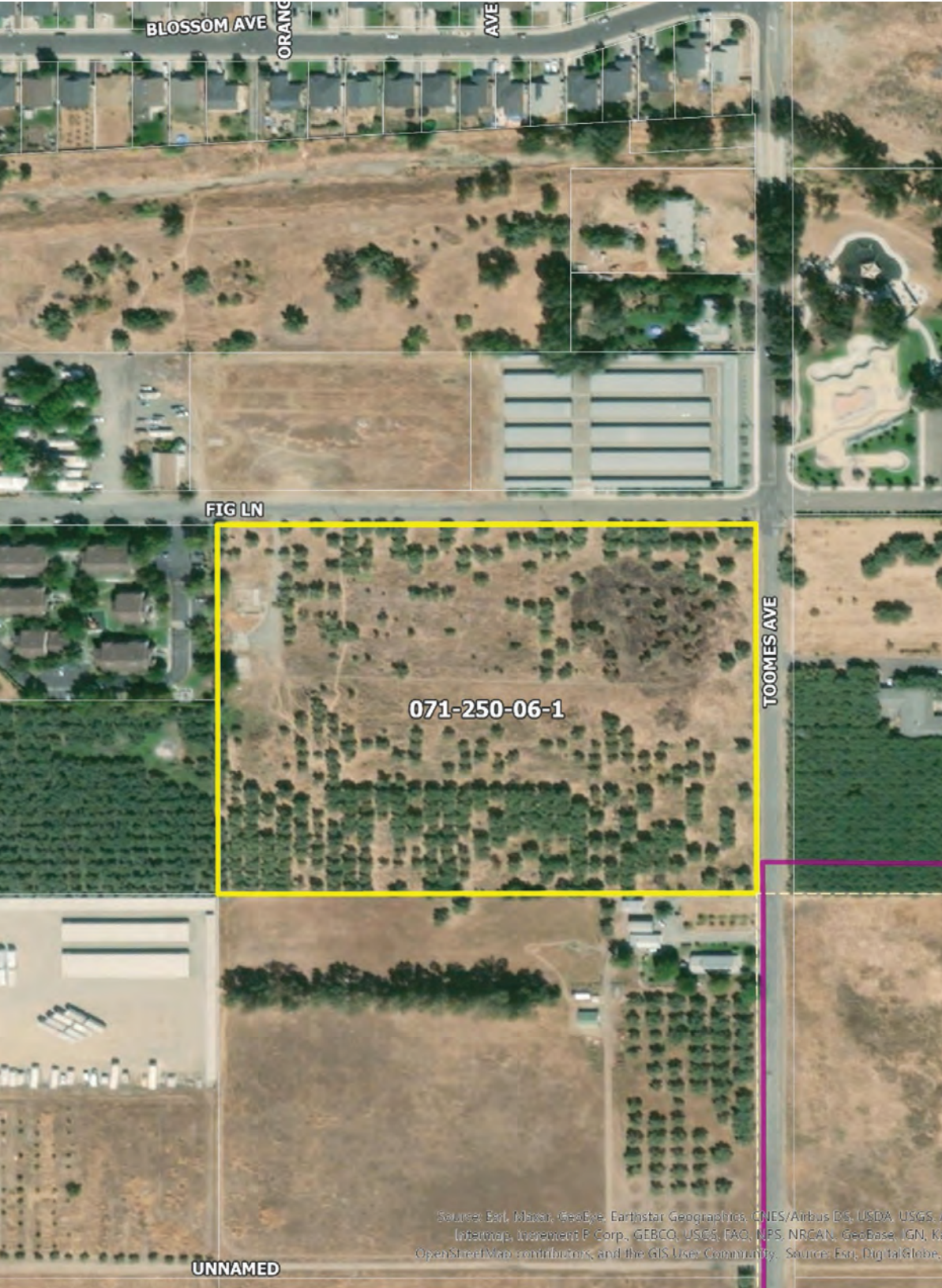
Disclaimer: All IRR scenarios and feasibility metrics presented in this prospectus assume certain business, economic, market and financial conditions assessed at a specific moment in time. Accordingly, actual market results may vary and as such the prospectus findings should be verified and due diligence performed when looking to specific development proposals and projects.

Specifications

Site Location	SW corner of Corning Rd & I-5 Interchange
Floor Area Ratio	0.18 FAR
Site Size	7.2 acres
Proposed Uses	<ul style="list-style-type: none"> • 40,600 SF Large Format Retail • 6,000 SF Restaurant • 10,000 SF Auto Services/Retail
Gross Building Area	56,000 SF
Parking Ratio	<ul style="list-style-type: none"> • Large Format Retail: 5/1,000 SF • Restaurant: 5/1,000 SF • Auto Services/Retail: 3.5/1,000 SF

Calculations

	Large Retail	Restaurant	Auto Service
Base Rent	\$13/SF NNN	\$30/SF NNN	\$20/SF NNN
NOI			
(total)	\$529,400	\$168,800	\$188,000
(by unit)	\$13/SF	\$28/SF	\$19/SF
DEVELOPMENT COSTS			
Direct (incl parking)	\$4,628,400 \$114/SF	\$1,428,000 \$238/SF	\$1,630,000 \$163/SF
Land, Fees, TI , A & E, Financing	\$2,611,600 \$64/RSF	\$882,000 \$147/SF	\$800,000 \$80/SF
TOTAL DEVELOPMENT COSTS	\$7,240,000 \$178/RSF	\$2,310,000 \$385/RSF	\$2,430,000 \$243/RSF



FEATURED SITE

2081 FIG LANE

LOCATION:
2081 Fig Lane

APN	071-250-006
Ownership	Private
Acreage	10.87 Acres
Zoning	R-1 (Single-Family Detached)
Development Issues	Rezone or General Plan Map Amendment required to change from R-1 to R-3 (Multi-Family)
UTILITIES:	
Water	8" water line within Fig Lane
Wastewater	10" sewer line within Fig Lane
Stormwater	On-site storage required

Source: Esri, Mapbox, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, Esri, DeLorme, HERE, Intermap, Incorpairs, Inc., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Karteg, OpenStreetMap contributors, and the GIS User Community. Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, Esri, DeLorme, HERE, Intermap, Incorpairs, Inc., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Karteg, OpenStreetMap contributors, and the GIS User Community.

SCENARIO: RENTAL APARTMENT

2081 FIG LANE

5.0% Adjusted IRR on Project Cost



Disclaimer: All IRR scenarios and feasibility metrics presented in this prospectus assume certain business, economic, market and financial conditions assessed at a specific moment in time. Accordingly, actual market results may vary and as such the prospectus findings should be verified and due diligence performed when looking to specific development proposals and projects.

Specifications

Site Location	SW corner of Fig Lane & Toomes Avenue
Density	13 units per acre
Site Size	11.5 acres
Total Number of Units	150 units
Average Unit Size	1,000 SF
Average Number of Bedrooms	2.5 Bedrooms

Calculations

REVENUE	Per SF	Per Unit	Total
Gross Sales/Rents	\$13.80	\$13,800	\$2,070,000
NOI		\$9,200	\$1,380,000
DEVELOPMENT COSTS	Per SF	Per Unit	Total
Direct Costs	\$147	\$147,000	\$22,050,000
Land, Fees, Indirect Costs, Financing	\$52	\$52,313	\$7,846,962
TOTAL DEVELOPMENT COSTS	\$199	\$199,313	\$29,896,962

SCENARIO:
HIGHWAY COMMERCIAL CENTER

SOUTH AVENUE/ I-5 HIGHWAY COMMERCIAL

8.0% Adjusted IRR on Project Cost



Specifications

Site Location	SW corner of South Ave/I-5 Interchange
Floor Area Ratio	0.2 FAR
Site Size	24.3 acres
Proposed Uses	<ul style="list-style-type: none"> • 74,250 SF Hotel (135 rooms) • 108,100 SF Large Format Retail • 15,000 SF Restaurant • 15,000 SF Auto Services/Retail
Gross Building Area	212,350 SF
Parking Ratio	<ul style="list-style-type: none"> • Hotel: 1/room • Large Format Retail: 5/1,000 SF • Restaurant: 5/1,000 SF • Auto Services/Retail: 3.5/1,000 SF

Calculations

	Hotel	Large Retail	Restaurant	Auto Service
Base Rent	\$109 Room Rate	\$13/SF NNN	\$30/SF NNN	\$20/SF NNN
NOI (total)	\$1,490,113	\$1,388,200	\$422,000	\$281,400
(by unit)	\$11k/Room	\$13/SF	\$28/SF	\$19/SF
DEVELOPMENT COSTS				
Direct (incl parking)	\$15,255,000 \$113k/Room \$205/GSF	\$12,323,400 \$114/SF	\$3,570,000 \$238/SF	\$2,445,000 \$163/SF
Land, Fees, TI , A & E, Financing	\$4,895,000 \$36,260/Room \$66/GSF	\$6,996,600 \$65/RSF	\$2,230,000 \$149/SF	\$1,215,000 \$81/SF
TOTAL DEVELOPMENT COSTS	\$20,150,000 \$149,300/Room \$271/GSF	\$19,320,000 \$179/RSF	\$5,800,000 \$387/RSF	\$3,660,000 \$244/RSF

Disclaimer: All IRR scenarios and feasibility metrics presented in this prospectus assume certain business, economic, market and financial conditions assessed at a specific moment in time. Accordingly, actual market results may vary and as such the prospectus findings should be verified and due diligence performed when looking to specific development proposals and projects.



THE PASKENTA BAND OF NOMLAKI INDIANS

Paskenta Band of Nomlaki Indians is a federally-recognized sovereign nation located in Northern California with a deep tradition of resiliency, culture, and a strong vision for the future of all peoples living in the Corning-Paskenta Tribal Community. Among their notable enterprises:

- Rolling Hills Casino
- Rolling Hills Clinics
- Future Community Center

SCENARIO: FOOD PROCESSING/DISTRIBUTION

PASKENTA FUTURE DEVELOPMENT AREA

6.3% Adjusted IRR on Project Cost



Specifications

Site Location	Parcel south of Rolling Hills Golf Course
Floor Area Ratio	0.4 FAR
Site Size	Parcel is 267.6 acres. Proposed development area is 60.21 acres
Proposed Uses	<ul style="list-style-type: none"> • 596,720 SF Food Processing Facility • 367,212 SF Logistics Facility (Warehouse/ Distribution)
Gross Building Area	963,932 SF
Parking Ratio	0.66/1,000 SF

Calculations

	Food Processing	Logistics Warehouse/Distribution
Base Rent	\$10/SF NNN	\$8.40/SF NNN
NOI (total) (by unit)	\$5,609,100 \$2/RSF	\$2,899,600 \$2/RSF
DEVELOPMENT COSTS		
Direct (incl parking)	\$71,606,400 \$30/SF	\$41,127,800 \$28/SF
Land, Fees, TI , A & E, Financing	\$18,963,600 \$8/RSF	\$10,682,200 \$7/RSF
TOTAL DEVELOPMENT COSTS	\$90,570,000 \$38/RSF	\$51,810,000 \$35/RSF

Disclaimer: All IRR scenarios and feasibility metrics presented in this prospectus assume certain business, economic, market and financial conditions assessed at a specific moment in time. Accordingly, actual market results may vary and as such the prospectus findings should be verified and due diligence performed when looking to specific development proposals and projects.



About Opportunity Zones

Benefits of Investing in
Opportunity Zones

ABOUT OPPORTUNITY ZONES

Opportunity Zones (OZ) are a federal program designed to spur community investment by providing tax benefits to investors (IRS Code Section 1400Z).

Federal Tax Benefits to Investors

- 1 DEFERS** the payment of taxes on previously earned capital gains that are invested in Opportunity Funds. Deferred gain is recognized at the end of 2026 or when the asset is sold, whichever comes first
- 2 REDUCES** the amount of tax due on previously earned capital gains. If investment is held for at least 5 years by 2026, then the basis on the original investment increases by 10%
- 3 PERMANENTLY EXCLUDES** taxable income on new gains earned on Opportunity Fund investments if investment is held for at least 10-years

Limitations on Source of Funds and Timing of Investments

- Investments are limited to capital gains earned from prior investments
- OZ investor must invest in **Opportunity Fund** within 180 days of the date that the capital gain is recognized
- To maximize benefits, funds must be invested in OF by December 31, 2021
- To qualify for the 10-year exclusion of capital gains, investment must be made by June 28, 2027
- OZ investments must be sold no later than Dec. 31, 2047 in order to be eligible for the 10-year gain exclusion

FEDERAL INFORMATION:

<https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>

CALIFORNIA STATE TOOLKIT:

<https://opzones.ca.gov/toolkit/>

HYPOTHETICAL EXAMPLE OF OZ BENEFITS

Situation

- Sale of asset on December 31, 2020
- Original basis was \$1 million. Sale value is \$1.5 million. Gain is \$500,000
- Invest capital gain of \$500,000 in Opportunity Fund by June 28, 2021 (6-months from gain)
- Opportunity Fund holds property for 10 years and sells on June 28, 2031 for \$1.25 million. Investor's profit is \$750,000

Resulting Tax Benefits

BENEFIT 1

Tax on original capital gain of \$500,000 that is realized on December 31, 2020 is not due until April 15, 2027

BENEFIT 2

Basis on original \$1 million investment is increased by 10% to \$1.1 million. Adjusted capital gains on original investment is reduced from \$500,000 to \$400,000

BENEFIT 2

The investor's profit of \$750,000 is excluded from federal taxable income



Interested in Exploring Investment Opportunities in Corning?

Please Contact The Agencies Below



corning.org
kmliller@corning.org
530.824.7033



3coreedc.org
cirvine@3coreedc.org
530.893.8732 ext. 206