So you think you might have a potential deal –
Now What?
Eligible Investments

*Only equity investments are eligible for the Opportunity Zone tax incentive.*

1. **Business investments**
   Can include investments in new stock issuance for corporations and ownership interests in partnerships and LLCs.

2. **Investments in real estate**
   Must include an ownership interest of new construction or assets that will be "substantially improved" within 30 months of acquisition by the Opportunity Fund.

3. **New equipment and other assets**
   Are also eligible investments.
Opportunity Funds are an equity investment tool. These funds will own full assets or a shared ownership position in real estate and operating businesses located in the zones.

Deals in struggling census tracts are not easily packaged nor poised for immediate equity infusions.

Community economic development projects more commonly need significant technical support, partner connectivity and early-stage supports such as flexible predevelopment funding, brownfield hurdle clearing and other land acquisition/zoning/prep to ultimately land successfully at the finish line.

Anticipate layered credit enhancements from foundations and government sources to advance the more difficult projects and round out the sources and uses.

BY WORKING TOGETHER, WE MORE EFFECTIVELY BUILD COLLECTIVE CAPACITY TO SOURCE PIPELINE AND RAMP UP FOR THE PROGRAM
LAUNCH A CONSORTIUM:
A DEAL ADVANCEMENT AND CONNECTIVITY HUB FOR INDIANA’S OPPORTUNITY ZONES
CONSORTIUM SERVES AS FRONTLINE FOR INFORMATION AND CONNECTIVITY

INVESTORS → OPPORTUNITY INVESTMENT CONSORTIUM INDIANA → CAPITAL & RESOURCES

SUPPORT PEOPLE & PLACES

HEALTHY NEIGHBORHOODS  SCHOOLS  HOUSING  JOBS  BUSINESSES  INDUSTRY
Opportunity Zones were designated throughout the country in 2018 in response to bi-partisan legislation at the federal level. The goal of the Opportunity Zone initiative is to encourage long-term private capital investment in low-income urban and rural communities. The program offers long-term federal tax deferral on capital gains for investments in designated Opportunity Zones, with additional tax exclusion from new capital gains achieved from those investments.

The goal of the Opportunity Investment Consortium of Indiana is to help more intentionally encourage the transformation of Opportunity Zone neighborhoods into vibrant places for residents and businesses. The consortium is comprised of a public/private collection of investors and co-investors poised to support and invest in Opportunity Zones through the facilitation of this online pairing tool.

In addition, member round tables meet regularly to discuss support for advancing projects, and the training and professional resource partners further assist the effort by providing access to critical legal and financial services, training and information.
MOBILIZING YOUR OPPORTUNITY ZONES: BUILD A LOCAL PROSPECTUS
THE URBAN INVESTMENT PROSPECTUS

GROWTH
Set economic context for city and metropolis, identifying key drivers/assets

CAPITAL DEMAND
Identify investable projects and propositions within each Opportunity Zone

INCLUSION
Focus on human capital, job connections, and wealth creation

PLACE MAKING
Commentary on the essential must do’s to re-knit spatial and social fabric

INSTITUTIONAL CAPACITY
Recommendations on institution building options to expedite growth and inclusion
**SOUTH BEND MOMENTUM**

**BY THE NUMBERS**
- City population growing to 101,735 (+1%) reversing decades of decline
- Over $800 million of building permit value over past four years
- Proximity to markets—80% of the U.S. and Canadian populations can be reached within a one-day drive, second busiest airport in Indiana, and second largest rail switching yard in the nation nearby
- $22 million Notre Dame Pit Road Fund formed in 2018 for early stage funding

**BY THE ASSETS**
- World class education and research institutions with over $200 million of university R&D and 1,500 peer-reviewed publications annually
- Dark fiber and legacy power capacity on former Studebaker sites
- Commuter rail service from South Bend to downtown Chicago
- Exceptional State and City leadership aligned with private sector, fiscally sound AAA/AA bond ratings

**BY THE OPPORTUNITY ZONES**
- Zones include densest urban areas and nearly all of the City’s catalytic investments, including the state’s Regional Cities projects
- Zones constitute a contiguous innovation district bookended by a dual-location, certified tech park
- University of Notre Dame’s IDEA Center founded in 2017 to catalyze and de-risk commercialization and entrepreneurial activities
- City-Industry Technology Resource Center at Ignition Park
GEOGRAPHY OF SOUTH BEND OPPORTUNITY ZONES

<table>
<thead>
<tr>
<th></th>
<th>POPULATION 2010</th>
<th>POPULATION 2016</th>
<th>% CHANGE</th>
<th>SQ. MILES</th>
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<td>MSA</td>
<td>319,224</td>
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LOCATION OF LARGEST EMPLOYERS

Majority of the largest non-government employers are located in or proximate to the Opportunity Zones

1. University of Notre Dame
2. Beacon Health System
3. Saint Joseph Health System
4. Indiana University South Bend
5. AM General
6. Honeywell
7. Press Ganey
8. Liberty Mutual Insurance
SOUTH BEND OPPORTUNITY ZONE

Revitalized Central Business District Bookended by Certified Tech Park: Innovation Park in the Northeast, Ignition Park in the Southwest

ZONE TYPOLOGY TYPE*
Mixed Jobs/Residential (NE and SE), Tier 1 Job Center (CBD), Tier 2 Job Center (SW)

TOP 3 INDUSTRIES
1. Educational Service (17%)
2. Public Administration (15%)
3. Health Care and Social Assistance (12%)

OPPORTUNITY ZONE RESIDENTS
2016: 8,621
2010: 8,985
-4% change

VACANT RESIDENTIAL PROPERTIES
Q42017: 407 (9%)

VACANT BUSINESS PROPERTIES
Q42017: 2,016 (18%)

*Typology methodology in Appendix
GREAT LAKES CAPITAL CASE STUDY
Established development firm partnering with City on catalytic projects

Example 1: $14.1 million renovation of historic JMS building for mixed use downtown
- $2.6 million investor equity
- $9.3 million developer debt
- $790,000 of City TIF
- $1.4 million Historic Tax Credit

Example 2: $16.6 million tech office build out at Ignition Park
- $1.6 million investor equity
- $11.5 million developer debt
- $1.8 million of City TIF
- $1.65 million Community Revitalization Enhancement District (CReED) Tax Credit
IGNITION PARK – REAL ESTATE

Shovel-Ready Parcels for Tech Firm Expansions and Relocations
TECHNOLOGY RESOURCE CENTER AT IGNITION PARK

City partners with private sector and academia to expand regional capabilities

Assets
• 20,000 square foot space, co-located with Notre Dame Turbomachinery Lab
• IOT & Wireless Research Testbed
• City’s proven track record of commercialization of Civic Tech (e.g. Emnet)
• Ongoing collaborations between city, university and industry to develop and test new IoT Technologies
• Local tech firm, Aunalytics, next door

Your Opportunities
• Leverage university’s research infrastructure and city-as-a-testbed to develop new products and services (several ongoing, under NDA)
• Leverage existing public-private infrastructure to create a center for civic technology research and commercialization
• $100 million Growth Fund
MOBILIZING YOUR OPPORTUNITY ZONES: BUILD RELATIONSHIPS WITH DEVELOPERS
WORKING WITH A DEVELOPER

• Prep Work:
  • Survey what properties are available
    • Private owners
    • City owned
  • What is the long-term vision?
    • Local Unit of Government
    • Community/Neighborhood
    • Lot’s of buzzwords
      • Mixed Use, Class A Multi-family, Workforce, Affordable, Mixed Income
  • Property Specific Information
    • Property record card
    • Aerial photos
      • Site/current use
      • Surrounding uses
WORKING WITH A DEVELOPER

• Property Specific Information - continued
  • Acreage
  • Current zoning
  • Comprehensive Plan
  • Utility availability
  • Previous Uses
    • Phase I, Phase II, soil borings, etc.
    • Help understand what might be in the ground/issues that could come up
• If privately owned parcel
  • Who is the broker & their contact information
  • Asking price
WORKING WITH A DEVELOPER

• If publically owned:
  • City/Town/County point of contact
  • Does the municipality want to continue to own or open to sell?
  • If sell, what is the process for disposal?

• Available Incentives
  • Tax abatement/PILOT
  • Waiver of fees (building permits, utility connections, etc.)

• How to find a developer
  • Send out an RFP or an RFQ
  • Ask other municipalities
  • Articles in newspaper, journals, trade magazines
  • Referrals from brokers, civil engineer, architects, and the like
  • Attending training, conferences, networking events
  • Search engines
WORKING WITH A DEVELOPER
RIVERSIDE VILLA – LIGONIER, IN

From This:

To This:
• Units of Local Government must still exercise their due diligence in determining support for projects within their zone(s):
  • Community Benefit
  • Market
  • Strategic/ Comprehensive Plan alignment
  • Project timing
  • Investment pre-planning
  • Other incentives available
Align local policies, regulations and taxation policies to promote potential developments in the Zone

Integrate with existing local plans and incentives
  • Consider updating local housing/community development strategy to incorporate how investments, site selection, zoning may support potential projects

Provide other financing tools to projects both within (and outside the zone)
  • Consider other sources with Community foundations, Anchor Institutions etc.
  • Develop tool for investors, developers and neighbors to locate opportunities
Put forth a nontraditional resource prospectus that includes: Regional, state or local sponsored venture funds, other incentives, community loan funds, and listing of community revitalization bank officers that are able and eager to co-invest in projects.
QUESTIONS?