SOUTH BEND’S COMEBACK

Strongest growth in over a generation, potential to build on momentum with robust assets and positioning

R&D Expenditures
- $200+ million annually
- 150% increase in last decade
- 13.9% annual growth rate

Talent
- Population growth after decades of decline
- 50,000 postsecondary students regionally
- 8,000 IT professionals regionally

Fundamentals
- Low cost of doing business and living
- Access to markets
- Densest Fiber Network
OPPORTUNITY ZONE TAX INCENTIVES

The Tax Cuts and Jobs Act has established New Internal Revenue Code Section 1400Z – Opportunity Zones

• Temporary deferral of capital gains invested into a qualified Opportunity Fund through December 31, 2026

• Basis of deferred capital gains invested into Opportunity Funds increased by 10% after five years, an additional 5% if held 7 or more years for an exclusion of up to 15% of original gains from taxation

• Permanent exclusion of capital gains realized within an Opportunity Fund after 10 years

• Opportunity Funds are private investment vehicles that invest at least 90 percent of assets into Opportunity Zones (i.e. low income census tracts nominated by Governors)

• For more information, please visit: https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions
OPPORTUNITY ZONE TAX INCENTIVES

The Tax Cuts and Jobs Act has established New Internal Revenue Code Section 1400Z – Opportunity Zones

Four Parties:

- TAXPAYER
- QUALIFIED ZONE
- OPPORTUNITY FUND
- PROJECTS (PROPERTY & BUSINESSES)

Different Than Other Tax Credits:

- More market-oriented
- Residential, commercial real estate, and business investments
- No benefit cap
### THE URBAN INVESTMENT PROSPECTUS

<table>
<thead>
<tr>
<th>GROWTH</th>
<th>CAPITAL DEMAND</th>
<th>INCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set economic context</td>
<td>Identify investable</td>
<td>Focus on human</td>
</tr>
<tr>
<td>for city and metropolis,</td>
<td>projects and propositions within</td>
<td>capital, job connections, and</td>
</tr>
<tr>
<td>identifying key drivers/</td>
<td>each Opportunity Zone</td>
<td>wealth creation</td>
</tr>
<tr>
<td>assets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PLACE MAKING</th>
<th>INSTITUTIONAL CAPACITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commentary on the essential</td>
<td>Recommendations on institution</td>
</tr>
<tr>
<td>must do’s to re-knit spatial</td>
<td>building options to expedite</td>
</tr>
<tr>
<td>and social fabric</td>
<td>growth and inclusion</td>
</tr>
</tbody>
</table>

A PROJECT OF ACCELERATOR FOR AMERICA • NEW LOCALISM ADVISORS • 5
## 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>
</tr>
</thead>
<tbody>
<tr>
<td>MSA</td>
<td>319,224</td>
<td>319,491</td>
<td>0.1%</td>
<td>970</td>
</tr>
<tr>
<td>City</td>
<td>101,168</td>
<td>101,735</td>
<td>1%</td>
<td>42</td>
</tr>
<tr>
<td>Zones</td>
<td>8,985</td>
<td>8,621</td>
<td>(4%)</td>
<td>4</td>
</tr>
</tbody>
</table>

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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

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SOUTH BEND OPPORTUNITY ZONE LEAD

• **City of South Bend** is an innovative, data-driven municipal government with a strong fiscal position, AA bond rating, proactive and diversified community investment portfolio, and nationally recognized leadership and practices, including becoming one of eight Champion Cities in the 2018 Bloomberg Mayor’s Challenge

• **Lead agency:** The Department of Community Investment is the City’s one-stop shop for economic and community development, investments in people and places, urban planning and strategy, zoning and land use administration, and building permitting

Community Investment Website: southbendin.gov/department/community-investment

Opportunity Zone Website: southbendin.gov/initiatives/opportunity-zones

• Community Investment has a strong track record of partnering on projects of all sizes with gap financing solutions and support navigating through public processes to avoid bureaucratic delays

• South Bend Opportunity Zone points of contact:

  **James Mueller**
  Executive Director of Community Investment
  jmueller@southbendin.gov

  **Daniel Buckenmeyer**
  Director of Business Development
  dbuckenm@southbendin.gov

  **Brian Donoghue**
  Director of Civic Innovation
  donoghue@southbendin.gov
SOUTH BEND BY THE NUMBERS
SOUTH BEND METRO ECONOMY

South Bend economy has performed well over the past decade

<table>
<thead>
<tr>
<th>JOB GROWTH</th>
<th>AVERAGE MONTHLY EARNINGS % CHANGE*</th>
<th>TOTAL PAYROLL % CHANGE*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2010 -9%</td>
<td>2000-2010 -4%</td>
<td>2000-2010 -16%</td>
</tr>
<tr>
<td>2011-2018 3%</td>
<td>2011-2018 1%</td>
<td>2011-2017 9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EMPLOYEES UNDER AGE 29 % CHANGE</th>
<th>UNEMPLOYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2010 -18%</td>
<td>January 2011 10%</td>
</tr>
<tr>
<td>2011-2015 4%</td>
<td>January 2018 3%</td>
</tr>
</tbody>
</table>

*2017 Adjusted
SOUTH BEND BY THE RANKINGS

Forbes
#14 Cost of Doing Business

Bloomberg
2018 Champion City

SmartAsset
Top 5 Cities for Creatives

2017 US News and World Report
#1 State for Government Efficiency

2015 John F. Kennedy New Frontier Award
Municipal Innovation and Smart Government
### SOUTH BEND EMPLOYMENT PROFILE

**Increases in Professional & Business Services & Accommodation/ Food Services Jobs as a share of the city workforce**

<table>
<thead>
<tr>
<th>Industry</th>
<th>2015 COUNT</th>
<th>2015 SHARE</th>
<th>2002 COUNT</th>
<th>2002 SHARE</th>
<th>DIFFERENCE IN SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care, Social Assistance &amp; Educational Services</td>
<td>13,653</td>
<td>26.3%</td>
<td>15,497</td>
<td>24.9%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Trade, Transportation and Warehousing</td>
<td>9,179</td>
<td>17.7%</td>
<td>11,687</td>
<td>18.8%</td>
<td>(1.2%)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>7,360</td>
<td>14.2%</td>
<td>9,152</td>
<td>14.7%</td>
<td>(0.6%)</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>7,061</td>
<td>13.6%</td>
<td>7,422</td>
<td>12.0%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>4,015</td>
<td>7.7%</td>
<td>3,310</td>
<td>5.3%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Public Administration</td>
<td>3,024</td>
<td>5.8%</td>
<td>3,478</td>
<td>5.6%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Construction, Mining &amp; Utilities</td>
<td>2,190</td>
<td>4.2%</td>
<td>3,238</td>
<td>5.2%</td>
<td>(1.0%)</td>
</tr>
<tr>
<td>Information</td>
<td>1,295</td>
<td>2.5%</td>
<td>1,493</td>
<td>2.4%</td>
<td>(0.1%)</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>1,201</td>
<td>2.3%</td>
<td>3,073</td>
<td>5.0%</td>
<td>(2.6%)</td>
</tr>
</tbody>
</table>
## SOUTH BEND’S LARGEST NON-GOVERNMENT EMPLOYERS

*National leader in mobility, advanced manufacturing and logistics*

<table>
<thead>
<tr>
<th>EMPLOYER</th>
<th>TYPE OF BUSINESS</th>
<th>APPROXIMATE NUMBER OF EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Notre Dame</td>
<td>Higher Education</td>
<td>5,802</td>
</tr>
<tr>
<td>Beacon Health System</td>
<td>Health Care</td>
<td>4,683</td>
</tr>
<tr>
<td>Saint Joseph Health System</td>
<td>Health Care</td>
<td>2,626</td>
</tr>
<tr>
<td>Indiana University South Bend</td>
<td>Higher Education</td>
<td>1,277</td>
</tr>
<tr>
<td>AM General</td>
<td>Manufacturing</td>
<td>800</td>
</tr>
<tr>
<td>Honeywell</td>
<td>Manufacturing</td>
<td>700</td>
</tr>
<tr>
<td>Press Ganey</td>
<td>Health Care Measurement</td>
<td>694</td>
</tr>
<tr>
<td>Liberty Mutual Insurance</td>
<td>Insurance</td>
<td>650</td>
</tr>
</tbody>
</table>
SOUTH BEND CONSTRUCTION ACTIVITY 2015-2018
Hot Spots in and Adjacent to Opportunity Zones, Anchor Institutions, and Density
SOUTH BEND BY THE ASSETS
INFRASTRUCTURE ADVANTAGE: FIBER & POWER

Accessibility to interstate I-80/I-90, railroads, and fiberoptic networks that connect the country makes South Bend uniquely connected compared to similar cities

- South Bend is located at the intersection of the majority of national fiberoptic long-haul routes with over 14 carries passing through South Bend

- St Joseph Valley MetroNet: 100 mile network of dark fiber last-mile for voice, data and video connectivity managed by non-profit and covering the entirety of South Bend’s Opportunity Zones

- The area enjoys the benefit of power infrastructure built for the creation of millions of cars with over 6,000 MW of capacity at ~10 cents/kW-hour
ACCESS TO MARKETS

On average, more than 1,600 airline passengers travel through South Bend International airport (SBN) every day.

South Bend International Airport has an $1.7 billion impact on the area’s economy.

One of six Foreign-Trade Zones (#125) in Indiana.

Driving Distances and Times

Chicago: 89 miles | 1.5 hours
Indianapolis: 150 miles | 2.5 hours
Detroit: 220 miles | 3.3 hours
Columbus: 220 miles | 3.3 hours
Atlanta: 679 miles | 10.3 hours
New York (City): 702 miles | 10.8 hours
Dallas: 1,023 miles | 14.8 hours
CENTRAL BUSINESS DISTRICT

A $25 Million Complete Streets Investment in 2016 Transformed Downtown and Already Spurred over $100 Million of Investment in Central Business District

- **270 new residential units** around downtown since 2016, 350+ more underway or announced
- **Tripling** of hotels 2016-2018
- $24M mixed-use development attached to the Class A Cubs Minor League stadium received Ballpark Digest’s 2018 Editors Choice Award
UNIVERSITY OF NOTRE DAME

Top 20 Research University Continues to Expand Commercialization Activities with New $22 Million Early Stage Fund

Facts

• Between fiscal years 2006 and 2016 university research spending grew from $78 million to $202 million

• From 2011 through 2016 new patent applications grew by 160% with 16 startups emerging based on licensed technology

• Notre Dame is investing in Innovation Park, where 29 companies are currently operational, 15 companies have secured outside equity financing, and roughly 40 faculty working there

• Ignition Park is home to Notre Dame’s Turbo Machinery Lab (a $36 million partnership with General Electric) drawing companies that support the aerospace industry

Strategy

• The Notre Dame business development and investment strategy consists of faculty research and commercialization; a strong alumni business and technology network, and an enterprise fund from alumni investors

• The Notre Dame strategy is to use its network and capital to import and build a local entrepreneurial ecosystem – adapting the successful University of Utah model
THE HEARTLAND VENTURES STRATEGY

Facts

• The Midwest is underrepresented in terms of early stage investing and startup company activity
• The Midwest is rich in terms of mature companies that are profitable and may use smaller, entrepreneurial companies as part of their supply chain or as an operations vendor

Strategy

• Heartland Ventures is a new venture capital fund that functions as a match maker between start up companies on the west coast that have received seed capital and have revenue and strong mature companies in the Midwest
• Heartland invests in companies that relocate to the Midwest (including South Bend) to gain significant customer relationships with local companies, building their revenue
• As with the Notre Dame strategy, Heartland is simultaneously importing and building a local ecosystem, functioning as a connector between mature companies and startups and between west coast capital and local capital
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 BY THE OPPORTUNITY ZONES
OPPORTUNITY ZONE OVERVIEW

Opportunity Zones are concentrated in the core of the city

- **5** O-ZONE TRACTS
- **37** SOUTH BEND TRACTS
- **14%** OF ALL TRACTS

- **8,621** O-ZONE POPULATION
- **101,037** CITY POPULATION
- **9%** OF THE POPULATION
### OPPORTUNITY ZONE

#### SOCIO-ECONOMIC OVERVIEW

Opportunity Zones Largely Representative of City with Higher Share of Workforce Ages 18 to 65

<table>
<thead>
<tr>
<th></th>
<th>BLACK</th>
<th>HISPANIC</th>
<th>FOREIGN BORN</th>
<th>POVERTY</th>
<th>MEDIAN HOUSEHOLD INCOME</th>
<th>% ED BA+</th>
<th>% SOME COLLEGE</th>
<th>% NO HS DEGREE</th>
<th>% UNDER 18</th>
<th>% OVER 65</th>
<th>UNEMPLOYMENT (MARCH 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro</td>
<td>12%</td>
<td>7%</td>
<td>6%</td>
<td>17%</td>
<td>$46,489</td>
<td>26%</td>
<td>30%</td>
<td>12%</td>
<td>24%</td>
<td>15%</td>
<td>3.7%</td>
</tr>
<tr>
<td>City</td>
<td>27%</td>
<td>15%</td>
<td>9%</td>
<td>27%</td>
<td>$35,758</td>
<td>24%</td>
<td>24%</td>
<td>17%</td>
<td>28%</td>
<td>12%</td>
<td>3.9%</td>
</tr>
<tr>
<td>O-Zones</td>
<td>34%</td>
<td>18%</td>
<td>7%</td>
<td>27%</td>
<td>$32,147</td>
<td>25%</td>
<td>25%</td>
<td>21%</td>
<td>21%</td>
<td>11%</td>
<td>N/A</td>
</tr>
<tr>
<td>State (IN)</td>
<td>9%</td>
<td>7%</td>
<td>5%</td>
<td>15%</td>
<td>$50,433</td>
<td>25%</td>
<td>29%</td>
<td>12%</td>
<td>24%</td>
<td>14%</td>
<td>3.3%</td>
</tr>
<tr>
<td>US</td>
<td>13%</td>
<td>17%</td>
<td>13%</td>
<td>15%</td>
<td>$55,322</td>
<td>30%</td>
<td>29%</td>
<td>15%</td>
<td>23%</td>
<td>15%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>
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
DATA REALTY & AUNALYTICS CASE STUDY: MOVING FROM INNOVATION PARK TO IGNITION PARK

Local Tech Firm expands to deliver Cloud Services and Big Data Solutions to Fortune 100s

• **2011:** Family of companies established at Innovation Park to deliver services across the entire data lifecycle — from building and running data centers in collaboration with top data scientists, to enabling advanced analytics solutions.

• **2012:** Grew out of Innovation Park to build flagship data center facility in 2012 as first tenant of Ignition Park

• **2018:** Expanded in Ignition Park (60,000 sq. ft.), hiring and acquiring 70+ additional employees

• **Employees:** 69% have advanced degrees, over half from outside the South Bend region, and 28% attribute their job for choosing South Bend
SOUTH BEND OPPORTUNITY ZONE CATALYTIC PROJECT – BUSINESS INNOVATION PARK

**Assets**
- 90,000-square foot technology and entrepreneurship facility located adjacent to Notre Dame Campus (north-end of South Bend’s Innovation District)
- 59 new ventures have launched at the park since 2009, 15 have secured outside equity financing
- Currently home to 29 companies and 40+ Notre Dame faculty working at the facility

**Your Opportunities**
- Create funding vehicles for investment in ND entrepreneurial efforts, coordinated directly with the University’s IDEA Center
- $50 million Early Stage Financing
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
SOUTH BEND OPPORTUNITY ZONE
CATALYTIC PROJECT – REAL ESTATE
Linking Momentum around the University and Central Business District

Assets
- Cascades: $43m mixed use development, adjacent to downtown, with views over St. Joseph River (top photo)
- Commerce Center: $35m mixed use development along downtown entry corridor
- Eddy Street Commons and $150m Phase II expansion underway (bottom photo)

Your Opportunities
- Implement Northeast Corridor master plan to connect Eddy Street (adjacent to Notre Dame) and Downtown
- Historic redevelopment, including former train station
- Multi-family housing and retail
- Eligible for TIF support and tax abatements
SOUTH BEND OPPORTUNITY ZONE
CATALYTIC PROJECT – REAL ESTATE

Building on Momentum Downtown and near Cubs Stadium

**Assets**
- Transformed Downtown from 2016 Complete Streets infrastructure
- South Bend Cubs Stadium and adjacent $24m mixed use development
- $36m investment in former Union Station and Studebaker buildings just South of Stadium

**Your Opportunities**
- Redevelopment of historic, City-owned Lafayette Building (top photo)
- Historic redevelopment of the former Studebaker Administration Building (bottom photo)
- Additional infill downtown and near stadium
- Eligible for TIF support and tax abatements
Appendix
Typology Methodology and Credits

**Methodology**

- Utilized Longitudinal Employer-Household Dynamics (LEHD) data aggregated to the census tract level.
- Calculated the ratio of jobs in the census tract to residents in the census tract.
- Calculated the % of jobs in each tract that are construction, manufacturing, transportation, and warehouse. Tract>25% are flagged as industrial.
- Utilized national datasets of hospitals and colleges/universities. Flagged tracts with hospitals with 300+ beds and/or universities/colleges with 5,000+ students as anchor tracts.

**Typologies**

- Tier 1 Job Centers: Tracts with jobs to residents ratio >10
- Tier 2 Job Centers: Tracts with jobs to residents ratio 2-10
- Mixed Jobs/Residential: Tracts with jobs to residents ratio: 0.5 – 2
- Residential: Tracts with jobs to residents ratio < 0.5

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