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OPPORTUNITY ZONES - FAQ

What are Opportunity Zones?

An Opportunity Zone is an economically distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. These zones are designed to spur economic development and job creation.

Are Opportunity Zones new?

Opportunity Zones were added to the Federal Tax Code by the Tax Cuts and Jobs Act in December 2017.

BENEFITS OF OPPORTUNITY ZONES

Temporary Deferral

Investors can temporarily defer inclusion of taxable income from capital gains that are reinvested into an Opportunity Fund.

Step-Up In Basis

If the Opportunity Fund investment by the taxpayer is held for at least 5 years, capital gains can have an increased basis of 10% (excluding 10% of the gain from taxation); if held for at least 7 years, the basis will be stepped up by a total of 15% instead of 10%.

Permanent Exclusion

If the new Opportunity Fund investment is held for at least 10 years, any gains resulting from the investment are permanently excluded from taxable income.

OPPORTUNITY ZONE EXAMPLE

John sells stock on June 30, 2019, with a capital gain of \$1M (<u>Capital Gain A</u>). John reinvests all of <u>Capital Gain A</u> in Building X on December 15, 2019. Building X is a Qualified Opportunity Zone Investment. John invests an additional \$1.75M to renovate the building.

Temporary Deferral: John can defer paying capital gains tax on Capital Gain A until the earlier date of:

- The sale of Building X, or
- December 31, 2026

Step-Up In Basis: If John keeps Building X until 2026 (at least 7 years), he will receive a "stepped-up basis" of 15%. (This means he will only pay taxes as though <u>Capital Gain A</u> was \$850,000 instead of \$1,000,000)

Note: If John keeps the building for at least 5 years but not 7 years, he is still eligible for a stepped-up basis
of 10%.

Permanent Exclusion: If John sells Building X in 2029 (after holding it for at least 10 years) for \$4M, he will have a new capital gain of \$1.25M (<u>Capital Gain B</u>). Because he has held this investment for 10+ years, he will pay no capital gains tax on <u>Capital Gain B</u>.





SOUTH CAROLINA A DESTINATION FOR BUSINESS

- Top 5 Area Development Magazine's Top States for Doing Business (2018)
- \$30+ billion New announced capital investment since 2011
- 1200+ International companies in the state; consistently a top state for recruiting foreign direct investment
- **3.4%** Unemployment rate (2018)
- Top 10 Gross Domestic Product Annual Growth (Per Capita) in the US (2017-2018)









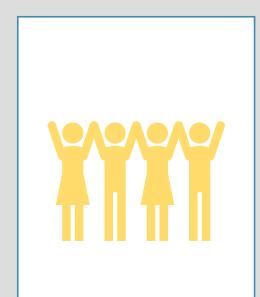


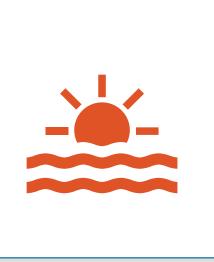


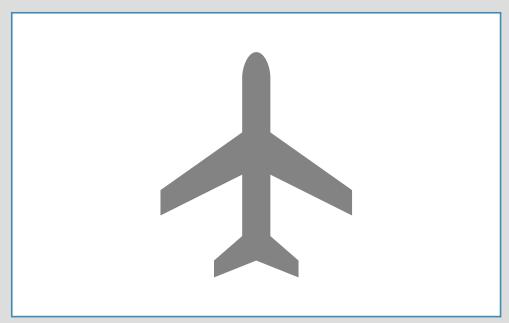


SOUTH CAROLINA A DESTINATION FOR LIVING

- **154** People Relocate to South Carolina each day
- 3rd Highest ranking in the USA for Adjusted Gross Income gain resulting from inter-state migration (2018)
- 6th Most Inbound Movers in the USA (2018)
- 4th Most Affordable State in the USA (2018)
- 5th Best State for Golf, by Link Magazine







SOUTH CAROLINA A DESTINATION FOR TOURISM

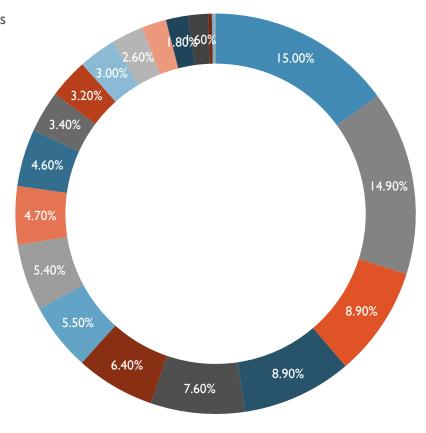
- \$22 billion Annual Tourism Impact
- 30 million + Annual Out-of-State Visitors to South Carolina
- 4 1% Increase in Revenue per Available Hotel Room since 2012
- 83% Increase in South Carolina Tourism Spending since 2000
- 50+% Tourism Derived Spending in SC from Out-of-State Visitors



BUSINESS COMPOSITION

Within a 45-minute drive of Winnsboro, SC

- Retail Trade
- Other Services
- Healthcare & Social Assistance
- Professional, Scientific & Tech Services
- Accommodation & Food Services
- Finance & Insurance
- Real Estate
- Construction
- Unclassified Establishments
- Public Administration
- Admin. & Support & Waste Mgmnt.
- Wholesale Trade
- Education Services
- Manufacturing
- Information
- Arts, Entertainment & Recreation
- Transportation & Warehousing
- Agriculture, Forestry, Fishing & Hunting
- Utilities
- Mining



REGIONAL POPULATION DEMOGRAPHICS

	30-minute drive	45-minute drive	60-minute drive
Total Population	82,426	577,651	1,043,922
Total Households	31,310	224,227	401,877
Median Household Income	\$52,329	\$52,023	\$54,386
Median Home Value	\$164,097	\$160,073	\$164,242
Total Workforce	35,395	259,815	461,171

EDUCATION AND WORKFORCE DEVELOPMENT

- Fairfield County School District students receive the State's 3rd highest dollars spent per pupil.
- Students in Fairfield County's School District also benefit from the State's 5th lowest student-to-teacher ratio.
- Home to the Midlands STEM Institute, a tuition-free public charter school (for students Kindergarten through 10th grade) designed to produce academically and physically fit STEM proficient students.
- Fairfield County recently funded the "Fairfield Promise Program," an initiative that allows Fairfield County students to attend the county's local technical college (Midlands Technical College Fairfield Campus) at no cost to the student.
- The University of South Carolina, the state's flagship university, is located just 30 minutes away in Columbia. Several other institutions of higher education are available within a 30 minute drive, including Allen University, Benedict College, Columbia College and Columbia International University.

QUALITY OF LIFE

- Fairfield County is steeped in history, from the nation's longest continuously running clock to more than 100 pre-revolutionary war buildings, churches and homes.
- Residents and visitors enjoy festivals, arts, and culture in Fairfield County all year long – especially Rock Around the Clock and Arts on the Ridge.
- The region also boasts Division I college sports, one of the nation's top ranked zoos (Riverbanks Zoo & Garden), art and history museums as well as fine dining and nightlife venues.

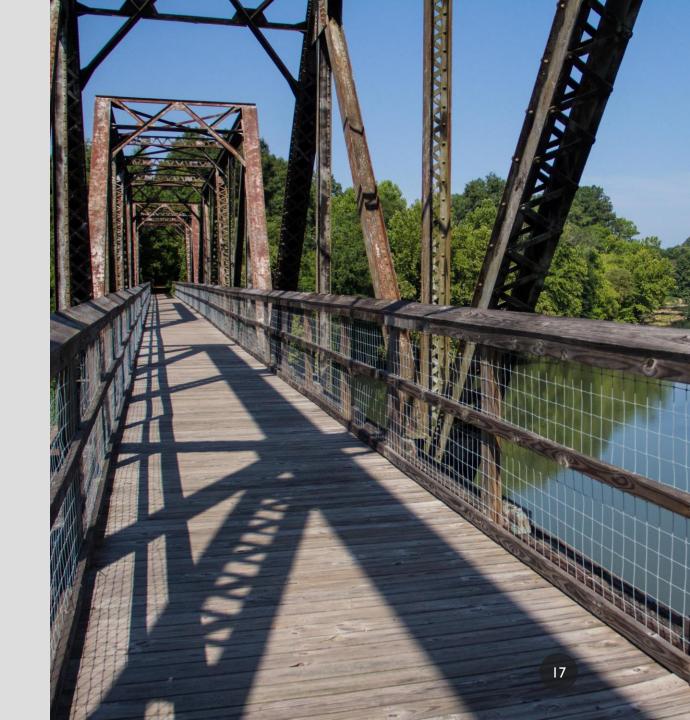




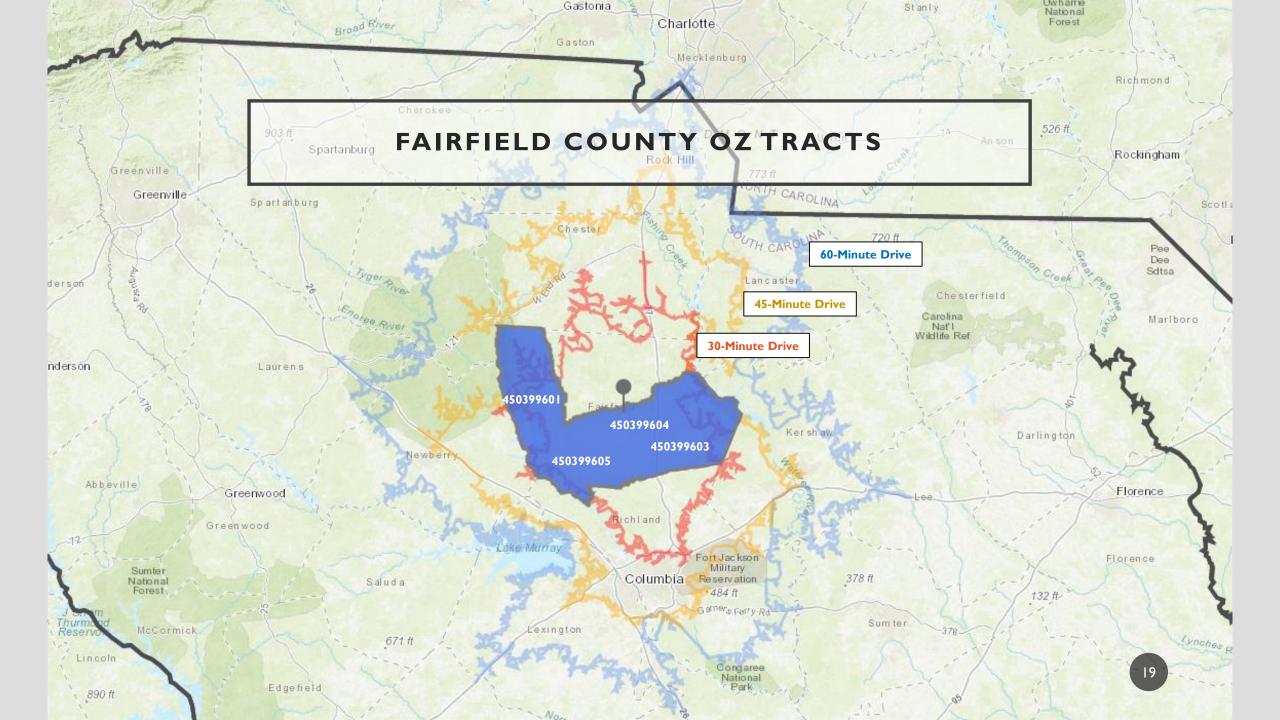


THE OUTDOORS

- Visit one of the region's many lakes, including Lake Wateree, Lake Murray and Lake Monticello.
- Winnsboro is home to Carolina Adventure
 World the Southeast's largest ATV and dirt
 bike riding park spanning 2600 acres, plus disc
 golf, camping, RV hookups and log cabin
 rentals.
- The region's temperate climate allows golfers ample opportunity to enjoy nearly 100 private and public golf courses within the region.
- Outdoor enthusiasts also enjoy Sumter National Forest, the Palmetto Trail, Little Cedar Creek Campground and Fortune Springs Park.

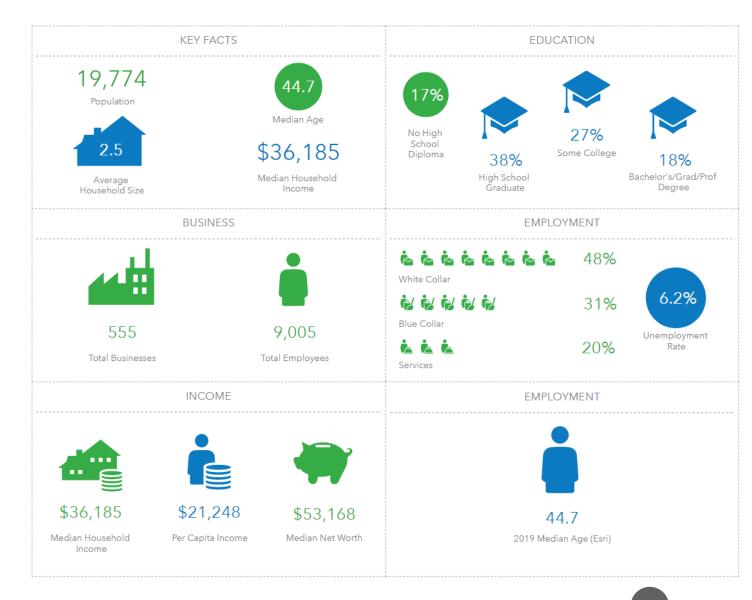






FAIRFIELD COUNTY OPPORTUNITY ZONE TRACTS

FACTS & FIGURES





WHY IS FAIRFIELD COUNTY A PRIME INDUSTRIAL INVESTMENT LOCATION?

Location + Logistics

- Interstate 77 bisects the County, making it an ideal location for distribution and logistics
- Airport Proximity:
 Columbia (CAE) (< 30
 minutes), Charlotte (CLT)
 (< I hour), Greenville (GSP)
 (< 90 minutes), Charleston
 (< 2 hours)
- UPS Air Hub in Columbia; Extensive Rail Service via Norfolk Southern; proximity to Port of Charleston

Business Friendly

- Competitive Tax
 Environment and Incentives at the State and Local Level
- Stable and Supportive Government at all levels
- Industrial power rates are 9% less than the national average
- Positive Regulatory environment, including State Economic Development liaisons with permitting agencies

Available Labor

- Unemployment Rate of 5%
 higher than the statewide average
- Workforce-
 - 32,000 within 30 minute drive time;
 - 274,000 within 45 minute drive time;
- 560,000 within I hour drive time
- 7,150 workers who live in Fairfield County commute out of the County for work (approx. 74.2% of workers)

Education and Training Programs

- readySC discretionary incentive providing free recruitment and training through the SC Technical College System for manufacturing companies
- The University of South Carolina in Columbia has the #1 international business school in the country
- 83% of the County's workforce are high school graduates or have post secondary degrees



The I-77 International Megasite is one of South Carolina's premier Megasites and is located within Fairfield County's Opportunity Zone. The Megasite offers I,544 acres of county-owned and industrially zoned property ready for the next original equipment manufacturer (OEM). The conceptual plan allows for up to 9.2 million square feet of industrial/warehouse space.

This site has interstate access, exceptional infrastructure, completed due diligence and access to an abundant and dynamic workforce. It's only a matter of time before an OEM selects the I-77 Megasite as its next location, making Fairfield County an attractive destination for suppliers and/or industrial real estate investors.



OPPORTUNITY: FAIRFIELD COMMERCE CENTER

Fairfield Commerce Center is a 684-acre industrial park zoned for industrial or mixed-use development. The park offers 440 acres of developable acreage and partially cleared parcels. The site is "certified" through the South Carolina Department of Commerce, indicating that due diligence has been completed and it's ready for development. The park is ideal for manufacturing and/or warehousing & distribution. Bomag America and the County's Economic Development Office are currently located in the park.

<u>OPPORTUNITY</u>: Fairfield County is seeking an investor to acquire either a portion or all of the park and for further development.

Fairfield County will sell the park for a competitive price and may offer property tax incentives to future tenants to induce future industrial growth.

FAIRFIELD COMMERCE CENTER DETAILED SPECS

- Address: I58 Blue Granite Pkwy., Ridgeway, SC 29130
- Developable Acres: 440
- Max Contiguous Developable Acres: I 20
- Partially Cleared
- Class A "Certified" Industrial Park
- All due diligence completed
- Tax Map: 184-00-00-096

- Asking price: \$20,000/acre
- Interstate Access: I-77 (2 miles away)
- Electric Provider: Dominion Energy (infrastructure on site)
- Water Line: 12" (on site)
- Gravity Sewer Line: I0" (on site)
- Natural Gas Line: 6" (on site)
- Telecomm provider:TruVista

OPPORTUNITY: WALTER BROWN INDUSTRIAL PARK II & WALTER BROWN SPECULATIVE BUILDING

The Walter Brown Speculative Building is a countyowned industrial building located at 355 Commerce Blvd. in the Walter Brown Industrial Park II.

The 75,000 square foot shell building has never been occupied and requires significant upfit, including floor, HVAC, sprinkler system, office upfit, etc.

Walter Brown Industrial Park II offers 66 acres of industrial development opportunity. Other Park tenants include Mekra Lang North America, Isola, Carolina Technical Fabrics, Metal & Wire Products, CTG NA, and Qualex.

OPPORTUNITY: Fairfield County is seeking an investor to acquire the building and adjacent land in Walter Brown to improve the building for occupancy. Investor could then occupy or lease the building to a tenant.









WALTER BROWN SPECULATIVE BUILDING **DETAILED SPECS**

- Address: 355 Commerce Blvd., Ridgeway, SC 29130 Walls: Concrete, Metal
- Building Size: 75,000 square feet (shell)
- Expandable: up to 225,000 square feet
- Site Size: 13 acres
- Built in 2014, never occupied
- Shape: Rectangular
- Tax Map: 184-00-00-071-000
- Asking Price: \$2.2 million
- Zoning: Industrial
- Interstate Access: I-77 I/2 mile away

- Roof: Heavy duty metal
- Floor: Graded with 6 mil vapor barrier & 4" stone base
- All utilities in place
- Drive in Doors: I
- Dock Doors: 3
- Clear Height: 26'-30'
- Building upfit to suit owner's specifications

WALTER BROWN INDUSTRIAL PARK II DETAILED SPECS

- Address: Commerce Blvd., Ridgeway, SC
- Park is partially occupied
- Remaining Parcels: Three, 6-18 acres each
- All due diligence completed
- Tax Map: 184-00-00-071.00
- Asking price: \$10,000 \$15,000/acre
- Zoning: Industrial

- Electric Provider: Dominion Energy (infrastructure on site)
- 10" water line on site
- 8" gravity sewer line on site
- 6" natural gas line on site
- Telecomm Provider: TruVista
- Interstate Access: I-77 ½ mile away



OPPORTUNITY: FAZZIO BUILDING

Located at 396 SC Hwy. 34 East in Winnsboro, SC, the Fazzio Building spans 173,700± square feet. Built in 1974, the building sits on 25 acres, all utility connections are in place and there is up to 200,000 square feet of additional expansion potential.

<u>OPPORTUNITY</u>: Fairfield County is seeking an investor to acquire and make substantial improvements to the building and/or expand the building. Among other things, the building needs approx. \$275,000 in rail spur improvements. Fairfield County may offer property tax abatements to prospective investors to induce investment, job creation and occupancy of the building.

FAZZIO BUILDING DETAILED SPECS

- Address: 396 SC Hwy. 34 E, Winnsboro, SC 29180
- Building Size: 173,700 square feet
- Expandable: up to 373,700 square feet
- Site Size: 25 acres
- Built in 1974
- Recent Use: Warehouse & Distribution
- Tax Map: 145-04-03-001-000
- Shape: Rectangular
- Asking Price: \$1.6 million for sale or \$1.75/sf/yr. lease

- Interstate Access: I-77 6 miles away
- Walls: Brick and metal
- All utilities in place
- Drive in Doors: 9
- Dock Doors: 7
- Clear Height: 21' 30'
- Rail access: Norfolk Southern Rail Spur
- Parking Spaces: 300
- ESFR Fire Suppression System



WHY IS FAIRFIELD COUNTY SUITED FOR COMMERCIAL REDEVELOPMENT?

New Industry Growth + Lack of Competition

- A recent announcement by Healthcare US Co. Ltd. to create 250 new jobs in Fairfield County will result in additional retail spending by new residents & those working within the County
- Closure of Wal-Mart in 2016 left a major gap in local shopping options

Local Spending Power

Fairfield County's per capita income is \$36,198 per year

Cost Efficient

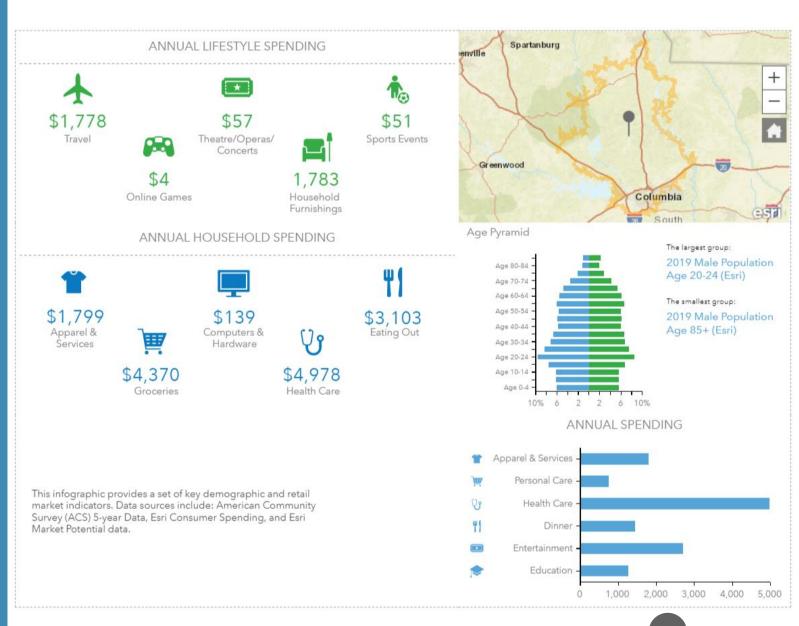
 Lease rates and construction costs are significantly lower than surrounding urban areas

Visitor Dollars

- Approximately 300,000 people travel from Charlotte to Charleston each year (likely driving through Fairfield County)
- 43,000 47,000 people drive through Fairfield County on I 77 every day

RETAIL MARKET FACTS & FIGURES

Within a 45-minute drive of Winnsboro, SC



OPPORTUNITY: DOWNTOWN WINNSBORO REDEVELOPMENT

Downtown Winnsboro is full of history and small-town charm. However, as a result of the Great Recession, several local retailers were forced to close their doors. Many of the 22,000+ County residents in this area must now commute more than 30 minutes to nearby local towns for their shopping needs. In addition, there are less than 15 dining establishments in downtown Winnsboro despite an average dining spend of more than \$62 per household a week. As a result, downtown Winnsboro is prime for retail and commercial development.

There are numerous vacant buildings in downtown Winnsboro (totaling nearly 70,000 sf) that could benefit from new investment. In addition to Opportunity Zone benefits, other incentives such as the SC Abandoned Buildings Tax Credit and/or the SC Retail Facilities Revitalization Act could also apply to new investment.

<u>OPPORTUNITY</u>: Purchase and revitalize existing building(s) in downtown Winnsboro for retail or restaurant use.





DOWNTOWN WINNSBORO IDENTIFIED RETAIL LOCATIONS

- 100 S Congress St. (approx. 8,234 sf)
- 128 S Congress St., 2-story (approx. 1,680 sf)
- 142 S Congress St. (approx. 7,170 sf)
- 139 S Congress St. includes storage garage (approx. 2,917 sf)
- 151 S Congress St., 2-story (approx. 2,480 sf)
- South Congress St.W42, 2-story (approx. 2,321 sf)
- 106/108/108-1/2 N Congress St. (approx. 4,373 sf)
- 110 N Congress St. (approx. 3,992 sf)

- 110 ½ N Congress St. (approx. 804 sf)
- 120 N Congress St. (approx. 2,900 sf)
- 126 N Congress St., 2-story (approx. 6,806 sf)
- 135 N Congress St. (approx. 1,820 sf)
- 139 N Congress St. (approx. 1,541 sf)
- Winnsboro Family Fitness Center/Restaurant (approx. 5,427 sf "restaurant" & 1,232 sf outbuilding)
- 153 N Congress St. (approx. 1,491 sf)
- 159-157 N Congress St. (approx. 5,786 sf)

OPPORTUNITY: WAL-MART REDEVELOPMENT

As part of a restructuring initiative, Wal-Mart closed its Winnsboro, SC supercenter in 2016.

Located at 721 US Hwy. 321 Bypass S, in Winnsboro, SC, the former Wal-Mart building offers investors and future tenants 109,000 square feet of space on 15 acres.

<u>OPPORTUNITY</u>: Seeking a buyer to purchase and redevelop the space; a variety of uses could work well in this area, including:

- Light manufacturing;
- A senior resource center, combining education, recreation activities, services and adult care into an all
 encompassing center for elderly services;
- Movie theatre;
- Recreation and fitness center;
- Family entertainment center; or
- Young adult education center.

In addition to Opportunity Zone tax benefits, investors could potentially also realize SC Abandoned Building Tax Credits or SC Retail Facilities Revitalization Act benefits.

WALMART REDEVELOPMENT DETAILED BUILDING SPECS

- Address: 721 Hwy. 321, Winnsboro, SC 29180
- Building Size: 109,000 square feet
- Site Size: Approx. 15 acres
- Built in 1998
- Recent Use: Retail
- Shape: Rectangular
- Tax Map: 145-01-006-000
- Asking price: \$1,400,000
- Interstate Access: I-77 8 miles away

- Walls: Masonry
- All utilities in place
- Dock Doors: 3
- 100% HVAC
- Fluorescent lighting
- Parking Spaces: 360
- Trailer Parking Spaces: 50
- Wet fire suppression system











WHY INVEST IN FAIRFIELD COUNTY'S RESIDENTIAL MARKET?

Cost Effective Location

Residential property taxes up to 24% lower than adjacent metropolitan area

• Expanding Nearby Cities

- The Columbia MSA's population is steadily increasing
- Expansive development in nearby cities provides amenities to Fairfield County residents without the added premium

• Lack of Housing Supply

 Only 87 homes for sale in the county, with less than 50 for sale in Winnsboro

New Jobs Created Nearby

- Since June 2017, companies have announced more than 40 new facilities and expansions in the area
 - 30 minute drive time 1,540 new jobs
 - 45 minute drive time 4,585 new jobs
 - 60 minute drive time 8,099 new jobs

HOUSING STATS



\$171,691

Median Home Value



\$7,731

Average Spent on Mortgage & Basics



\$693 Median Contract Rent



INCOME





\$51,275

Median Household Income

Market Potential data.



\$28,056

Per Capita Income



\$63,121

Median Net Worth



20,418

Total Businesses



279,770

Total Employees

KEY FACTS

582,868

Population



Average Household Size



Median Age

\$51,275

Median Household Income HOUSING FACTS & FIGURES

Within a 45-minute drive of Winnsboro, SC

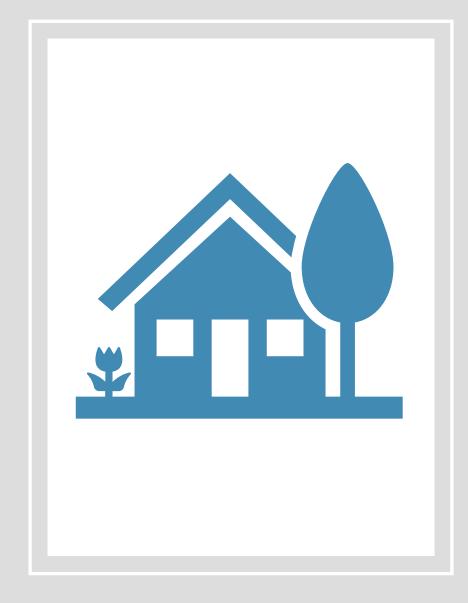
This infographic provides a set of key demographic and housing market indicators. Data sources include: American Community

Survey (ACS) 5-year Data, Esri Consumer Spending, and Esri

OPPORTUNITY: FAIRFIELD COUNTY LAND TRUST

Fairfield County currently holds 25-30 noncontiguous uninhabitable homes in Trust through the Fairfield County Forfeited Land Commission. The County currently lacks diversity in housing, including smaller homes and accessory apartments. The County-owned homes are fully served with utilities and have all necessary infrastructure in place.

OPPORTUNITY: Fairfield County is seeking an investor to acquire and redevelop these residential properties. In an effort to increase available housing in the area, the County will offer very competitive pricing for the property and is willing to bundle available parcels. In addition, subsidized housing programs may also be available to incentivize residential development in the area.





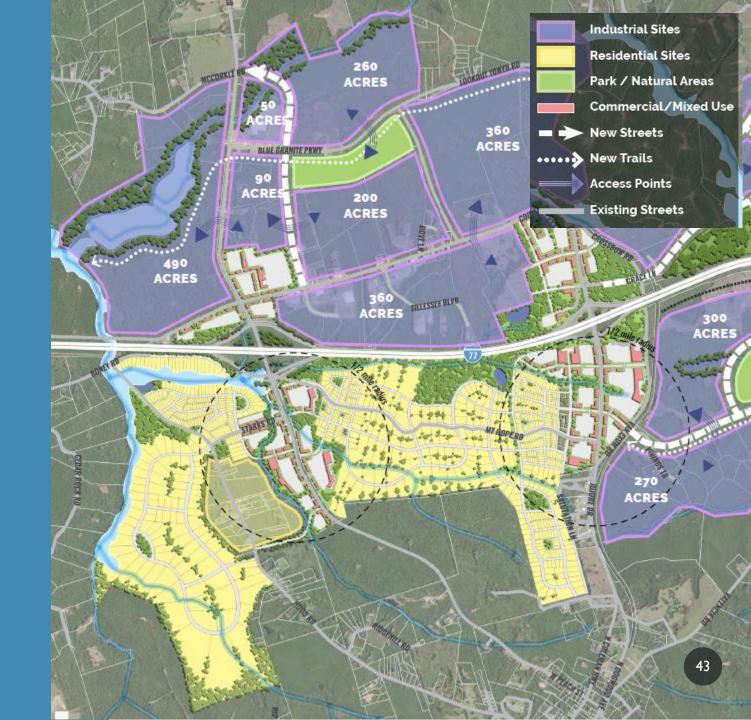
FAIRFIELD COUNTY LAND TRUST SPECS

- 100 available parcels
- Most parcels have uninhabitable houses in them that need significant remodeling or complete redevelopment
- Available properties can be bundled for developers, including in the Zion Hill, Cemetery Street, and South Zion Street Neighborhoods; these neighborhoods contain low to moderate income housing

OPPORTUNITY: SINGLE FAMILY AND MULTI-FAMILY HOUSING

Fairfield County has identified areas within the county that are ideally suited for single family and multi-family housing units. The County has a tremendous demand for this type of housing.

OPPORTUNITY: Fairfield County is seeking property developers to build out single-family and/or multi-family housing in the area. The County may be willing to participate in and incentivize this type of project.





WHY IS FAIRFIELD COUNTY SUITED FOR HEALTHCARE INVESTMENT?

Medical Infrastructure

- New state-of-the-art Providence Health emergency room offering 12,000-square-feet to ER services, featuring six exam rooms, two trauma rooms, an onsite laboratory, CT scans, ultrasound and x-ray imaging services
- Existing former medical facilities available for redevelopment

Lack of Competition

- Designated as a Medically Underserved Area (MUA), which is measured by too few primary care providers, high infant mortality, high poverty or a high elderly population
- Designated as a Health Professional Shortage Area (HPSA) for primary care physicians

Aging Population

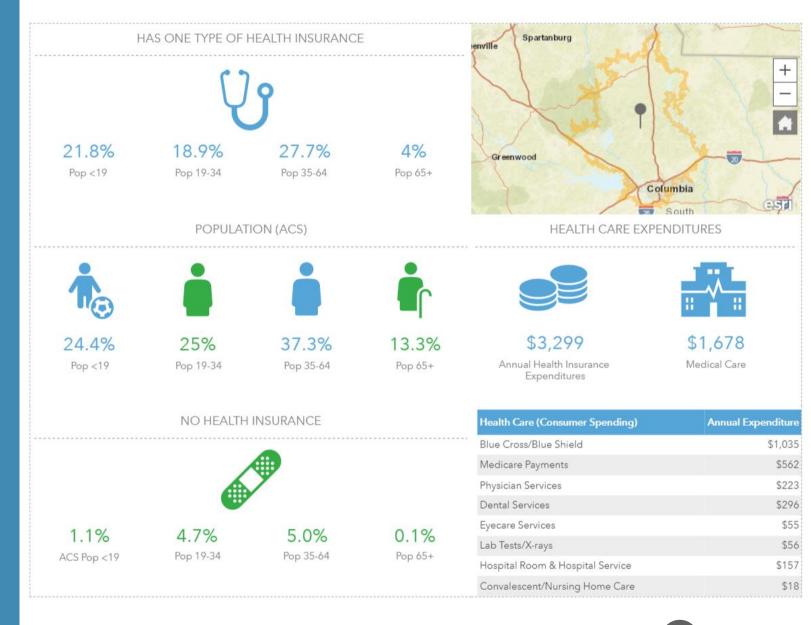
 While the County's overall population has seen a minor decline in recent years, the County's population age 65+ has grown 37% since the 2010 census

Available Talent

- 2,800 students graduate each year with degrees and/or certificates in medical and medical related fields from nearby institutions of higher education
- Nearby Columbia, SC ranked 2nd nationally for highest net migration of Millennials (2016)

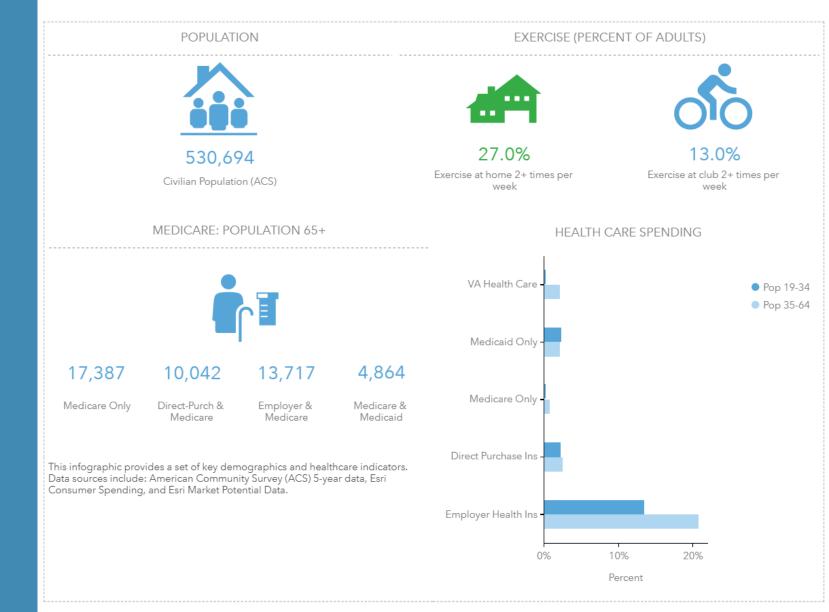
HEALTHCARE FACTS & FIGURES

Within a 45-minute drive of Winnsboro, SC



HEALTHCARE FACTS & FIGURES CONT'D

Within a 45-minute drive of Winnsboro, SC



OPPORTUNITY: FAIRFIELD MEMORIAL MEDICAL PARK

The former Fairfield County
Memorial Hospital and
surrounding out-parcels have been
vacated over time. However, these
medical facilities are ripe for
redevelopment and new tenants in
the medical field. The property is
County-owned and is in need of
significant improvements prior to
future occupancy.

OPPORTUNITY: The County is seeking an investor to acquire and renovate all or a portion of the nearly 19 acre development and repurpose it for medical or medical related-uses.





FAIRFIELD MEMORIAL MEDICAL PARK DETAIL

Parcel A: Includes approximately 45,000 square feet of space including separate facilities for medical offices, rehab center, maintenance, EMS office and outreach service.

Parcel B: Approximately 8,700 square feet on 3.46 acres.

Parcel C: Approximately 17,692 square feet on 3.13 acres.

Parcel D: Approximately 4,293 square feet on 0.85 acres.



WHY INVEST IN FAIRFIELD COUNTY PUBLIC PROJECTS?

Investments are low risk

 Fairfield County is willing to participate in these projects to enhance their viability and overall success

County Support

 Because these projects are primarily for the benefit of the public, investors will have the full support & backing of Fairfield County.

Altruistic Investment

• Excellent choice for investors seeking projects that provide substantial return, low risk, and are benevolent in nature.

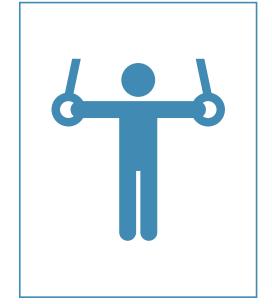
OPPORTUNITY: SEWER INVESTMENT

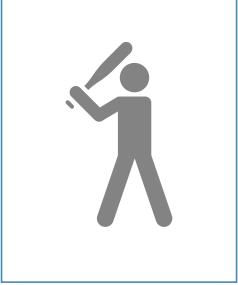
Fairfield County needs additional sewer infrastructure at property located along the I-77 Growth Corridor. Undeveloped land currently located at I-77 and SC Hwy. 34 would be ideal for residential, commercial, and/or industrial development; however, the lack of sewer capacity is currently a barrier to entry.

<u>OPPORTUNITY</u>: The County is seeking an investor to assist in bringing sewer capacity to this location. In addition to the Opportunity Zone tax benefits, the County is willing to participate in the project to enhance the viability and return to the investor.









OPPORTUNITY: SPORTS COMPLEX

Fairfield County and the surrounding region currently lacks a recreational sports complex. There are no fitness centers within a close proximity for the nearly 22,000 Fairfield County residents, and the County has identified this as a priority for the community.

<u>OPPORTUNITY</u>: The County is seeking an investor to bring a private recreational sports complex to the County.

In addition to Opportunity Zone tax benefits, the County is willing to participate in the project to enhance the viability and return to the investor.

SPORTS COMPLEX DETAIL

Fairfield County has identified land parcels located at Exit 32 on I-77 which would be ideal for a sports complex. A conceptual drawing of the proposed sports complex includes sports recreational facilities, park/green space, walking trails, mixed-used commercial, single family and multi-family residential units, as well as natural water features.

CONTACT US

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