

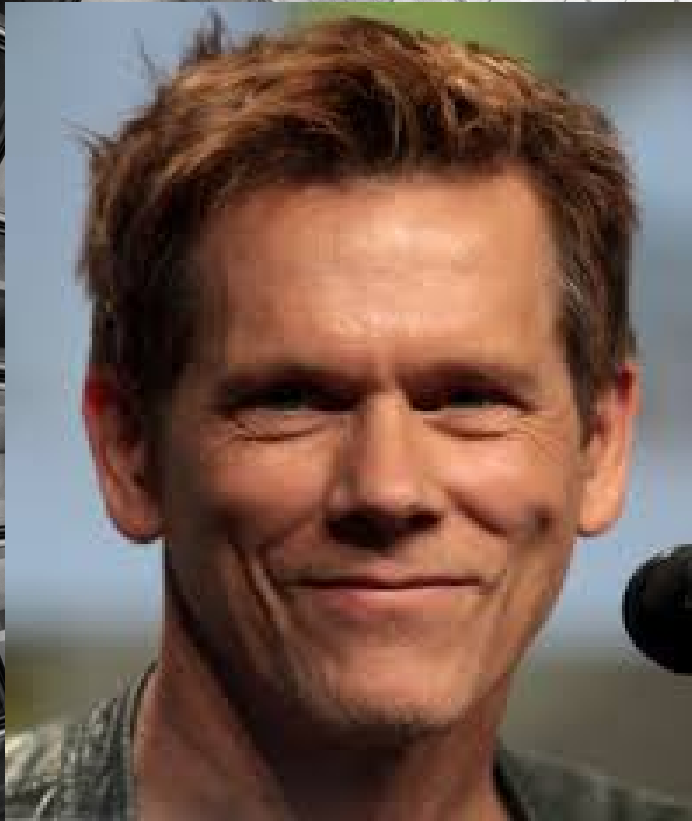


OPPORTUNITY ZONES AND AI BROADBAND

FINTRUST CAPITAL ADVISORS | SC GFOA |

October 8-9, 2018

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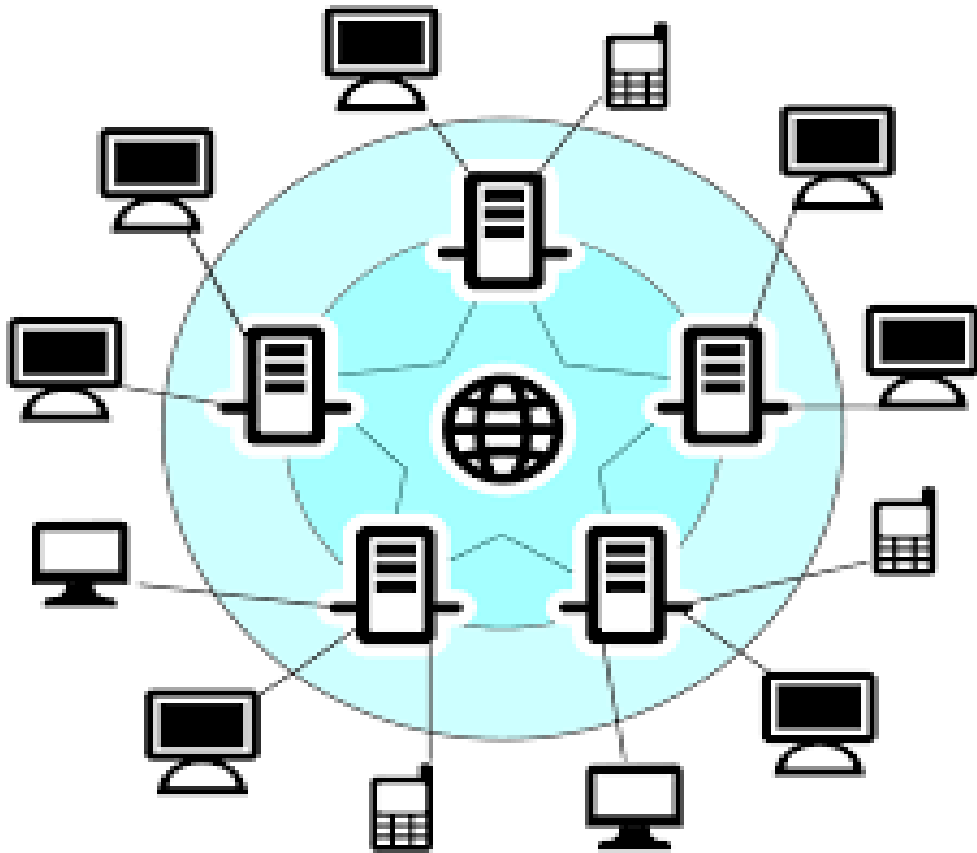


Have You Ever?

Played the Kevin Bacon
Game

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WHAT'S THE BACON IN BACON?



Network Value Theory

Metcalf's Law

1. # of Connections
2. Quality of those Connections



SC GFOA DISCUSSION TOPIC:

Improving South Carolina's
Connections:

- Capital – Opportunity Zones
- Information – AI Broadband



FINTRUST CAPITAL ADVISORS, LLC

- S.E.C. registered investment advisor
- FINRA licensed securities brokerage firm
- Headquartered in Greenville, SC
- Serves corporate and institutional clients &
- Private wealth individuals.
- Advises clients on approximately \$2 Billion in client assets

WHY FINTRUST?

- Our Team:
 - 20+ professionals with industry leading credentials
 - Accredited Investment Fiduciary®
 - Chartered Financial Analyst®
 - Certified Financial Planner™
 - Certified Behavioral Finance Analyst
 - Certified Public Accountant
- Multiple locations throughout South Carolina and the Southeast



Allen Gillespie, CFA®
Managing Partner
Investments



Chip
Hardy, CBFA
Senior Vice
President
Fiduciary
Consultant



Scott Soltau
Senior Vice
President
Capital Markets



Will Kibler
Vice President
Investment Advisor



Our Corporate & Institutional Services:

INVESTMENT MANAGEMENT

FIDUCIARY & INSTITUTIONAL CONSULTING

RETIREMENT PLAN CONSULTING

RESEARCH & CAPITAL MARKETS

REFERRAL NETWORK



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Part II :
Opportunity Zones

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TAX AND JOBS ACT CREATES LAND OF OZ.

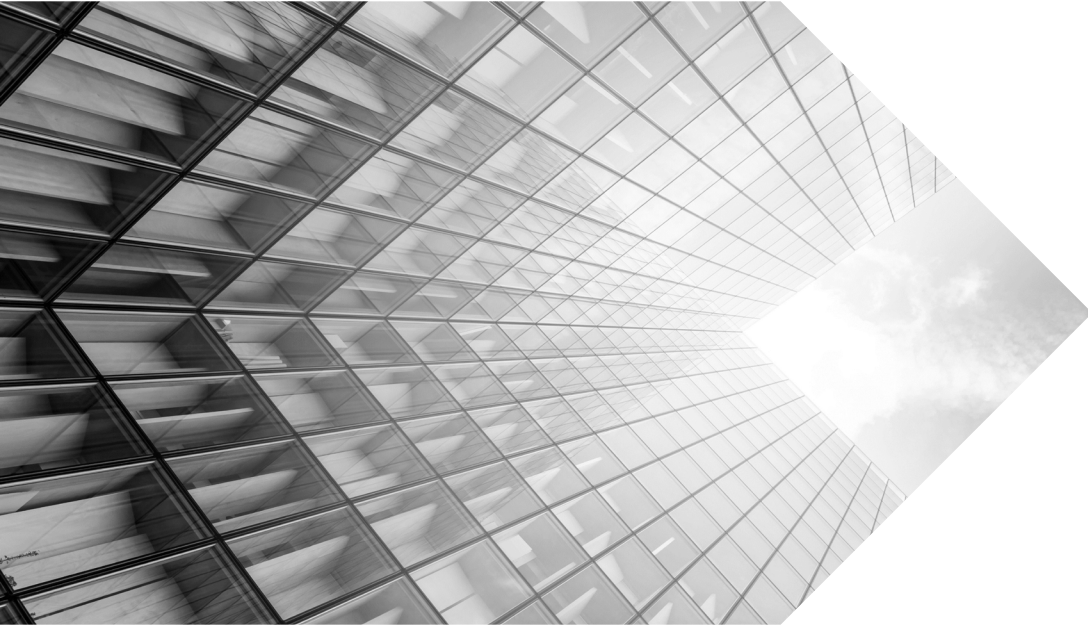
- Opportunity Zones are a new tax incentive oriented towards directing private capital investment into certain low-income census tracts.
- OZ program's goal is to transform urban and rural redevelopment
- A "Super" 1031 Like-Kind Exchange Provision with an added benefit and applicable to the sale of any property.
- Opportunity Zone program may provide healthy returns with tremendous tax advantages



POTENTIAL SC FOCUS AREAS:

- Promoting economic vitality in parts of the state that have not shared in the general prosperity over the past few years
- Funding new infrastructure to support population and economic growth
- Upgrading the capability of existing underutilized assets through capital improvement investments





Part III:
AI BROADBAND

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Center for
**Applied Innovation and
Advanced Analytics**TM

AI Broadband

Advanced Insights for Rural Connectivity

October 2018

JIM STRITZINGER
DIRECTOR



Let's build a
smarter planet. **IBM** 

Context



Use:

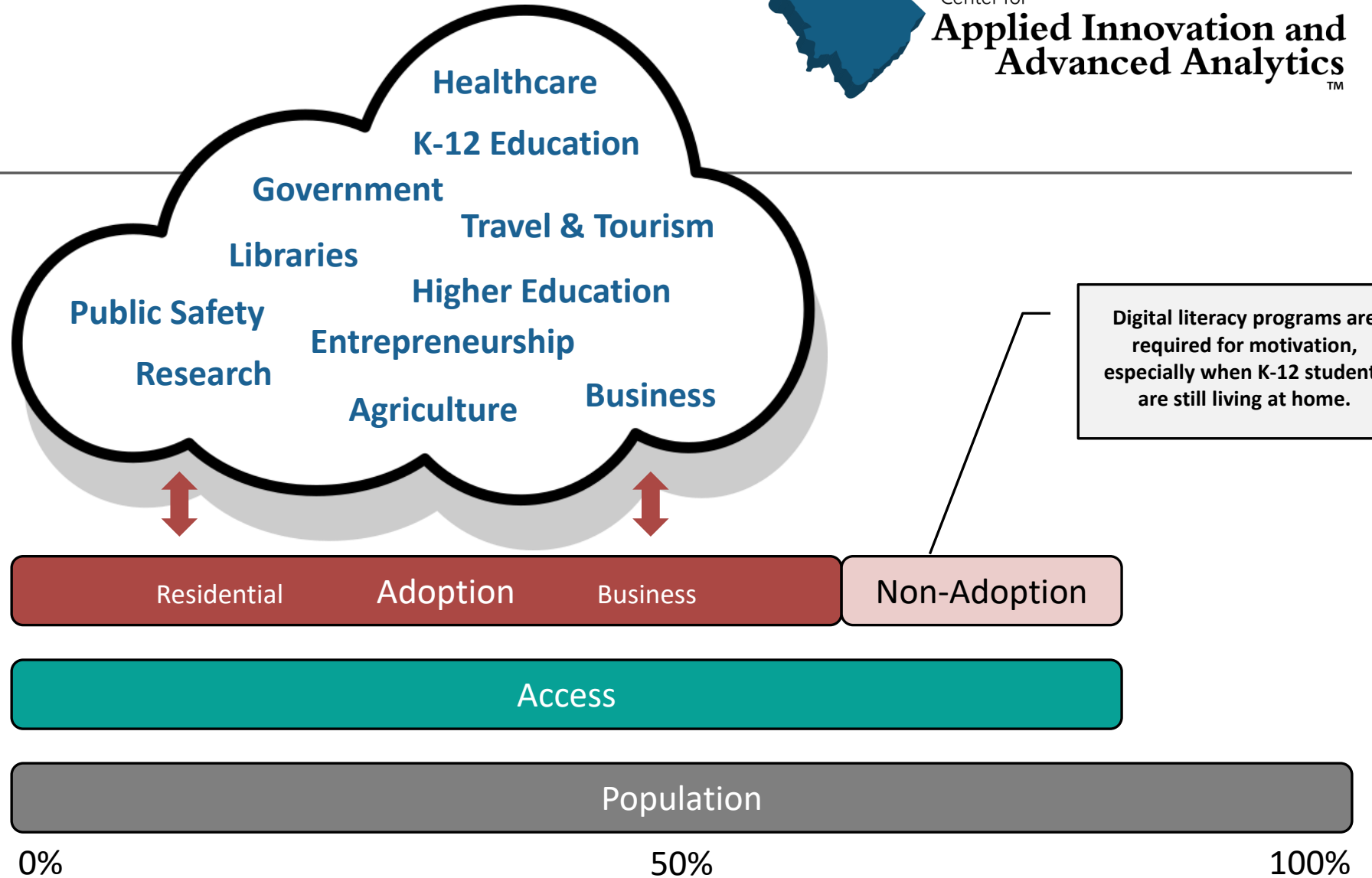
Skills and applications to leverage technology to improve quality of life and community/economic development

Adoption:

Recognizing the value in broadband and subscribing either at home, work, or via public institutions

Access:

The physical connection to high-speed infrastructure





FCC Broadband Definition

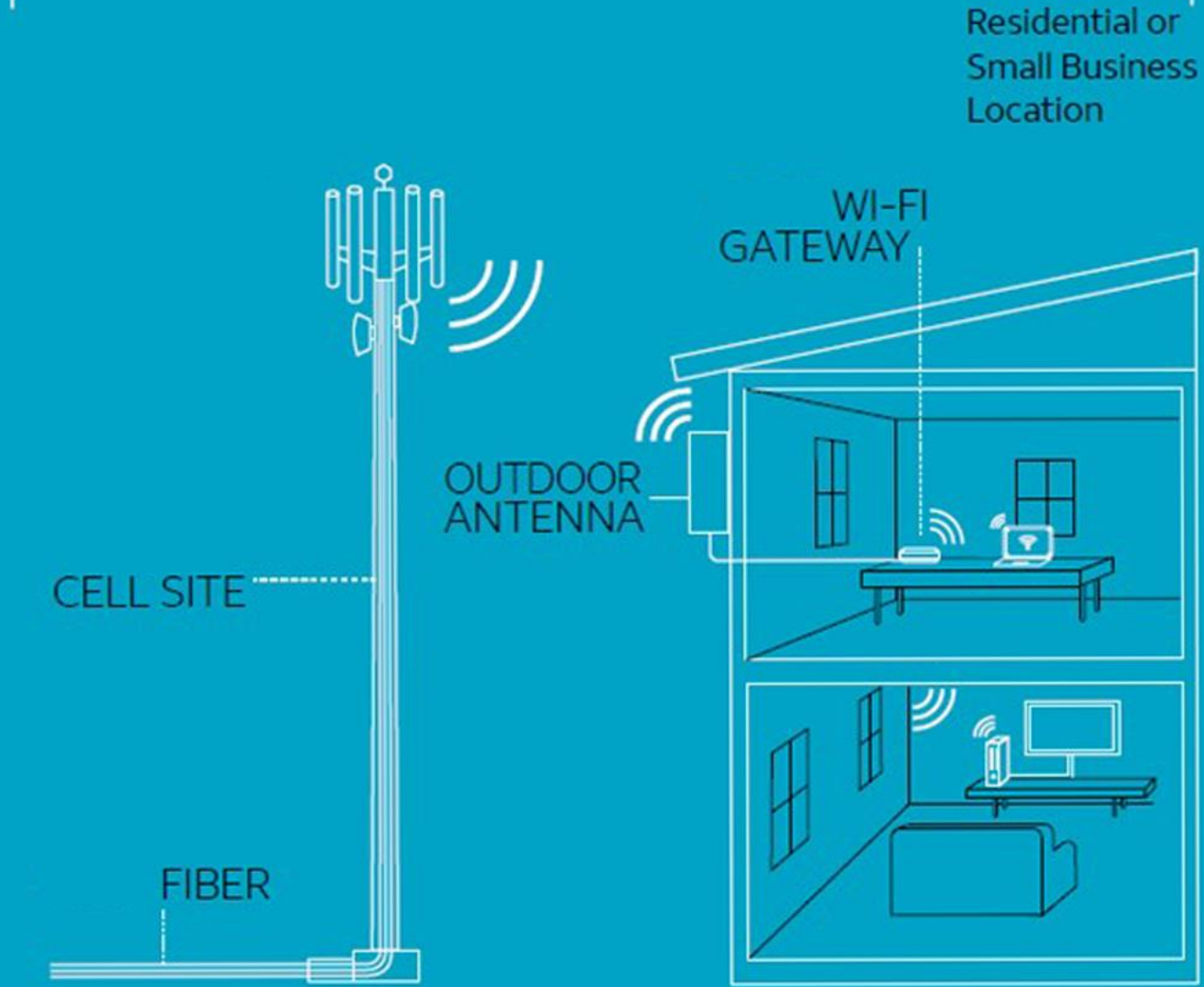
Speeds	January 2015 Benchmark
Download Speed	25 Mbps
Upload Speed	3 Mbps

United States:

- **17%** of all Americans, **55M** people lack access to 25/3
- **55%** of Rural America, **23M** people lack access to 25/3
- In contrast, **only 8%** of Urban America lacks access to 25/3

Source: Federal Communications Commission

Fixed Wireless Internet

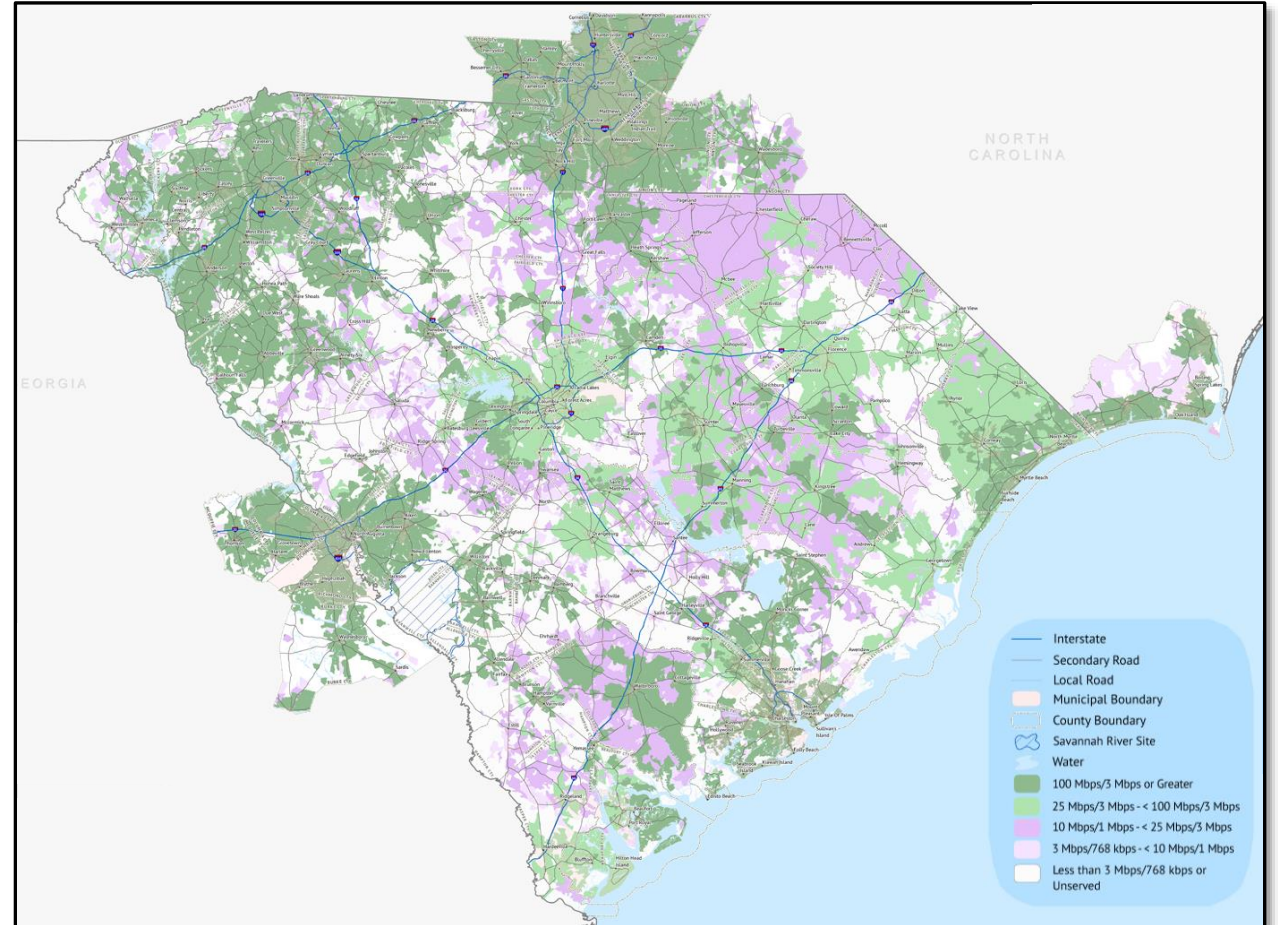


CAIAA Region



Center for
**Applied Innovation and
Advanced Analytics**
TM

Metropolitan Statistical Area	< 25/3		< 10/1	
Charlotte-Gastonia-Concord, NC-SC	24,799	1.1%	12,301	0.6%
Greenville-Anderson-Mauldin	44,469	5.1%	37,780	4.3%
Columbia	75,377	9.3%	40,486	5.0%
Charleston-North Charleston-Summerville	40,796	5.5%	30,163	4.1%
Augusta-Richmond County, GA-SC	44,553	7.6%	37,557	6.4%
	229,994	4.4%	158,287	3.0%
Myrtle Beach-Conway-North Myrtle Beach	15,612	3.6%	14,017	3.2%
Spartanburg	16,361	5.5%	12,223	4.1%
Hilton Head Island-Bluffton-Beaufort	19,498	9.4%	13,044	6.3%
Florence	18,660	9.0%	13,610	6.6%
Sumter	6,158	5.7%	2,371	2.2%
	76,289	6.1%	55,265	4.4%
All Other Areas	275,891	30.8%	128,601	14.4%
	582,174	7.9%	342,153	4.7%
SC	536,557	11.0%	307,865	6.3%



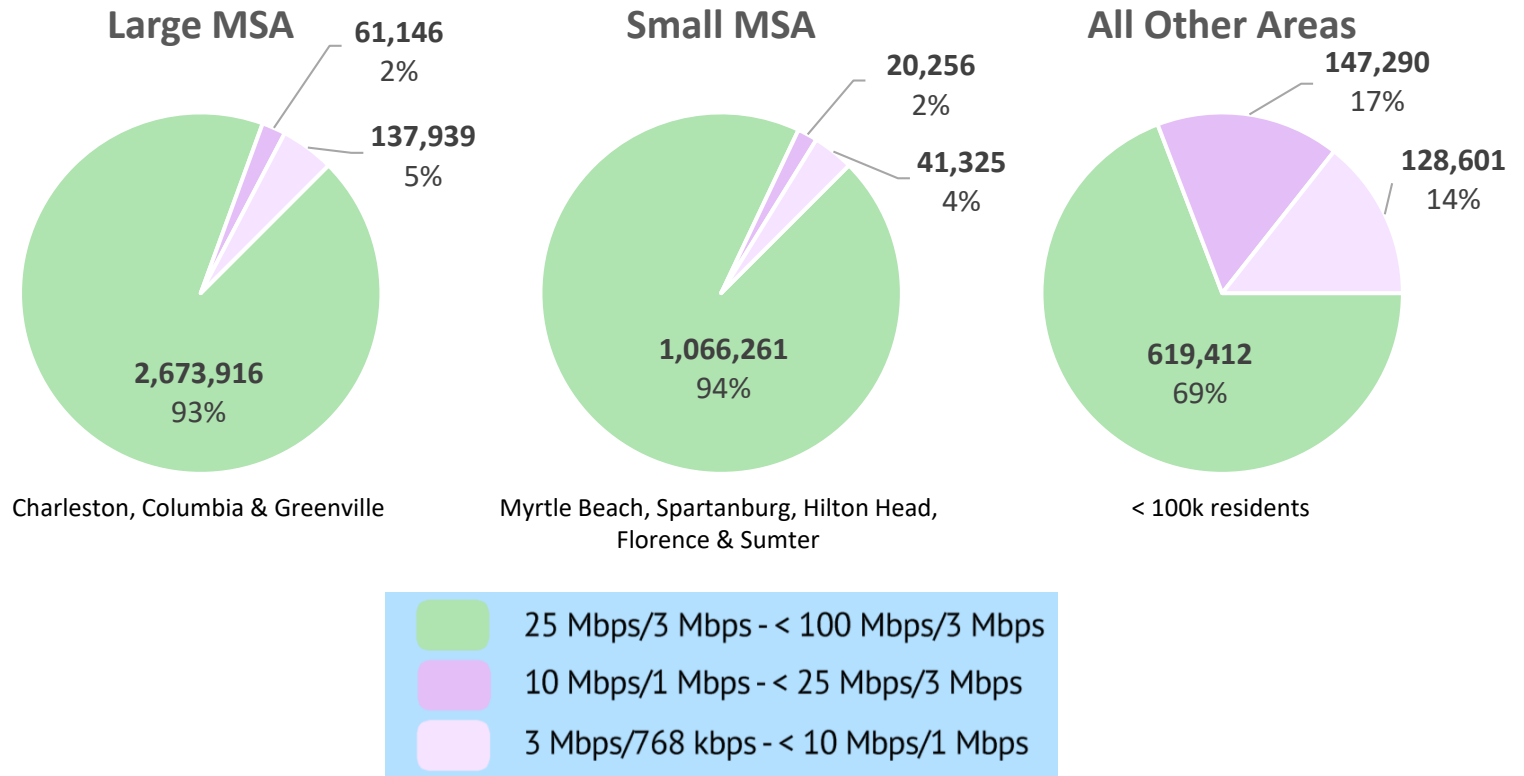
Source: FCC Broadband Deployment Data
December 2016



SC Broadband Access

In South Carolina, **536,557** residents (11.0%) and **199,318** households lack access to 25/3 service.

Sadly, **307,865** residents (6.3%) and **111,697** households lack access to even the most basic 10/1 service.



Source: FCC Broadband Deployment Data, December 2016, Published Feb. 25, 2018, <https://opendata.fcc.gov/wireline>



AI Broadband

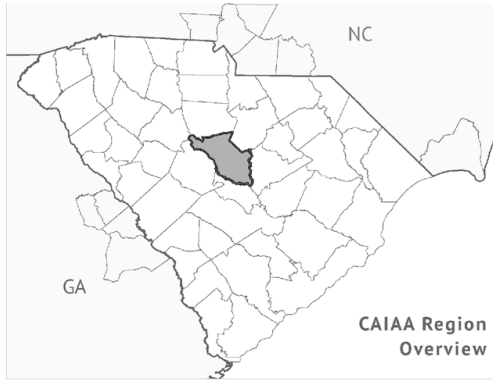
Mission:














- 1) Current State of Broadband Access
- 2) Share Techniques for Solving Access Issues
- 3) Develop Tactical Plan
- 4) Identify Available Vertical Assets
- 5) Identify Funding Opportunities



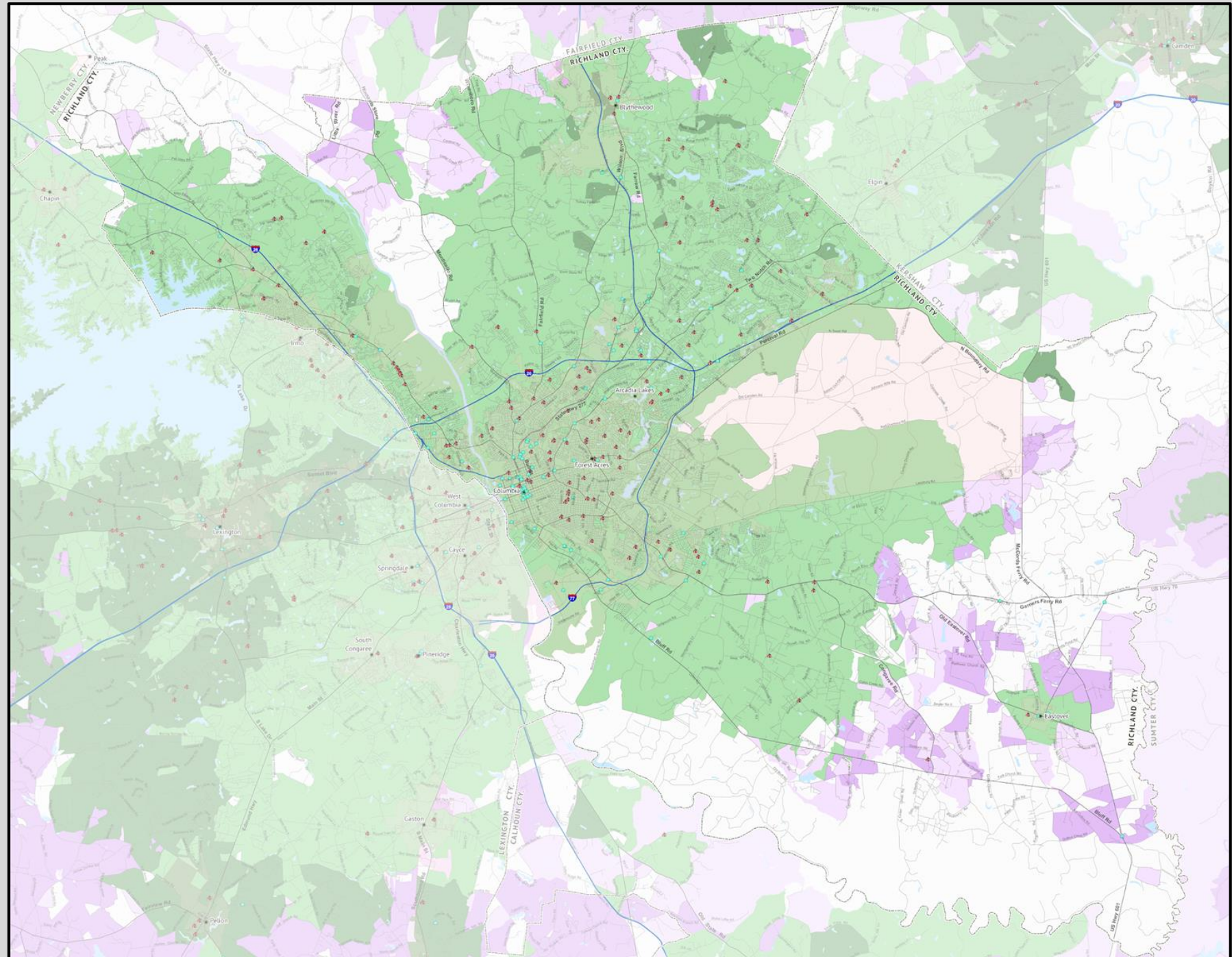


Richland County, SC



-  School (K-12)
-  Gov't Building
-  Interstate
-  Secondary Road
-  Local Road
-  Municipal Boundary
-  County Boundary
-  Water
-  100 Mbps/3 Mbps or Greater
-  25 Mbps/3 Mbps - < 100 Mbps/3 Mbps
-  10 Mbps/1 Mbps - < 25 Mbps/3 Mbps
-  3 Mbps/768 kbps - < 10 Mbps/1 Mbps
-  Less than 3 Mbps/768 kbps or Unserved

Data: FCC Form 477 - Dec. 2016

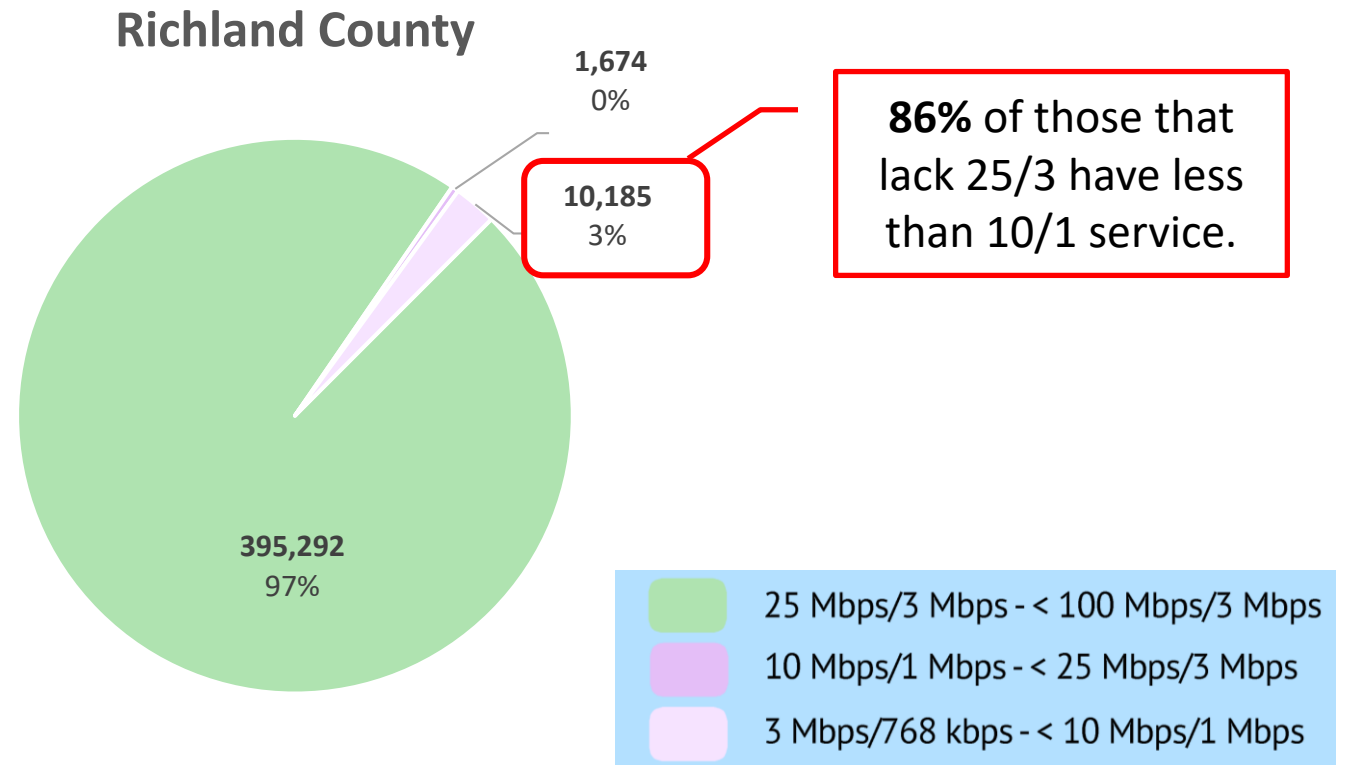




Richland County, SC Access

In Richland County, **11,859** residents (2.9%) and **4,771** households lack access to 25/3 service.

Sadly, **10,185** residents (2.5%) and **4,135** households lack access to even the most basic 10/1 service.

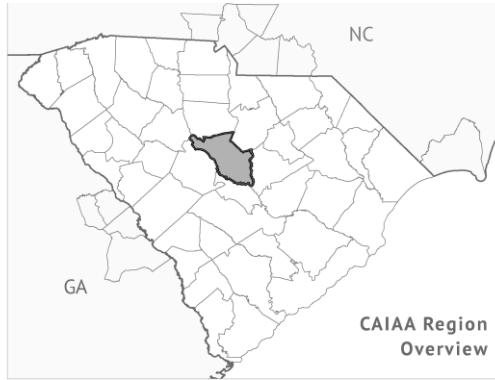


Source: FCC Broadband Deployment Data, December 2016, Published Feb. 25, 2018, <https://opendata.fcc.gov/wireline>



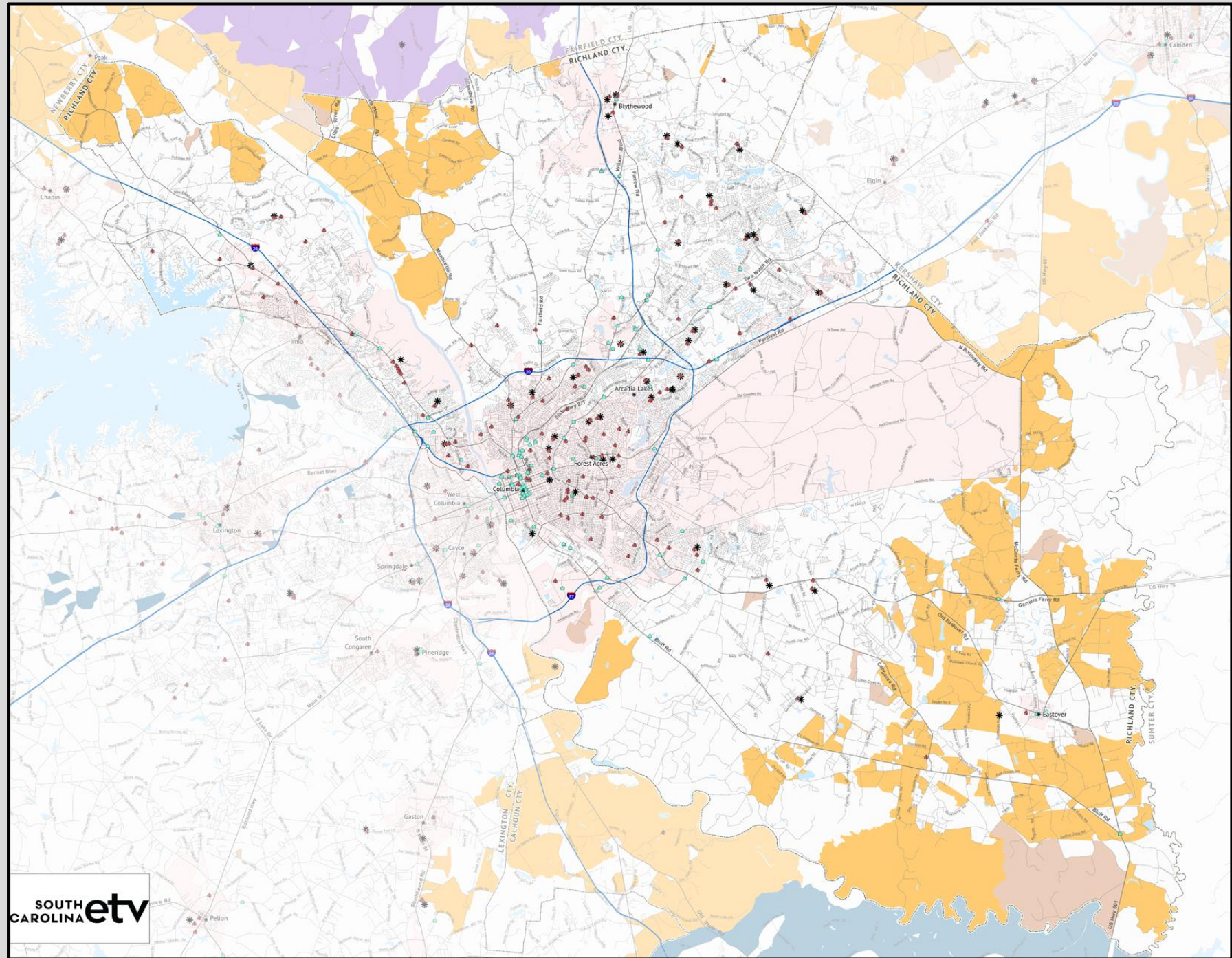
SC ETV Vertical Assets

Richland County, SC



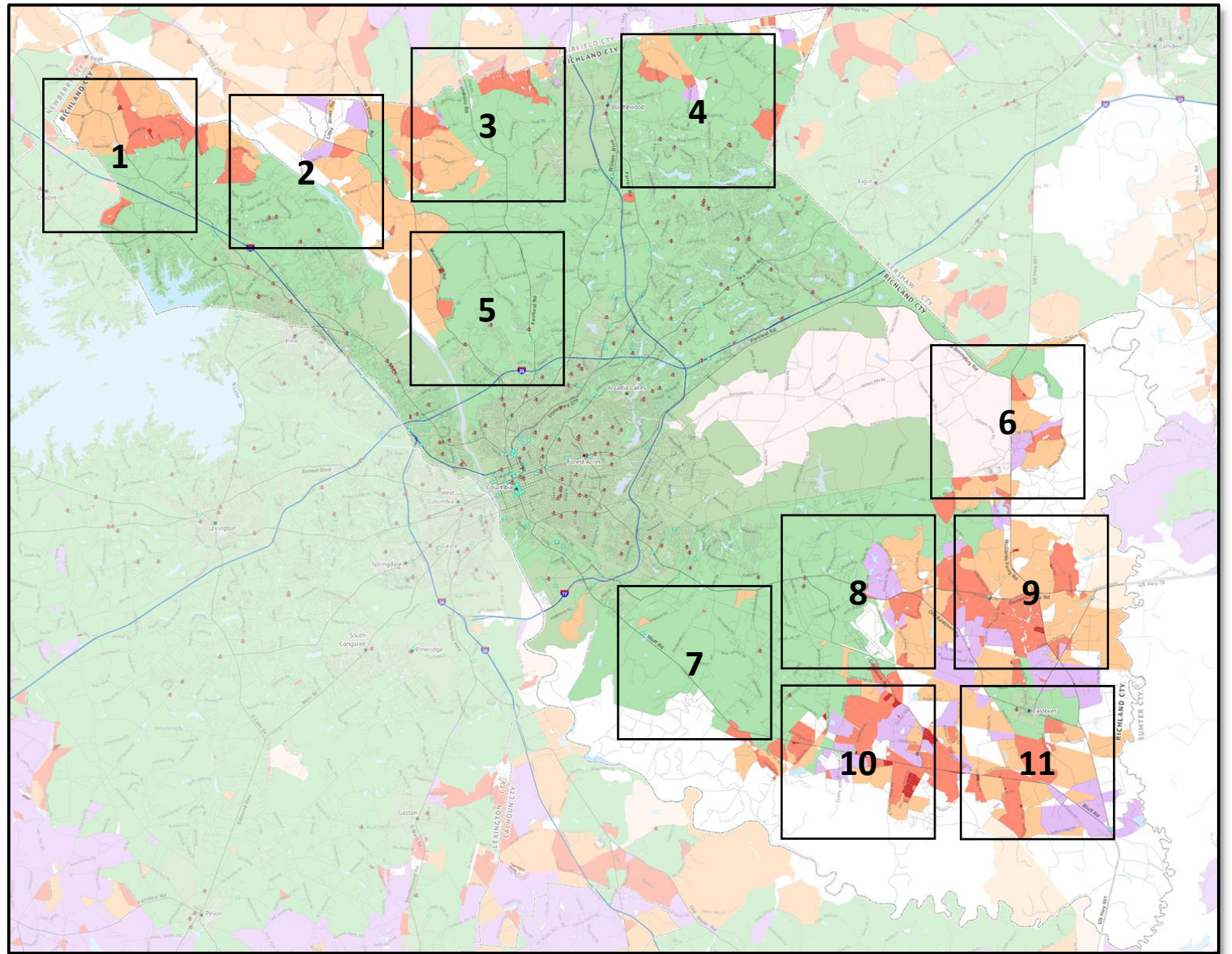
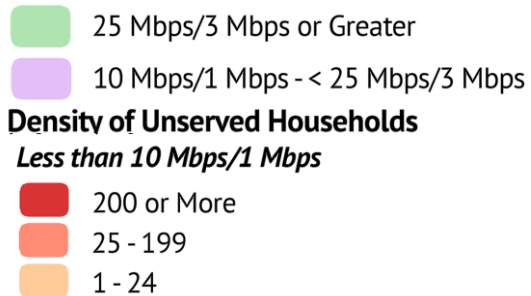
- School (K-12)
- Gov't Building
- Interstate
- Secondary Road
- Local Road
- Municipal Boundary
- County Boundary
- Water
- AT&T Commitment
- CenturyLink Commitment
- Frontier Commitment
- Windstream Commitment
- Auction Eligible Area
- No Targeted Subsidy

Data: FCC - 9/15/2015, Auction - 2/6/2018



Richland County Targets

- 1) Jake Eargle Rd.
- 2) Little River Rd.
- 3) Winnsboro Rd.
- 4) NE Miles Rd.
- 5) Monticello Rd.
- 6) Choures Pond Rd.
- 7) Bluff Rd.
- 8) Old Eastover Rd.
- 9) Garners Ferry Rd.
- 10) Dry Branch Rd.
- 11) Eastover



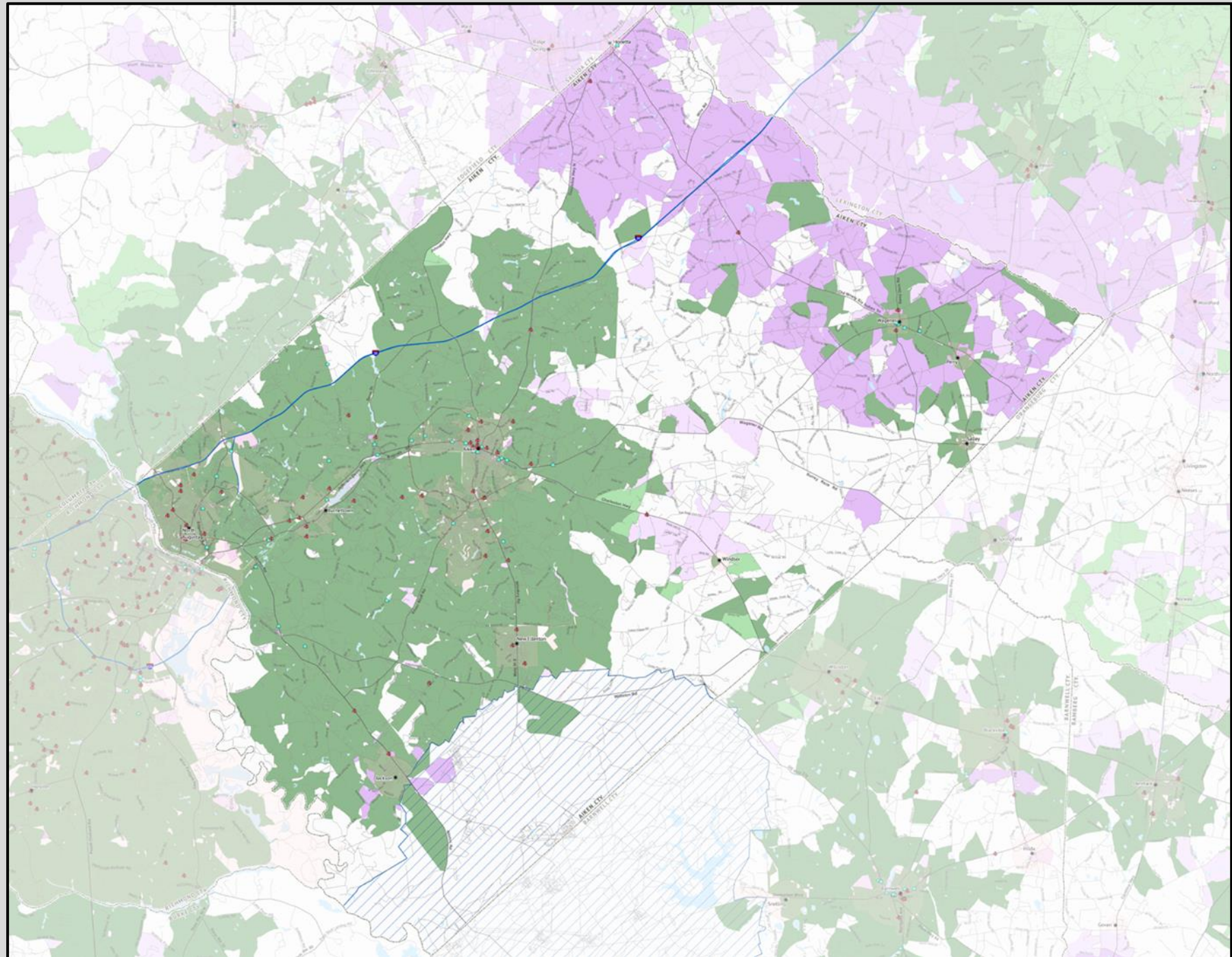
Richland County Targets	Population	Residents < 25/3	Households < 25/3	Residents < 10/1	Households < 10/1	Fixed Assets	Moveable Assets	CAF Blocks
1) Jake Eargle Rd.	9,454	1,106	421	1,099	418			16
2) Little River Rd.	12,578	610	264	599	259			28
3) Winnsboro Rd.	1,702	429	187	401	173			13
4) NE Miles Rd.	24,719	381	143	359	135			11
5) Monticello Rd.	7,434	71	30	71	30			0
6) Choures Pond Rd.	5,496	1,489	581	1,316	514			40
7) Bluff Rd.	1,357	414	173	414	173			14
8) Old Eastover Rd.	5,060	1,206	446	886	333			17
9) Garners Ferry Rd.	1,929	1,888	751	1,392	555			44
10) Dry Branch Rd.	1,522	1,457	535	1,132	418			40
11) Eastover	1,875	813	326	554	224			34
Outside Target Areas	343,241	1,995	914	1,962	903			15
TOTAL	416,367	11,859	4,771	10,185	4,135			243

Aiken County, SC



- School (K-12)
- Gov't Building
- Interstate
- Secondary Road
- Local Road
- ▭ Municipal Boundary
- ▭ County Boundary
- ▭ Savannah River Site
- ▭ Water
- ▭ 100 Mbps/3 Mbps or Greater
- ▭ 25 Mbps/3 Mbps - < 100 Mbps/3 Mbps
- ▭ 10 Mbps/1 Mbps - < 25 Mbps/3 Mbps
- ▭ 3 Mbps/768 kbps - < 10 Mbps/1 Mbps
- ▭ Less than 3 Mbps/768 kbps or Unserved

Data: FCC Form 477 - Dec. 2016

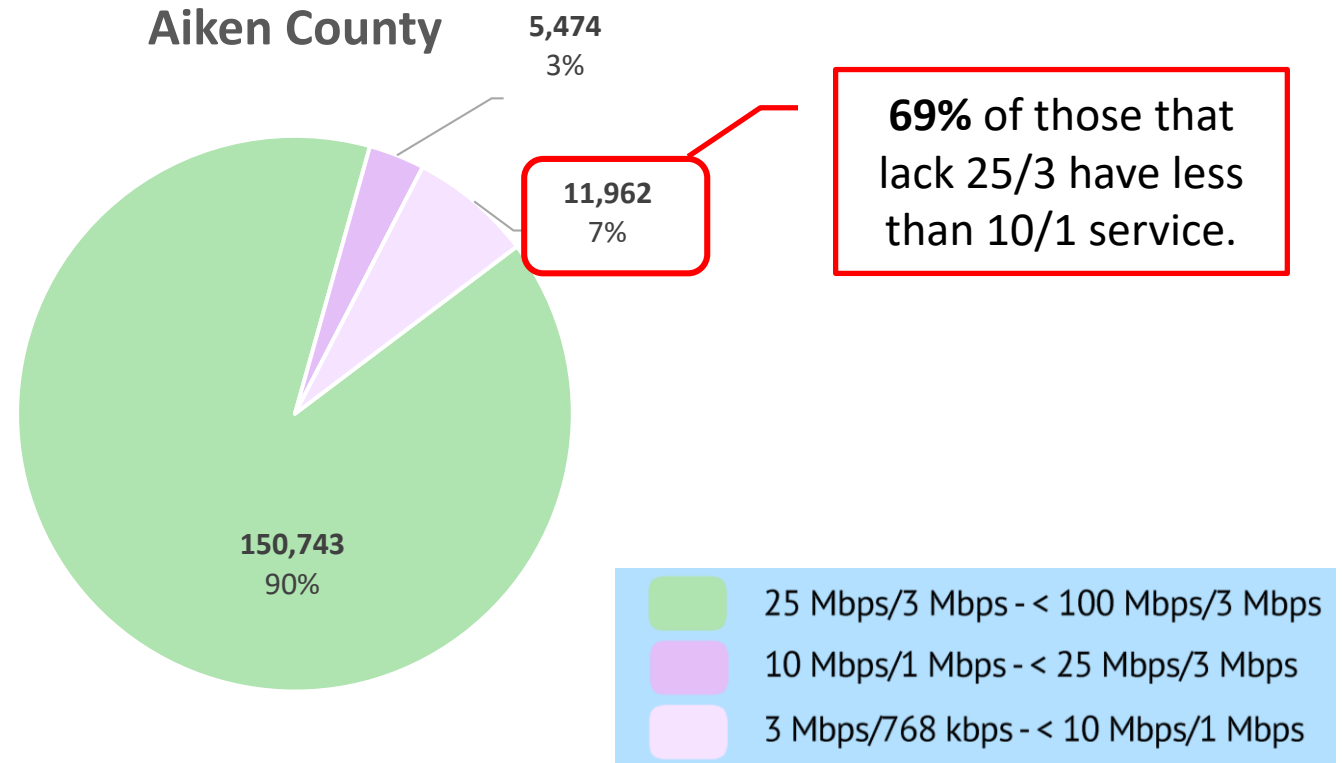




Aiken County, SC Access

In Aiken County, **17,436** residents (10.4%) and **6,721** households lack access to 25/3 service.

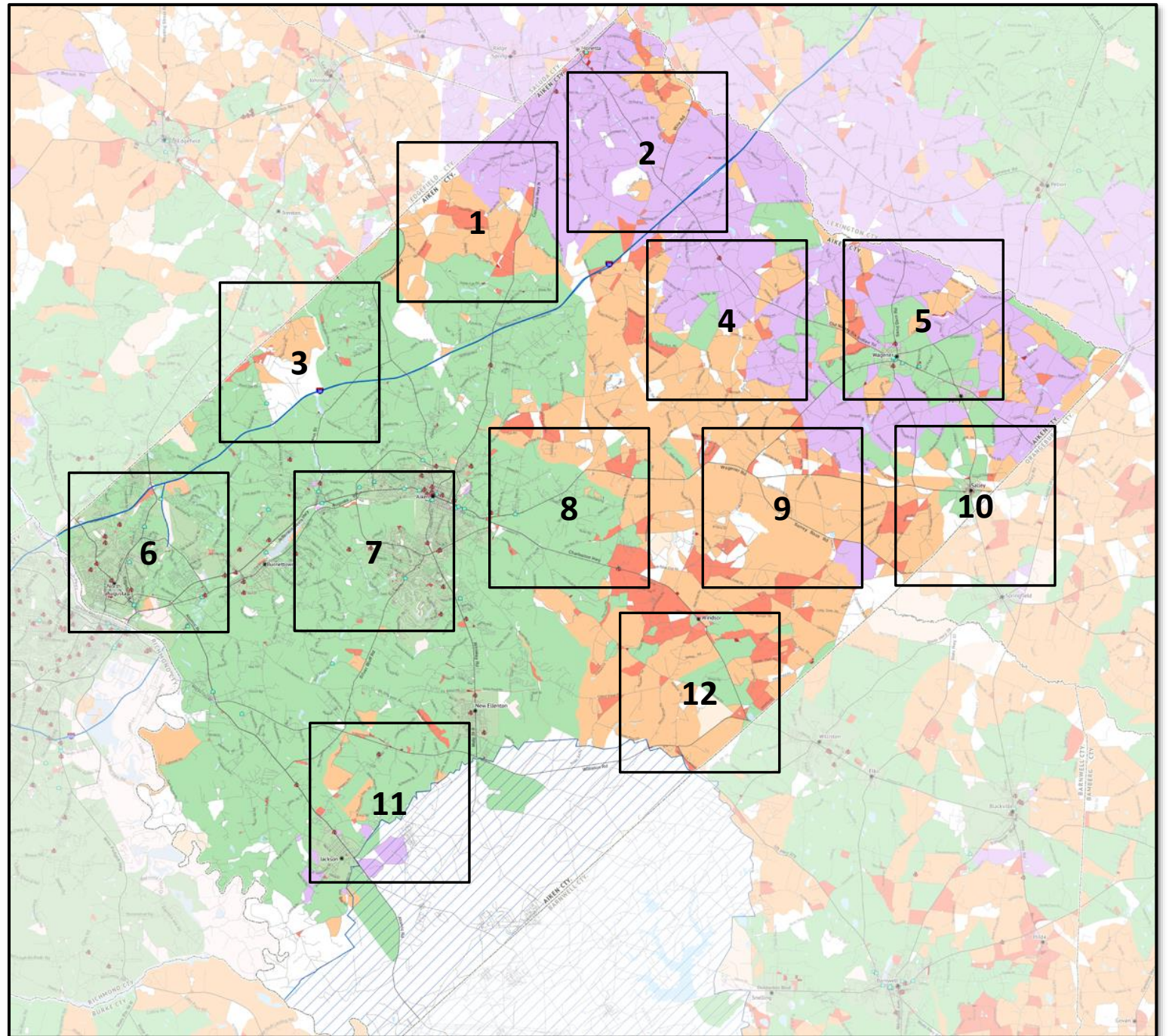
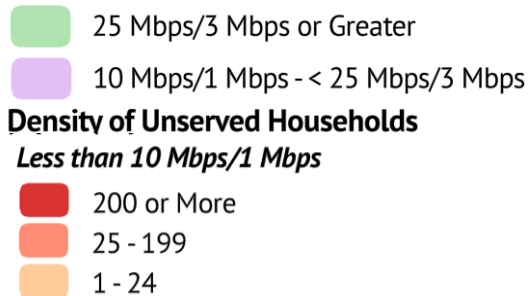
Sadly, **11,962** residents (7.1%) and **4,591** households lack access to even the most basic 10/1 service.



Source: FCC Broadband Deployment Data, December 2016, Published Feb. 25, 2018, <https://opendata.fcc.gov/wireline>

Aiken County Targets

- 1) Piper Rd.
- 2) Monetta
- 3) Mount Zion Rd.
- 4) Old Ninety Six Rd.
- 5) Wagener
- 6) North Augusta
- 7) Aiken Downtown
- 8) Montmorenci
- 9) Wagener Rd.
- 10) Salley
- 11) Jackson
- 12) Windsor

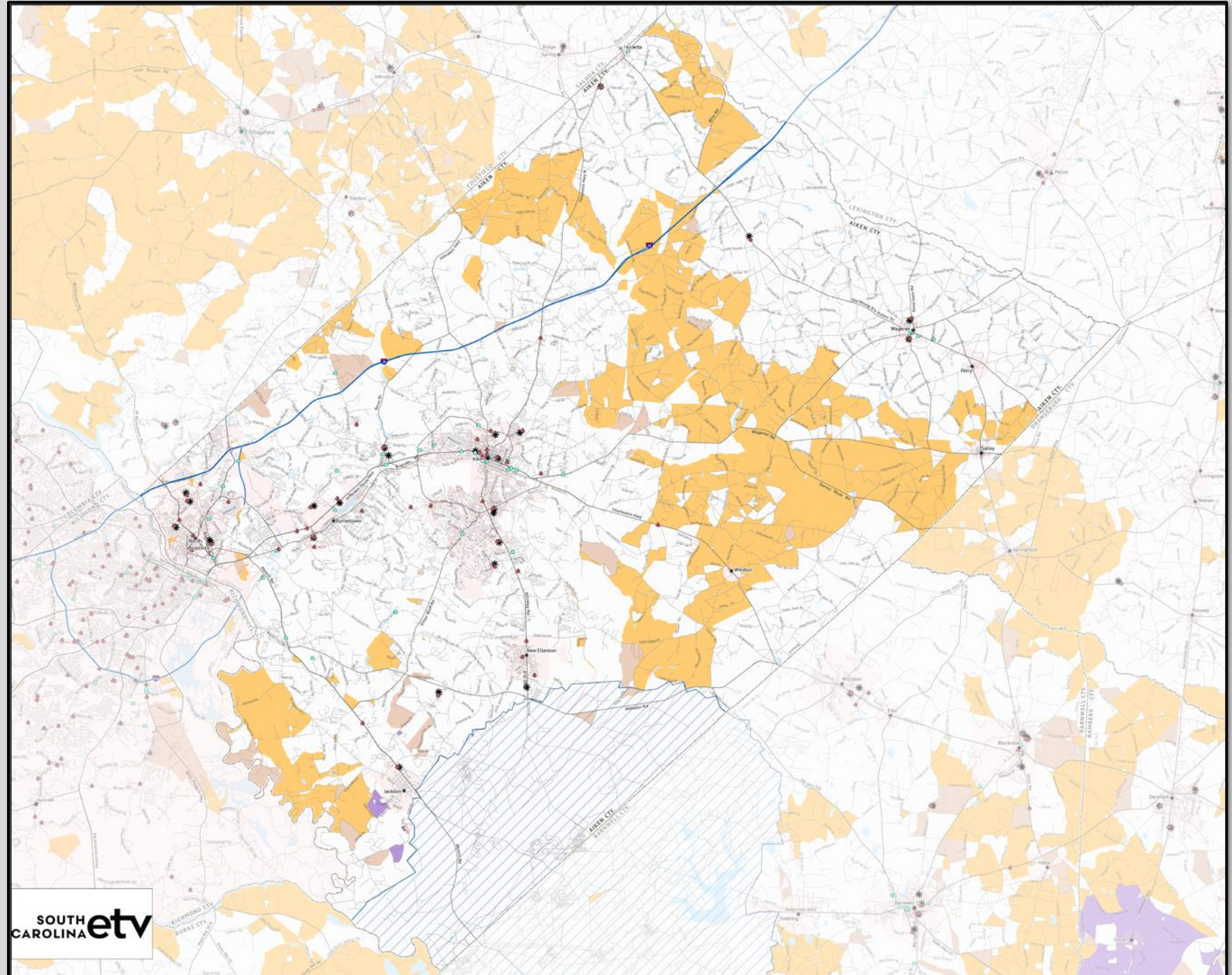


Aiken County, SC



- School (K-12)
- Gov't Building
- Interstate
- Secondary Road
- Local Road
- ▭ Municipal Boundary
- ▭ County Boundary
- ▭ Savannah River Site
- ▭ Water
- ▭ AT&T Commitment
- ▭ CenturyLink Commitment
- ▭ Frontier Commitment
- ▭ Windstream Commitment
- ▭ Auction Eligible Area
- ▭ No Targeted Subsidy

Data: FCC - 9/15/2015, Auction - 2/6/2018



Aiken County Targets	Population	Residents < 25/3	Households < 25/3	Residents < 10/1	Households < 10/1	Fixed Assets	Moveable Assets	CAF Blocks
1) Piper Rd.	5,381	1,330	522	793	306	1	1	27
2) Monetta	2,018	1,957	728	486	202	2	1	24
3) Mount Zion Rd.	2,592	193	75	188	73		1	10
4) Old Ninety Six Rd.	5,709	4,500	1,751	2,714	1,045			115
5) Wagener	4,759	2,220	894	710	290	2	2	0
6) North Augusta	55,147	341	134	326	130		1	2
7) Aiken Downtown	64,594	845	289	828	281			2
8) Montmorenci	2,937	418	158	415	156	1	1	9
9) Wagener Rd.	1,667	1,538	560	1,538	560			28
10) Salley	1,513	898	377	829	343	1	1	47
11) Jackson	13,571	406	183	345	155			8
12) Windsor	8,291	2,790	1,050	2,790	1,050	1	1	22
TOTAL	168,179	17,436	6,721	11,962	4,591			294

2) Monetta

2,018

Population

1,957

Residents < 25/3

728

Households < 25/3

188

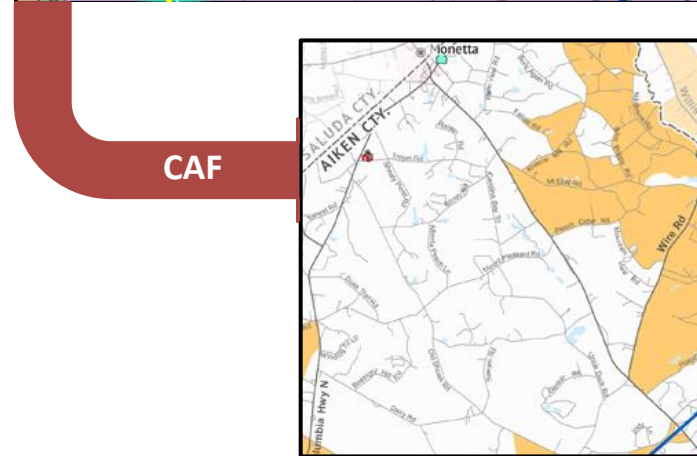
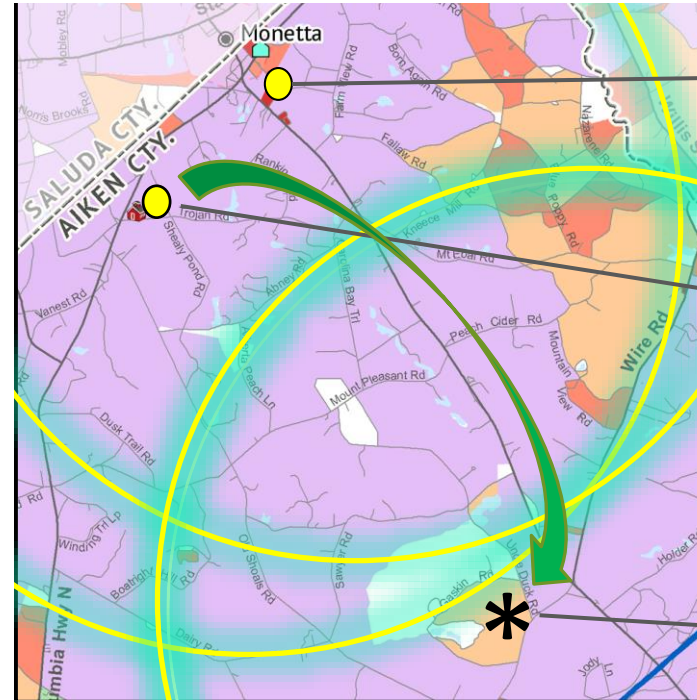
Residents < 10/1

73

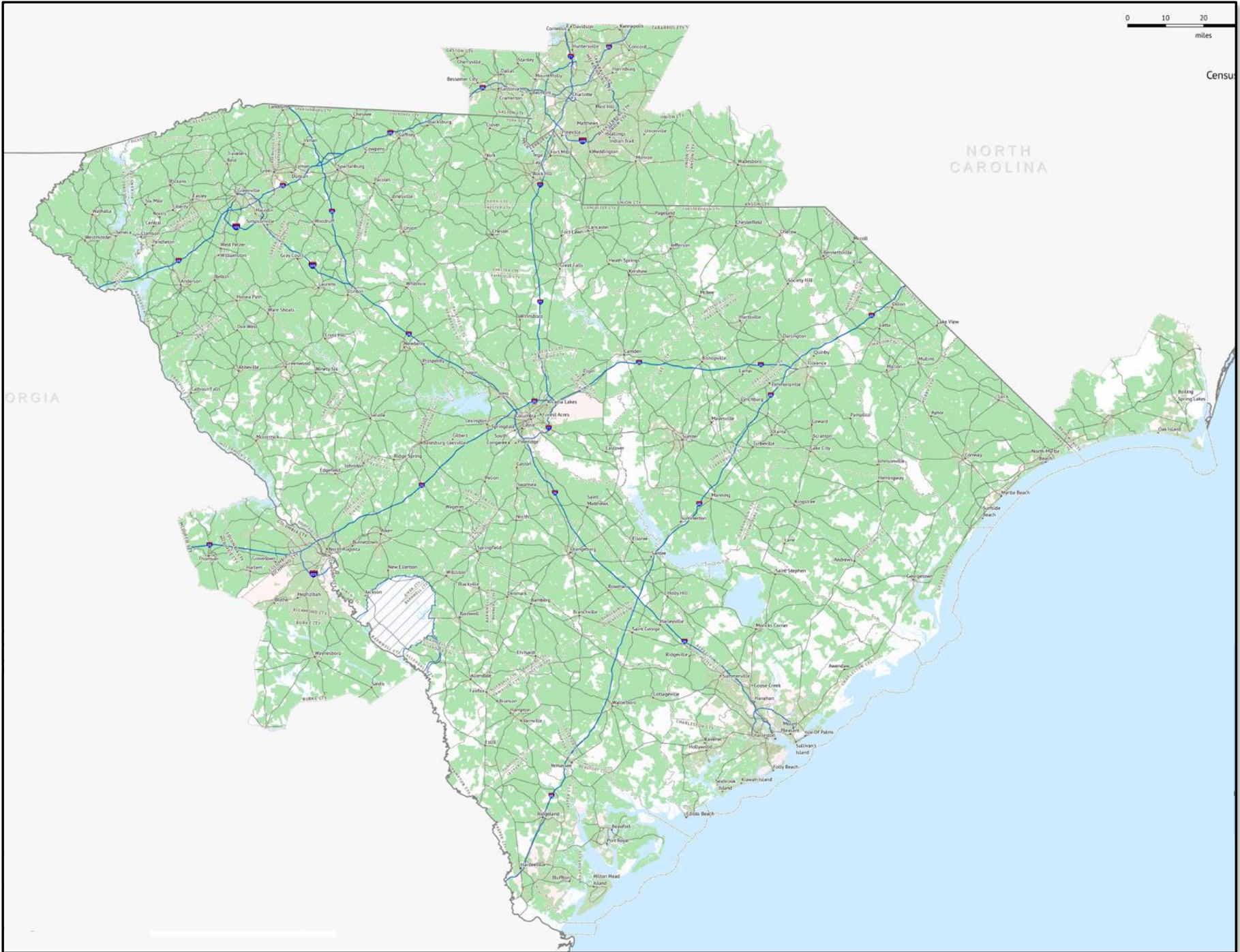
Households < 10/1

2 / 1

Fixed / Movable
Vertical Assets



Ridge Spring-Monetta
Middle/High School

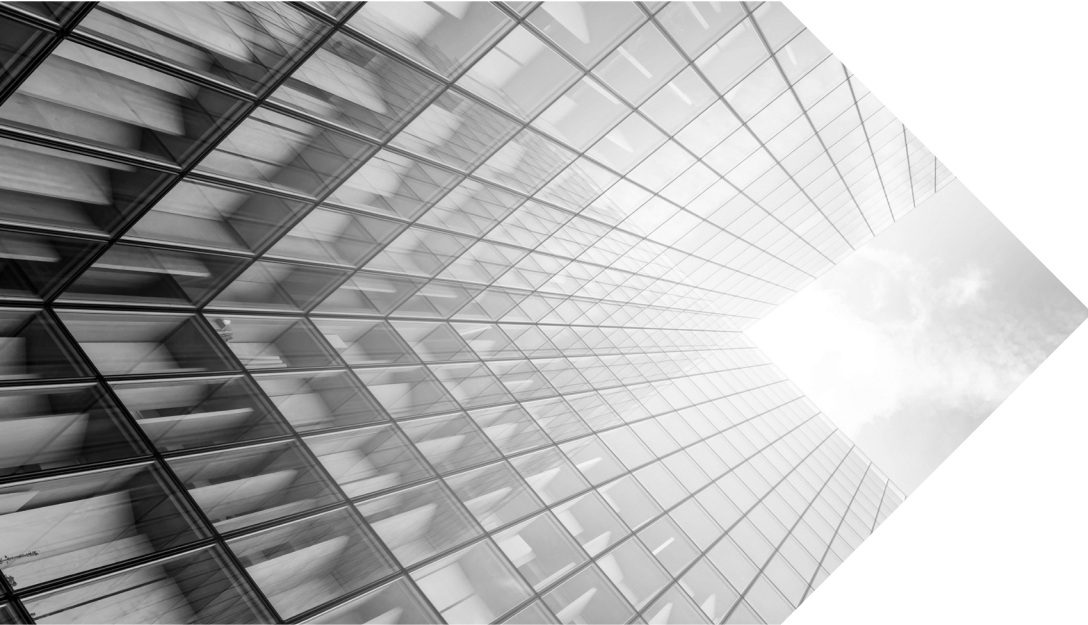


0 10 20
miles

Census

NORTH
CAROLINA

ORGIA



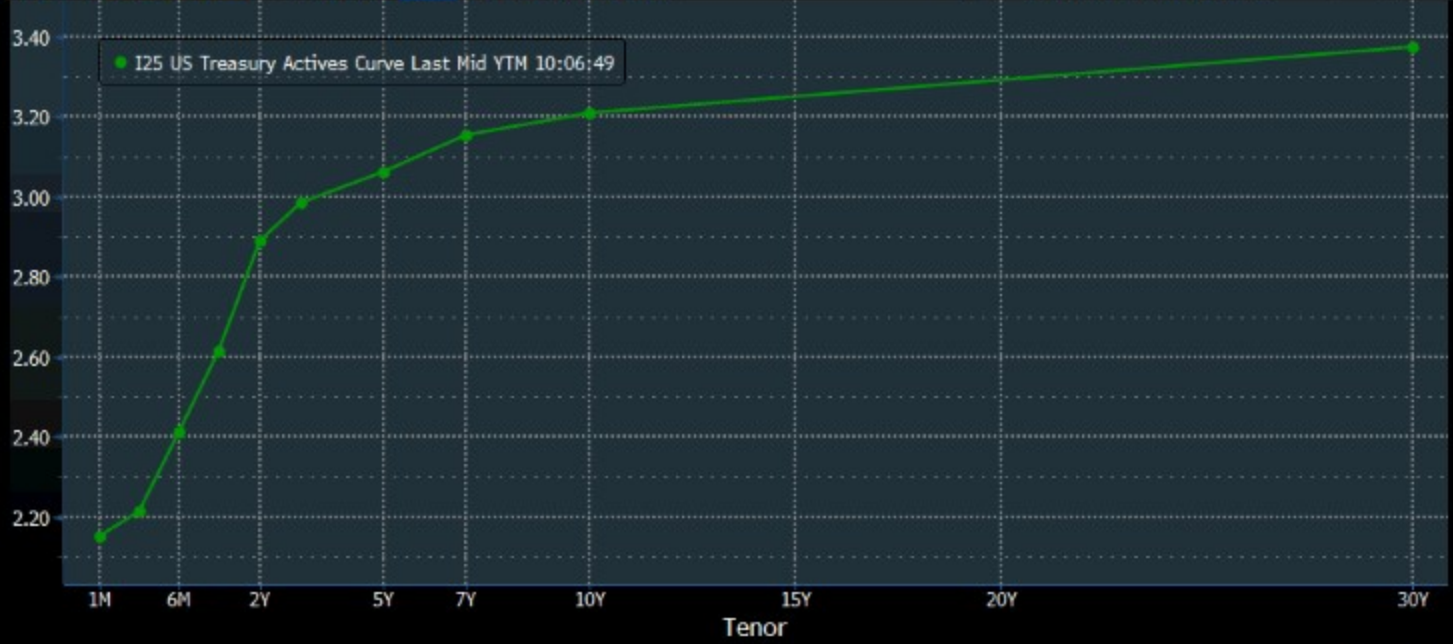
Part IV:
Finding the Money

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US Treasury Actives Curve Actions 98) Table Export Settings Graph Curves

X-Axis Tenor Y-Axis Mid YTM Currency None PCS BGN Lower Chart Table

Specific MM/DD/YY Relative Last 1D 1W 1M Modify Curves & Relative Value



Curve Id	1M	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y	30Y
11) I25	2.151	2.214	2.412	2.613	2.891	2.983	3.063	3.154	3.209	3.374

US Treasury Actives Curve Actions Table Export Settings Graph Curves

X-Axis Tenor Y-Axis Mid YTM Currency None PCS BGN Lower Chart Table

Specific MM/DD/YY Relative Last 1D 1W 1M Modify Curves & Relative Value

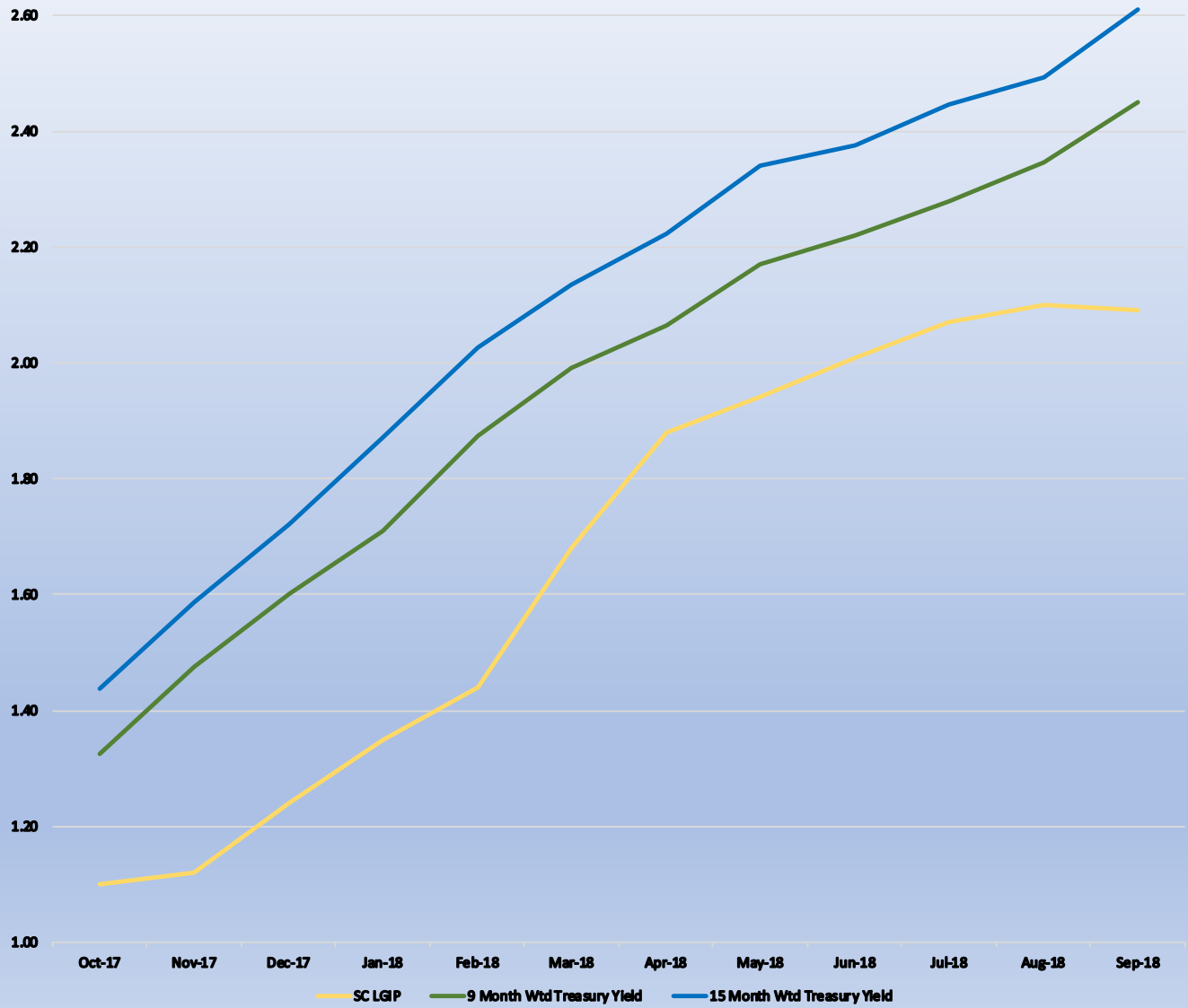


Curve Id	1M	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y
11) I25	2.150	2.214	2.412	2.612	2.893	2.989	3.068	3.160	3.217

FinTrust Capital Advisors, LLC

Historical Comparison of LGIP to 9 and 15 Month Weighted Treasury Ladders

Source: Bloomberg, LP, SC Treasurer's Office Website



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WHERE TO FIND \$50,000:

➤ Based on treasury yields as of 10.3.18...

✓ \$30M for 6 months or

✓ \$20M for 9 months or

✓ \$17M for 12 months

➤ Based on LGIP as of 9.30.18...

× Longer since rates are approximately 50 bps less



Part V:
Conclusion & Action
Items

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CONCLUSION & ACTION ITEMS:

- FinTrust can help by...
 - Reviewing your existing investment portfolios
 - Illustrating various income enhancing strategies
 - Connecting you with strategic partners

- Municipalities should...
 - Become better connected to enhance your appeal
 - Be better fiduciaries by maximizing yields
 - Meet with FinTrust as a follow up

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