

MESSAGE FROM THE INNOVATE FUND

Dear Friends,

The past few years have been exciting for The Innovate Fund! We funded eight amazing projects, deployed over \$70 million in capital, and expanded our service area to the state of South Carolina. We successfully funded projects in North Charleston and rural Oconee County and have been actively working to engage in those communities and others across the state.

In addition to funding impactful projects, we began a strategic planning process that led us to rebranding from Greenville New Markets Opportunity II to The Innovate Fund. As our company has evolved and with our service area expanded, our feeling was that the name and brand need to reflect our core mission. We chose the name, *The Innovate Fund*, because we felt the types of businesses we've funded have all been uniquely innovative within their respective industries. We chose the tagline *Transforming Communities* because through each project's creative approach to not only their financing but their business strategies, the communities in which they are located are truly transformed—whether that be through quality job creation or the ability to bring needed health and wellness services to low-income community residents.

As we look ahead to the future, the needs in South Carolina are as great as ever. Wages remain low and health indicators show a dim outlook. Our mission of attracting capital to the hardest hit communities of the state remains at the center of our focus. We are thankful to our collaborative partners for helping us get to where we are, and we look forward to deepening and broadening our relationships to further expand the impact of this program across the state.

Sincerely,

Doris Shellhorse, *Program Manager* Board of Directors

Community Impact	2
Community Outreach	3
Legacy Charter School	4
Upward Unlimited	
Greenco Beverage Company	
Limehouse Produce	
Sweet Street Desserts	
TDC Cutting Tools	
AC Hotel	
Claussen Bakery	
The Innovate Fund Affiliates	
Board of Directors and Advisory Board	



The Innovate Fund, a Community Development Entity, has deployed nearly \$160 million of New Markets Tax Credits investments to transactions that support 3,370 jobs, provide community goods and services to over 66,000 Low-Income Community residents and Low-Income People, and created or rehabilitated over 1.6 million square feet of real estate in South Carolina. The community demographics of The Innovate Fund's current investment portfolio consist of poverty rates as high as 66%, median family income as low as 14.24% of the statewide median family income, and unemployment as high as 23.7%.



3,370 JOBS CREATED

81% QUALITY | 75% ACCESSIBLE

\$162 MILLION

INVESTED IN COMMUNITIES





66,630

LOW-INCOME PEOPLE SERVED

1,632,532 ft²

DEVELOPED OR REHABILITATED





RENT REDUCTION RATE

20% BELOW MARKET

TRAINING

We know that funding can often be a hurdle when meeting community development goals. By working closely with local leaders and economic developers, we ensure they are knowledgeable about all forms of flexible and creative financing in order to find the best way to both meet their goals and benefit the community. We do this by offering New Markets Tax Credit workshops, participating in economic development forums, and continuing to help educate all stakeholders about community development finance. Through our workshops and training sessions, we have provided education and empowerment to thousands of people across the state.

PARTNERSHIPS

The Innovate Fund is committed to partnering with community and workforce development organizations that are accomplishing amazing things each and every day. We actively engage with these groups to both understand and help them accomplish their mission. We have worked closely with groups including South Carolina Community Capital Alliance, an organization dedicated to facilitating investment of capital into underserved neighborhoods; and CommunityWorks, Inc., a certified Community Development Financial Institution.

Maintaining active involvement in the communities we serve is of the utmost importance to our staff and board members. Our team has assumed leadership roles in over 60 community organizations. We believe involvement is paramount to growth, understanding, and revitalization.





LEGACY CHARTER SCHOOL

School offers hope of brighter futures for low-income community residents in West Greenville

At the turn of the twentieth century, West Greenville was a thriving commercial district. However, as commercial activity shifted away from cotton, mills along the Reedy River struggled financially and many residents left the city. West Greenville became increasingly abandoned or blighted, with derelict manufacturing buildings, textile facilities, and vacant and abandoned service stations. It is home to the Sterling Community; a community that, historically, has seen only a 50% graduation rate, with 7% of students going on to attend college. It is here that William W. Brown founded the Legacy Charter School, a public K–12 charter school open to all students in Greenville County, with the notion that "all students deserve the chance to receive a world-class education, one where they are taught how to lead a healthy life." The school has close to 1,400 students, of which 94% are minorities and 100% participate in the National School Lunch Program. An innovator in education, Legacy is the only public school in South Carolina that provides daily physical education for every student.

After several years in operation, it became clear that the school would need to expand and enhance to continue its mission and further its community impact. The Innovate Fund was proud to provide over \$13 million in financing to facilitate the construction of the school's first formal library, provide additional classroom space, add a gymnasium, and renovate the kitchen. These enhancements brought nearly 250 new jobs to the area, as well as provided incredible resources to the community at large, as all community residents have access to the new library, where resources geared at helping individuals find gainful employment are available.

By implementing health and wellness policies, mentoring programs, and an early college program, Legacy Charter School has focused on its community of children and is preparing them for bright futures. By offering work-related resources and support to benefit the community at large, Legacy Charter School has the capability to serve as the catalyst for true transformation.

"Changing the trajectory for underserved kids won't be simple or fast, and it will take a coordinated community effort like the funding from The Innovate Fund. The opportunity to build our school's first library is tremendous. Not only for our students, but the entire neighborhood."

— William W. Brown, Founder and Chairman, Legacy Charter School



UPWARD UNLIMITED

Ministering through sports:

Spartanburg health and wellness complex invests in young athletes

Established in 1995, Upward Unlimited is the world's largest Christian youth sports provider with approximately 500,000 athletes at more than 2,000 churches in 47 states who participate in camps, clinics, and leagues through Upward Sports' Recreation Division.

Located in Spartanburg County, the 120,000-square-foot Upward Star Center features six full-size basketball courts, 12 regulation indoor volleyball courts, four batting cages, a running track, a fully equipped gym, meeting rooms, a café, and retail shop. The space is shared between Upward Sports and Spartanburg Regional Health Services, which offers strength training, rehabilitation, and orthopedic services to the community.

With a goal of reaching 16,000 youths through its programming in its first year of operation, including 4,700 low-income youths, Upward Unlimited has the capability to truly effect change in the Spartanburg community. In addition to its existing faith-based partnerships, the non-profit organization will provide support for at-risk youth through participation in sports programs and leadership training.

The Innovate Fund recognized this \$10 million investment as an opportunity to benefit the community of children in Spartanburg County and beyond. In addition to supporting the health and wellness outcomes in Spartanburg, and youth development outcomes nationwide, this project provides nearly 300 jobs to the community. The Upward Star Center is on track to make a big and lasting impact in the Upstate.



"Upward Unlimited seeks to develop young athletes on and off the field. To accomplish this, we invest in the young athletes and those who are investing in them. The Upward Star Center will provide a home base for Upward Unlimited to train and equip coaches and leaders, and serve as a testing facility for sports development and technique improvement."

— Caz McCaslin, Founder and President, Upward Sports





GREENCO BEVERAGE COMPANY

Homegrown business helps revitalize blighted community

Once a bustling economic hub for the Upstate, the Poinsett Corridor, a major throughway between downtown Greenville and Travelers Rest, has long been comprised of abandoned buildings and impoverished neighborhoods. The need for someone to take a chance on revitalizing this area has been dire to the many proud residents who have built their lives there.

Established over 100 years ago, Greenco Beverage Company is one of the largest beverage distributors in Upstate South Carolina. Faced with an outdated and inefficient space, the company purchased 12 acres of property along the Poinsett Corridor to build a new 120,000-square-foot distribution center. This state-of-the-art, energy-efficient facility is the first project to occur along the Corridor in nearly 40 years, and is a catalyst for changing the surrounding community, which demonstrates 56.2% poverty. The new facility, located on the site of a long vacant thrift store, features beautifully manicured landscaping, a far cry from the chain link and barbed wire fencing residents looked upon for decades.

As we continue to focus on our disadvantaged businesses and communities, The Innovate Fund provided \$8.3 million in below-market financing to this project. While the nearly 330 jobs created have had a profound impact on the region's economic growth, the revitalization efforts will have lasting benefits for an impoverished community. By taking a chance on making something old and dilapidated into something new and beautiful, a once thriving community has the chance to regain its glory.

"The Greenco Beverage team is excited to partner with The Innovate Fund in the redevelopment of the Poinsett Corridor and make it a dynamic business location."

Russell Farr, President, Greenco Beverage Company



LIMEHOUSE PRODUCE

Limehouse Produce creates quality jobs in struggling community

Charleston is the epitome of a bustling Southern town—with plenty of charm to boot. Unfortunately, beyond the picturesque window displays on King Street and the wonderful restaurants dotting the historic district, poverty is a reality for many of the city's lifelong residents. In the mid-1990s, North Charleston suffered an economic blow when the Charleston Naval Base shut down. Not long after that, the area's only grocery store went out of business, leaving a food shortage in its wake.

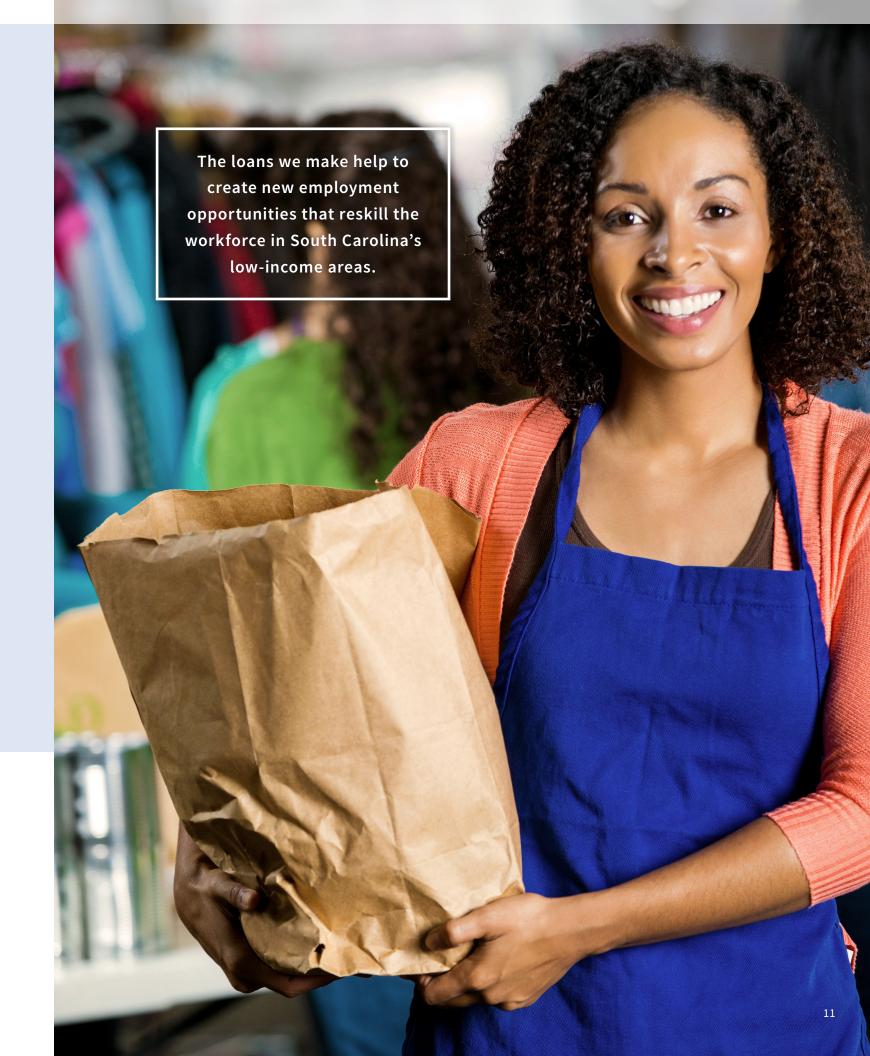
In 2015, Limehouse Produce, which provides conventional row crops, local specialties, fresh herbs, and dairy products to Charleston-area restaurants, purchased the former site of the Charleston Naval Exchange building. There, they created a food hub where locally-owned businesses and non-profits can have additional tenant space at reduced rental rates. Additionally, they are building a produce distribution and cold storage facility to further extend their community impact.

Through our partnership with Limehouse Produce, a \$9 million investment has brought jobs to close to 150 local residents in an area that demonstrates nearly 22% unemployment—enabling these individuals to provide for their families in ways they weren't able to imagine even a year ago. Additionally, because of Limehouse's commitment to community, millions of pounds of food have been donated to area food banks, restoring access to fresh, healthy food for so many. By purchasing the old Naval building, which had been out of use for almost two decades, Limehouse Produce has brought jobs and hope to one of the city's most impoverished areas.



"Limehouse Produce is proud to have accompanied Charleston, and particularly the local restaurants, in the extraordinary success of our beautiful city. We are very excited about the renovation of the Navy Exchange Building and the construction of our new facility, which will not only position us to serve our customer base better, but will also be an asset to our neighborhood."

Andrea Limehouse, Vice President, Limehouse Produce





SWEET STREET DESSERTS

Bakery invests in state-of-the-art equipment to revive closed factory

In 2009, when a local Greenville Sara Lee Corporation bakery closed its doors, approximately 200 employees found themselves without a job. The bakery remained vacant for many years. Sweet Street Desserts, considered the premier gourmet dessert manufacturer in the world and a certified Woman Owned Business (WBE), purchased the facility and transformed it into a state-of-the-art manufacturing plant capable of handling multiple baking processes.

Our investment of \$10 million was used to renovate a vacant bakery and purchase new machinery and equipment. While nearly 160 jobs have been created through this project, it is noteworthy that Sweet Street sought to hire many of the former Sara Lee employees. The true community impact exists in not only the refurbishment and transformation of the space, but also in the transformation of the lives of the people who were affected by the plant closure in the first place. To further encourage opportunities for advancement, Sweet Street created nine U.S. Department of Labor registered apprenticeship programs with Apprenticeship Carolina™ and local Greenville Technical College. Registered apprenticeship programs are an "earn while you learn" training model that enable employees to receive increased wages through structured on-the-job-training and job-related education.

"We are extremely pleased to establish new operations in Greenville, and very appreciative of the New Markets Tax Credit funding from The Innovate Fund. It allows our company to maintain industry leadership while bringing new jobs to South Carolina—a win/win for all."

— Sandy Solmon, Founder and CEO, Sweet Street Desserts, Inc.



TDC CUTTING TOOLS

Sustainable growth in rural community provides numerous opportunities for advancement

Located in rural Oconee County, Seneca is a historic town that thrived during the first half of the twentieth century when textile mills were the main industry. As the textile industry has moved overseas due to globalization, this area has struggled to replace those jobs. TDC Cutting Tools, Inc., one of the world's leading manufacturers of cutting tools, established its overseas headquarters in Seneca at the same site as its subsidiary, Greenfield Industries, creating quality jobs in an area with nearly 20% unemployment. In addition to office space, the company built its first high-speed metals recycling facility with the purpose of providing sustainable solutions to the metal recycling industry and reducing solid materials waste.

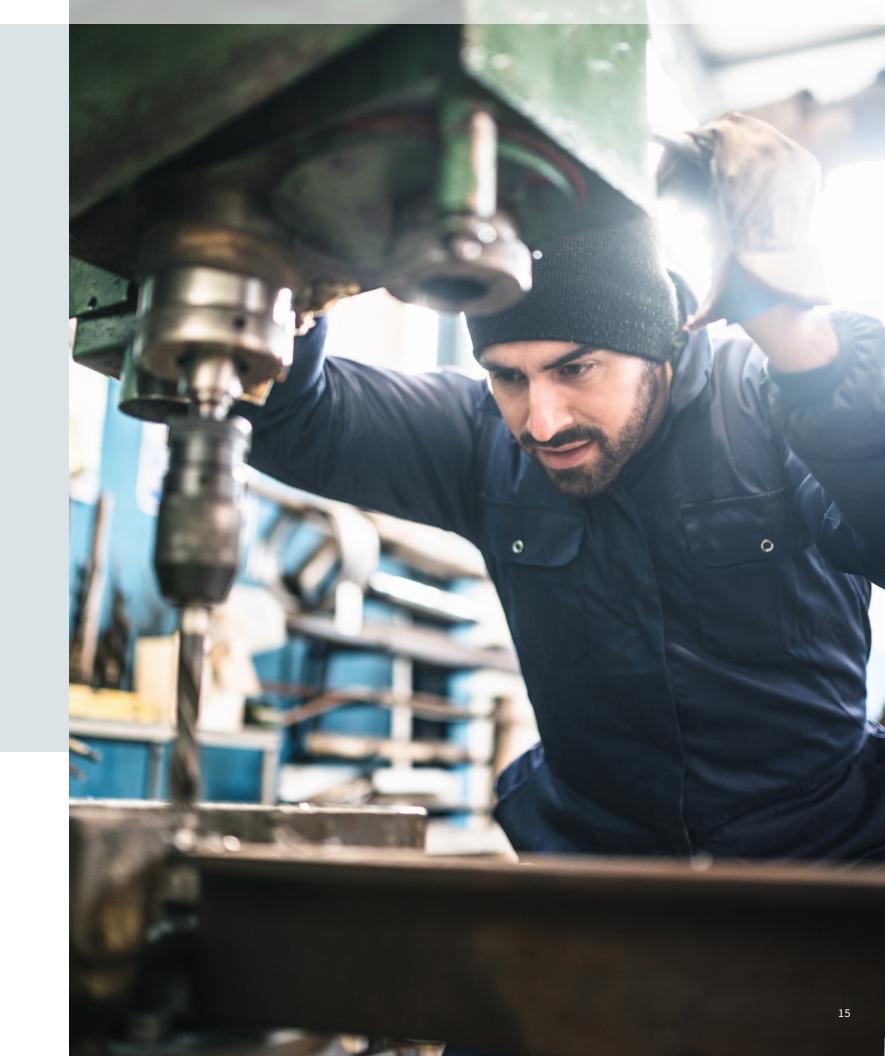
The \$7 million provided by The Innovate Fund to this project supports over 300 jobs, which pay an average wage 121% greater than the low-income community's per capita income. Employees have access to opportunities for job training and advancement, including participation in the company's U.S. Management Trainee Program. The company has also established two registered apprenticeship programs for CNC Operators and Maintenance Technicians and a Youth Apprentice Program with Apprenticeship Carolina™ in conjunction with local Tri-County Technical College—the first apprenticeship programs to be established in Oconee County. Being registered with the U.S. Department of Labor shows TDC's visible commitment to developing a high-quality workforce that meets nationally recognized training standards.

TDC Cutting Tools is a true innovator in the cutting tool industry, as it is the only manufacturer worldwide with the capability of utilizing recycled scrap metal.



"Funding provided by the Innovate Fund was instrumental in this significant job creation project in Oconee County. We are excited to see TDC continue to grow in our community."

— Richard Blackwell, Executive Director, Oconee Economic Alliance





AC HOTEL

Construction of new downtown Spartanburg hotel drives urban revitalization efforts

While Spartanburg has had good success in economic development, its downtown struggled for many years to attract a hotel which many believe is key to "Feel the City." In 2016, OTO Development finalized financing on the construction of a full-service AC Hotel in downtown Spartanburg. The AC Hotel, a 114-room Marriott property, will feature a signature AC Kitchen restaurant, fitness center, business center, and 2,500 square feet of meeting space. This project by OTO Development will serve as the catalyst for community impact and redevelopment, and will act as an anchor to the west end of downtown Spartanburg.

The Innovate Fund is proud to have provided a \$10 million investment that supports not only the revival of this historic community, but also provides more than 130 jobs for low-income individuals and families in an area that demonstrates nearly 24% unemployment, poverty of 66%, and a Median Family Income of 14.24% of the statewide median family income. To ensure accessibility of these jobs, OTO Development will work with state and local workforce development organizations, such as the South Carolina Technical College System and local Spartanburg Community College, to target neighborhood residents for the job openings.

OTO Development has committed to creating a western gateway to the city with this project. We very much look forward to the growth and change that awaits Spartanburg in the coming years.

"This hotel will have a tremendous impact on downtown and future development. We appreciate the strong faith OTO Development and the Johnson family of companies have in our plan for downtown."

— The Honorable Junie White, Mayor of Spartanburg



CLAUSSEN BAKERY

Claussen Bakery project breathes new life into historic building, provides local businesses office space

The Claussen Bakery, founded by German immigrant Johann Claussen, opened its first steam bakery location in Charleston in 1841. By 1930, the company had expanded its business and located a bakery facility near Greenville's Greater Sullivan neighborhood. The bakery has a very special place in the community because of its role in the civil rights movement in the 1960s. In 1967, the late Reverend Dr. Martin Luther King, Jr. spoke in Greenville in support of 22 African-American employees who were on strike for fair wages and better working conditions. For decades, the bakery, though changing hands several times, contributed to the industrial and commercial success of Greenville's west side. It is situated on a stretch of Augusta Street that is on the precipice of revitalization and has the opportunity to have lasting benefit on reshaping several of Greenville's "Special Emphasis" neighborhoods. In 2014, a local real estate firm purchased the property and began renovating the building, as it was found to have significant structural issues. Today, the space houses commercial tenants, with locally-owned small businesses receiving reduced rental rates. The overhaul and update of this historic building serves as a catalyst to stimulate redevelopment and revitalization to the surrounding neighborhoods.

A \$5 million investment that supports over 250 jobs, the reuse of the Claussen Bakery building has had a positive impact on the continued economic viability of Greenville's maturing city and surrounding communities. In early 2017, part of the bakery's history was honored with an event hosted by the Greenville NAACP, the Greater Sullivan Neighborhood Association, and the Greenville African-American Genealogical & Historical Society with the unveiling of a historical marker.



"The revitalization of this building will take it from a blighted eyesore that sat vacant for years, to a modern mixed-use development that will create construction jobs, direct and indirect employment, increased economic development to the immediate community, and the added benefit of facilitating new entrepreneurs investing in start-up businesses. It is clear to us that this project would not have existed without the New Markets Tax Credit program."

Steve Navarro, President, The Furman Co. Inc.





THE CHILDREN'S MUSEUM OF THE UPSTATE

Dollars Invested \$19,163,860



MAIN @ BROAD

Dollars Invested \$17,325,103



NEXT INNOVATION CENTER

Dollars Invested \$8,100,000



PROJECT ONE

Dollars Invested \$18,594,630



RIVERWALK

Dollars Invested \$16,816,407



DAUGHTERS OF CHARITY

Dollars Invested \$9,000,000

David Barnett, Board Chair Carolina Alliance Bank, President SC Western Region

Tammy Propst, Operating Officer

Tax Advantage Group, President

Nancy Whitworth

City of Greenville, Deputy City Manager

Donna Millard

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