

**TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY**

**Meeting of Tuesday, February 4, 2025 -- 9:30 A. M.**

**Room 252, Edgar A. Brown Building**

***REGULAR SESSION AGENDA INDEX***

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<b>Item No.</b>	<b>Agency</b>	<b>Subject</b>
<b>A.</b>	<b>ADOPTION OF PROPOSED AGENDA</b>	
<b>B.</b>	<b>REGULAR SESSION</b>	
1.	Tobacco Settlement Revenue Management Authority	Adoption of Budget
2.	Tobacco Settlement Revenue Management Authority	Financial Statement for the Fiscal Year Ended June 30, 2024
<b>C.</b>	<b>ADJOURNMENT</b>	

TOBACCO SETTLEMENT  
REVENUE MANAGEMENT AUTHORITY

REGULAR SESSION

MEETING OF February 4, 2025

ITEM NUMBER 1

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AGENCY: Office of the State Treasurer

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SUBJECT: Adoption of Budget

In accord with South Carolina Code of Laws Section 11-49-60 (12), the Authority is asked to adopt the attached proposed fiscal year budget for the period July 1, 2025, through June 30, 2026, as submitted by the State Treasurer. The proposed budget is anticipated to cover, in part, expenses including, but is not limited to, professional services, payment of insurance premiums for members of the Authority Board, and other expenses related to the operation and administration of the Authority.

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AUTHORITY ACTION REQUESTED:

Adopt the operating budget for the Authority's fiscal year budget for the period July 1, 2025, through June 30, 2026.

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ATTACHMENTS:

Loftis 01/06/2025 letter; Proposed Budget; Code Section 11-49-60 (12)





**THE HONORABLE CURTIS M. LOFTIS, JR.**  
State Treasurer

January 6, 2025

Mr. Delbert Singleton  
Secretary, Tobacco Settlement  
Revenue Management Authority  
600 Wade Hampton State Office Building  
Columbia, South Carolina 29201

Re: Tobacco Settlement Revenue Management Authority  
Annual Budget 2024-2025

Dear Delbert:

In accordance with South Carolina Code of Laws Section 11-49-60(12), I am pleased to submit herewith the annual budget proposed for the Tobacco Settlement Revenue Management Authority for the Fiscal Year beginning July 1, 2025, and ending June 30, 2026.

Please place this item on the agenda for the Authority's meeting on February 4, 2025.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Curtis M. Loftis, Jr.", written over the typed name and title.

Curtis M. Loftis, Jr.  
State Treasurer

Enclosure

**Tobacco Settlement Revenue Management Authority**  
(A Component Unit of the State of South Carolina)

Operating Budget for the Budget Year Ending June 30, 2025

(Cash Basis)

	Fiscal Year 2024 / 2025		Expenditure Variance	Fiscal Year 2025 / 2026
	Budgeted	Projected @ 12/31/2024	Budget / Projected Over / (Under)	Budget
Funds held By Tobacco Authority:				
Cash Balance, Beginning	\$ 5,085,705	\$ 5,066,205 <sup>1</sup>		\$ 5,047,495 <sup>6</sup>
Revenue:				
Tobacco settlement revenue	69,000,000	68,000,000 <sup>2</sup>		63,000,000
Total Cash Available	74,085,705	73,066,205		68,047,495
Expenditures				
Administrative and operating expense				
Professional fees and expenses				
Audit and accounting	25,000	13,700 <sup>3</sup>	(11,300)	25,000
Arbitrage, deallocation and disclosure	16,000	- <sup>3</sup>	(16,000)	16,000
Insurance				
Tort insurance for authority members	6,000	5,010 <sup>3</sup>	(990)	6,000
General operating				
Contingency	-	-	-	-
Distributions per Proviso				
Attorney General	1,253,000	1,253,000 <sup>4</sup>		1,253,000
South Carolina Law enforcement Division	450,000	450,000 <sup>4</sup>		450,000
Department of Revenue	325,000	325,000 <sup>4</sup>		325,000
Department of Health and Human Services	66,972,000	65,972,000 <sup>5</sup>		60,972,000
Total Cash Disbursements	69,047,000	68,018,710	\$ (28,290)	63,047,000
Cash Balance, Ending	\$ 5,038,705	\$ 5,047,495 <sup>6</sup>		\$ 5,000,495

Notes and Assumptions as of December 31, 2024.

- 1 Ending cash balance retained by TSRMA at June 30, 2024.
- 2 Revised Estimate (per AG) of TSRMA Revenues to be received Spring 2025.
- 3 Actual Expenditure as of December 31, 2024.
- 4 TSRMA Revenue to be distributed - Proviso 118.11 of FY2024-25.
- 5 Estimated remainder revenue to be distributed - Proviso 118.11 of FY2024-25.
- 6 Estimated cash balance to be retained by TSRMA at June 30, 2025.

**SECTION 11-49-60.** Powers of board to operate and administer authority.

In addition to the powers contained elsewhere in this chapter, the board has all power necessary, useful, or appropriate to operate and administer the authority, to effectuate the purposes of the authority, and to perform its other functions including, but not limited to, the power to:

- (1) have perpetual succession;
- (2) sue and be sued in its own name;
- (3) adopt, promulgate, amend, and repeal bylaws, not inconsistent with provisions in this chapter for the administration of the authority's affairs and the implementation of its functions;
- (4) have a seal and alter it at its pleasure, although the failure to affix the seal does not affect the validity of an instrument executed on behalf of the authority;
- (5) enter into contracts, arrangements, and agreements with government units and other persons and execute and deliver all financing agreements, including bonds issued to support the borrowing by such government units to pay eligible costs of qualified projects, and other instruments necessary or convenient to the exercise of the powers granted in this chapter;
- (6) enter into agreements with a department, agency, political subdivision or instrumentality of the United States or of this State or of another State for the purpose of planning and providing for the financing of qualified projects or for the administration of the purposes and programs of this chapter;
- (7) enter into agreements with the tobacco trust fund for the purpose of managing and controlling the transfer of funds between the authority and the tobacco trust fund and governing the investment and the monitoring and recordkeeping of these funds, for purposes of maintaining the exemption from federal income tax of interest on bonds and for other purposes;
- (8) enter into, amend, and terminate agreements in the nature of interest rate swaps, forward security supply contracts, agreements for the management of interest rate risks, agreements for the management of cash flow, and other agreements of a similar nature, with respect to bonds issued pursuant to this chapter;
- (9) procure insurance, guarantees, letters of credit, and other forms of collateral or security or credit support from any public or private entity, including any department, agency, or instrumentality of the United States or this State, for the payment of any bonds, including the power to pay premiums or fees on any insurance, guarantees, letters of credit, and other forms of collateral or security or credit support;
- (10) borrow money through the issuance of bonds as provided in this chapter, and through the issuance of notes in anticipation of the issuance of these bonds;
- (11) enter into contracts and expend funds to obtain accounting, management, legal, financial consulting, trusteeship and other professional services necessary or convenient to the operations of the authority; however, all matters relating to the designation and selection of bond counsel to the authority is within the discretion of the State Treasurer;
- (12) in order to pay budgeted items pursuant to a budget adopted in accordance with Section 11-49-100, to expend funds for the costs of administering the operations of the authority;
- (13) direct the escrow agent with respect to the disbursement to the authority of the State's tobacco receipts and receive and accept the State's tobacco receipts;
- (14) enter into contracts or agreements necessary, proper, or convenient for the effectuation of the powers and purposes of the board and the authority;
- (15) invest funds held by the authority under this chapter in any investment permitted for funds of this State, other than the State's retirement funds, or for funds of the political subdivisions of this State, in revenue bonds of government units, and in general obligations of other States whose general obligation debt is rated not lower

than the general obligation debt of this State;

(16) direct the Attorney General of this State to enforce in the name of the State of South Carolina, and if permissible to enforce directly through its own attorneys in the name of the State, the Master Settlement Agreement. This power is a part of the contractual obligation owed to the holders of any bonds; and

(17) do all other things necessary or convenient to exercise powers granted or reasonably implied by this chapter or that may be necessary for the furtherance and accomplishments of the purposes of the authority.

Before the date which is one year and one day after which the authority no longer has any bonds outstanding, the authority has no authority to file a voluntary petition under Chapter 9 of the United States Bankruptcy Code or corresponding chapters or sections as may, from time to time, be in effect, and neither any public officer or any organization, entity, or other person shall authorize the authority to be or become a debtor under Chapter 9 or any successor or corresponding chapter or sections during the periods. The provisions of this paragraph are for the benefit of the holders of any bonds and are a part of the contractual obligation owed to such bondholders, and the State shall not modify or delete the provisions of this paragraph during the periods described in this chapter.

In the exercise of its powers in this chapter, the board and the authority may obtain services in accordance with the procedures, guidelines, and criteria established by the board for that purpose and are not restricted by Chapter 35 of Title 11 or any successor provision.

HISTORY: 2000 Act No. 387, Part II, Section 69A.2; 2005 Act No. 61, Section 2.

TOBACCO SETTLEMENT REVENUE  
MANAGEMENT AUTHORITY

MEETING OF February 4, 2025

REGULAR SESSION

ITEM NUMBER 2

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AGENCY: Tobacco Settlement Revenue Management Authority

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SUBJECT: Financial Statement for the Fiscal Year Ended June 30, 2024

South Carolina Code of Laws Section 11-49-100 requires that the Tobacco Settlement Revenue Management Authority “keep an accurate account of all of its activities and all of its receipts and expenditures and annually, in the month of January shall make a report of its activities to the [State Fiscal Accountability Authority], the report to be in a form prescribed by the [State Fiscal Accountability Authority].” The Authority is asked to approve the submittal of its Financial Statement to the State Fiscal Accountability Authority in accord with Section 11-49-100.

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AUTHORITY ACTION REQUESTED:

In accord with Code Section 11-49-100, receive as information the Tobacco Settlement Revenue Management Authority’s Financial Statement for the Fiscal Year Ended June 30, 2024, and approve the submittal of the Financial Statement to the State Fiscal Accountability Authority.

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ATTACHMENTS:

Loftis 01/06/2025 letter with attachment; Code Section 11-49-100



**THE HONORABLE CURTIS M. LOFTIS, JR.**  
State Treasurer

January 6, 2025

To the members of the Tobacco Settlement Revenue Management Authority and  
The State Fiscal Accountability Authority

In accordance with S.C. Code Section 11-49-100, which requires that the Tobacco Settlement Revenue Management Authority provide an annual report of its activities to the State Fiscal Accountability Authority (then State Budget and Control Board) during the month of January, I am providing copies of the Authority's audited financial statements for the fiscal year ended June 30, 2024. Management's Discussion and Analysis and the Notes to Financial Statements contained therein describe the Authority's activities in all material respects.

I have asked Mr. Singleton to place this item on the agenda for the Authority's meeting on February 4, 2025

Respectfully submitted,

A handwritten signature in blue ink that reads "Curtis M. Loftis, Jr." in a cursive style.

Curtis M. Loftis, Jr.  
State Treasurer

Enclosure

TOBACCO SETTLEMENT REVENUE  
MANAGEMENT AUTHORITY  
(A Component Unit of the State of South Carolina)

Financial Statements

June 30, 2024



September 23, 2024

Members of the Tobacco Settlement Revenue  
Management Authority  
Columbia, South Carolina

This report on the audit of the financial statements of the Tobacco Settlement Revenue Management Authority for the fiscal year ended June 30, 2024, was issued by The Hobbs Group, P.A., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

George L. Kennedy, III, CPA  
State Auditor

GLKIII/trb



TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A Component Unit of the State of South Carolina)

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## INDEPENDENT AUDITORS' REPORT

Mr. George L. Kennedy, III, CPA  
State Auditor  
Office of the State Auditor  
Columbia, South Carolina

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### *Opinion*

We have audited the financial statements of Tobacco Settlement Revenue Management Authority (the "Authority"), a component unit of the State of South Carolina as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of June 30, 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

The Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 22 through 23 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2024 on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority’s internal control over financial reporting and compliance.

Columbia, South Carolina  
September 23, 2024

*The Holtz Group, P.A.*

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024

This section of the annual financial report of the Tobacco Settlement Revenue Management Authority (the “Authority”) presents the analysis of the Authority’s financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the financial statements and their accompanying notes, which follow this section.

**The Authority**

The Authority was created by Act No. 387 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina (the “General Assembly”), Regular Session of 2000, as codified at Section 11-49-10 of the South Carolina Code of Laws 1976, as amended (the “Act”), as an instrumentality of the State of South Carolina (the “State”). The Act created the Authority to receive all of the State’s payments under the Master Settlement Agreement (the “MSA”). The MSA was entered into on November 23, 1998, among the attorneys general of 46 states (including South Carolina), the District of Columbia, the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa and the Commonwealth of the Northern Mariana Islands (collectively the “Settling States”) and the four largest United States tobacco manufacturers: Philip Morris Incorporated, R. J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation, and Lorillard Tobacco Company (collectively the “Original Participating Manufacturers” or “OPMs”). The MSA resolved cigarette smoking-related litigation among the Settling States and the OPMs, released the OPMs from past and present smoking-related claims by the Settling States, and provides for a continuing release of future smoking-related claims in exchange for certain payments to be made to the Settling States. The MSA also provides for the imposition of certain tobacco advertising and marketing restrictions, among other things. The Authority is not a party to the MSA.

The State is entitled to certain periodic payments made under the MSA. Pursuant to the Act, the Authority has been assigned all Tobacco Settlement Receipts (“TSRs”), which are the State’s right, title and interest in payments due after June 30, 2001 under the MSA. The assignment of the TSRs is irrevocable during any time when bonds are outstanding, plus one year and one day thereafter, and is a part of the contractual obligation owed to the Authority’s bondholders.

**Overview of the Financial Statements**

This analysis is intended to serve as an introduction to the Authority’s financial statements. The Authority’s financial statements consist of three components: 1) government-wide financial statements, 2) governmental fund financial statements, and 3) notes to the financial statements.

- *The Statement of Net Position and Governmental Fund Balance Sheet* include all of the Authority’s assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). They also provide the basis for computing rate of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. The *Statement of Net Position* reports information about the Authority using accounting methods similar to those used by private sector companies and presents all assets and liabilities of the Authority – both current and long-term. The *Governmental Fund Balance*

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024

*Sheet* of the General Fund focuses only on the Authority’s resources available for expenditure at the end of the fiscal year.

- All the current year’s activity is accounted for in the *Statement of Activities* and *Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance*. These statements measure the success of the Authority’s operations over the past year and can be used to determine the Authority’s credit-worthiness and ability to meet its financial objectives. The *Statement of Activities* presents information on how the Authority’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance* focuses only on the Authority’s near-term inflows and outflows of resources available for expenditure for the fiscal year.

**Summary of Financial Results**

The Authority’s financial results are summarized, discussed and compared to the prior fiscal year in the sections following.

*Government-Wide Financial Statements*

Statement of Net Position. The following table summarizes the Authority’s Net Position for the period ending June 30, 2024, along with comparative data for the prior fiscal year.

	June 30, 2024	June 30, 2023	Increase (Decrease)	
			Difference	%
<b>Assets</b>				
Cash and cash equivalents	\$ 5,079,263	\$ 5,132,534	\$ (53,271)	-1.0%
Tobacco settlement payments receivable	34,000,000	36,500,000	(2,500,000)	-6.8%
<b>Total assets</b>	<b>39,079,263</b>	<b>41,632,534</b>	<b>(2,553,271)</b>	<b>-6.1%</b>
<b>Liabilities</b>				
Due to Health and Human Services	13,268	22,183	(8,915)	-40.2%
<b>Total liabilities</b>	<b>13,268</b>	<b>22,183</b>	<b>(8,915)</b>	<b>-40.2%</b>
<b>Net position</b>				
Restricted by statute	34,000,000	36,500,000	(2,500,000)	-6.8%
Unrestricted	5,065,995	5,110,351	(44,356)	-0.9%
<b>Total net position</b>	<b>\$ 39,065,995</b>	<b>\$ 41,610,351</b>	<b>\$ (2,544,356)</b>	<b>-6.1%</b>

The Authority’s assets include cash and cash equivalents, and accrued earnings on those cash and cash equivalents. Certain of the Authority’s assets are classified as restricted by statute because they are subject to external legal constraint for appropriation by the State in accordance with the expenditure provisions of Section 11-11-170 of the South Carolina Code of Laws 1976, as amended (the “Expenditure Act”). The remaining assets are held by the Authority to pay its authorized operating expenses.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024

The Authority’s cash and cash equivalents decreased by 1.0% over the course of the fiscal year. This decrease is due to the Authority remitting additional funds it previously held on behalf of the South Carolina Department of Health and Human Services (“HHS”) which were due to HHS per State proviso and payment of operating expenses. Tobacco settlement payments receivable decreased by \$2,500,000, or 6.8%, due to a decrease in anticipated payments during fiscal year 2024 based on expected cigarette sales. Total assets decreased by 6.1% reflecting these same factors.

Net position restricted by statute is comprised of that portion of TSRs forecasted to be earned in the current fiscal year but received in the ensuing fiscal year. The amount of TSRs is dependent on many factors including future tobacco consumption, certain adjustments, and the financial capability of the OPMs and consequently, except as noted above, do not meet asset recognition criteria under accounting principles generally accepted in the United States of America (“GAAP”).

Statement of Activities. The following table summarizes the Authority’s activities for the period ending June 30, 2024 with comparative amounts for the prior fiscal year.

	June 30, 2024	June 30, 2023	Increase (Decrease)	
			Difference	%
<b>General revenues</b>				
Tobacco settlement revenues	\$ 67,953,028	\$ 75,499,471	\$ (7,546,443)	-10.0%
Investment earnings	65,407	120,085	(54,678)	-45.5%
Total general revenues	68,018,435	75,619,556	(7,601,121)	-10.1%
<b>Expenses</b>				
General government	2,072,710	2,046,710	26,000	1.3%
Total expenses	2,072,710	2,046,710	26,000	1.3%
Excess of general revenues over expenses before transfers	65,945,725	73,572,846	(7,627,121)	-10.4%
<b>Transfers</b>				
Transfers to state funds and programs pursuant to proviso	(68,490,081)	(77,092,120)	8,602,039	-11.2%
Total transfers	(68,490,081)	(77,092,120)	8,602,039	-11.2%
Change in net position	(2,544,356)	(3,519,274)	974,918	-27.7%
Net position - beginning of year	41,610,351	45,129,625	(3,519,274)	-7.8%
Net position - end of year	\$ 39,065,995	\$ 41,610,351	\$ (2,544,356)	-6.1%

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024

General revenues of approximately \$68,018,000 million reflect the receipt of and accrual for TSRs and investment earnings. Revenues decreased year over year by \$7,601,121 or 10.1% which represent decreases in tobacco settlement payments that have been received by the Authority for the year ended June 30, 2024 furthered by a decrease of \$2,500,000 for the amount of estimated tobacco settlement payments receivable which will be collected in April 2025. These payments are dependent on remittances received by the State under the MSA each year. In addition, investment earnings of \$65,407 were earned during the year ended June 30, 2024, which decreased by \$54,678 due to a decrease in cash balances held during the fiscal year as well as poorer overall investment performance.

The Authority's expenses primarily consisted of its administrative expenses and directed transfers to other state agencies for diligent enforcement. Total expenses during the year ended June 30, 2024 approximated those for the year ended June 30, 2023. Transfers to the state fund decreased by \$8,602,039 as a result of the decrease in tobacco settlement payments received during the year ended June 30, 2024, which are subsequently transferred to State funds and programs.

*Governmental Funds*

As of the end of the current fiscal year, the ending fund balance in the Authority's governmental fund was \$39,065,995, a decrease of \$2,544,356 by comparison to the prior fiscal year due to a decrease in receipt of TSRs. Of the total fund balance, \$34,000,000 is restricted for statutory expenditures. The factors contributing to the change in fund balance year over year are the same as those described above in the discussion and analysis of the government-wide financial statements.

**Long-Term Debt Activity**

On March 22, 2001, the Authority issued \$934,530,000 aggregate principal amount of Tobacco Settlement Asset-Backed Bonds (the "Series 2001 Bonds") pursuant to an indenture between the Authority and United States Trust Company of New York (subsequently acquired by the Bank of New York), as trustee, dated as of March 1, 2001, and the Tobacco Settlement Revenue Management Authority Act. On June 26, 2008, the Authority defeased the Series 2001 Bonds with certain cash funds and proceeds of \$275,730,000 Tobacco Settlement Revenue Management Authority Tobacco Settlement Revenue Asset-Backed Refunding Bonds, Series 2008 (the "Series 2008 Bonds") issued pursuant to an indenture between The Bank of New York Trust Company, N.A., as trustee, and the Tobacco Settlement Revenue Management Authority. All of the Series 2001 Bonds are deemed paid within the meaning of and with the effect expressed in, and accordingly are no longer outstanding under, the Trust Indenture. On June 1, 2012, the Authority redeemed the outstanding Series 2008 Bonds as Turbo Redemptions; accordingly, all of the Authority's debt has been fully discharged.

The Authority has no present plans to undertake the issuance of additional debt.



TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2024

**Budgetary Highlights**

The Authority annually adopts an operating budget as required by its by-laws. From a budgetary perspective, the Authority realized a \$44,356 deficiency of revenues over expenditures during the fiscal year ended June 30, 2024 which arose due to factors described in the Summary of Financial Results contained herein. The difference between the budgetary excess, as compared to the excess reported on the Statement of Activities, is due primarily to the lack of recognition of the \$2,500,000 decrease in tobacco settlement payments receivable under the budgetary basis of accounting.

**Economic Factors and Outlook**

As noted above, the amount of TSRs is dependent on many factors including future tobacco consumption, certain adjustments, and the financial capability of the OPMs; accordingly, the amount of future TSRs, and particularly the financial effects of the Disputed Payments Settlement thereon, cannot be presently determined with precision.

Since all of the Authority's debt has been fully discharged and the Authority has no present plans to undertake the issuance of additional indebtedness, the effects of these factors on the Authority's debt profile have been abated. The Authority's continuing responsibility thereafter is limited to the receipt and distribution of future TSRs as prescribed by law.

**Contacting the Authority**

Persons needing additional information concerning this report or otherwise needing to contact the Authority should address requests to:

SC Office of the Treasurer  
1200 Senate Street, Suite 214  
Wade Hampton Office Building  
Columbia, SC 29201

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)

STATEMENT OF NET POSITION

JUNE 30, 2024

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 5,079,263
Tobacco settlement payments receivable	34,000,000
Total assets	<u>39,079,263</u>
Liabilities	
Due to Health and Human Services	<u>13,268</u>
Total liabilities	<u>13,268</u>
Net position	
Restricted by statute	34,000,000
Unrestricted	5,065,995
Total net position	<u>\$ 39,065,995</u>

The Notes to Financial Statements are an integral part of this statement.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

	Governmental Activities
Program expenses	
General government	\$ 2,072,710
Total expenses	2,072,710
Net program expense	2,072,710
General revenues	
Tobacco settlement revenues	67,953,028
Investment earnings	65,407
Total general revenues	68,018,435
Change in net position before transfers	65,945,725
Transfers	
Transfers to state funds and programs pursuant to proviso	(68,490,081)
Change in net position	(2,544,356)
Net position	
Beginning of the year	41,610,351
End of the year	\$ 39,065,995

The Notes to Financial Statements are an integral part of this statement.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)  
GOVERNMENTAL FUND BALANCE SHEET  
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 5,079,263
Tobacco settlement payments receivable	34,000,000
Total assets	39,079,263
<b>Liabilities</b>	
Due to Health and Human Services	13,268
Total liabilities	13,268
<b>Fund balance</b>	
Restricted by statute	34,000,000
Committed to operating expenses	5,065,995
Total fund balance	39,065,995
Total liabilities and fund balance	\$ 39,079,263

The Notes to Financial Statements are an integral part of this statement.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)

GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2024

	General Fund
Revenues	
Tobacco settlement revenues	\$ 67,953,028
Investment earnings	65,407
Total revenues	68,018,435
Expenditures	
General government	2,072,710
Total expenditures	2,072,710
Excess of revenues over expenditures before transfers	65,945,725
Transfers	
Transfers to state funds and programs pursuant to proviso	(68,490,081)
Total transfers	(68,490,081)
Net change in fund balance	(2,544,356)
Fund balance	
Beginning of the year	41,610,351
End of the year	\$ 39,065,995

The Notes to Financial Statements are an integral part of this statement.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**Note 1. Reporting Entity**

The Tobacco Settlement Revenue Management Authority (the “Authority”) is a public body and an instrumentality of the State of South Carolina (the “State”) established in 2001 pursuant to Section 11-49-10 et seq. of the South Carolina Code of Laws 1976, as amended. The State transferred to the Authority all of its rights and interests under the Master Settlement Agreement (the “MSA”) and the Consent Decree and Final Judgment (the “Decree”) between all participating States and the participating Tobacco manufacturers. These rights include the State’s share of all Tobacco Settlement revenue received after June 30, 2001 and in perpetuity to be received under the MSA.

The core of a financial reporting entity is the primary government which has a separately elected governing body. As required by accounting principles generally accepted in the United States of America, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In turn, component units may have component units.

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity. The Authority has determined that it qualifies as a primary entity, it is a component unit of the State of South Carolina, and it has no component units.

A primary government or entity is financially accountable if its officials or appointees appoint a voting majority of an organization’s governing body including situations in which the voting majority consists of the primary entity’s officials serving as required by law (e.g., employees who serve in an ex-officio capacity on the component unit’s board are considered appointments by the primary entity) and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity also may be financially accountable if an organization is fiscally dependent on it even if it does not appoint a voting majority of the board. An organization is fiscally independent if it holds all of the following powers:

- (1) Determines its budget without another government having the authority to approve and modify that budget.
- (2) Levies taxes or sets rates or charges without approval by another government.
- (3) Issues bonded debt without approval by another government.

The organization is fiscally dependent on the primary government or entity that holds one or more of the above powers. Based on these criteria, the Authority is a blended component unit of the primary government of the State. Accordingly, the financial statements are blended in the State’s special revenue funds in the State’s Annual Comprehensive Financial Report.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**Note 1. Reporting Entity (continued)**

The Authority is governed by a board, which consists of five members. The members are the Governor or his designee, the State Treasurer, the Comptroller General, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee. The Governor serves as chairman; in the absence of the Governor, the meeting is chaired by the State Treasurer. All members of the Board serve ex officio.

**Note 2. Summary of Significant Accounting Policies**

**General**

In its accounting and financial reporting in conformity with accounting principles generally accepted in the United States of America, the Authority follows the pronouncements of the Governmental Accounting Standards Board (“GASB”).

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Government-wide financial statements (i.e., the statement of net position and the statement of activities) do not provide information by fund. Significantly, the statement of net position may include non-current assets and liabilities, which generally are not included in the fund statements. The statement of net position includes three components of net position.

- (1) Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The Authority does not have any capital assets; thus this classification is not used.
- (2) Restricted net position consists of net position subject to external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The Authority reports that portion of its net position restricted by statutory constraints as restricted net position.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**Note 2. Summary of Significant Accounting Policies (continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

- (3) Unrestricted net position consists of net position that does not meet the definition of restricted net position or invested in capital assets, net of related debt. The Authority reports that portion of its net position not externally constrained, primarily funds available for payment of its authorized operating expenses, as unrestricted net position.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers who purchase, use, or benefit from the services provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues. The Authority has no program revenues.

In addition to the government-wide financial statements, the Authority has prepared financial statements for the Authority's only governmental fund. Governmental fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. Tobacco Settlement Revenues ("TSRs") are recognized as soon as they are considered measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within one year after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

The Authority reports one governmental fund, the General Fund, which is the general operating fund of the Authority. It is used to account for all financial resources of the Authority. As a blended component unit of the State, the Authority's General Fund is reported as a special revenue fund in the financial statements of the State.

**Asset Recognition Criteria for TSRs**

The Authority implemented GASB Technical Bulletin No. 2004-1: *Tobacco Settlement Recognition and Financial Reporting Entity Issues* (the "Bulletin"), effective July 1, 2003. The Bulletin requires the Authority to recognize TSRs when the event giving rise to recognition occurs (the domestic shipment of cigarettes by the tobacco manufacturers) in the government-wide financial statements, and when the event occurs and the TSRs become available in the fund financial statements. Other than the asset recognition criteria required by the Bulletin, future collections are not measurable and are therefore not recorded as assets in either the government-wide financial statements or the government fund financial statements.



TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024

**Note 2. Summary of Significant Accounting Policies (continued)**

**Cash and Cash Equivalents**

Cash includes cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date acquired by the Authority.

**Investments**

Investments, if any, are recorded on the Statement of Net Position and the Governmental Fund Balance Sheet at fair value. All investment income, including changes in the fair value of investments, is reported as revenue in the Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balance.

**Fund Balance**

The Authority reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications for governmental funds that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported therein. The Statement requires governments to disclose information in the notes about the processes through which constraints are imposed, as well as accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to be spent.

The Authority conforms its fund balance reporting to the classification and hierarchy structure of the State, generally as follows:

*Restricted*

Fund balance is reported as restricted when constraints placed on resource use are either (a) externally imposed by creditors, grantors, contributors, laws or regulation of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payments of resources from resource providers and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party can compel the government to honor.

*Committed*

Fund balance is reported as committed if the Authority's by-laws or official actions, including adoption of its annual budget, constrain the use of its resources. Committed constraints can be removed only through similar action that created the constraint.

*Assigned*

Fund balance is reported as assigned if the fund balance is constrained by the Authority's intent to expend resources for specific purposes. Such intent may be expressed by an official or body pursuant to delegation by the Authority.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024

**Note 2. Summary of Significant Accounting Policies (continued)**

**Fund Balance (continued)**

*Non-spendable*

Fund balance is reported as non-spendable if the balance has a lack of availability in form or substance of the assets and liabilities reported in the fund to meet its obligations in the near future.

*Unassigned*

Fund balance is reported as unassigned for all residual amounts not otherwise classified.

The Authority has no assigned, non-spendable or unassigned fund balance.

The Authority's bond enabling act provides a covenant for the irrevocable assignment of certain of the Authority's assets during any time bonds are outstanding, plus one year and one day thereafter. All of the Authority's outstanding bonds were retired on June 1, 2012. Accordingly, until June 2, 2013, certain of the Authority's assets were classified as restricted by bond covenants because they were subject to a legally enforceable external constraint by the terms of the Trust Indenture.

Subsequent to June 2, 2013, assets previously restricted by bond covenants are available to the State in accordance with the expenditure provisions of Section 11-11-170 of the South Carolina Code of Laws 1976, as amended (the "Expenditure Act"). The Authority classifies all TSRs held at, or received or receivable subsequent to June 2, 2013, as restricted by statute, since the Expenditure Act constrains the use of that portion of the Authority's resources. The remaining portion of net position is reported as unrestricted.

Likewise, in the Governmental Fund Balance Sheet, the portion of fund balance that is subject to the Expenditure Act is reported as restricted by statute; however, the remaining portion of fund balance is reported as committed to operating expense inasmuch as that portion of fund balance is constrained by the Authority's annually adopted budget. The Authority has full statutory power to adopt, revise and rescind its budget, and to expend funds for the costs of administering its operations.

The Authority classifies the expenditure of funds when incurred based on the nature of the expenditure, with externally directed expenditures generally made from restricted funds, and expenditures made within the discretion of the Authority or subject to its own budget, primarily its authorized operating expenditures, made from committed funds.

The Authority is required by State proviso to transfer any remaining TSRs, after transfers to the South Carolina Attorney General and Law Enforcement Division, to the South Carolina Department of Health and Human Services ("HHS"). At HHS' request, the Authority held \$13,268 of cash due to HHS at June 30, 2024 and has recorded a liability to HHS as a result for the remaining transfer of these funds.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024

**Note 2. Summary of Significant Accounting Policies (continued)**

**Administrative Expenses**

The State of South Carolina and certain of its agencies perform certain accounting, administrative, legal and enforcement services for the Authority, and the value of these services is accounted for as general government expenses in the financial statements. Note 6 – Related Party Transactions contains descriptions of and amounts expended for these purposes.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Note 3. Deposits**

Prior to June 2, 2013, the Authority’s cash deposits held by the trustee were held in several restricted accounts in the name of the Authority, subject to investment restrictions imposed by the Trust Indenture. The Authority has not adopted a formal policy for these deposits because the Trust Indenture contains these restrictions.

Subsequent to June 2, 2013, all of the Authority’s cash deposits are under the control of the State Treasurer who, by law, has sole authority for investing State funds. State law requires full collateralization of all bank balances under the control of the State Treasurer, who must correct any deficiencies in collateral within two days. At June 30, 2024, all bank balances under the control of the State Treasurer were fully insured or collateralized with securities held by the State’s agent in the name of the State Treasurer.

The following schedule reflects the Authority’s deposits at their fair and reported values at June 30, 2024, and reconciles the amounts reported in the statement of net position to the notes.

	Notes		Statements
Deposits			
Held by State Treasurer	\$ 5,079,263	Cash and cash equivalents	\$ 5,079,263
Totals	\$ 5,079,263		\$ 5,079,263

Further information concerning among other things values and risks of deposits and investments under the control of the State Treasurer, including disclosure under GASB Statement No. 40, Deposits and Investments - Risk Disclosures, is disclosed in the Annual Comprehensive Financial Report of the State of South Carolina, which may be accessed at [www.cg.sc.gov](http://www.cg.sc.gov).

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**Note 4. Bonds Payable**

On March 22, 2001, the Authority issued \$934,530,000 aggregate principal amount of Tobacco Settlement Asset-Backed Bonds (the "Series 2001 Bonds") pursuant to an indenture between the Authority and United States Trust Company of New York (subsequently acquired by the Bank of New York), as trustee, dated as of March 1, 2001, and the Tobacco Settlement Revenue Management Authority Act. On June 26, 2008, the Authority defeased the Series 2001 Bonds with certain cash funds and proceeds of \$275,730,000 Tobacco Settlement Revenue Management Authority Tobacco Settlement Revenue Asset-Backed Refunding Bonds, Series 2008 (the "Series 2008 Bonds") issued pursuant to an indenture between The Bank of New York Trust Company, N.A., as trustee, and the Tobacco Settlement Revenue Management Authority. On June 1, 2012, the Authority redeemed the outstanding Series 2008 Bonds as Turbo Redemptions; accordingly, all of the Authority's debt has been fully discharged.

At June 30, 2024, a total of \$64,890,000 of the Authority's legally and economically defeased Series 2001 Bonds remained outstanding; however, all of the Series 2001 Bonds are deemed paid within the meaning of and with the effect expressed in, and accordingly are no longer outstanding under, the Trust Indenture.

**Note 5. Disputed Payments**

Under the provisions of the MSA, the participating manufacturers ("PMs") are potentially entitled to an adjustment of their required payments under the MSA (an "NPM Adjustment") in the event that all of the PMs, in the aggregate, lose more than two percentage points of market share compared to the market share of the PMs in 1997. However, the annual adjustment cannot be applied against settling states that have enacted and diligently enforced an escrow fund statute during the applicable year. Each year since 1999, the PMs have requested that the Independent Auditor, PricewaterhouseCoopers, apply the NPM Adjustment. In accordance with the terms of the MSA, the Independent Auditor will not apply any given year's adjustment until a panel of three arbitrators determines the diligent enforcement efforts of all states. In 2003, the MSA signatories settled the NPM Adjustment disputes for 1999 through 2002.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**Note 5. Disputed Payments (continued)**

In May 2013, South Carolina joined 21 other states and the PMs in agreeing to terms of a settlement of the NPM adjustment disputes for the years 2003 through 2012. In October 2017, the terms of the settlement for 2003 through 2012, were memorialized in the NPM Adjustment Settlement Agreement (the "Agreement"). Between 2013 and October 2017, the number of signatory states increased to 35, and during that same period, those states and the PMs agreed to settle the 2013 through 2015 NPM Adjustment disputes. Thereafter, in November 2018, an addendum to the Agreement resolved the 2016 and 2017 disputed payments. In July 2020, the Agreement was further extended to resolve the 2018 through 2022 disputes. The Agreement has been extended through 2023-2024. The number of signatory states is now 39. The State of New York settled its disputed payments in a separate agreement with the PMs. The Agreement and addendum provided that the signatory states would receive certain payments released from the disputed payments account and that the PMs would be entitled to take certain credits from MSA payments. In addition to the financial terms of the settlement, the PMs agreed to reduce withholding amounts for future disputed payments, and the parties agreed to a modification of the diligent enforcement standards for future NPM Adjustment disputes.

As of its most recent payment dates of April 15, 2024 and April 18, 2024, South Carolina has received \$156,865,033 released from the MSA Disputed Payment Account (DPA) related to the Agreement. For the same time period, South Carolina related MSA payment credits and DPA funds disbursed to the PMs totaled \$98,858,943.

The \$98,858,943 in South Carolina related MSA payment credits and DPA funds represent amounts disbursed to the PMs as a result of the settling of NPM adjustment disputes. The State of South Carolina has chosen not to litigate the PMs assertion that South Carolina has not diligently enforced statutes created in response to the MSA between the State of South Carolina and the PMs.

South Carolina's current estimated minimum exposure related to the NPM adjustment is \$19,030,256 (Sales Year 2023) relating to challenges of diligent enforcement and other settlement factors. At this time the result of this dispute cannot be determined.

**Note 6. Related Party Transactions**

The State of South Carolina, through the Office of Attorney General, the State Law Enforcement Division, and the South Carolina Department of Revenue, provides certain legal and enforcement services to the Authority. During the fiscal year ended June 30, 2024, the Authority made or provided for \$2,028,000 in expenditures from its general fund to these state agencies to cover costs of providing these services. The Office of State Treasurer provides administrative, investment, operations, record keeping, and other support services to the Authority; however, no reimbursements were made by the Authority during the fiscal year ended June 30, 2024 to cover costs of providing these services.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**Note 7. Risk Management**

The Authority is exposed to risks of loss from torts and maintains State coverage for these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage from coverage in the prior year. The insurer promises to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits except for the deductibles. The Authority and other entities pay premiums to the State's Insurance Reserve Fund ("IRF") which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to torts. The IRF is a self-insurer whose rates are determined actuarially.

No payments for uninsured losses were made during the fiscal year ended June 30, 2024.

**Note 8. Subsequent Events**

The Authority has evaluated all events subsequent to the statement of net position date of June 30, 2024 through the date of issuance of these financial statements, September 23, 2024, and has determined that there are no subsequent events requiring disclosure.

**TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY**  
 (A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance Positive/(Negative)
	Original	Final		
<b>Revenues</b>				
Tobacco settlement receipts	\$ 77,000,000	\$ 77,000,000	\$ 70,453,028	\$ (6,546,972)
Investment earnings	-	-	65,407	65,407
<b>Total revenues</b>	<b>77,000,000</b>	<b>77,000,000</b>	<b>70,518,435</b>	<b>(6,481,565)</b>
<b>Expenditures</b>				
Contractual services	32,000	32,000	39,700	(7,700)
Fixed charges and contributions	5,010	5,010	5,010	-
<b>Total expenditures</b>	<b>37,010</b>	<b>37,010</b>	<b>44,710</b>	<b>(7,700)</b>
<b>Transfers</b>				
Transfers to other state agencies	77,000,000	77,000,000	70,518,081	6,481,919
<b>Total transfers</b>	<b>77,000,000</b>	<b>77,000,000</b>	<b>70,518,081</b>	<b>6,481,919</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (37,010)</b>	<b>\$ (37,010)</b>	<b>\$ (44,356)</b>	<b>\$ (7,346)</b>

See accompanying notes to required supplementary information.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024

**Note 1. Basis of Presentation**

Section 11-49-60 of the South Carolina Code of Laws 1976, as amended requires the Authority to adopt an annual budget for its operational expenditures. The accompanying budgetary comparison schedule compares the Authority’s legally adopted budget to actual results on the budgetary basis.

**Note 2. Budgetary Revisions**

The Authority maintains budgetary control at the object category of expenditure and must approve any transfer of appropriations between the object categories.

**Note 3. Differences in Budgetary and GAAP Reporting**

The accompanying budgetary comparison schedule compares the Authority’s legally adopted budget with actual results in accordance with the Authority’s basis of budgeting. The Authority’s primarily cash basis budgetary accounting principles, however, differ significantly from GAAP. These different accounting principles may result in basis differences in the excess (deficiency) of revenues over expenditures. Basis differences arise because the basis of budgeting differs from the GAAP basis used to prepare the governmental fund statement of revenues, expenditures and changes in fund balance. The primary differences reflected in the budgetary comparison schedule for the fiscal year ended June 30, 2024 were as follows:

Total revenues, budgetary basis	\$	70,518,435
Decrease in accrual for TSRs not accounted for under the budgetary basis		(2,500,000)
Total revenues, GAAP basis	\$	68,018,435
Total expenditures, budgetary basis	\$	44,710
Transfers accounted for as expenditures for GAAP		2,028,000
Total expenditures, GAAP basis	\$	2,072,710



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mr. George L. Kennedy III, CPA  
State Auditor  
Office of the State Auditor  
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and the major fund of Tobacco Settlement Revenue Management Authority (the "*Authority*") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 23, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements, will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Columbia, South Carolina  
September 23, 2024

*The Halls Group, P.A.*

**SECTION 11-49-100.** Accounts to be maintained separately; annual report.

All accounts of the authority must be held and maintained separately from all other funds, properties, assets, and accounts of this State and its other agencies. The board shall keep an accurate account of all of its activities and all of its receipts and expenditures and annually, in the month of January, shall make a report of its activities to the State Budget and Control Board, the report to be in a form prescribed by the State Budget and Control Board. Audited financial statements must be submitted to the Comptroller General by October fifteenth following the end of the fiscal year.

HISTORY: 2000 Act No. 387, Part II, § 69A.2; 2005 Act No. 164, § 13.

**STATE FISCAL ACCOUNTABILITY AUTHORITY**  
**Meeting of Tuesday, February 4, 2025 – 9:30 am**  
**Room 252, Edgar A. Brown Building**

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*REGULAR SESSION AGENDA INDEX -- Page 1*

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<u>Item</u>	<u>Agency</u>	<u>Subject</u>
<b>A.</b>	<b>MEETING OF THE TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY</b>	
<b>B.</b>	<b>ADOPTION OF PROPOSED AGENDA OF THE TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY</b>	
<b>C.</b>	<b>REGULAR SESSION OF THE TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY</b>	
1.	Tobacco Settlement Revenue Management Authority	Adoption of Budget
2.	Tobacco Settlement Revenue Management Authority	Financial Statement for the Fiscal Year Ended June 30, 2024
<b>D.</b>	<b>ADJOURNMENT OF THE TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY</b>	
<b>E.</b>	<b>MEETING OF THE STATE FISCAL ACCOUNTABILITY AUTHORITY</b>	
<b>F.</b>	<b>ADOPTION OF PROPOSED AGENDA OF THE STATE FISCAL ACCOUNTABILITY AUTHORITY</b>	
<b>G.</b>	<b>MINUTES OF PREVIOUS MEETINGS OF THE STATE FISCAL ACCOUNTABILITY AUTHORITY</b>	
<b>H.</b>	<b>REGULAR SESSION OF THE STATE FISCAL ACCOUNTABILITY AUTHORITY</b>	
1.	State Treasurer's Office	Bond Counsel Selection
2.	Department of Administration, Executive Budget Office	Permanent Improvement Projects
3.	Department of Administration, Facilities Management and Property Services	Easements

**STATE FISCAL ACCOUNTABILITY AUTHORITY**  
**Meeting of Tuesday, February 4, 2025 – 9:30 am**  
**Room 252, Edgar A. Brown Building**

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*REGULAR SESSION AGENDA INDEX -- Page 2*

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<u>Item</u>	<u>Agency</u>	<u>Subject</u>
4.	Division of Procurement Services	Procurement Audit and Certification of Winthrop University
5.	Division of Procurement Services	Exempt the South Carolina Commission for the Blind's (Commission) acquisition of specialized supplies, information technology, and services, which are individualized for each customer from the Chief Procurement Officer's area of responsibility and from the purchasing procedures of the Procurement Code
6.	Executive Director	South Carolina State Ceiling Allocation Plan – 2025 Administrative Updates
7.	South Carolina Department of Commerce	A Resolution Amending a Resolution Entitled "A Resolution to Provide for the Issuance and Sale of not Exceeding in the Aggregate \$111,000,000
8.	Winthrop University	Not Exceeding \$10,000,000 Winthrop University Higher Education Revenue Bonds, Series 2025
9.	Executive Director	Revenue Bonds (State Housing Finance and Development)
10.	State Fiscal Accountability Authority	Future Meeting

MEETING OF February 4, 2025

ITEM NUMBER 1, Page 1AGENCY: State Treasurer's OfficeSUBJECT: Bond Counsel Selection**CONDUIT/OTHER ISSUES:**

<b>Description of Issue</b>	<b>Agency/Institution (Borrower)</b>	<b>Bond Counsel</b>	<b>Issuer's Counsel</b>	<b>Date STO Approved</b>
\$7,700,000; South Carolina State Housing Authority ("SCSHFDA") Multifamily Housing Revenue Bonds; A.C.T.S. Community; Series 2025	A.C.T.S. Community Apartments, LP (A.C.T.S. Community) Conduit: SCSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer's Counsel to SC State Housing Authority – Lee Ann Watson (General Counsel)	1/3/2025
\$20,220,000 South Carolina State Housing Authority ("SCSHFDA") Multifamily Housing Revenue Bonds; Livewell Terrace; Series 2025	Livewell Terrace Limited Partnership (Livewell Terrace) Conduit: SCSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer's Counsel to SC State Housing Authority – Lee Ann Watson (General Counsel)	1/3/2025
\$17,000,000 South Carolina State Housing Authority ("SCSHFDA") Multifamily Housing Revenue Bonds; Oak Grove; Series 2025	Oak Grove at Hunt Club, LLC (Oak Grove) Conduit: SCSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer's Counsel to SC State Housing Authority – Lee Ann Watson (General Counsel)	1/3/2025
\$14,500,000 South Carolina State Housing Authority ("SCSHFDA") Multifamily Housing Revenue Bonds; Pinehaven Villas; Series 2025	Pinehaven Villas Acquisition Partners, LP (Pinehaven Villas) Conduit: SCSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer's Counsel to SC State Housing Authority – Lee Ann Watson (General Counsel)	1/3/2025

MEETING OF February 4, 2025

ITEM NUMBER 1, Page 2AGENCY: State Treasurer's OfficeSUBJECT: Bond Counsel Selection

\$17,000,000 South Carolina State Housing Authority ("SCSHFDA") Multifamily Housing Revenue Bonds; Willowbrook at Wateree; Series 2025	Willowbrook at Wateree, LLC (Willowbrook at Wateree) Conduit: SCSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer's Counsel to SC State Housing Authority – Lee Ann Watson (General Counsel)	1/3/2025
\$13,200,000 South Carolina State Housing Authority ("SCSHFDA") Multifamily Housing Revenue Bonds; Edgewood School; Series 2025	Edgewood School Apartments, LP (Edgewood School) Conduit: SCSHFDA	Parker Poe Adams & Bernstein – Ray Jones, Emily Luther, Emily Zackon, Ryan Romano	Issuer's Counsel to SC State Housing Authority – Lee Ann Watson (General Counsel)	1/3/2025
\$170,000,000; South Carolina Jobs-Economic Development Authority ("SC JEDA"); Economic Development Revenue Bonds, Series 2025; University Medical Associates of the Medical University of South Carolina	University Medical Associates of the Medical University of South Carolina Conduit: SCJEDA	Burr & Forman - Rion Foley, George Morrison	Pope Flynn - Joe Lucas	12/11/2024
\$32,000,000; South Carolina Jobs-Economic Development Authority ("SC JEDA"); Educational Facilities Revenue Bonds, Series 2025; Cogito Academies	Cogito Academies Conduit: SCJEDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Parker Poe Adams & Bernstein – Ray Jones, Emily Luther, Emily Zackon, Ryan Romano	11/20/2024

MEETING OF February 4, 2025

ITEM NUMBER 1, Page 3AGENCY: State Treasurer's OfficeSUBJECT: Bond Counsel Selection

\$10,000,000; South Carolina Jobs-Economic Development Authority ("SC JEDA"); Economic Development Revenue Bonds, Series 2025; Affordable Senior Housing Foundation, Inc.; Pee Dee Gardens	Affordable Senior Housing Foundation, Inc.- Pee Dee Gardens Conduit: SCJEDA	Burr & Forman-Michael Seezen	Howell Linkous & Nettles – Sam Howell, Alan Linkous	11/20/2024
\$115,000,000; South Carolina Jobs-Economic Development Authority ("SC JEDA"); Economic Development Revenue Bonds, Series 2025; Foothill Affordable Housing Foundation, Inc & Foundation for Affordable Housing V, Inc.; The Paddock Club & The Fairways	Foothill Affordable Housing Foundation, Inc & Foundation for Affordable Housing V, Inc.-The Paddock Club & The Fairways Conduit: SCJEDA	Parker Poe Adams & Bernstein – Ray Jones, Emily Luther, Emily Zackon, Ryan Romano	Haynworth Sinkler Boyd - Kathy McKinney	11/20/2024

**GENERAL OBLIGATION / REVENUE ISSUES:**

<b>Description of Issue</b>	<b>Agency/Institution (Borrower)</b>	<b>Bond Counsel</b>	<b>Issuer's Counsel</b>	<b>Date STO Approved</b>
\$10,000,000; Winthrop University, South Carolina Higher Education Revenue Bonds; Series 2025	Winthrop University	Pope Flynn Group – Gary Pope	Spencer & Spencer, PA- Paul Dillingham	1/2/2025



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**AGENCY:** State Treasurer's Office

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**SUBJECT:** Bond Counsel Selection

**SPECIAL ASSIGNMENT OF BOND COUNSEL:**

<b>Description of Issue</b>	<b>Agency/Institution (Borrower)</b>	<b>Bond Counsel</b>	<b>Issuer's Counsel</b>	<b>Date STO Approved</b>
Advice and counsel to SC State University in connection with financing through HBCU Capital Financing Program; Health & Wellness Center & New Student Residence Hall	SC State University	Pope Flynn Group – Gary Pope	N/A	11/26/2024

**AUTHORITY ACTION REQUESTED:**

In accord with Authority policy, receive the State Treasurer's Office report of bond counsel as information.

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**ATTACHMENTS:**

Bond Counsel Selection Approved by the State Treasurer's Office

**The State Treasurer advises the State Fiscal Accountability Authority, for informational purposes,  
of the firms selected and approved for its February 4, 2025 meeting:**

**CONDUIT/OTHER ISSUES:**

<b>Description of Issue</b>	<b>Agency/Institution (Borrower)</b>	<b>Bond Counsel</b>	<b>Issuer's Counsel</b>	<b>Date STO Approved</b>
\$7,700,000; South Carolina State Housing Authority ("SCSHFDA") Multifamily Housing Revenue Bonds; A.C.T.S. Community; Series 2025	A.C.T.S. Community Apartments, LP (A.C.T.S. Community) Conduit: SCSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer's Counsel to SC State Housing Authority – Lee Ann Watson (General Counsel)	1/3/2025
\$20,220,000 South Carolina State Housing Authority ("SCSHFDA") Multifamily Housing Revenue Bonds; Livewell Terrace; Series 2025	Livewell Terrace Limited Partnership (Livewell Terrace) Conduit: SCSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer's Counsel to SC State Housing Authority – Lee Ann Watson (General Counsel)	1/3/2025
\$17,000,000 South Carolina State Housing Authority ("SCSHFDA") Multifamily Housing Revenue Bonds; Oak Grove; Series 2025	Oak Grove at Hunt Club, LLC (Oak Grove) Conduit: SCSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer's Counsel to SC State Housing Authority – Lee Ann Watson (General Counsel)	1/3/2025
\$14,500,000 South Carolina State Housing Authority ("SCSHFDA") Multifamily Housing Revenue Bonds; Pinehaven Villas; Series 2025	Pinehaven Villas Acquisition Partners, LP (Pinehaven Villas) Conduit: SCSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer's Counsel to SC State Housing Authority – Lee Ann Watson (General Counsel)	1/3/2025
\$17,000,000 South Carolina State Housing Authority ("SCSHFDA") Multifamily Housing Revenue Bonds; Willowbrook at Wateree; Series 2025	Willowbrook at Wateree, LLC (Willowbrook at Wateree) Conduit: SCSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer's Counsel to SC State Housing Authority – Lee Ann Watson (General Counsel)	1/3/2025
\$13,200,000 South Carolina State Housing Authority ("SCSHFDA") Multifamily Housing Revenue Bonds; Edgewood School; Series 2025	Edgewood School Apartments, LP (Edgewood School) Conduit: SCSHFDA	Parker Poe Adams & Bernstein – Ray Jones, Emily Luther, Emily Zackon, Ryan Romano	Issuer's Counsel to SC State Housing Authority – Lee Ann Watson (General Counsel)	1/3/2025
\$170,000,000; South Carolina Jobs-Economic Development Authority ("SC JEDA"); Economic Development Revenue Bonds, Series 2025; University Medical Associates of the Medical University of South Carolina	University Medical Associates of the Medical University of South Carolina Conduit: SCJEDA	Burr & Forman - Rion Foley, George Morrison	Pope Flynn - Joe Lucas	12/11/2024
\$32,000,000; South Carolina Jobs-Economic Development Authority ("SC JEDA"); Educational Facilities Revenue Bonds, Series 2025; Cogito Academies	Cogito Academies Conduit: SCJEDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Parker Poe Adams & Bernstein – Ray Jones, Emily Luther, Emily Zackon, Ryan Romano	11/20/2024
\$10,000,000; South Carolina Jobs-Economic Development Authority ("SC JEDA"); Economic Development Revenue Bonds, Series 2025; Affordable Senior Housing Foundation, Inc.; Pee Dee Gardens	Affordable Senior Housing Foundation, Inc.-Pee Dee Gardens Conduit: SCJEDA	Burr & Forman- Michael Seezen	Howell Linkous & Nettles – Sam Howell, Alan Linkous	11/20/2024

\$115,000,000; South Carolina Jobs-Economic Development Authority ("SC JEDA"); Economic Development Revenue Bonds, Series 2025; Foothill Affordable Housing Foundation, Inc & Foundation for Affordable Housing V, Inc.; The Paddock Club & The Fairways	Foothill Affordable Housing Foundation, Inc & Foundation for Affordable Housing V, Inc.-The Paddock Club & The Fairways Conduit: SCJEDA	Parker Poe Adams & Bernstein – Ray Jones, Emily Luther, Emily Zackon, Ryan Romano	Haynworth Sinkler Boyd - Kathy McKinney	11/20/2024
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**GENERAL OBLIGATION / REVENUE ISSUES:**

Description of Issue	Agency/Institution (Borrower)	Bond Counsel	Issuer's Counsel	Date STO Approved
\$10,000,000; Winthrop University, South Carolina Higher Education Revenue Bonds; Series 2025	Winthrop University	Pope Flynn Group – Gary Pope	Spencer & Spencer, PA- Paul Dillingham	1/2/2025

**SPECIAL ASSIGNMENT OF BOND COUNSEL:**

Description of Issue	Agency/Institution (Borrower)	Bond Counsel	Issuer's Counsel	Date STO Approved
Advice and counsel to SC State University in connection with financing through HBCU Capital Financing Program; Health & Wellness Center & New Student Residence Hall	SC State University	Pope Flynn Group – Gary Pope	N/A	11/26/2024

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

The Authority is asked to approve the following permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Executive Budget Office as noted herein. All items were reviewed favorably by the Joint Bond Review Committee (JBRC).

(a) Project: JBRC Item 1: College of Charleston  
H15.9690: College Lodge Residence Hall Demolition

Request: Establish Phase I Pre-Design Budget to demolish the vacant building, courtyard, and parking area.

Included in CPIP: Yes – 2024 CPIP Priority 8 of 8 in FY25 (estimated at \$3,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Capital Improvement Project				100,000	100,000
All Sources				<u>100,000</u>	<u>100,000</u>

Summary of Work: The project will demolish the vacant building, courtyard, and parking area. Once demolished, the site will temporarily serve as greenspace or surface parking until the purpose of a replacement building is confirmed.

Rationale: Structural deficiencies and building envelope issues are allowing water intrusion. Additionally, the building has an outdated fire alarm system, lacks a fire sprinkler system, and does not meet current seismic requirements or ADA compliance. A fully renovated building would provide about 15-20 additional years of useful life, whereas a new building could provide approximately 40 years.

Facility Characteristics: College Lodge Residence Hall is 71,375 square feet and was constructed in 1963 (61 years old). The six-level 200-bed building was constructed as the Downtowner Motor Inn on a .23-acre parcel at 159 Calhoun Street. The college purchased the building in 1975 (49 years ago), and the last significant renovation

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

was completed in 2004 (20 years ago). The building was taken offline in May 2023.

**Financial Impact:** The project will be funded from Other, Capital Improvement Project Funds (uncommitted balance \$28.30 million at October 2, 2024). Revenue to this fund is generated by the Capital Improvement Fee that exceeds current annual debt service related to bonds. The project is expected to result in a decrease of \$404,955 (year 1), \$417,104 (year 2), and \$429,617 (year 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$906 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025. \$622 of the \$906 is currently pledged for debt service. The balance of the fee, \$284 per student, per semester is used to fund ongoing capital projects and maintenance.

**Full Project Estimate:** \$3,855,000 (internal) funded by Capital Improvement Project Funds. The Phase I amount requested is 2.59% of the estimated cost to complete the project and the additional amount will be used to prepare a precise and controlled demolition plan because underground conditions are currently unknown.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (b) Project: JBRC Item 2: University of South Carolina – Columbia  
H27.6161: Barnwell College Renovation
- Request: Establish Phase I Pre-Design Budget to comprehensively renovate the interior of the building.
- Included in CPIP: Yes – 2024 CPIP Priority 4 of 5 in FY27 (estimated at \$30,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Institutional				700,000	700,000
All Sources				<u>700,000</u>	<u>700,000</u>

Summary of Work: The project will add classrooms and update meeting rooms, faculty labs, offices, and support spaces. New floor plans are expected to require almost a full gut of the existing interior. New plans will emphasize maximizing natural light and creating efficient learning and faculty environments. Restrooms will be replaced and designed to comply with modern accessibility standards. The project will replace aged MEP building systems and integrate a sprinkler system into the building. Site work will replace aged underground energy and utility infrastructure serving Barnwell College and enhance landscaping and hardscaping in Gibbes Green south of Barnwell College. The renovations will be designed to meet either LEED Silver or Two Green Globes certification standards.

Rationale: Barnwell College is the last remaining Gibbes Green building that has not been renovated since the 1980s. Per the university, the building has an interior layout that does not support a modern academic program. Building systems are at, or nearing, life expectancy and the building does not comply with current life safety and accessibility codes.

Facility Characteristics: Barnwell College is 58,623 square feet and was constructed in 1910 (114 years old). The building houses Academic/Programs, Office/Administrative, Support

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

Services, and Food Service. The building is utilized by approximately 5,000 students, faculty, and staff.

**Financial Impact:** The project will be funded from Other, Institutional Funds (uncommitted balance \$1.4 million at September 30, 2024). Revenue to this fund is operating funds carried forward from one fiscal year to the next from excess revenue over expenditures. The project is expected to result in a decrease of \$110,150 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$40 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

**Full Project Estimate:** \$43,630,000 (internal). Phase II will be funded by State Institution Bond Funds. The Phase I amount requested is 1.60% of the estimated cost to complete the project and the additional amount will be used to cover the cost of a Construction Manager at Risk.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (c) Project: JBRC Item 3: University of South Carolina – Columbia  
 H27.6162: McKissick Building Renovation
- Request: Establish Phase I Pre-Design Budget to comprehensively renovate and reconfigure the interior of the building, and complete exterior renovations.
- Included in CPIP: Yes – 2024 CPIP Priority 2 of 6 in FY26 (estimated at \$40,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Institutional				700,000	700,000
All Sources				<u>700,000</u>	<u>700,000</u>

Summary of Work: The project will renovate and reconfigure interior space to include classrooms and study spaces. Structural mezzanines will be removed to optimize volume for new classrooms. Existing aged MEP building systems will be replaced, and a sprinkler system will be installed. The lower two floors will be modernized to improve the services of the Visitors Center. The upper two floors will be renovated to offer approximately 12 classrooms depending on the ultimate capacities of individual rooms. The plans offer numerous study space options, and a café is intended for a new two-story entrance lobby from Gibbes Green. The renovation will re-expose the windows to the interior. Exterior work will create new student entrance patios surveying Gibbes Green, enhanced accessibility for disabled visitors, minor exterior limestone repairs, and the potential creation of a roof terrace to overlook Gibbes Green. Sitework will replace aged underground energy and utility infrastructure serving McKissick and enhance landscaping and hardscaping in Gibbes Green east of McKissick. The renovations will be designed to meet either LEED Silver or Two Green Globes certification standards.

Rationale: New classroom and study space will address student demand. The MEP and life safety building systems, and energy/utility infrastructure need replacement due to exceeded service lives and/or code compliance.



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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

Facility Characteristics: McKissick is 60,524 square feet and was constructed in 1940 (84 years old). The building houses Academic/Programs, Office/Administrative, Support Services, and Food Service. The building is utilized by approximately 5,000 students, faculty, staff, and the local community.

Financial Impact: This phase of the project will be funded from Other, Institutional Funds (uncommitted balance \$1.4 million at September 30, 2024). Revenue to this fund is operating funds carried forward from one fiscal year to the next from excess revenue over expenditures. The project is expected to result in a decrease of \$85,000 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$40 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

Full Project Estimate: \$47,550,000 (internal). Phase II will be funded by State Institution Bond Funds.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(d) Project: JBRC Item 4: University of South Carolina – Columbia  
 H27.6163: Williams-Brice Stadium West Stands Renovation

Request: Establish Phase I Pre-Design Budget to comprehensively renovate multiple levels at the grandstand.

Included in CPIP: Yes – 2024 CPIP Priority 20 of 21 in FY25 (estimated at \$72,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Athletic Institutional				4,000,000	4,000,000
All Sources				<u>4,000,000</u>	<u>4,000,000</u>

Summary of Work: The project will comprehensively renovate multiple levels, primarily at the west grandstand and relatively minimally at the north end zone of the stadium, to broadly improve fan amenity spaces. Approximately 10,000 square foot of conditioned space is being added within the existing stadium footprint at the North End Zone. The West Stands, at the 100 and 200 levels, will be gutted and new suites, club spaces, restrooms, and concessions will be created. The Main and Ground Level Concourses will be renovated to provide a club, new restrooms, and concessions. A new elevator tower and stairs will offer fans more options to access the elevated concourses from the west plaza. New MEP systems will be provided at all conditioned spaces. Audio/Visual equipment will be provided throughout renovated areas. The project will also investigate options to create conditioned space under the north end zone stands and lightly renovate areas in the Floyd Building for student fan use. A master plan to inform future phases of work at other stadium zones will also be executed as part of the Phase I process. The decision to design the renovations to meet LEED Silver or Two Green Globes certification standards will be determined during the Phase I process.

Rationale: Williams-Brice Stadium has only 18 suites- the lowest count of any stadium in the Southeastern Conference. The project would increase the suite quantity to 36

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

suites. Increased suites will address demand from fans and generate new revenue. Improvements at the north end zone would improve the game day experience for students who have no access to air-conditioned concession spaces to escape the heat. The project will also abate an estimated \$40 million of deferred maintenance in the West and North zones of the stadium.

Facility Characteristics: Williams-Brice Stadium is 500,000 square feet and was constructed in 1934 (90 years old). The west stands were completely rebuilt in 1972 (52 years old). The Floyd Building was constructed in 1994 (30 years old). The stadium is utilized for athletics and football and event attendees.

Financial Impact: This phase of the project will be funded from Other, Athletic Institutional Funds (uncommitted balance \$4 million at September 30, 2024). Revenue to this fund is operating funds carried forward from one fiscal year to the next from excess revenue over expenditures. The project is expected to result in a decrease of \$10,000 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$40 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

Full Project Estimate: \$200,000,000 (internal). Phase II will be funded by Athletic Facilities Bond Funds. The Phase I amount requested is 2.00% of the estimated cost to complete the project and the additional amount will be used to cover a Construction Manager at Risk.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(e) Project: JBRC Item 5: University of South Carolina - Upstate  
 H34.9559: FY25 Campus-wide Interior Building Renovations  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and  
 this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase II Full Construction Budget to address critical interior  
 maintenance, repairs, and renovations.

Included in CPIP: Yes – 2024 CPIP Priority 1 of 4 in FY25 (estimated at \$15,500,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY25 Capital Reserve (13)(a), (Maintenance, Renovation, and Replacement)				2,000,000	2,000,000
FY25 Appropriated State (16), (Maintenance, Renovation and Replacement)				2,000,000	2,000,000
All Sources				<u>4,000,000</u>	<u>4,000,000</u>

Summary of Work: The project will replace flooring, window and wall caulking, painting, fixtures and finishes to classrooms, offices, general education areas, and meeting spaces. The air handler units at the University Readiness Center will also be replaced. Lastly, the domestic water heater will be replaced at the College of Arts & Sciences Buildings.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

**Rationale:** This specific work has been prioritized based on the criticality of their maintenance needs, impact to academic mission, and to make the most impact on the maintenance needs.

**Facility Characteristics:** The Health Education Center is 149,402 square feet and was constructed in 2007 (17 years old). The Sansbury Campus Life Center is 60,726 square feet and was constructed in 1994 (30 years old). The Library is 73,648 square feet and was constructed in 1976 (48 years old). The Horace C. Smith Science Building is 65,541 square feet and was constructed in 1984 (40 years old). The Humanities & Performing Arts Center is 57,899 square feet and was constructed in 1990 (34 years old). The Media Center is 48,394 square feet and was constructed in 1979 (45 years old). The Arts & Sciences Building is 26,573 square feet and was constructed in 1982 (42 years old). The Hodge Center is 83,090 square feet and was constructed in 1973 (51 years old). The University Readiness Center is 57,384 square feet and was constructed in 1980 (44 years old). The facilities are utilized for academic programs, classrooms, theater space, athletics/recreational space, office/administrative space, and food service. Approximately 5,000 students, faculty and staff utilize the facilities.

**Financial Impact:** The project will be funded from FY25 Capital Reserve (uncommitted balance \$2 million at October 14, 2024), and FY25 Appropriated State (nonrecurring) Funds (uncommitted balance is \$2 million at October 14, 2024). The project is expected to result in a decrease of \$50,000 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$85 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

**Full Project Estimate:** \$4,000,000 (internal) funded from Capital Reserve and Appropriated State Funds. Contract execution is expected in February 2025 and completion of construction in December 2026.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(f) Project: JBRC Item 6: University of South Carolina - Lancaster  
H37.9525: FY24 Maintenance, Renovation, and Replacement

Request: Change Source of Funds, Revise Scope, and increase Phase II Full Construction Budget to complete various critical maintenance, repairs, and renovation needs campus wide.

Included in CPIP: No – The federal funding was not received until after the 2024 CPIP submission process.

Phase II Approval: February 2024 (estimated at \$5,000,000) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Capital Reserve (12), (Maintenance, Renovation, and Replacement)	5,000,000		5,000,000		5,000,000
Federal, DHHS				2,800,000	2,800,000
All Sources	<u>5,000,000</u>		<u>5,000,000</u>	<u>2,800,000</u>	<u>7,800,000</u>

Summary of Work: The project was established to complete campus-wide interior improvements and maintenance to four (4) facilities. The work included paint, carpet, tile, fire suppression system upgrades, fire alarm system upgrades, HVAC replacement, lighting, and exterior walkway and pedestrian improvements. The scope revision will add the renovation of approximately 12,000 square feet of Hubbard Hall. The additional renovation will reconfigure and update the space to provide a more interactive and functional space with better circulation and improve flow between clinical/classroom space. The scope will include converting an existing office into a welcome center, transition a classroom into a health coaching training lab to involve tele-medicine, modernize a testing lab space to create a lab and simulation room, update a classroom for an engaging high tech anatomy lab, and reconfigure

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

space so an additional 360 square feet will be utilized as a home environment room and CPR simulation lab with resuscitation quality improvement technology. Additionally, upgrades to technology, lighting, plumbing, HVAC, and fire protection will be addressed from these renovations.

**Rationale:** This federal award will run concurrently with Hubbard Hall renovations from the original scope of work to provide the most cost effective and time saving methods. This specific work has been prioritized based on the criticality of their maintenance needs, impact to academic mission, and to make the most impact on the maintenance needs.

**Facility Characteristics:** The James Bradley Arts and Sciences Building is 66,242 square feet and was constructed in 2000 (24 years old). Hubbard Hall is 37,894 square feet and was constructed in 1964 (60 years old). Medford Library is 49,681 square feet and was constructed in 1974 (50 years old). Founders Hall is 40,787 square feet and was constructed in 2014 (10 years old). Approximately 2,000 students, faculty and staff will benefit from the improvements.

**Financial Impact:** This increase will be funded from Federal, Department of Health and Human Services Funds (uncommitted balance \$2.8 million at October 31, 2024). The project is expected to result in a decrease of \$45,000 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$50 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

**Full Project Estimate:** \$7,800,000 funded from Capital Reserve and Department of Health and Human Services Funds. Contract execution is expected in February 2025 and completion of construction in June 2026.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (g) Project: JBRC Item 7: University of South Carolina - Sumter  
H39.9523: Science Building Renovation II  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)
- Request: Revise Scope and increase Phase II Full Construction Budget to complete additional upgrades to the building.
- Included in CPIP: No – The need for the increase was unknown during the 2024 CPIP submission process.
- Phase II Approval: January 2019 (estimated at \$2,250,000) (Admin.)
- Phase II Increase & Revise Scope: April 2020 (estimated at 4,500,000) (Admin.)
- Revise Scope: October 2021 (estimated at 4,500,000) (Admin.)
- Phase II Increase & Revise Scope: July 2022 (estimated at \$7,700,000) (Admin.)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY17 Capital Reserve (16), (Sumter Campus Science Building) (transfer from 9520)				177,048	177,048
FY19 Capital Reserve (26), (Science Building Renovation)	2,250,000		2,250,000		2,250,000
	2,250,000		2,250,000		2,250,000
FY20 Capital Reserve (8), (Science Building Renovation)		3,200,000	3,200,000	300,000	3,500,000
FY22 Capital Reserve (18), (Science Laboratory)					



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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

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All Sources	<u>4,500,000</u>	<u>3,200,000</u>	<u>7,700,000</u>	<u>477,048</u>	<u>8,177,048</u>
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**Summary of Work:** The project was established to renovate four (4) labs which included the associated prep and work rooms. The work includes mechanical and electrical upgrades, installing a fire sprinkler system, ADA accessibility improvements, new finishes and equipment, and improvements to comply with state energy and sustainability standards. The revised scope will cover an outdoor laboratory space. The new roof has been evaluated by the Department of Administration and has been determined to comply with JBRC policy and will come with the minimum 20-year material and workmanship warranty.

**Rationale:** The renovations facility will allow for the space to better serve the faculty, staff, and students who occupy the space.

**Facility Characteristics:** The Science Building is 21,459 sq. ft. and was constructed in 1967 (57 years old). The total square footage of the portion to be renovated is approximately 10,000 square feet. Based on 6 lab sessions per week, approximately 555 students and faculty are estimated to utilize the lab spaces. The new covered outdoor lab space is 1,000 square feet and will accommodate 30 students. When not in use by academic functions, it will serve 1,600+ students, faculty, and staff campus community as an outdoor study space and for events.

**Financial Impact:** This increase will be funded from FY17 and FY22 Capital Reserve Funds (uncommitted balance is \$478K at September 10, 2024). The project is expected to result in a decrease of \$8,425 (year 1), and \$16,850 (years 2 thru 3) in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$40 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

**Full Project Estimate:** \$8,177,048 funded from Capital Reserve Funds. Contract execution is expected in February 2025 and completion of construction in December 2025.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(h) Project: JBRC Item 9: Winthrop University  
H47.9620: Tillman Hall Renovation

Request: Establish Phase I Pre-Design Budget to renovate the building.

Included in CPIP: Yes – 2024 CPIP Priority 2 of 12 in FY26 (estimated at \$15,750,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY25 Appropriated State, Proviso 118.20 (B)(19), (Maintenance, Renovation, and Replacement)				315,000	315,000
All Sources				<u>315,000</u>	<u>315,000</u>

Summary of Work: The project will include space reconfiguration, new paint and flooring, HVAC, electrical, plumbing upgrades, bathroom, elevator, ADA accessibility, and life safety upgrades. Exterior details will be repaired/repainted. The auditorium will receive new flooring, finishes, seating, theatre sound-light-AV-stage rigging updates. The Phase I process will determine if the entire building will be renovated or if it will only be partially renovated.

Rationale: The intent of the renovation is to relocate administrative functions out of the building and relocate student services groups into Tillman to create a one stop student support hub.

Facility Characteristics: Tillman Hall is 115,264 square feet and was constructed in 1894 (130 years old). There have been several renovations and modifications to the building since construction, with the last significant renovation being in the 1980's (44 years ago). Tillman Hall is the original campus administrative, and classroom building, and is used currently for administrative, student, and campus support offices.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

**Financial Impact:** This phase of the project will be funded from FY25 Appropriated State (non-recurring) Funds (uncommitted balance \$1 million at October 29, 2024). The project is not expected to result in any change in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$543 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

**Full Project Estimate:** \$15,750,000 (internal). The university is requesting \$15,750,000 in the FY25-26 budget request process to fund the construction of the project. If full funding is not received, the university will review available funds to determine how much work, and what work can be accomplished, and/or if the project should be delayed for another year to seek additional funding or other options to address funding. The Phase I amount requested is 2.00% of the estimated cost to complete the project and the additional amount will be used to cover Construction Manager At Risk and environmental material testing.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (i) Project: JBRC Separate Item: Winthrop University  
H47.9613: Courtyard Apartment Purchase
- Request: Establish Final Land Acquisition to purchase +/- 4.58 acres including the Courtyard Apartments in York County.
- Included in CPIP: Yes – 2024 CPIP Priority 7 of 9 in FY25 (estimated at \$11,500,000)  
Phase I Approval: October 2023 (estimated at \$10,420,000) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Revenue Bonds				9,705,000	9,705,000
Other, Housing Revenue	20,000		20,000		20,000
All Sources	<u>20,000</u>		<u>20,000</u>	<u>9,705,000</u>	<u>9,725,000</u>

Rationale: The apartments are on the boundary of campus and are solely used for Winthrop student housing. Based on its high occupancy rate and the current complexities related to the management and support provided by the university to operate the facility, the university would like to acquire the apartments by buying out Winthrop University Real Estate Foundation’s current debt, which must be refinanced by August 27, 2025.

Characteristics: The 4-story apartment building is 103,495 square feet and was constructed in 2002 (22 years old). The building includes 2 and 4 bed apartment style units, with a total occupancy of 401.

Financial Impact: The property is offered by Winthrop University Real Estate Foundation Development, LLC for \$9,630,000. The acquisition will be funded from Revenue Bond Funds (to be issued). An appraisal was completed in October 2024 and valued the property at \$29,600,000. A Phase I Environmental Site Assessment was completed in December 2023 and identified the historical industrial

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

operations as a REC based on the length of time industrial operations took place on the site and the reported residual contamination and fly ash on the site. However, based on the assessment and litigation documents reviewed, the contamination has been addressed to the satisfaction of the SC Department of Environmental Services. The assessment further noted, if subsurface earthwork or redevelopment is to occur in the future, it is recommended that assessments be conducted at that time to identify conditions to which future construction workers or residents will be exposed and refer to the most recent SC Department of Environmental Services guidance regarding handling and disposing of fly ash. A Property Condition Assessment report was completed in July 2023 and found \$159,300 in immediate costs to be rectified. The project is expected to result in a decrease of 605,000 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$543 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

Full Project Estimate: \$9,725,000 funded by Revenue Bonds and Housing Revenue Funds.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (j) Project: JBRC Item 10: Piedmont Technical College  
H59.6333: Library and Student Engagement Center  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)
- Request: Establish Phase I Pre-Design Budget to renovate the upstairs of the library on the Greenwood Campus.
- Included in CPIP: Yes – 2024 CPIP Priority 1 of 3 in FY26 (estimated at \$27,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY22 Appropriated State, Proviso 118.18 (B)(27)(n), (Maintenance, Renovation and Replacement)				109,500	109,500
All Sources				<u>109,500</u>	<u>109,500</u>

Summary of Work: The project will renovate the upstairs of the existing library facility to create collaboration space for student engagement. This renovation will provide areas for focused group and independent study, casual interactions, and private study spaces. Additionally, the renovation will include a workforce engagement and training area, allowing opportunities for students to engage with local industry partners. These renovations will not be designed to meet LEED Silver or Two Green Globes certification standards, but all upgrades and improvements made during this project will contribute to the overall certification points, laying the groundwork for the project's environmental and sustainability goals. Upon completion of an additional, future project, it is anticipated that the requirements for Two Green Globes certification will be met.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

**Rationale:** Renovating the upstairs will provide collaborative and student spaces that enhance library functionality and better serve student needs.

**Facility Characteristics:** The existing Library Building is 42,000 square feet and was constructed in 1991 (33 years old). Approximately 21,000 square feet will be renovated in this project. Once renovated, the space will be house the Student Engagement Center and be utilized by approximately 2,649 students who attend at the Greenwood Campus, as well as it will be available to all credit and non-credit students regardless of their primary campus location.

**Financial Impact:** This phase of the project will be funded from FY22 Appropriated State (nonrecurring) (uncommitted balance \$2.29 million at October 29, 2024). The project is expected to result in a decrease of \$15,000 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$150 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

**Full Project Estimate:** \$7,300,000 (internal). Phase II will be funded by \$2,120,231 in FY22 Appropriated State (nonrecurring), \$3,711,966 in FY23 Appropriated State (nonrecurring), and \$1,358,303 in FY25 Capital Reserve Funds. The estimated cost to complete the project has decreased from the 2024 CPIP submission because the scope of work has been decreased due to funding limitations. The project will now be completed in stages as part of two separate projects.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(k) Project: JBRC Item 11: Piedmont Technical College  
H59.6302: Saluda Center for Manufacturing Excellence  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase II Full Construction Budget to construct a new facility.

Included in CPIP: Yes – 2024 CPIP Priority 5 of 5 in FY25 (estimated at \$14,382,500)  
Phase I Approval: February 2024 (estimated at \$14,382,500) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(20)(k), (Manufacturing Center and New Campus)	215,738		215,738	14,166,762	14,382,500
All Sources	<u>215,738</u>		<u>215,738</u>	<u>14,166,762</u>	<u>14,382,500</u>

Summary of Work: The project will construct a facility that will support advance manufacturing programs for the college in the area. The new facility will consist of high bay technical lab spaces with support classrooms, and additional classrooms for non-lab instruction, administrative spaces, and restrooms. The scope of work will also include required sitework development and parking to support the facility. The new roof has been evaluated by the Department of Administration and has been determined to comply with JBRC policy and will come with the minimum 20-year material and workmanship warranty.

Rationale: There is a need to provide manufacturing program opportunities to areas that are currently underserved due to travel distances that includes communities both inside and outside of PTC’s service area. This facility will allow those communities to be better served by offering opportunities that will be located



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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

significantly closer to them in the PTC service area. The current facilities are constrained by the physical footprint and cannot support the addition of advanced manufacturing programs.

**Facility Characteristics:** The new Saluda Center will be 21,000 square feet. The planned instruction for the new facility includes Mechatronics and CNC programs with flexibility to include additional programs in the future. The college currently enrolls between 10 and 21 students from Saluda in the targeted programs. Between dual enrollment opportunities and adult enrollment, it is expected that an additional 50 credit students per academic year in these programs due to the addition of the space. The college will also provide continuing education opportunities. Each of the targeted programs would bring multiple additional faculty to campus, and would serve a variety of clients, including local businesses and industries, the Saluda, Lexington and Aiken County school districts, and the local population.

**Financial Impact:** The project will be funded from FY24 Appropriated State (nonrecurring) (uncommitted balance \$14.16 million at October 28, 2024). The new facility will be constructed to meet Two Green Globes certification standards with anticipated energy savings of \$775,738 over 30-years. The project is expected to result in an increase of \$120,000 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$150 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

**Full Project Estimate:** \$14,382,500 funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in January 2026 and completion of construction in March 2027.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (l) Project: JBRC Item 12: Piedmont Technical College  
H59.6193: New Construction for Health Sciences Replacement
- Request: Change Source of Funds to add EDA funds received to the project to construct a 27,000 square foot replacement building on the Piedmont Campus.
- Included in CPIP: No – Change Source of Funds requests are not required to be included in the CPIP.
- Phase I Approval: April 2022 (estimated at \$9,150,000) (SFAA)
- Phase II Approval, Revise Scope, & Change Project Name: March 2023 (estimated at \$16,632,000) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY22 Capital Reserve (24), (Maintenance, Renovation, and Replacement)		696,875	696,875		696,875
FY22 Appropriated State, Proviso 118.18 (B)(27)(n), (Maintenance, Renovation, and Replacement)		6,893,159	6,893,159	(2,229,731)	4,663,428
FY23 Appropriated State, Proviso 118.19 (B)(27)(j),	137,250	5,230,623	5,367,873	(5,367,873)	
				11,271,697	11,271,697

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(Maintenance,  
 Renovation, and  
 Replacement

Other, College

Other, US  
 Department of  
 Commerce EDA

All Sources	<u>137,250</u>	<u>16,494,750</u>	<u>16,632,000</u>	<u>16,632,000</u>
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**Summary of Work:** The project was established to renovate and repair the two existing Health and Science Buildings and construct an additional 12,100 square foot connector building on the Piedmont Campus. The revised scope will now construct a 27,000 square foot facility that will include Nursing simulation labs, Nursing skills labs, Cardiovascular Labs, and classrooms. The new Health Science Building will be a 2-story, slab-on-grade building with a low-slope insulated roof and internal roof draining. The building structure will be structural steel framing. The building envelope will consist of brick veneer, fiber-cement rainscreen and aluminum curtainwall. The roof to be installed on the new building has been evaluated by the Department of Administration and has been determined to comply with JBRC policy and will come with the minimum 20-year material and workmanship warranty. Buildings H & S, which are currently housing these programs, will remain in use as swing space until the completion of the replacement facility. It is anticipated that Buildings H & S will be demolished as a separate project for a total estimated cost of \$250,000 to \$275,000.

**Rationale:** Building H and S do not provide adequate teaching and lab space. The new facility will provide modern lab spaces which are needed to ensure the students are practice-ready when completing the programs, per the college. The number of students has grown from 1,181 students enrolled in a pre-health program in the 2017-2018 academic year to 1,674 in the most recent full year.

**Facility Characteristics:** The Health Building is 16,728 square feet and was constructed in 1982 (41 years old) and the Science Building is 15,920 square feet and was constructed in 1992 (31 years old). The new 27,000 square foot facility will be utilized by 33 full time faculty in its Nursing and Healthcare Division and 694 students.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

**Financial Impact:** This change source of funds will be funded from Other, US Department of Commerce, EDA Funds (awarded \$11.3 million at September 9, 2024). The project is expected to result in an increase of \$81,235 (year 1), \$119,144 (year 2), and \$131,059 (year 3), in annual operating expenses. The new building will be constructed to meet Two Green Globes certification standards with anticipated energy savings of \$674,081 over 30-years. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$150 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

**Full Project Estimate:** \$16,632,000 funded by Capital Reserve, Appropriated State (nonrecurring) and EDA Funds. Contract execution is expected in March 2025 and completion of construction in August 2026.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(m)Project: JBRC Item 13: Spartanburg Community College  
 H59.6298: Cherokee Campus Spark Center

Request: Change Source of Funds and Revise Scope in the project to construct a new economic development building in Gaffney.

Included in CPIP: Yes – 2024 CPIP Priority 6 of 8 in FY25 (estimated at \$20,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(20)(m), (Spark Centers)	300,000		300,000	(300,000)	
FY24 Appropriated State, Proviso 118.19 (B)(20)(l), (Cherokee County Campus – Spark Center)				300,000	300,000
All Sources	<u>300,000</u>		<u>300,000</u>		<u>300,000</u>

Summary of Work: The project will construct a new economic development multi-use building consisting of offices and warehouse space. The scope is being revised to scale back the size of the Cherokee Spark based on rising construction costs. This facility will have the ability to add on additional space in the future. All roofing material options will be evaluated during the Phase I process and will conform to JBRC policy.

Rationale: According to the college, there is considerable economic development activity in Cherokee County and surrounding areas and anticipated growth along the I-85 corridor between Charlotte and Atlanta. I-85 is presently being widened through Cherokee County that will further expand development along the corridor.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

**Facility Characteristics:** The Cherokee Campus is located in Gaffney. There are five (5) buildings located on campus. The new facility will be a 65,000 square foot single-story economic development building. It will be situated between the existing Harvey Peeler Academic Building and Interstate-85, as close to Interstate-85 as site conditions will allow. The warehouse space can be used for prospects' general warehousing, light production, and worker hands-on-training. The offices will be used by the prospects for business management activities. The space will be used by 120 students and 20 staff daily.

**Financial Impact:** The project will be funded from FY24 Appropriated State (nonrecurring) Funds (uncommitted balance \$12 million at November 1, 2024). The project is expected to result in an increase of \$160,000 (year 1), and \$320,000 (years 2 thru 3) in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. Currently, there is no portion of tuition designated for capital improvements.

**Full Project Estimate:** \$17,000,000 (internal). Phase II will be funded from \$9,700,000 in FY24 Appropriated State (non-recurring), \$5,000,000 in Cherokee County Funds, and \$2,000,000 in Duke Energy Utility Tax Credit Grant Funds that the college will be applying for.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(n) Project: JBRC Item 14: Spartanburg Community College  
H59.6304: Cherokee Campus Hamricks Land Acquisition

Request: Increase Final Land Acquisition Budget to cover brokerage commission fees associated with acquiring +/-20.39 acres in Cherokee County.

Included in CPIP: Yes – 2024 CPIP Priority 2 of 8 in FY25 (estimated at \$1,337,235)  
Phase I Approval: March 2024 (estimated at \$1,396,000) (JBRC)  
Phase II Approval: July 2024 (estimated at \$1,337,234.78) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(20)(I), (Cherokee County Campus – Spark Center)	20,000	1,317,235	1,317,235	34,173	1,317,235
Other, College Plant					
All Sources	<u>20,000</u>	<u>1,317,235</u>	<u>1,317,235</u>	<u>34,173</u>	<u>1,371,408</u>

Rationale: Spartanburg Community College has its Cherokee County Campus in Gaffney, SC, within the boundaries of SC Hwy 11 and Peachoid Road. The property is just north of Peachoid Road on the far west end of the campus. The college desires to acquire the property to allow a future opportunity to expand the Cherokee Campus. Per the college, this vacant land, if acquired and developed by others, may not be as affordable to the state in the future.

Characteristics: The property is +/-20.39 acres and has no buildings located on the property. It is contiguous to the Spartanburg Community College Cherokee Campus and has good interstate visibility as well.

Financial Impact: The property is being offered by Hamricks, Inc. for \$1,317,235. The brokerage fees will be funded from College Plant Funds (uncommitted balance \$7.33 million)

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

at October 11, 2024). A Phase I Environmental Site Assessment was completed in April 2024 and found no evidence of recognized environmental conditions in connection with the property and therefore no further evaluation is recommended at this time. An appraisal was completed May 2024 and valued the property at \$1,396,000. A building condition assessment is not required because there are no buildings located on the property. There are no immediate construction plans for the property. Letters of support have been received from Cherokee County and Cherokee County School District authorizing the removal of the property from the tax rolls. The project is expected to result in an increase of \$3,200 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. Currently, there is no portion of tuition designated for capital improvements.

Full Project Estimate: \$1,371,408 funded from Appropriated State (nonrecurring), and from College Plant Funds.



AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (o) Project: JBRC Item 17: York Technical College  
H59.6303: Renovate K Building  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)
- Request: Increase Phase I Pre-Design Budget to cover the cost of a Construction Manager at Risk for this project to renovate the building.
- Included in CPIP: Yes – 2024 CPIP Priority 1 of 7 in FY25 (estimated at \$7,478,640)  
Phase I Approval: February 2024 (estimated at \$7,478,640) (Admin)  
Supporting Details: Pages

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY17 Appropriated State, Proviso 118.16 (B)(23)(bb), (Health & Human Services Building) (FY19 Proviso 25.9)	112,180		112,180	112,180	224,360
All Sources	<u>112,180</u>		<u>112,180</u>	<u>112,180</u>	<u>224,360</u>

Summary of Work: The project will include a complete modernization of the facility that will include HVAC replacement, plumbing, fire suppression, electrical, and roof maintenance and repairs. All roofing material options will be evaluated during the Phase I process and will conform to JBRC policy.

Rationale: The renovation will provide more flexible academic and student support space.

Facility Characteristics: Building K is 17,700 square feet and was constructed in 1974 (50 years old). The electrical systems are original to the building. The roof is 18 years old, and the HVAC systems are approximately 20 to 30 years old. Previously, the facility was used for food services, student activities, and a bookstore. After the

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

renovation, the facility will be used for campus tours, student orientations, student activities, parent /student seminars, student support & enrollment, classes, and campus safety services. Instruction for the new facility includes Mechatronics, CNC, and Welding programs with flexibility to include additional programs in the future. Approximately 5,000 students and 300 faculty and staff will benefit from the project.

**Financial Impact:** The increase will be funded from FY17 Appropriated State Funds (non-recurring) (uncommitted balance \$778K at October 28, 2024). The project is expected to result in a decrease of \$1,934 (year 1), \$1,983 (year 2), and \$2,032 (year 3) in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. Currently, there is no portion of tuition designated for capital improvements.

**Full Project Estimate:** \$7,478,640 (internal). Phase II will be funded Appropriated State Funds (non-recurring), and Capital Reserve Funds.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(p) Project: JBRC Item 18: Department of Administration  
D50.6174: Columbia Mills Building - Energy Savings Performance Contract

Request: Establish Phase I Pre-Design Budget to issue an RFP for an energy savings performance contract.

Included in CPIP: Yes – 2024 CPIP Priority 12 of 17 in FY28 (estimated at \$3,480,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Depreciation Reserve				50,000	50,000
All Sources				<u>50,000</u>	<u>50,000</u>

Summary of Work: The project will issue an RFP for an energy savings performance contract (ESPC) to address the HVAC replacement needs identified in the August 30, 2022 HVAC Assessment issued by GMK, coupled with other energy savings measures to be identified through the associated investment grade audit process required by OSE as part of acquiring an ESPC.

Rationale: Portions of the 2022 HVAC Assessment have been addressed in annualized phases through project D50-6118 as funding comes available but the magnitude of the needs outweighs the ability to address all of the necessary replacements in a timely manner. Using an ESPC will allow the use of funds through the Treasurer's Office Master Lease program with lease payments structured to be funded through the guaranteed annual energy savings.

Facility Characteristics: The Columbia Mills Building is +/- 388,445 square feet and was constructed in 1893 (131 years old). The building is utilized by the State Museum, SC Confederate Relic Room & Military Museum, the Department of Administration, and various state agency tenants. Approximately 235,000 employees and visitors utilize the building on a yearly basis.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

**Financial Impact:** This phase of the project will be funded from Other, Depreciation Reserve (uncommitted balance \$4.76 million at October 29, 2024). Depreciation Reserve Funds are derived from the rent account, which receives rent charged to agencies. The project is expected to result in a decrease in annual operating expenditures, but those amounts have not yet been determined.

**Full Project Estimate:** \$10,000,000 to \$20,000,000 (internal). Phase II will be funded from the Treasurer's Office Master Lease program.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(q) Project: JBRC Item 19: Department of Administration  
D50.6175: Governor's Mansion - Roof & HVAC Replacement

Request: Establish Phase I Pre-Design Budget to replace the roof system along with all associated HVAC equipment and duct system.

Included in CPIP: Yes – 2024 CPIP Priority 18 to 27 in FY25 (estimated at \$1,160,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State				19,449	19,449
All Sources				<u>19,449</u>	<u>19,449</u>

Summary of Work: The project will replace the existing SBS modified bitumen low slope roof system. The existing skylights and exterior parapet wall will be re-flashed. AHU #4 & #5, which provide heating and cooling to the entire 2nd floor residence level will need to be removed and replaced to allow clear access to the roof. The hot water boiler will also be replaced as part of this project. No building features or any part of the exterior appearance will be altered as a result of this project. All guidelines outlined by the SC State Historic Preservation office will be followed. All roofing material options will be evaluated during the Phase I process and will conform to JBRC policy.

Rationale: The warranty on the roof has expired and the HVAC equipment is near the end of its useful life.

Facility Characteristics: The Governor’s Mansion is 16,161 square feet and was constructed in 1842 (182 years old) as the Arsenal Military Academy. It was transformed into the Governor’s Mansion in 1869 (155 years ago). The building has gone through several renovations throughout the years. The existing roof system was installed in 2000 (24 years ago). The HVAC equipment was installed in 2004 (20 years ago). The mansion is utilized by approximately 15 family members, staff, and hundreds of visitors annually.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

Financial Impact: The project will be funded from Appropriated State Funds (uncommitted balance \$12 million at October 30, 2024). The project is expected to result in a decrease in annual operating expenditures, but those amounts have not yet been determined.

Full Project Estimate: \$1,296,628 (internal) funded by Appropriated State Funds.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(r) Project: JBRC Item 20: Department of Administration  
D50.6157: Blatt Building – 3<sup>rd</sup> Floor VAV Replacement

Request: Establish Phase II Full Construction Budget to replace terminal hot water reheat VAV mechanical units.

Included in CPIP: Yes – 2024 CPIP Priority 9 of 27 in FY25 (estimated at \$1,565,349)  
Phase I Approval: August 2024 (estimated at \$1,565,349) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State	23,480		23,480	1,176,520	1,200,000
Other, Depreciation Reserve				331,961	331,961
All Sources	<u>23,480</u>		<u>23,480</u>	<u>1,508,481</u>	<u>1,531,961</u>

Summary of Work: The project will replace 54 terminal hot waters reheat VAV mechanical units to include associated duct work. The majority of this work will be performed above the ceiling on the 3<sup>rd</sup> floor. The scope also includes replacing all light fixtures with LED light fixtures, installing a new acoustical ceiling system, and replacing the carpet.

Rationale: The equipment and ductwork are original to the building and is past its useful life, leading to periodic failures and disruption of service.

Facility Characteristics: The Blatt Building is 155,162 gross square feet and was constructed in 1978 (46 years old). The 3<sup>rd</sup> floor of the building is 27,795 gross square feet. The systems are original to the building. The building is utilized by 80 to 100 SC House of Representatives staff year-round, and from January to July each year the number increases to approximately 330.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

**Financial Impact:** This phase of the project will be funded from Appropriated State (uncommitted balance \$12 million at October 30, 2024), and Other, Depreciation Reserve Funds (uncommitted balance \$4.76 at October 29, 2024). Depreciation Reserve Funds are derived from the rent account, which receives rent charged to agencies. The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$1,531,961 funded by Appropriated State, and Depreciation Reserve Funds. Contract execution is expected in May 2025 and completion of construction in November 2025.



AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(s) Project: JBRC Item 21: Department of Administration  
D50.6158: SC Data Center - Replace UPS A-Side Modules and Battery String

Request: Establish Phase II Full Construction Budget to replace and upgrade the uninterrupted power source.

Included in CPIP: Yes – 2024 CPIP Priority 10 of 27 in FY25 (estimated at \$1,500,000)  
Phase I Approval: August 2024 (estimated at \$1,500,000) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other – SC Division of Technology	25,510		25,510	2,140,314	2,165,824
All Sources	<u>25,510</u>		<u>25,510</u>	<u>2,140,314</u>	<u>2,165,824</u>

Summary of Work: The project will replace and upgrade the “A Side” Uninterrupted Power Source (UPS) at the SC Data Center in Columbia.

Rationale: The purpose of this project is to establish true Uninterrupted Power Source Redundancy in the power supply for the SC Data Center’s data processing equipment.

Facility Characteristics: The SC Data Center is approximately 76,021 square feet and was constructed in 1999 (25 years old). The A-Side UPS Module 1 and battery string are original to the building. The building is utilized by approximately 205 SC Division of Technology (DTO) staff plus varying numbers of customers and visitors daily.

Financial Impact: The project will be funded from Other, SC Division of Technology Funds (uncommitted balance \$6.33 million at October 29, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$2,165,824 funded by SC Division of Technology Funds. Contract execution is expected in July 2025 and completion of construction in October 2026.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (t) Project: JBRC Item 22: Department of Administration  
 D50.6084: SCCB – Building A Interior Renovations  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)
- Request: Increase Phase II Full Construction Budget to add additional contingency funds to update and increase the functionality of the second-floor space provided to the staff in these areas.
- Included in CPIP: No – The need to increase the project budget was unknown at the time of the 2024 CPIP submission.
- Phase I Approval: September 2021 (estimated at \$243,032) (JBRC Staff)
- Phase II Approval: June 2022 (estimated at \$766,860) (JBRC)
- Phase II Increase Approval: March 2023 (estimated at \$805,553) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, SCCB Operating	2,950	276,176	279,126		279,126
Other, SCCB Federal Grant		472,727	472,727		472,727
Other, SCCB Appropriated State		15,007	15,007		15,007
Other, SCCB Operating (transfer from D50-6051)		38,693	38,693		38,693
Other, SCCB FY22 Capital Reserve (26)				206,000	206,000
				36,801	36,801

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

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(transfer from D50-6054)

Other, SCCB Federal  
(transfer from D50-6078)

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All Sources	<u>2,950</u>	<u>802,603</u>	<u>805,553</u>	<u>242,801</u>	<u>1,048,354</u>
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**Summary of Work:** The project includes partitions, replacing flooring, upgrading bathrooms, repainting doors and walls, and the establishment of a break room and conference room in the administrative area on the second floor of the building.

**Rationale:** These areas show years of wear and damage in some cases, as well as wasted spaces that could be put to better use. The renovation will allow for improved utilization of the space to increase performance and program outcomes. The additional funds will be placed in contingency to address any unknown conditions and/or price increases due to the unstable construction market and increasing pricing conditions.

**Facility Characteristics:** The SC Commission for the Blind Building A is 21,939 square feet and was constructed in 1980 (44 years old). The entire building will be renovated in this project. The first floor of Building A at the Commission for the Blind houses the Columbia District Office for the Vocational Rehabilitation, Older Blind, Children's, Prevention of Blindness and Business Enterprise programs. The second floor houses the administrative functions and a sub-office for the SC Vocational Rehabilitation Department. Approximately 100 staff and various visitors utilize the facility daily.

**Financial Impact:** This increase will be funded from Other, SC Commission for the Blind FY22 Capital Reserve (uncommitted balance \$434K at December 17, 2024), and Other, SC Commission for the Blind Federal Grant Funds (uncommitted balance \$103K at December 17, 2024). The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$1,048,354 funded by Appropriated State, Operating, Grant, and Capital Reserve Funds. Completion of construction is expected in September 2025.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(u) Project: JBRC Item 23: Department of Administration  
 D50.6098: Capital Complex – Electrical Unit Substation Replacement

Request: Revise Scope, Change Project Name, and increase Phase II Full Construction Budget to fully fund the replacement of seven electrical unit substation systems.

Included in CPIP: Yes – 2024 CPIP Priority 1 of 27 in FY25 (estimated at \$4,656,610)  
 Phase II Approval: June 2022 (estimated at \$2,696,141) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY22 Appropriated State, Proviso 118.18 (B)(67)(b) (Facilities Management Permanent Improvements)	2,696,141		2,696,141	1,985,469	2,696,141
Appropriated State					
All Sources	<u>2,696,141</u>		<u>2,696,141</u>	<u>1,985,469</u>	<u>4,681,610</u>

Summary of Work: The project was established to replace the eight (8) kV electrical switchgear system to include electrical cables, transformers, unit substations, switchboards, and distribution panels serving all facilities on the Capitol Complex. The revised scope will replace seven (7) electrical unit substations.

Rationale: Dominion Energy has recommended replacing the system to ensure future service outages are not encountered at facilities on the complex grounds. The electrical infrastructure will still be housed within the McEachern Parking Facility. The cost of this project has increased due to the required temporary electrical equipment needed to ensure all facilities maintain daily operations with little to no electrical outages or impacts. The current economic climate combined with the increasing

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

cost of building materials, shortages and labor cost also affected previous estimates.

Facility Characteristics: The McEachern Parking Facility is 714,000 square feet and was constructed in 1974 (50 years old). The electrical unit substations are original to the building. All agencies and organizations that are occupants of the buildings that comprise the SC Capitol Complex are as follows: Dennis Building – DNR, Attorney General, Legislative Council, Revenue & Fiscal Affairs; Gressette Building – Senate; Blatt Building – House of Representatives Brown Building – PRT, SC Admin, Secretary of State, MUSC, Department of Veteran's Affairs, Commission for the Blind, Continuum of Care (a division of Children's Advocacy), SC Senate, Procurement Review Panel, Administrative Law Court, Board of Financial Institutions, Attorney General, Judicial, Bureau of Protective Services Calhoun Building – Judicial Department Wade Hampton Building – SC Admin., SC Treasurer, Department of Agriculture, Comptroller General, Governor's Office, Commission on Prosecution Coordination SC State House – Bureau of Protective Services, PRT, Governor's Office, Lt. Governor's Office, House Clerk's Office, Senate Clerk's Office Supreme Court - Judicial Department

Financial Impact: This increase will be funded from Appropriated State Funds (uncommitted balance \$12 million at October 30, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$4,681,610 funded by Appropriated State (nonrecurring) and Appropriated State Funds. Contract execution is expected in June 2025 and completion of construction in December 2026.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (v) Project: JBRC Item 24: Department of Administration  
D50.6127: SC Data Center - Redundant Cooling System for Computer Room
- Request: Increase Phase II Full Construction Budget to cover higher than anticipated bid costs to replace the redundant cooling system in the computer room.
- Included in CPIP: No – The need for the increase was unknown during the 2024 CPIP submission process.
- Phase I Approval: October 2023 (estimated at \$1,157,400) (SFAA)
- Phase II Approval: January 2024 (estimated at \$1,157,400) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Division of Technology	17,361	1,140,039	1,157,400	373,940	1,531,340
All Sources	<u>17,361</u>	<u>1,140,039</u>	<u>1,157,400</u>	<u>373,940</u>	<u>1,531,340</u>

Summary of Work: The project will replace the existing redundant cooling system which will include 5 – 20-ton DX computer room AC Units, 1 – 7.5-ton DX computer room (B side UPS DC Coil) AC Unit, 6 condensers and associated pumps, piping, and insulation, as well as installation of instrumentation and controls, electrical work, site work, and minor general construction.

Rationale: The existing computer room air conditioning units are original to the building and have reached the end of their life expectancy. A redundant cooling system is needed to avert a shutdown of the computer room IT systems due to a loss of cooling by the existing system.

Facility Characteristics: The SC Data Center is approximately 76,021 square feet and was constructed in 1999 (25 years old). The building is utilized by approximately SC Division of Technology staff plus varying numbers of customers and visitors daily.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

Financial Impact: The project will be funded from Other, Division of Technology Funds (uncommitted balance \$6.33 million at October 29, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$1,531,340 funded by Division of Technology Funds. Contract execution is expected in February 2025 and completion of construction in December 2025.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (w)Project: JBRC Item 25: Department of Administration  
D50.6152: SC State House – Interior Dome Restoration  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)
- Request: Revise Scope and increase Phase II Full Construction Budget to complete restorations to the interior dome.
- Included in CPIP: No – The need for the increase was unknown during the 2024 CPIP submission process.
- Phase II Approval: April 2024 (estimated at \$304,869) (Admin)
- Change Source of Funds Approval: June 2024 (estimated at \$304,869) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY19 Capital Reserve (5), (State Owned Building Maintenance)	26,566	(26,566)			
	278,303	26,566	304,869	114,553	419,402
FY20 Capital Reserve (1), (State Owned Building Deferred Maintenance)					
All Sources	<u>304,869</u>		<u>304,869</u>	<u>114,553</u>	<u>419,402</u>

Summary of Work: The project was established to complete an interior restoration of the dome and includes erecting scaffolding, the removal of all compromised paint material on the interior of the dome, applying a pro-industrial primer, and repainting, matching all existing colors and finishes using a water-based alkyd enamel. The



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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

project also includes touching up some of the paint in the molding that surrounds the 3rd floor of the main lobby. Upon completion, a high-performance radiant insulation system will be installed in the attic surrounding the dome to combat thermal exposure that is affecting the ability of the paints to bond properly to metal surfaces. The scope revision will add the replacement of all 145 LED strip lighting located on the dome's interior.

**Rationale:** According to the agency, the condition of the interior of the dome has deteriorated significantly and cannot be delayed. As the original scope of work was being completed it was determined to be an optimal time to replace all 145 LED strip lighting.

**Facility Characteristics:** The South Carolina Statehouse is 164,880 square feet and was constructed in 1851 (173 years old). The last renovation was completed in 1997 (27 years ago). The building is utilized by the Senate, House of Representatives, Legislative Council, Legislative Information Systems, Governor's Office, Lieutenant Governor's Office, Department of Public Safety & Parks Recreation and Tourism. Approximately 110,000 individuals utilize the building annually.

**Financial Impact:** The increase will be funded from FY20 Capital Reserve Funds, (uncommitted balance \$115K at September 30, 2024). The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$419,402 funded by Capital Reserve Funds. Completion of construction is expected in June 2025.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(x) Project: JBRC Item 26: Governor’s School for Science and Mathematics  
H65.9529: Residence Hall Elevator Modernization Project  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase I Pre-Design Budget to modernize the elevators.

Included in CPIP: Yes – 2024 CPIP Priority 2 of 2 in FY25 (estimated at \$350,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY25 Appropriated State, Proviso 118.20 (B)(7)(b), (Residential Elevator Replacement)				4,500	4,500
All Sources				<u>4,500</u>	<u>4,500</u>

Summary of Work: The project will modernize the elevators that service the residence halls.

Rationale: The equipment is beyond its serviceable life. The original manufacturer is no longer in business and replacement parts are extremely difficult to locate. The age and overall operational state of the equipment leads to significant downtime.

Facility Characteristics: The residence hall is approximately 25,000 square feet and constructed in 2003 (21 years old). The current elevator equipment is original to the building. The building is utilized by approximately 300 students and staff living in the residence.

Financial Impact: The project will be funded from FY25 Appropriated State (nonrecurring) Funds (uncommitted balance \$300K at October 24, 2024). The project is not expected to result in any change in annual operating expenditures.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

Full Project Estimate: \$300,000 (internal) funded by Appropriated State (nonrecurring) Funds.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(y) Project: JBRC Item 27: South Carolina Educational Television Commission  
 H67.9529: ETV Sumter Studio Facility  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase I Pre-Design Budget to construct a new multi-use studio building.

Included in CPIP: Yes – 2024 CPIP Priority 1 of 10 in FY25 (estimated at \$22,750,000)

Supporting Details: Pages

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY23 Appropriated State, Proviso 118.19 (B)(8), (Regional Studio Construction Enhancements)				337,455	337,455
All Sources				<u>337,455</u>	<u>337,455</u>

Summary of Work: The project will construct a new multi-use studio building in downtown Sumter on land donated by the City of Sumter in project H67-9524. The details of the new building will be determined during the Phase I process and will depend on the cost of materials and USC-Sumter requirements. The new building will be designed to meet Two Green Globes certification standards. All roofing material options will be evaluated during the Phase I process and will conform to JBRC policy.

Rationale: ETV Sumter works with other state agencies, counties, cities, and schools in Kershaw, Sumter, Clarendon, and Lee counties on projects to promote SC history, culture, and education.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

Facility Characteristics: The new building to be constructed will be approximately 46,000 square feet and will be utilized by ETV Sumter Productions and USC Sumter faculty and staff.

Financial Impact: The project will be funded from FY23 Appropriated State (nonrecurring) Funds (uncommitted balance \$25.75 million at November 5, 2024). The project is expected to result in an increase in annual operating costs, but those amounts have not yet been determined.

Full Project Estimate: \$22,497,000 (internal) funded by Appropriated State (nonrecurring) Funds

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (z) **Project:** JBRC Item 28: South Carolina Educational Television Commission  
H67.9530: Demolition of Sumter Buildings  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)
- Request:** Establish Phase II Full Construction Budget to demolish buildings on the property.
- Included in CPIP:** Yes – 2024 CPIP Priority 1 of 10 in FY25 (this component estimated at \$253,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY23 Appropriated State, Proviso 118.19 (B)(8), (Regional Studio Construction Enhancements)				253,000	253,000
All Sources				<u>253,000</u>	<u>253,000</u>

**Summary of Work:** The project will demolish the existing buildings on the property and prepare the site for the future construction of a new SCETV studio.

**Rationale:** The existing buildings on the property need to be demolished before a new ETV Sumter studio can be constructed.

**Facility Characteristics:** The two (2) buildings on the property to be demolished were constructed between 1940 (84 years old) and 1960 (64 years old).

**Financial Impact:** The project will be funded from FY23 Appropriated State (nonrecurring) Funds (uncommitted balance \$25.75 million at November 5, 2024). The project is not expected to result in any change in annual operating expenditures.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

Full Project Estimate: \$253,000 funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in February 2025 and completion of construction in July 2025.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(aa) Project: JBRC Item 29: South Carolina Educational Television Commission  
 H67.9531: ETV Lowcountry Emergency Generator  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and  
 this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase II Full Construction Budget to install an emergency generator  
 system at the ETV Lowcountry facility.

Included in CPIP: Yes – 2024 CPIP Priority 4 of 10 in FY25 (estimated at \$750,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY23 Appropriated State, Proviso 118.19 (B)(8), (Regional Studio Construction Enhancements)				458,739	458,739
All Sources				<u>458,739</u>	<u>458,739</u>

Summary of Work: The project will install an emergency generator system to support UPS equipment and miscellaneous electrical loads critical to operation of computer equipment. The project will include two new automatic transfer switches and a new diesel-electric emergency generator, which will be connected back to existing electrical distribution equipment located in Electrical Room 130. Additional work includes expansion of the service yard and screening of the generator.

Rationale: This project will support ETV’s ability to maintain operations in emergency situations.

Facility Characteristics: This is a new emergency generator system which will provide seamless communication during hazardous and other types of unmitigated events.



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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

**Financial Impact:** The project will be funded from FY23 Appropriated State (nonrecurring) Funds (uncommitted balance \$25.75 million at November 5, 2024). The project is expected to result in an increase of \$1,500 (years 1 thru 3), in annual operating expenditures.

**Full Project Estimate:** \$458,739 funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in February 2025 and completion of construction in February 2026.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(bb) Project: JBRC Item 30: South Carolina Educational Television Commission  
H67.9532: Phase B - HVAC and Transmitter Upgrades  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase I Pre-Design Budget to replace the HVAC units needed to accommodate the heat produced by the new technology.

Included in CPIP: Yes – 2024 CPIP Priority 10 of 10 in FY25 (estimated at \$5,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY25 Capital Reserve (2) (Microwave and Transmitter Upgrades – Phase I)				75,000	75,000
All Sources				<u>75,000</u>	<u>75,000</u>

Summary of Work: This project will support replacing electrical systems, construction for new work, and replacing outdated HVAC equipment. The network received a \$5M state appropriation to support this work.

Rationale: Much of SCETV’s existing HVAC equipment is at the end of its useful life. With rising inflation and decreased availability of parts, replacing the units is more cost effective than continuing to repair them and will also guarantee continued operations for critical services.

Facility Characteristics: The Telecommunications Center in Columbia is approximately 140,000 square feet and was constructed in 1992 (32 years old). The HVAC system is original to the building. The WHMC Conway building is approximately 1,785 square feet and was constructed in 1979 (45 years old). The HVAC system is 20 years old. ETV personnel will utilize the space for daily operations for television and radio

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

production. Approximately 150 staff work in the Telecommunications Center and WHMC is an unmanned facility.

**Financial Impact:** The project will be funded from FY25 Capital Reserve Funds (uncommitted balance \$5 million at October 31, 2024). The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$5,000,000 (internal) funded by Capital Reserve Funds.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(cc) Project: JBRC Item 31: South Carolina Educational Television Commission  
 H67.9533: TCC Emergency UPS Replacement  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase I Pre-Design Budget to replace the battery backup system.

Included in CPIP: Yes – 2024 CPIP Priority 3 of 10 in FY25 (estimated at \$500,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Spectrum Auction				7,500	7,500
All Sources				<u>7,500</u>	<u>7,500</u>

Summary of Work: The Telecommunications Center (TCC) in Columbia is the agency's central distribution hub for state-wide television, FM, and IP data signals as a result of recent improvements to infrastructure and design. To provide high availability and reliable uptime to these critical communication systems, the agency intends to replace the UPS battery backup and electrical transfer switch.

Rationale: The legacy UPS at this site has begun to fail and replacement will support the improved infrastructure load.

Facility Characteristics: The Telecommunications Center in Columbia is approximately 140,000 square feet and was constructed 1992 (32 years old). The UPS battery backup is almost 20 years old. ETV personnel will utilize the space for daily operations for television and radio production. Approximately 150 staff work in the Telecommunications Center.

Financial Impact: This phase of the project will be funded from Other, Spectrum Auction Funds (uncommitted balance \$99K at December 12, 2024). Revenue to this fund is received from the Federal Communication Commission TC Auction and placed in

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

a segregated, restricted account to be used to fund capital needs, including broadcast industry standards changes, existing equipment repair, maintenance and replacement needs, and operational costs. The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$500,000 (internal) funded by Earmarked Funds. Phase II will be funded from Wireless Communications Tower Funds.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (dd) Project: JBRC Item 32: South Carolina Educational Television Commission  
H67.9527: HVAC Upgrades at Transmission and Interconnection Facilities  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and  
this project is one not subject to Authority approval prior to Act 214.)
- Request: Establish Phase II Full Construction Budget to make HVAC upgrades at  
transmission and interconnection facilities located statewide.
- Included in CPIP: Yes – 2024 CPIP Priority 2 of 10 in FY25 (estimated at \$4,000,000)  
Phase I Approval: May 2024 (estimated at \$2,000,000) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(5)(b), (Transmission and Interconnection Facility Upgrades)	30,000		30,000	1,970,000	2,000,000
All Sources	<u>30,000</u>		<u>30,000</u>	<u>1,970,000</u>	<u>2,000,000</u>

Summary of Work: The project will replace the existing nine (9) 40-60-ton HVAC units for the three (3) facilities. The work includes demolition, new curb adapters, electrical, and installation of ductwork, piping, and controls.

Rationale: The existing HVAC units have reached their useful lifespan. Replacing the necessary infrastructure components will allow SCETV to provide statewide radio coverage and provide the backbone to distribute the network's signals across the state. Given SCETV's role in emergency communications and other services, it is imperative to retain a high degree of reliability for its infrastructure.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

Facility Characteristics: The three (3) Transmission Buildings (WRLK, WNSC, and WHMC) are 2,500 square feet each and were constructed in 1967 (57 years old), 1979 (45 years old), and 1979 (45 years old) respectively. The HVAC units are 34 years old. The three facilities only house technical infrastructure for broadcasting. There are no staff at these locations.

Financial Impact: The project will be funded from FY24 Appropriated State (nonrecurring) Funds (uncommitted balance \$3.97 million at November 5, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$2,000,000 funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in March 2025 and completion of construction in March 2027.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (ee) Project: JBRC Item 34: School for the Deaf and Blind  
H75.9552: 2021 Campus Wide Improvements  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)
- Request: Revise Scope and Increase Phase II Full Construction Budget to cover higher than anticipated costs to complete the track and field updates.
- Included in CPIP: Yes – 2024 CPIP Priority 1 of 5 in FY25 (estimated at \$5,026,924)  
Phase II Approval: December 2021 (estimated at \$1,580,000) (Admin)  
Phase II Increase Approval: February 2023 (estimated at \$2,059,798) (Admin)  
Phase II Increase & Change Source of Funds Approval: June 2023 (estimated at \$2,226,924) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY13 Appropriated State, Part 1A (Early Childhood Center); Redirected	1,487,669		1,487,669		1,487,669
FY22 Appropriated State, Proviso 6.11 (transfer from H75-9547)	91,983		91,983		91,983
FY13 Appropriated State, Part 1A (Deferred Maintenance); Redirected	348		348		348
FY22 Appropriated State, Proviso 6.11					



AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(transfer from H75-9544)	479,798	479,798		479,798
FY12 Capital Reserve (30), (Deferred Maintenance) (transfer from H75-9544)			1,500,000	1,500,000
FY13 Appropriated State, Proviso 90.20 (Robertson Hall Construction); Redirected (transfer from H75-9548)	167,126	167,126		167,126
FY25 Appropriated State, Proviso 118.20 (B)(4)(c), (Campus Wide Improvements)				
Other, Operating (transfer from H75-9551)				
All Sources	<u>1,580,000</u>	<u>646,924</u>	<u>2,226,924</u>	<u>3,726,924</u>

Summary of Work: The project was established to address several maintenance issues throughout the campus of the SC School for the Deaf and Blind. The scope of work includes the following: flooring/tile replacement in Robertson Hall; flooring replacement in Dorm Hall; resurfacing and lights for the track; resurfacing flooring of Voss Gym; a campus wide fire alarm system upgrade (17 panels); and a bowling alley machine replacement. During the preliminary design of the track and field, it has been determined that this portion of the project is going to cost more than the original internal projections. The increase will cover the revised estimate for the

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

track and field updates. The scope revision will remove the bowling alley machine replacement because it was donated.

**Rationale:** The current flooring is original and has begun deteriorating. The current alarm system is obsolete. The track is cracking in several places. The project will provide safe up-to-date facilities for student, faculty, and staff.

**Facility Characteristics:** The Robertson building is 31,005 square feet and was constructed in 1966 (58 years old). The current fire alarm system is from 2001 (23 years old). The track is original and was constructed in 1988 (36 years old). Over 600 students and staff utilize these facilities on an annual basis.

**Financial Impact:** The increase will be funded from FY25 Appropriated State (nonrecurring) Funds (uncommitted balance \$1.5 million at October 15, 2024). The project is not expected to result in any change in annual operating expenses.

**Full Project Estimate:** \$3,726,924 funded by Appropriated State (non-recurring), Capital Reserve Funds, and Operating Funds. Contract execution for the track and field is expected in February 2025 and completion of construction in August 2025.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (ff) Project: JBRC Item 35: SC School for the Deaf and Blind  
 H75.9553: Voss Gym HVAC  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)
- Request: Change Project Name, Revise Scope and increase Phase II Full Construction Budget to replace HVAC in Voss Building.
- Included in CPIP: Yes – 2024 CPIP Priority 2 of 5 in FY25 (estimated at \$3,820,000)  
 Phase II Approval: December 2021 (estimated at \$820,000) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY13 Appropriated State, Part 1A (Early Childhood Center); Redirected	320,000		320,000		320,000
FY22 Appropriated State, Proviso 6.11 (transfer from H75-9547)	500,000		500,000		500,000
FY15 Appropriated State, Proviso 118.14 (B)(5)(a), (Thackston Hall Roof Replacement); Redirected				1,500,000	1,500,000
FY22 Appropriated State, Proviso 6.11 (transfer from H75-9547)					

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

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FY25 Appropriated  
State,  
Proviso 118.20  
(B)(4)(b),  
(Campus Wide  
HVAC)

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All Sources	<u>820,000</u>	<u>820,000</u>	<u>1,500,000</u>	<u>2,320,000</u>
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**Summary of Work:** This project was established to replace HVAC campus-wide to address the deteriorating HVAC systems throughout campus. The scope of work included the following: HVAC replacement for the Voss Gymnasium and offices; boiler replacement for Walker Hall; new heat pumps for Trades; a chiller and boiler for CLRC; hot water heater with new gas dryers for the laundry building; hot water heaters for Henderson Hall, Coleman, and health center. The revised project scope will remove Walker Hall, Trades, CLRC, Laundry, Henderson Hall, Coleman, and the Health Center. The project will now replace the HVAC in the entire Voss Building and the heat for the pool area.

**Rationale:** The current HVAC systems are at the end of their life spans. They have been deteriorating for years resulting in costly repairs. It was determined during the A&E process that there are only enough funds available to complete the Voss Building and therefore the other facilities on campus are being removed from the project and will be completed as part of a separate project(s), as funds become available.

**Facility Characteristics:** The Voss Gymnasium is 38,500 square feet and was constructed in 1975 (49 years old). The HVAC in the facility were installed in the 1990's (34 years old). The gym is used by multiple sports and houses an Olympic size pool that is used by students and the swim group. Approximately 50 to 100 people could be occupying the building at different sporting events.

**Financial Impact:** This increase will be funded from FY25 Appropriated State (nonrecurring) Funds (uncommitted balance \$1.5 million at October 31, 2024). The project is not expected to result in any change in annual operating expenses.

**Full Project Estimate:** \$2,320,000 funded by Appropriated State Funds. The agency anticipates execution of the construction contract May 2025 and completion of construction

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

in August 2026. The estimated cost to complete the project is less than the 2024 CPIP submission because the CPIP included the other campus wide items.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(gg) Project: JBRC Item 36: Department of Mental Health  
 J12.9872: Beaufort MHC Parking Lot Expansion  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase I Pre-Design Budget to expand the parking lot at the Coastal Empire Mental Health Center.

Included in CPIP: Yes – 2024 CPIP Priority 4 of 20 in FY26 (estimated at \$550,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Capital Improvement & Maintenance				8,250	8,250
All Sources				<u>8,250</u>	<u>8,250</u>

Summary of Work: The project will add approximately 12,000 square feet of asphalt/concrete to expand parking from 69 spaces to 84 spaces. The expansion will also accommodate parking for a mobile clinic the center uses for community outreach events and patient needs in the surrounding areas.

Rationale: The Beaufort Mental Health Center has limited parking and additional parking is needed for the growing clientele and staff.

Facility Characteristics: The Coastal Empire Mental Health Center is 16,766 square feet and was constructed in 1995 (29 years old). The center provides emergency services, case management, outpatient counseling, and psychiatric treatment for children, adolescents, adults, and families in Beaufort County and surrounding areas. The center currently has 84 staff and serves an average of 2,500 patients a year.

Financial Impact: The project will be funded from Other, Capital Improvement & Maintenance Funds (uncommitted balance is \$22.39 million at September 30, 2024). Revenue to this fund is authorized by Proviso 35.7 (Act 97 of 2017) permitting deposit of

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

amounts appropriated for deferred maintenance and other one-time funds from any source into an interest-bearing fund held by the State Treasurer for, among other purposes and subject to required approvals, capital projects and ordinary repair and maintenance. The project is not expected to result in any change in annual operating expenses.

Full Project Estimate: \$550,000 (internal) funded by Capital Improvement & Maintenance Funds.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(hh) Project: JBRC Item 37: Department of Mental Health  
J12.9873: North Augusta MHC Building Purchase  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Preliminary Land Acquisition for the purpose of investigating the acquisition of +/- 1.89 acres and a building in Aiken County.

Included in CPIP: Yes – 2024 CPIP Priority 15 of 22 in FY27 (estimated at \$350,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Capital Improvement & Maintenance				20,000	20,000
All Sources				<u>20,000</u>	<u>20,000</u>

Rationale: The current North Augusta Mental Health Clinic is a leased facility operated by the Aiken-Barnwell Community Mental Health Center as a satellite location. The clinic has outgrown the 3,900 square foot leased facility. Due to the size of the facility and the incapability to meet patient needs on-site the patients are sent to the Main Center in Aiken. Further, the current facility is in poor condition and needs several upgrades. The current lease will expire in 2026.

Characteristics: The property is located at 202 Rhomboid Place in North Augusta. It is centrally located in North Augusta. The property is +/- 1.89 acres with a 20,126 square foot single story building. The building was constructed in 1954 (70 years old), with various renovations, including an addition in 1994 (30 years old). The property includes a paved parking area with 52 parking spaces.

Financial Impact: The property is offered by SC Conference of the United Methodist Church for the proposed purchase price of \$556,000. The due diligence activities will be funded from Capital Improvement & Maintenance Funds (uncommitted balance \$22.39 million at September 30, 2024). Revenue to this fund is authorized by Proviso



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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

35.7 (Act 97 of 2017) permitting deposit of amounts appropriated for deferred maintenance and other one-time funds from any source into an interest-bearing fund held by the State Treasurer for, among other purposes and subject to required approvals, capital projects and ordinary repair and maintenance. If acquired, the building will be renovated as part of a separate project with an estimated cost of approximately \$2,000,000. The project is expected to result in a decrease of \$36,000 (year 1), and \$96,000 (years 2 thru 3), annual operating expenditures.

Full Project Estimate: \$576,000 (internal) funded from Capital Improvement & Maintenance Funds.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (ii) Project: JBRC Item 38: Department of Public Safety  
 K05.9622: SCDPS/DMV Blythewood Complex – 300 Ton Chiller Replacement
- Request: Establish Phase II Full Construction Budget to replace a 300-ton chiller.
- Included in CPIP: Yes – 2024 CPIP Priority 2 of 2 in FY25 (estimated at \$800,000)  
 Phase I Approval: October 2024 (estimated at \$1,057,657) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, DPS Building	14,750		14,750	1,243,807	1,258,557
All Sources	<u>14,750</u>		<u>14,750</u>	<u>1,243,807</u>	<u>1,258,557</u>

Summary of Work: The project will replace a 300-ton chiller and associated pumps and cooling tower at the headquarters building. This replacement chiller will be on an alternate cycle with the other older 300-ton chiller because both are not needed to run at the same time to meet building needs.

Rationale: The existing chiller is not dependable and has had many breakdowns in recent years. A facility assessment was completed in 2019 and stated that the total connected chilled water load required for these two buildings is approximately 850 tons. As a result, project K05-9617 was established and completed to replace a 530-ton chiller, cooling tower, and associated pumps with a 600-ton chiller system. The two older 300-ton chillers are not sufficient to maintain essential temperatures and humidity levels. The older chillers have parts that are obsolete and hard to find, and the refrigerant required for its operation is expensive and difficult to locate. A new chiller and associated elements will help solve the current problem with adequate building cooling issues and provide for greater system efficiency. Only one of the 300-ton chillers is being replaced at this time due to budget restrictions.

Facility Characteristics: The Headquarters Buildings total +/- 300,000 square feet and were constructed in 1994 (30 years old). The chiller is original to the building. The building is

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

utilized by SCDMV staff and the general public, SCDPS staff, Highway Patrol staff, State Transport Police staff, Highway Safety staff and Regional Telecommunications staff. Both DMV and DPS have 795 employees in the two buildings and about 1,150 visitors a month at the DMV branch in the DMV Headquarters building.

**Financial Impact:** The project will be funded from Other, DPS Building Funds (uncommitted balance \$2.80 million at October 31, 2024. Revenue received is from the late penalty fee on vehicle registrations. This money is collected by the Department of Motor Vehicles and transferred to DPS. The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$1,258,557 funded by DPS Building Funds. Contract execution is expected in April 2025 and completion of construction in December 2025.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (jj) Project: JBRC Item 39: Department of Corrections  
N04.9799: Manning CI - Asbestos Removal
- Request: Revise Scope and increase Phase II Full Construction Budget to abate asbestos from the ceilings.
- Included in CPIP: No – The need for the budget increase was unknown during the 2024 CPIP process.
- Phase I Approval: October 2023 (estimated at \$880,000) (JBRC)
- Phase II Approval: January 2024 (estimated at \$880,000) (JBRC)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, FY23 Carryforward	12,500		12,500		12,500
Appropriated State, Operating				634,427	634,427
Other, Operating Revenue		867,500	867,500		867,500
All Sources	<u>12,500</u>	<u>867,500</u>	<u>880,000</u>	<u>634,427</u>	<u>1,514,427</u>

Summary of Work: The project was established to abate asbestos from the ceilings of Manning Administration, Training, Cafeteria and Living Quarters. Approximately 66,000 square feet is being repaired in this project. The renovations will utilize outside contractors to abate and monitor air quality during the project. The scope revision is needed due to more asbestos being found, which will require the removal and replacement of lights, duct work, and flooring.

Rationale: The existing ceiling is in poor condition allowing sections of the ceiling to release the asbestos coating. This is a major health and safety issue.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

Facility Characteristics: The area in the building impacted by the project is approximately 66,000 square feet. The building was constructed in 1963 (61 years old). Manning Correctional houses approximately 500 inmates and has an average of 80 staff members.

Financial Impact: This increase will be funded from Appropriated State, Operating Funds (uncommitted balance \$89.15 million at October 18, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$1,514,427 funded by Appropriated State Carryforward, Appropriated State, Operating and Operating Revenue Funds. Contract execution is expected in March 2025 and completion of construction in March 2026.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (kk) **Project:** JBRC Item 40: Department of Juvenile Justice  
 N12.9633: BRRC Additional Roof Replacements  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)
- Request:** Establish Phase I Pre-Design Budget to replace the roofs on seven buildings on the Broad River Road Complex.
- Included in CPIP:** Yes – 2024 CPIP Priority 11 of 14 in FY25 (estimated at \$2,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(51)(a), (Broad River Road Complex Renovations)				61,000	61,000
All Sources				<u>61,000</u>	<u>61,000</u>

**Summary of Work:** The project will replace the roofs and complete associated roof drainage repair on the John G. Gym, Willow Lane Gym, Birchwood Academic, Birchwood Administration, Willow Lane Administration, Birchwood Chapel, and Laurel Building. All roofing material options will be evaluated during the Phase I process and will conform to JBRC policy.

**Rationale:** The roofs have all exceeded their anticipated service life, are in poor condition with multiple leaks. Each roof has had multiple repairs and patches over the proceeding years to address roof leaks, but these measures are no longer sufficient as new leaks appear as soon as they are fixed.

**Facility Characteristics:** The John G. Gym is 6,750 square feet and was constructed in 1990 (34 years old). The Willow Lane Gym is 7,800 square feet and was constructed in 1972 (52

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

years old). The Birchwood Academic Building is 20,836 square feet and was constructed in 1976 (48 years old). The Birchwood Administration Building is 4,283 square feet and was constructed in 1976 (48 years old). The Willow Lane Administration Building is 6,122 square feet and was constructed in 1966 (58 years old). The Birchwood Chapel is 7,557 square feet and was constructed in 1976 (48 years old). The Laurel Building is 28,765 square feet and was constructed in 1976 (48 years old). The roofs are all approximately 20 to 30 years old. Currently, both the John G. Gym and Willow Lane Gym are not being utilized due to upgrades needed. The roof is the first step to allow for these buildings to be reoccupied. Once occupied, they will be used as gyms. Birchwood Administration and Willow Lane Administration are used as office space for various support functions. The Birchwood Chapel is used as a multipurpose building along with office space. Laurel is a juvenile housing unit that is current being used to help with the additional juveniles transferred from Alvin S. Glenn.

**Financial Impact:** The project will be funded from FY24 Appropriated State (nonrecurring) Funds (uncommitted balance \$17 million at October 2024). The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$4,066,633 (internal) funded by Appropriated State (nonrecurring) Funds.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (II) Project: JBRC Item 41: Department of Juvenile Justice  
 N12.9634: CEC Boiler Replacements  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)
- Request: Establish Phase II Full Construction Budget to replace existing boilers at the Coastal Evaluation Center.
- Included in CPIP: Yes – 2024 CPIP Priority 3 of 14 in FY25 (estimated at \$585,105)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(51)(d), (Facilities Management & Security Upgrades)				585,105	585,105
All Sources				<u>585,105</u>	<u>585,105</u>

Summary of Work: The project will replace the existing boilers and associated equipment.

Rationale: The boilers have reached the end of their service life and need replacement.

Facility Characteristics: The Coastal Evaluation Center is approximately 26,797 square feet and was constructed in 2000 (24 years old). The boilers are original to the building and are hot water type boilers and supply heat for the Phase 1 portion of the center which contains juvenile housing, the kitchen, various support functions, and office space. The building can house 72 juveniles at capacity but serves the entire evaluation center through its kitchen, medical area, and office space, which at capacity is 114 juveniles and approximately 70 staff.



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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

**Financial Impact:** The project will be funded from FY24 Appropriated State (nonrecurring) Funds (uncommitted balance \$9.99 million at October 2024). The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$585,105 (internal) funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in February 2025 and completion of construction in December 2026.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(mm) Project: JBRC Item 42: Department of Juvenile Justice  
 N12.9635: UEC Boiler Replacements  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase II Full Construction Budget to replace existing boilers at the Upstate Evaluation Center.

Included in CPIP: Yes – 2024 CPIP Priority 2 of 14 in FY25 (estimated at \$585,105)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(51)(d), (Facilities Management & Security Upgrades)				585,105	585,105
All Sources				<u>585,105</u>	<u>585,105</u>

Summary of Work: The project will replace the existing boilers and associated equipment.

Rationale: The boilers have reached the end of their service life and need replacement.

Facility Characteristics: The Upstate Evaluation Center is approximately 26,797 square feet and was constructed in 1996 (28 years old). The boilers are original to the building and are hot water type boilers and supply heat for the Phase 1 portion of the center which contains juvenile housing, the kitchen, various support functions, and office space. The building can house 72 juveniles at capacity but serves the entire evaluation center through its kitchen, medical area, and office space, which at capacity is 114 juveniles and approximately 70 staff.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

Financial Impact: The project will be funded from FY24 Appropriated State (nonrecurring) Funds (uncommitted balance \$9.99 million at October 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$585,105 (internal) funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in February 2025 and completion of construction in December 2026.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (nn) Project: JBRC Item 43: Department of Agriculture  
 P16.9521: CPD Laboratory Renovation  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)
- Request: Change Source of Funds in the project to create new space at the Consumer Protection Laboratory/Food Protection Program Support.
- Included in CPIP: No – Change Source of Funds requests are not required to be included in the CPIP submission.
- Phase II Approval: December 2023 (estimated at \$659,541) (JBRC)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, Operating	509,990		509,990	(509,990)	
FY25 Appropriated State, Proviso 118.20 (B)(34)(b), (DHEC Food Protection Restructuring)	149,551		149,551	(149,551)	659,541
Other, State Farmers Market Escrow Account					
All Sources	<u>659,541</u>		<u>659,541</u>		<u>659,541</u>

Summary of Work: The project will create new space to relocate the feed grinding room to accommodate new equipment related to that function and to provide storage space. The resultant vacated grinding room will be converted to the milk testing laboratory to accommodate the laboratory bench, hood and equipment needs.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

**Rationale:** The Consumer Protection Laboratory has been identified as needing improvements to accommodate the SCDHEC personnel that are transferring to SCDA as a result of the passage of S.399.

**Facility Characteristics:** The Consumer Protection Laboratory is 1,355 square feet and was constructed in 2000 (14 years old). It is utilized by 40 staff members for Retail Food Safety, Milk Safety Inspection, Milk/Dairy Laboratory, Residue Laboratory, Feed Laboratory, Produce Safety, Consumer Services and Laboratory Services.

**Financial Impact:** This change source of funds will be funded from Appropriated State (nonrecurring) Funds (uncommitted balance \$1.046 million at November 22, 2024). The project is expected to result in an increase of \$2,000 (years 1 thru 3), in annual operating expenditures.

**Full Project Estimate:** \$659,541 funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in December 2024 and completion of construction in July 2025.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(oo) Project: JBRC Item 44: Department of Natural Resources  
P24.6114: Georgetown - Samworth WMA Dirleton House Renovations  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase I Pre-Design Budget to renovate the Dirleton House.

Included in CPIP: Yes – 2024 CPIP Priority 25 of 62 in FY25 (estimated at \$180,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Carryforward				7,920	7,920
All Sources				<u>7,920</u>	<u>7,920</u>

Summary of Work: The project will make exterior and interior repairs and renovations to the two-story historic Dirleton House at the Samworth Wildlife Management Area. The scope of work will include exterior painting, porch deck repairs, floor repairs and refinishing on the first and second floors, siding replacement as needed, handicap ramp replacement, and stairs replacements. Due to the historical significance, high pressure washing of the exterior is not allowed. Specific prepping techniques before painting must be conducted. Structural repairs to the house must also not be changed or altered from the original design due to the historical significance.

Rationale: The project will protect assets and maintain the facility according to National Historic Register standards.

Facility Characteristics: The Dirleton House is 3,000 square feet and was constructed in the 1850's (170-plus years old). The house is listed on the National Historical Register. Approximately 15 staff utilize the house as office space daily. The agency will conduct meetings as well that can accommodate 50-70 people at a time.

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

Financial Impact: The project will be funded from FY24 Appropriated State, Carryforward Funds (uncommitted balance \$2.27 million at September 30, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$528,000 (internal) funded from Carryforward Funds,

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(pp) Project: JBRC Item 45: Department of Natural Resources  
P24.6080: Pickens – Pickens County Range Improvements

Request: Establish Phase II Full Construction Budget to renovate the existing Pickens County Shooting Range northeast of Liberty in Pickens County.

Included in CPIP: Yes – 2024 Priority 14 of 62 in FY25 (estimated at \$2,500,000)  
Phase I Approval: June 2023 (estimated at \$2,500,000) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY23 Appropriated State, Proviso 118.19 (B)(44)(g), (Infrastructure Needs)	37,500		37,500	246,250	283,750
Federal, USFWS Grant				2,216,250	2,216,250
All Sources	<u>37,500</u>		<u>37,500</u>	<u>2,462,500</u>	<u>2,500,000</u>

Summary of Work: The project includes lead reclamation on all affected areas, reconstructing the 100 yard rifle range, including higher containment and impact berms along with a new covered shooting line, new 5 stand shotgun range with covered firing line, addition of a Trap field, renovation of the archery range, new multi-use storage/office/restroom building including utilities, paved parking area, constructing ADA accessibility throughout and associated items needed to improve safety and function. All range design components will meet or exceed those set by the National Rifle Association.

Rationale: Most of the amenities have outlived their useful life and the entire facility needs a complete renovation and expansion to accommodate the increasing demand for



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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

shooting sports and to provide improvements for ADA accessibility, improved safety, and functionality.

**Facility Characteristics:** The Pickens County Range is comprised of a 10 position 100-yard rifle range, 12 position 25-yard pistol range, archery range and open field for shotgun sports, and was constructed in 1987 (37 years old). The 2,400 square foot open sided rifle range building, and 1,500 square foot office/storage/bathroom building will be renovated. The range receives an average of 12,000 visitors annually.

**Financial Impact:** This phase of the project will be funded from Appropriated State (nonrecurring) (uncommitted balance \$8.44 million at October 31, 2024), and Federal, US Fish & Wildlife Grant Funds (uncommitted balance \$2.25 million at October 31, 2024). The project is expected to result in an increase of \$581 (year 1), and \$700 (years 2 thru 3), in annual operating expenditures.

**Full Project Estimate:** \$2,500,000 funded by Appropriated State (nonrecurring) and US Fish & Wildlife Grant Funds. Contract execution is expected in February 2025 and completion of construction in January 2026.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(qq) Project: JBRC Item 49: Department of Natural Resources  
P24.6087: Pickens South Saluda WMA Land Acquisition (Jopeco Tract-NT)

Request: Establish Final Land Acquisition to purchase +/- 1,072 acres in Pickens County.

Included in CPIP: Yes – 2024 CPIP Priority 51 of 62 in FY25 (estimated at \$7,520,000)  
Phase I Approval: December 2023 (estimated at \$7,520,000) (JBRC Staff)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(37)(b), (Habitat Protection and Land Conservation Acquisitions)	20,000		20,000	5,832,244	5,852,244
				1,250,045	1,250,045
FY23 Appropriated State, Proviso 118.19 (B)(44)(f), (Land Conservation)					
All Sources	<u>20,000</u>		<u>20,000</u>	<u>7,082,289</u>	<u>7,102,289</u>

Rationale: If acquired, the property would become a new SCDNR Wildlife Management Area. The property is of high value to protect trout habitat and would provide public access. It preserves the viewshed of the Cherokee Scenic Highway (Hwy. 11) which it abuts in several locations. This tract would provide a mix of public use opportunities including big and small game hunting, bird watching, trout fishing, nature observation, and hiking.

Characteristics: The property is located on Highway 11 in Pickens County southwest of Bald Rock. It borders about 1.3 miles of the South Saluda River in two separate

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

sections, one approximately 5,200-feet in length and the second approximately 1,900 feet. Six additional streams are within the property and measure a total length of more than 3 miles. The natural vegetation is dominated by mesic dry hardwood and mixed pine forests including mesic mixed hardwood forest and pine-oak heath.

**Financial Impact:** The property is offered by The Natural Land Trust for \$7,057,320. The acquisition will be funded from FY24 Appropriated State (nonrecurring) (uncommitted balance \$19.96 million at October 29, 2024), and FY23 Appropriated State (nonrecurring) Funds (uncommitted balance \$1.25 million at October 29, 2024). This request includes an additional \$24,969 to cover higher than anticipated due diligence costs due to the location of the property and the difficulty of surveying the mountainous terrain. The project is expected to result in an increase of \$10,000 (year 1), and \$5,000 (years 2 thru 3) in annual operating expenditures. An appraisal was completed in February 2024 and valued the property at \$9,945,000. A Phase I Environmental Site Assessment was completed in February 2024 and found no evidence of recognized environmental conditions in connection with the property. Letters of support are not required because the property is owned by a non-profit entity and therefore the property is not included on the tax rolls. The project is expected to result in an increase of \$10,000 (year 1), \$5,000 (years 2 thru 3), in annual operating expenditures.

**Full Project Estimate:** \$7,102,289 funded by Appropriated State (nonrecurring) Funds.

**Other:** The South Carolina Department of Natural Resources has coordinated and collaborated with the South Carolina Conservation Bank to confirm that the proposed conservation land acquisition of this property is an appropriate conservation purchase and will maximize the most cost-effective use of funds appropriated or authorized by the General Assembly in the proposed purchase.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(rr) Project: JBRC Item 50: Department of Parks, Recreation & Tourism  
P28.9855: Hampton Plantation Boardwalk and Dock  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Change Source of Funds and Establish Phase II Full Construction Budget to extend the existing boardwalk.

Included in CPIP: Yes – 2024 CPIP Priority 18 of 37 in FY25 (estimated at \$300,000)  
Phase I Approval: October 2024 (estimated at \$300,000) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY25 Appropriated State, Proviso 118.20 (B)(38)(i), (State Park Boardwalk and Dock Improvements)	4,500		4,500	(4,500)	255,000
Other, Endowment & Gifts					
All Sources	<u>4,500</u>		<u>4,500</u>	<u>250,500</u>	<u>255,000</u>

Summary of Work: The project will extend the existing boardwalk an additional 72’ to provide access to Wamba Creek, a historical and scenic waterway. The structure will include a 16’ x 16’ pier head, 5’ x 20’ gangway with an 8’ x 30’ aluminum floating dock.

Rationale: This extension will improve access to Wamba Creek for visitors to the historic site, especially visitors from the surrounding community.

Facility Characteristics: The existing boardwalk and dock in Hampton Plantation is approximately 104 feet long by 6 feet wide, with a walkable area of 5 feet, for a total of

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

approximately 624 square feet. It was constructed in 1996 (28 years old). The boardwalk and dock are utilized by an average of 25,000 state park visitors per year.

**Financial Impact:** This phase of the project will be funded from FY25 Appropriated State (nonrecurring) Funds (uncommitted balance of \$1 million at October 31, 2024). The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$255,000 funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in January 2025 and completion of construction in January 2026.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(ss) Project: JBRC Item 51: Department of Parks, Recreation & Tourism  
 P28.9860: Property Acquisition – Waites – Jackie Boyce

Request: Establish Preliminary Land Acquisition for the purpose of investigating the acquisition of +/- 209 acres and a house in Horry County.

Included in CPIP: Yes – 2024 CPIP Priority 28 of 37 in FY25 (estimated at \$7,500,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(38)(a), (Additional Park Property Acquisitions)				75,000	75,000
All Sources				<u>75,000</u>	<u>75,000</u>

Rationale: The undeveloped areas of Little River Neck and Waites Island have long been a conservation priority for the state. Acquisition of this property will protect some fragile and threatened habitats while lessening the impacts of storm events and other coastal threats.

Characteristics: The property is three distinct parcels totaling +/- 209 acres and includes a 2,504 square foot building constructed in 2017 (7 years old). This property is undeveloped.

Financial Impact: The property is offered by Jackie Boyce for the proposed purchase price of \$8,000,000. The due diligence activities will be funded by FY24 Appropriated State (non-recurring) Funds (uncommitted balance \$568K at October 30, 2024). The project is expected to result in an increase of additional annual operating costs, but those amounts have not yet been determined. Waites Island is a long-

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

range project with acquisition and master planning needing to take place before the additional costs can be determined.

Full Project Estimate: \$8,075,000 (internal). Acquisition of the property will be funded by SC Office of Resilience Funds. This request is asking for \$20K for due diligence activities, \$50,000 for refundable earnest money, and \$5,000 for legal fees to complete the life estate. The seller is retaining a life estate in approximately 30 acres and will also retain certain use rights over the remainder of the property and other properties owned or to be owned by the state under the Lifetime License Agreement.

Other: The South Carolina Department of Parks, Recreation & Tourism has coordinated and collaborated with the South Carolina Conservation Bank to confirm that the proposed conservation land acquisition of this property is an appropriate conservation purchase and will maximize the most cost-effective use of funds appropriated or authorized by the General Assembly in the proposed purchase.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (tt) Project: JBRC Item 52: Department of Parks, Recreation & Tourism  
 P28.9839: Property Acquisition – Waites Olivia
- Request: Change Project Name and Revise Scope of the approved Preliminary Land Acquisition for the purpose of investigating the acquisition of +/- 111.22-acres of land in Horry County.
- Included in CPIP: Yes – 2024 CPIP Priority 29 of 37 in FY25 (estimated at \$20,000)  
 Phase I Approval: February 2024 (estimated at \$20,000) (JBRC Staff)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(38)(a), (Additional Park Property Acquisitions)	20,000		20,000		20,000
All Sources	<u>20,000</u>		<u>20,000</u>		<u>20,000</u>

Rationale: This project was established as a donation, however, due to the availability of federal funds to reimburse the state for its initial contribution, the property will now be purchased. The property is one of the last remaining undeveloped and unprotected barrier islands of this size in the southeastern United States. This is a key tract along the Atlantic Ocean that has not been developed. Development on the island would undermine key ecological services afforded by this open space to the larger built environment around it. In addition to supporting priority habitats and species, Waites Island addresses resiliency goals for the state and its protection is a top priority for SC’s Office of Resilience. This property is part of an assemblage of tracts Open Space Institute is working with the Boyce family members to acquire.



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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

**Characteristics:** The property to be donated is +/- 111.22-acres of land located in Horry County. Waites Island is the most significant undeveloped coastal fringe habitat in the 22 miles from Myrtle Beach to the North Carolina border. The connected salt marsh patches as well as intact dunes and maritime forests protect inland areas with human development and infrastructure during storm events. No construction or renovations will be done on the property.

**Financial Impact:** The property is offered by Open Space Institute Land Trust for the proposed purchase price of \$2,042,500. The acquisition will be funded from a National Coastal Wetlands Conservation Grant Program award (uncommitted balance \$1,042,500 at October 30, 2024), and Coastal Federal Grant Funds (uncommitted balance \$1,000,000 at October 30, 2024). The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$2,062,500 (internal) funded from Appropriated State (non-recurring), National Coastal Wetlands Conservation Grant Program, and Coastal Federal Grant funds.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(uu) Project: JBRC Item 53: Department of Employment and Workforce  
R60.9543: Florence Workforce Center – Repave Parking Lot  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase II Full Construction Budget to replace the parking lot.

Included in CPIP: Yes – 2024 CPIP Priority 2 of 4 in FY25 (estimated at \$544,237)  
Phase I Approval: June 2024 (estimated at \$489,877) (JBRC)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Contingency Assessment	10,815		10,815	479,062	489,877
All Sources	<u>10,815</u>		<u>10,815</u>	<u>479,062</u>	<u>489,877</u>

Summary of Work: This project will replace the parking lot, which will correct the deficiencies, and bring the parking lot up to meet ADA requirements, and current county or city code requirements for landscaping in parking areas.

Rationale: The pavement has failed in a number of locations and high severity weathering, cracking, and potholes are present. Loss of asphalt binder is evident, and this compromises structural integrity. Some locations have been repaired with asphalt patches, but the condition of the lot poses trip hazards to DEW staff and the general public. Vehicular, handicap, and pedestrian traffic are not safe due to the condition of the lot, and the lot requires ongoing maintenance and repair. Additionally, the lot does not meet ADA requirements, and does not meet current county or city requirements for landscaping in parking areas.

Facility Characteristics: The parking lot is 32,375 square feet and was constructed in 1969 (55 years old). The center is utilized by SC Department of Employment Workforce - Workforce and Economic Development, Unemployment Insurance, and Partner Agencies - Workforce Innovation and Opportunity Act, Department of Social

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AGENCY: Department of Administration, Executive Budget Office

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SUBJECT: Permanent Improvement Projects

Services, South Carolina Vocational Rehabilitation Department, and Adult Education. There are approximately 34 staff housed in this facility on a normal and regular basis, 18 SCDEW employees and 18 partner agency staff.

**Financial Impact:** The project will be funded from Other, Contingent Assessment Funds (uncommitted balance \$80.87 million at September 17, 2024). Revenue to this fund is generated from the contingency assessment portion of the tax accounted for in the special revenue fund, which is primarily to fund the administrative costs and employment services. The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$489,877 funded by Contingency Assessment Funds. Contract execution is expected in March 2025 and completion of construction in September 2025.

AUTHORITY ACTION REQUESTED:

Approve permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Executive Budget Office. All items have been reviewed favorably by the Joint Bond Review Committee.

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ATTACHMENTS:

Agenda item worksheet and attachments

**Project List: SFAA Items - February 4, 2025**

**SFAA Items - February 4, 2025**

SFAA Item	JBRC Item2	Agency Code	Agency Name	Project ID	Project Name	Action Proposed	Included in CPIP?	Current Budget	Requested Change	Phase I	Total Phase II Budget	SOF (excludes proposed Phase II if currently seeking Phase I)
(a)	1	H15	College of Charleston	9690	College Lodge Residence Hall Demolition	Establish Phase I	Yes	-	100,000	100,000	3,855,000	Other - Capital Improvement Project
(b)	2	H27	University of South Carolina - Columbia	6161	Barnwell College Renovation	Establish Phase I	Yes	-	700,000	700,000	43,630,000	Other - Institutional
(c)	3	H27	University of South Carolina - Columbia	6162	McKissick Building Renovation	Establish Phase I	Yes	-	700,000	700,000	47,550,000	Other - Institutional
(d)	4	H27	University of South Carolina - Columbia	6163	Williams Brice Stadium West Stands Renovation	Establish Phase I	Yes	-	4,000,000	4,000,000	200,000,000	Other - Athletic Institutional
(e)	5	H34	University of South Carolina - Upstate	9559	FY25 Campus-wide Interior Building Renovations	Establish Phase II	Yes	-	4,000,000	-	4,000,000	FY25 Capital Reserve (13)(a) / FY25 Appropriated State - Proviso 118.20 (16)
(f)	6	H37	University of South Carolina - Lancaster	9525	FY24 Maintenance, Renovation, and Replacement	Phase II Increase, Revise Scope & Change Source of Funds	No	5,000,000	2,800,000	-	7,800,000	FY24 Capital Reserve (12) / Federal - Department of Health & Human Services
(g)	7	H39	University of South Carolina - Sumter	9523	Science Building Renovation II	Phase II Increase & Revise Scope	No	7,700,000	477,048	-	8,177,048	FY17 Capital Reserve (16) / FY19 Capital Reserve (26) / FY20 Capital Reserve (8) / FY22 Capital Reserve (18)
(h)	9	H47	Winthrop University	9620	Tillman Hall Renovation	Establish Phase I	Yes	-	150,000	150,000	15,750,000	FY25 Appropriated State - Proviso 118.20 (B)(19)
(i)	Sep. H47	H47	Winthrop University	9613	Courtyard Apartment Purchase	Final Land Acquisition	Yes	20,000	9,705,000	20,000	9,725,000	Revenue Bonds / Other - Housing Revenue
(j)	10	H59	Piedmont Technical College	6333	Library and Student Engagement Center	Establish Phase I	Yes	-	109,500	109,500	7,300,000	FY22 Appropriated State - Proviso 118.20 (B)(27)(n)
(k)	11	H59	Piedmont Technical College	6302	Saluda Center for Manufacturing Excellence	Establish Phase II	Yes	215,738	14,166,763	215,738	14,382,500	FY24 Appropriated State - Proviso 118.19 (B)(20)(k)
(l)	12	H59	Piedmont Technical College	6193	New Construction for Health Sciences Replacement	Change Source of Funds	No	16,632,000	-	137,250	16,632,000	FY22 Capital Reserve (24) / FY22 Appropriated State - Proviso 118.20 (B)(27)(n) / FY23 Appropriated State - Proviso 118.19 (B)(27)(j) / Other - US Department of Commerce, EDA
(m)	13	H59	Spartanburg Community College	6298	Cherokee Campus Spark Center	Change Source of Funds	Yes	300,000	-	300,000	17,000,000	FY24 Appropriated State - Proviso 118.19 (B)(20)(l)
(n)	14	H59	Spartanburg Community College	6304	Cherokee Campus Hamricks Land Acquisition	Final Land Acquisition Increase	Yes	1,317,235	34,173	20,000	1,371,408	FY24 Appropriated State - Proviso 118.19 (B)(20)(l) / Other - College Plant
(o)	17	H59	York Technical College	6303	Renovate K Building	Phase I Increase	Yes	112,180	112,180	112,180	7,478,640	FY17 Appropriated State - Proviso 118.16 (B)(23)(bb)
(p)	18	D50	Department of Administration	6174	Columbia Mills Building - Energy Savings Performance Contract	Establish Phase I	Yes	-	50,000	50,000	20,000,000	Other - Depreciation Reserve
(q)	19	D50	Department of Administration	6175	Governor's Mansion - Roof & HVAC Replacement	Establish Phase I	Yes	-	19,449	19,449	1,296,628	Appropriated State
(r)	20	D50	Department of Administration	6157	Blatt Building – 3rd Floor VAV Replacement	Establish Phase II	Yes	23,480	1,508,481	23,480	1,531,961	Appropriated State / Other - Depreciation Reserve
(s)	21	D50	Department of Administration	6158	SC Data Center - Replace UPS A-Side Modules and Battery String	Establish Phase II	Yes	25,510	2,140,314	25,510	2,165,824	Other - SC Division of Technology
(t)	22	D50	Department of Administration	6084	SCCB – Building A Interior Renovations	Phase II Increase	No	805,553	242,801	2,950	1,048,354	Other - SCCB Operating / Other - SCCB Federal Grant / Other - SCCB Appropriated State / Other - SCCB FY22 Capital Reserve (26)
(u)	23	D50	Department of Administration	6098	Capital Complex – Electrical Unit Substation Replacement	Phase II Increase, Revise Scope & Change Project Name	Yes	2,696,141	1,985,469	-	4,681,610	FY22 Appropriated State - Proviso 118.20 (B)(67)(b) / Appropriated State
(v)	24	D50	Department of Administration	6127	SC Data Center - Redundant Cooling System for Computer Room	Phase II Increase	No	1,157,400	373,940	17,361	1,531,340	Other - Division of Technology
(w)	25	D50	Department of Administration	6152	SC State House – Interior Dome Restoration	Phase II Increase & Revise Scope	No	304,869	114,553	-	419,402	FY20 Capital Reserve (1)
(x)	26	H65	Governor's School for Science & Mathematics	9529	Residence Hall Elevator Modernization Project	Establish Phase I	Yes	-	4,500	4,500	300,000	FY25 Appropriated State - Proviso 118.20 (B)(7)(b)
(y)	27	H67	South Carolina Educational Television Commission	9529	ETV Sumter Studio Facility	Establish Phase I	Yes	-	337,455	337,455	22,497,000	FY23 Appropriated State - Proviso 118.19 (B)(8)
(z)	28	H67	South Carolina Educational Television Commission	9530	Demolition of Sumter Buildings	Establish Phase I	Yes	-	253,000	-	253,000	FY23 Appropriated State - Proviso 118.19 (B)(8)
(aa)	29	H67	South Carolina Educational Television Commission	9531	ETV Lowcountry Emergency Generator	Establish Phase II	Yes	-	458,739	-	458,739	FY23 Appropriated State - Proviso 118.19 (B)(8)
(bb)	30	H67	South Carolina Educational Television Commission	9532	Phase B - HVAC and Transmitter Upgrades	Establish Phase I	Yes	-	75,000	75,000	5,000,000	FY25 Capital Reserve (2)
(cc)	31	H67	South Carolina Educational Television Commission	9533	TCC Emergency UPS Replacement	Establish Phase I	Yes	-	7,500	7,500	500,000	Other - Spectrum Auction
(dd)	32	H67	South Carolina Educational Television Commission	9527	HVAC Upgrades at Transmission and Interconnection Facilities	Establish Phase II	Yes	30,000	1,970,000	30,000	2,000,000	FY24 Appropriated State - Proviso 118.19 (B)(5)(b)

**Project List: SFAA Items - February 4, 2025**

**SFAA Items - February 4, 2025**

SFAA Item	JBRC Item2	Agency Code	Agency Name	Project ID	Project Name	Action Proposed	Included in CIP?	Current Budget	Requested Change	Phase I	Total Phase II Budget	SOF (excludes proposed Phase II if currently seeking Phase I)
(ee)	34	H75	School for the Deaf and Blind	9552	2021 Campus Wide Improvements	Phase II Increase	Yes	2,226,924	1,500,000	-	3,726,924	FY13 Appropriated State - Part 1A / FY13 Appropriated State - Proviso 90.20 / FY12 Capital Reserve (30) / FY25 Appropriated State - Proviso 118.20 (B)(4)(c) / Other - Operating
(ff)	35	H75	School for the Deaf and Blind	9553	Voss Gym HVAC	Phase II Increase, Revise Scope and Change Project Name	Yes	820,000	1,500,000	-	2,320,000	FY13 Appropriated State - Part 1A / FY15 Appropriated State - Proviso 118.14 (B)(5)(a) / FY25 Appropriated State - Proviso 118.20 (B)(4)(b)
(gg)	36	J12	Department of Mental Health	9872	Beaufort MHC Parking Lot Expansion	Establish Phase I	Yes	-	8,250	8,250	550,000	Other - Capital Improvement & Maintenance
(hh)	37	J12	Department of Mental Health	9873	North Augusta MHC Building Purchase	Preliminary Land Acquisition	Yes	-	20,000	20,000	576,000	Other - Capital Improvement & Maintenance
(ii)	38	K05	Department of Public Safety	9622	SCDPS/DMV Blythewood Complex – 300 Ton Chiller Replacement	Establish Phase II	Yes	14,750	1,243,807	14,750	1,258,557	Other - DPS Building
(jj)	39	N04	Department of Corrections	9799	Manning CI - Asbestos Removal	Phase II Increase & Revise Scope	No	880,000	634,427	12,500	1,514,427	Appropriated State - FY23 Carryforward / Appropriated State - Operating / Other - Operating Revenue
(kk)	40	N12	Department of Juvenile Justice	9633	BRRC Additional Roof Replacements	Establish Phase I	Yes	-	61,000	61,000	4,066,633	FY24 Appropriated State - Proviso 118.19 (B)(51)(a)
(ll)	41	N12	Department of Juvenile Justice	9634	CEC Boiler Replacements	Establish Phase II	Yes	-	585,105	-	585,105	FY24 Appropriated State - Proviso 118.19 (B)(51)(d)
(mm)	42	N12	Department of Juvenile Justice	9635	UEC Boiler Replacements	Establish Phase II	Yes	-	585,105	-	585,105	FY24 Appropriated State - Proviso 118.19 (B)(51)(d)
(nn)	43	P16	Department of Agriculture	9521	CPD Labortory Renovation	Change Source of Funds	No	659,541	-	-	659,541	FY25 Appropriated State - Proviso 118.20 (B)(34)(b)
(oo)	44	P24	Department of Natural Resources	6114	Georgetown - Samworth WMA Dirleton House Renovations	Establish Phase I	Yes	-	7,920	7,920	528,000	FY24 Appropriated State - Carryforward
(pp)	45	P24	Department of Natural Resources	6080	Pickens – Pickens County Range Improvements	Establish Phase II	Yes	37,500	2,462,500	37,500	2,500,000	FY23 Appropriated State - Proviso 118.19 (B)(44)(g) / Federal - USFWS Grant
(qq)	49	P24	Department of Natural Resources	6087	Pickens South Saluda WMA Land Acquisition (Jopeco Tract-NT)	Final Land Acquisition	Yes	20,000	7,082,289	20,000	7,102,289	FY24 Appropriated State - 118.19 (B)(37)(b) / FY23 Appropriated State - Proviso 118.20 (B)(44)(f)
(rr)	50	P28	Department of Parks, Recreation & Tourism	9855	Hampton Plantation Boardwalk and Dock	Establish Phase II & Change Source of Funds	Yes	4,500	250,500	4,500	255,000	Appropriated State - FY24 Proviso 118.19 (B)(38)(i)
(ss)	51	P28	Department of Parks, Recreation & Tourism	9860	Property Acquisition – Waites – Jackie Boyce	Preliminary Land Acquisition	Yes	-	75,000	75,000	8,075,000	FY24 Appropriated State - Proviso 118.19 (B)(38)(a)
(tt)	52	P28	Department of Parks, Recreation & Tourism	9839	Property Acquisition - Waites Olivia	Revise Scope	Yes	20,000	-	20,000	2,062,500	FY24 Appropriated State - Proviso 118.19 (B)(38)(a) / Federal - NCWC / Federal - Coastal
(uu)	53	R60	Department of Employment & Workforce	9543	Florence Workforce Center - Repave Parking Lot	Establish Phase II	Yes	10,815	479,062	10,815	489,877	Other - Contingency Assessment

**STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET**

Meeting Scheduled for: **February 4, 2025**

**Regular Agenda**

**1. Submitted By:**

- (a) Agency: Department of Administration
- (b) Authorized Official Signature:

*Kevin Etheridge*  
 Kevin Etheridge, Executive Budget Office

**2. Permanent Improvement Projects**

**3. Summary Background Information:**

- (a) Project: JBRC Item 1: College of Charleston  
 H15.9690: College Lodge Residence Hall Demolition
- Request: Establish Phase I Pre-Design Budget to demolish the vacant building, courtyard, and parking area.
- Included in CPIP: Yes – 2024 CPIP Priority 8 of 8 in FY25 (estimated at \$3,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Capital Improvement Project				100,000	100,000
All Sources				<u>100,000</u>	<u>100,000</u>

**Summary of Work:** The project will demolish the vacant building, courtyard, and parking area. Once demolished, the site will temporarily serve as greenspace or surface parking until the purpose of a replacement building is confirmed.

**Rationale:** Structural deficiencies and building envelope issues are allowing water intrusion. Additionally, the building has an outdated fire alarm system, lacks a fire sprinkler system, and does not meet current seismic requirements or ADA compliance. A fully renovated building would provide about 15-20 additional years of useful life, whereas a new building could provide approximately 40 years.

**Facility Characteristics:** College Lodge Residence Hall is 71,375 square feet and was constructed in 1963 (61 years old). The six-level 200-bed building was constructed as the Downtowner Motor Inn on a .23-acre parcel at 159 Calhoun Street. The college purchased the building in 1975 (49 years ago), and the last significant renovation was completed in 2004 (20 years ago). The building was taken offline in May 2023.

**Financial Impact:** The project will be funded from Other, Capital Improvement Project Funds (uncommitted balance \$28.30 million at October 2, 2024). Revenue to this fund is generated by the Capital Improvement Fee that exceeds current annual debt service related to bonds. The project is expected to result in a decrease of \$404,955 (year 1), \$417,104 (year 2), and \$429,617 (year 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$906 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025. \$622 of the \$906 is currently pledged for debt service. The balance of the fee, \$284 per student, per semester is used to fund ongoing capital projects and maintenance.

**Full Project Estimate:** \$3,855,000 (internal) funded by Capital Improvement Project Funds. The Phase I amount requested is 2.59% of the estimated cost to complete the project and the additional amount will be used to prepare a precise and controlled demolition plan because underground conditions are currently unknown.

(b) Project: JBRC Item 2: University of South Carolina – Columbia  
H27.6161: Barnwell College Renovation

Request: Establish Phase I Pre-Design Budget to comprehensively renovate the interior of the building.

Included in CPIP: Yes – 2024 CPIP Priority 4 of 5 in FY27 (estimated at \$30,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Institutional				700,000	700,000
All Sources				<u>700,000</u>	<u>700,000</u>

Summary of Work: The project will add classrooms and update meeting rooms, faculty labs, offices, and support spaces. New floor plans are expected to require almost a full gut of the existing interior. New plans will emphasize maximizing natural light and creating efficient learning and faculty environments. Restrooms will be replaced and designed to comply with modern accessibility standards. The project will replace aged MEP building systems and integrate a sprinkler system into the building. Site work will replace aged underground energy and utility infrastructure serving Barnwell College and enhance landscaping and hardscaping in Gibbes Green south of Barnwell College. The renovations will be designed to meet either LEED Silver or Two Green Globes certification standards.

Rationale: Barnwell College is the last remaining Gibbes Green building that has not been renovated since the 1980s. Per the university, the building has an interior layout that does not support a modern academic program. Building systems are at, or nearing, life expectancy and the building does not comply with current life safety and accessibility codes.

Facility Characteristics: Barnwell College is 58,623 square feet and was constructed in 1910 (114 years old). The building houses Academic/Programs, Office/Administrative, Support Services, and Food Service. The building is utilized by approximately 5,000 students, faculty, and staff.

Financial Impact: The project will be funded from Other, Institutional Funds (uncommitted balance \$1.4 million at September 30, 2024). Revenue to this fund is operating funds carried forward from one fiscal year to the next from excess revenue over expenditures. The project is expected to result in a decrease of \$110,150 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$40 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

Full Project Estimate: \$43,630,000 (internal). Phase II will be funded by State Institution Bond Funds. The Phase I amount requested is 1.60% of the estimated cost to complete the project and the additional amount will be used to cover the cost of a Construction Manager at Risk.

(c) Project: JBRC Item 3: University of South Carolina – Columbia  
H27.6162: McKissick Building Renovation

Request: Establish Phase I Pre-Design Budget to comprehensively renovate and reconfigure the interior of the building, and complete exterior renovations.

Included in CPIP: Yes – 2024 CPIP Priority 2 of 6 in FY26 (estimated at \$40,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Institutional				700,000	700,000
All Sources				<u>700,000</u>	<u>700,000</u>

Summary of Work: The project will renovate and reconfigure interior space to include classrooms and study spaces. Structural mezzanines will be removed to optimize volume for new classrooms. Existing aged MEP building systems will be replaced, and a sprinkler system will be installed. The lower two floors will be modernized to improve the services of the Visitors Center. The upper two floors will be renovated to offer approximately 12 classrooms depending on the ultimate capacities of individual rooms. The plans offer numerous study space options, and a café is intended for a new two-story entrance lobby from Gibbes Green. The renovation will re-expose the windows to the interior. Exterior work will create new student entrance patios surveying Gibbes Green, enhanced accessibility for disabled visitors, minor exterior limestone repairs, and the potential creation of a roof terrace to overlook Gibbes Green. Sitework will replace aged underground energy and utility infrastructure serving McKissick and enhance landscaping and hardscaping in Gibbes Green east of McKissick. The renovations will be designed to meet either LEED Silver or Two Green Globes certification standards.

Rationale: New classroom and study space will address student demand. The MEP and life safety building systems, and energy/utility infrastructure need replacement due to exceeded service lives and/or code compliance.

Facility Characteristics: McKissick is 60,524 square feet and was constructed in 1940 (84 years old). The building houses Academic/Programs, Office/Administrative, Support Services, and Food Service. The building is utilized by approximately 5,000 students, faculty, staff, and the local community.

Financial Impact: This phase of the project will be funded from Other, Institutional Funds (uncommitted balance \$1.4 million at September 30, 2024). Revenue to this fund is operating funds carried forward from one fiscal year to the next from excess revenue over expenditures. The project is expected to result in a decrease of \$85,000 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$40 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

Full Project Estimate: \$47,550,000 (internal). Phase II will be funded by State Institution Bond Funds.



(d) Project: JBRC Item 4: University of South Carolina – Columbia  
H27.6163: Williams-Brice Stadium West Stands Renovation

Request: Establish Phase I Pre-Design Budget to comprehensively renovate multiple levels at the grandstand.

Included in CPIP: Yes – 2024 CPIP Priority 20 of 21 in FY25 (estimated at \$72,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Athletic Institutional				4,000,000	4,000,000
All Sources				<u>4,000,000</u>	<u>4,000,000</u>

Summary of Work: The project will comprehensively renovate multiple levels, primarily at the west grandstand and relatively minimally at the north end zone of the stadium, to broadly improve fan amenity spaces. Approximately 10,000 square foot of conditioned space is being added within the existing stadium footprint at the North End Zone. The West Stands, at the 100 and 200 levels, will be gutted and new suites, club spaces, restrooms, and concessions will be created. The Main and Ground Level Concourses will be renovated to provide a club, new restrooms, and concessions. A new elevator tower and stairs will offer fans more options to access the elevated concourses from the west plaza. New MEP systems will be provided at all conditioned spaces. Audio/Visual equipment will be provided throughout renovated areas. The project will also investigate options to create conditioned space under the north end zone stands and lightly renovate areas in the Floyd Building for student fan use. A master plan to inform future phases of work at other stadium zones will also be executed as part of the Phase I process. The decision to design the renovations to meet LEED Silver or Two Green Globes certification standards will be determined during the Phase I process.

Rationale: Williams-Brice Stadium has only 18 suites- the lowest count of any stadium in the Southeastern Conference. The project would increase the suite quantity to 36 suites. Increased suites will address demand from fans and generate new revenue. Improvements at the north end zone would improve the game day experience for students who have no access to air-conditioned concession spaces to escape the heat. The project will also abate an estimated \$40 million of deferred maintenance in the West and North zones of the stadium.

Facility Characteristics: Williams-Brice Stadium is 500,000 square feet and was constructed in 1934 (90 years old). The west stands were completely rebuilt in 1972 (52 years old). The Floyd Building was constructed in 1994 (30 years old). The stadium is utilized for athletics and football and event attendees.

Financial Impact: This phase of the project will be funded from Other, Athletic Institutional Funds (uncommitted balance \$4 million at September 30, 2024). Revenue to this fund is operating funds carried forward from one fiscal year to the next from excess revenue over expenditures. The project is expected to result in a decrease of \$10,000 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$40 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

Full Project Estimate: \$200,000,000 (internal). Phase II will be funded by Athletic Facilities Bond Funds. The Phase I amount requested is 2.00% of the estimated cost to complete the project and the additional amount will be used to cover a Construction Manager at Risk.

(e) Project: JBRC Item 5: University of South Carolina - Upstate  
 H34.9559: FY25 Campus-wide Interior Building Renovations  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase II Full Construction Budget to address critical interior maintenance, repairs, and renovations.

Included in CPIP: Yes – 2024 CPIP Priority 1 of 4 in FY25 (estimated at \$15,500,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY25 Capital Reserve (13)(a), (Maintenance, Renovation, and Replacement)				2,000,000	2,000,000
FY25 Appropriated State (16), (Maintenance, Renovation and Replacement)				2,000,000	2,000,000
All Sources				<u>4,000,000</u>	<u>4,000,000</u>

Summary of Work: The project will replace flooring, window and wall caulking, painting, fixtures and finishes to classrooms, offices, general education areas, and meeting spaces. The air handler units at the University Readiness Center will also be replaced. Lastly, the domestic water heater will be replaced at the College of Arts & Sciences Buildings.

Rationale: This specific work has been prioritized based on the criticality of their maintenance needs, impact to academic mission, and to make the most impact on the maintenance needs.

Facility Characteristics: The Health Education Center is 149,402 square feet and was constructed in 2007 (17 years old). The Sansbury Campus Life Center is 60,726 square feet and was constructed in 1994 (30 years old). The Library is 73,648 square feet and was constructed in 1976 (48 years old). The Horace C. Smith Science Building is 65,541 square feet and was constructed in 1984 (40 years old). The Humanities & Performing Arts Center is 57,899 square feet and was constructed in 1990 (34 years old). The Media Center is 48,394 square feet and was constructed in 1979 (45 years old). The Arts & Sciences Building is 26,573 square feet and was constructed in 1982 (42 years old). The Hodge Center is 83,090 square feet and was constructed in 1973 (51 years old). The University Readiness Center is 57,384 square feet and was constructed in 1980 (44 years old). The facilities are utilized for academic programs, classrooms, theater space, athletics/recreational space, office/administrative space, and food service. Approximately 5,000 students, faculty and staff utilize the facilities.

Financial Impact: The project will be funded from FY25 Capital Reserve (uncommitted balance \$2 million at October 14, 2024), and FY25 Appropriated State (nonrecurring) Funds (uncommitted balance is \$2 million at October 14, 2024). The project is expected to result in a decrease of \$50,000 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$85 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

Full Project Estimate: \$4,000,000 (internal) funded from Capital Reserve and Appropriated State Funds. Contract execution is expected in February 2025 and completion of construction in December 2026.

(f) Project: JBRC Item 6: University of South Carolina - Lancaster  
H37.9525: FY24 Maintenance, Renovation, and Replacement

Request: Change Source of Funds, Revise Scope, and increase Phase II Full Construction Budget to complete various critical maintenance, repairs, and renovation needs campus wide.

Included in CPIP: No – The federal funding was not received until after the 2024 CPIP submission process.  
Phase II Approval: February 2024 (estimated at \$5,000,000) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Capital Reserve (12), (Maintenance, Renovation, and Replacement)	5,000,000		5,000,000		5,000,000
Federal, DHHS				2,800,000	2,800,000
All Sources	<u>5,000,000</u>		<u>5,000,000</u>	<u>2,800,000</u>	<u>7,800,000</u>

Summary of Work: The project was established to complete campus-wide interior improvements and maintenance to four (4) facilities. The work included paint, carpet, tile, fire suppression system upgrades, fire alarm system upgrades, HVAC replacement, lighting, and exterior walkway and pedestrian improvements. The scope revision will add the renovation of approximately 12,000 square feet of Hubbard Hall. The additional renovation will reconfigure and update the space to provide a more interactive and functional space with better circulation and improve flow between clinical/classroom space. The scope will include converting an existing office into a welcome center, transition a classroom into a health coaching training lab to involve tele-medicine, modernize a testing lab space to create a lab and simulation room, update a classroom for an engaging high tech anatomy lab, and reconfigure space so an additional 360 square feet will be utilized as a home environment room and CPR simulation lab with resuscitation quality improvement technology. Additionally, upgrades to technology, lighting, plumbing, HVAC, and fire protection will be addressed from these renovations.

Rationale: This federal award will run concurrently with Hubbard Hall renovations from the original scope of work to provide the most cost effective and time saving methods. This specific work has been prioritized based on the criticality of their maintenance needs, impact to academic mission, and to make the most impact on the maintenance needs.

Facility Characteristics: The James Bradley Arts and Sciences Building is 66,242 square feet and was constructed in 2000 (24 years old). Hubbard Hall is 37,894 square feet and was constructed in 1964 (60 years old). Medford Library is 49,681 square feet and was constructed in 1974 (50 years old). Founders Hall is 40,787 square feet and was constructed in 2014 (10 years old). Approximately 2,000 students, faculty and staff will benefit from the improvements.

Financial Impact: This increase will be funded from Federal, Department of Health and Human Services Funds (uncommitted balance \$2.8 million at October 31, 2024). The project is expected to result in a decrease of \$45,000 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$50 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

Full Project Estimate: \$7,800,000 funded from Capital Reserve and Department of Health and Human Services Funds. Contract execution is expected in February 2025 and completion of construction in June 2026.

(g) Project: JBRC Item 7: University of South Carolina - Sumter  
H39.9523: Science Building Renovation II  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Revise Scope and increase Phase II Full Construction Budget to complete additional upgrades to the building.

Included in CPIP: No – The need for the increase was unknown during the 2024 CPIP submission process.

Phase II Approval: January 2019 (estimated at \$2,250,000) (Admin.)

Phase II Increase & Revise Scope: April 2020 (estimated at 4,500,000) (Admin.)

Revise Scope: October 2021 (estimated at 4,500,000) (Admin.)

Phase II Increase & Revise Scope: July 2022 (estimated at \$7,700,000) (Admin.)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY17 Capital Reserve (16), (Sumter Campus Science Building) (transfer from 9520)				177,048	177,048
FY19 Capital Reserve (26), (Science Building Renovation)	2,250,000		2,250,000		2,250,000
FY20 Capital Reserve (8), (Science Building Renovation)	2,250,000		2,250,000		2,250,000
FY22 Capital Reserve (18), (Science Laboratory)		3,200,000	3,200,000	300,000	3,500,000
All Sources	<u>4,500,000</u>	<u>3,200,000</u>	<u>7,700,000</u>	<u>477,048</u>	<u>8,177,048</u>

Summary of Work: The project was established to renovate four (4) labs which included the associated prep and work rooms. The work includes mechanical and electrical upgrades, installing a fire sprinkler system, ADA accessibility improvements, new finishes and equipment, and improvements to comply with state energy and sustainability standards. The revised scope will cover an outdoor laboratory space. The new roof has been evaluated by the Department of Administration and has been determined to comply with JBRC policy and will come with the minimum 20-year material and workmanship warranty.

Rationale: The renovations facility will allow for the space to better serve the faculty, staff, and students who occupy the space.

Facility Characteristics: The Science Building is 21,459 sq. ft. and was constructed in 1967 (57 years old). The total square footage of the portion to be renovated is approximately 10,000 square feet. Based on 6 lab sessions per week, approximately 555 students and faculty are estimated to utilize the lab spaces. The new covered outdoor lab space is 1,000 square feet and will accommodate 30 students. When not in use by academic functions, it will serve 1,600+ students, faculty, and staff campus community as an outdoor study space and for events.

Financial Impact: This increase will be funded from FY17 and FY22 Capital Reserve Funds (uncommitted balance is \$478K at September 10, 2024). The project is expected to result in a decrease of \$8,425 (year 1), and \$16,850 (years 2 thru 3) in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$40 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

Full Project Estimate: \$8,177,048 funded from Capital Reserve Funds. Contract execution is expected in February 2025 and completion of construction in December 2025.

(h) Project: JBRC Item 9: Winthrop University  
H47.9620: Tillman Hall Renovation

Request: Establish Phase I Pre-Design Budget to renovate the building.

Included in CPIP: Yes – 2024 CPIP Priority 2 of 12 in FY26 (estimated at \$15,750,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY25 Appropriated State, Proviso 118.20 (B)(19), (Maintenance, Renovation, and Replacement)				315,000	315,000
All Sources				<u>315,000</u>	<u>315,000</u>

Summary of Work: The project will include space reconfiguration, new paint and flooring, HVAC, electrical, plumbing upgrades, bathroom, elevator, ADA accessibility, and life safety upgrades. Exterior details will be repaired/repainted. The auditorium will receive new flooring, finishes, seating, theatre sound-light-AV-stage rigging updates. The Phase I process will determine if the entire building will be renovated or if it will only be partially renovated.

Rationale: The intent of the renovation is to relocate administrative functions out of the building and relocate student services groups into Tillman to create a one stop student support hub.

Facility Characteristics: Tillman Hall is 115,264 square feet and was constructed in 1894 (130 years old). There have been several renovations and modifications to the building since construction, with the last significant renovation being in the 1980's (44 years ago). Tillman Hall is the original campus administrative, and classroom building, and is used currently for administrative, student, and campus support offices.

Financial Impact: This phase of the project will be funded from FY25 Appropriated State (non-recurring) Funds (uncommitted balance \$1 million at October 29, 2024). The project is not expected to result in any change in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$543 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

Full Project Estimate: \$15,750,000 (internal). The university is requesting \$15,750,000 in the FY25-26 budget request process to fund the construction of the project. If full funding is not received, the university will review available funds to determine how much work, and what work can be accomplished, and/or if the project should be delayed for another year to seek additional funding or other options to address funding. The Phase I amount requested is 2.00% of the estimated cost to complete the project and the additional amount will be used to cover Construction Manager At Risk and environmental material testing.

(i) Project: JBRC Separate Item: Winthrop University  
H47.9613: Courtyard Apartment Purchase

Request: Establish Final Land Acquisition to purchase +/- 4.58 acres including the Courtyard Apartments in York County.

Included in CPIP: Yes – 2024 CPIP Priority 7 of 9 in FY25 (estimated at \$11,500,000)  
Phase I Approval: October 2023 (estimated at \$10,420,000) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Revenue Bonds				9,705,000	9,705,000
Other, Housing Revenue	20,000		20,000		20,000
All Sources	<u>20,000</u>		<u>20,000</u>	<u>9,705,000</u>	<u>9,725,000</u>

Rationale: The apartments are on the boundary of campus and are solely used for Winthrop student housing. Based on its high occupancy rate and the current complexities related to the management and support provided by the university to operate the facility, the university would like to acquire the apartments by buying out Winthrop University Real Estate Foundation’s current debt, which must be refinanced by August 27, 2025.

Characteristics: The 4-story apartment building is 103,495 square feet and was constructed in 2002 (22 years old). The building includes 2 and 4 bed apartment style units, with a total occupancy of 401.

Financial Impact: The property is offered by Winthrop University Real Estate Foundation Development, LLC for \$9,630,000. The acquisition will be funded from Revenue Bond Funds (to be issued). An appraisal was completed in October 2024 and valued the property at \$29,600,000. A Phase I Environmental Site Assessment was completed in December 2023 and identified the historical industrial operations as a REC based on the length of time industrial operations took place on the site and the reported residual contamination and fly ash on the site. However, based on the assessment and litigation documents reviewed, the contamination has been addressed to the satisfaction of the SC Department of Environmental Services. The assessment further noted, if subsurface earthwork or redevelopment is to occur in the future, it is recommended that assessments be conducted at that time to identify conditions to which future construction workers or residents will be exposed and refer to the most recent SC Department of Environmental Services guidance regarding handling and disposing of fly ash. A Property Condition Assessment report was completed in July 2023 and found \$159,300 in immediate costs to be rectified. The project is expected to result in a decrease of 605,000 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$543 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

Full Project Estimate: \$9,725,000 funded by Revenue Bonds and Housing Revenue Funds.

(j) Project: JBRC Item 10: Piedmont Technical College  
 H59.6333: Library and Student Engagement Center  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase I Pre-Design Budget to renovate the upstairs of the library on the Greenwood Campus.

Included in CPIP: Yes – 2024 CPIP Priority 1 of 3 in FY26 (estimated at \$27,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY22 Appropriated State, Proviso 118.18 (B)(27)(n), (Maintenance, Renovation and Replacement)				109,500	109,500
All Sources				<u>109,500</u>	<u>109,500</u>

Summary of Work: The project will renovate the upstairs of the existing library facility to create collaboration space for student engagement. This renovation will provide areas for focused group and independent study, casual interactions, and private study spaces. Additionally, the renovation will include a workforce engagement and training area, allowing opportunities for students to engage with local industry partners. These renovations will not be designed to meet LEED Silver or Two Green Globes certification standards, but all upgrades and improvements made during this project will contribute to the overall certification points, laying the groundwork for the project's environmental and sustainability goals. Upon completion of an additional, future project, it is anticipated that the requirements for Two Green Globes certification will be met.

Rationale: Renovating the upstairs will provide collaborative and student spaces that enhance library functionality and better serve student needs.

Facility Characteristics: The existing Library Building is 42,000 square feet and was constructed in 1991 (33 years old). Approximately 21,000 square feet will be renovated in this project. Once renovated, the space will be house the Student Engagement Center and be utilized by approximately 2,649 students who attend at the Greenwood Campus, as well as it will be available to all credit and non-credit students regardless of their primary campus location.

Financial Impact: This phase of the project will be funded from FY22 Appropriated State (nonrecurring) (uncommitted balance \$2.29 million at October 29, 2024). The project is expected to result in a decrease of \$15,000 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$150 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

Full Project Estimate: \$7,300,000 (internal). Phase II will be funded by \$2,120,231 in FY22 Appropriated State (nonrecurring), \$3,711,966 in FY23 Appropriated State (nonrecurring), and \$1,358,303 in FY25 Capital Reserve Funds. The estimated cost to complete the project has decreased from the 2024 CPIP submission because the scope of work has been decreased due to funding limitations. The project will now be completed in stages as part of two separate projects.

(k) Project: JBRC Item 11: Piedmont Technical College  
 H59.6302: Saluda Center for Manufacturing Excellence  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase II Full Construction Budget to construct a new facility.

Included in CPIP: Yes – 2024 CPIP Priority 5 of 5 in FY25 (estimated at \$14,382,500)  
 Phase I Approval: February 2024 (estimated at \$14,382,500) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(20)(k), (Manufacturing Center and New Campus)	215,738		215,738	14,166,762	14,382,500
All Sources	<u>215,738</u>		<u>215,738</u>	<u>14,166,762</u>	<u>14,382,500</u>

Summary of Work: The project will construct a facility that will support advance manufacturing programs for the college in the area. The new facility will consist of high bay technical lab spaces with support classrooms, and additional classrooms for non-lab instruction, administrative spaces, and restrooms. The scope of work will also include required sitework development and parking to support the facility. The new roof has been evaluated by the Department of Administration and has been determined to comply with JBRC policy and will come with the minimum 20-year material and workmanship warranty.

Rationale: There is a need to provide manufacturing program opportunities to areas that are currently underserved due to travel distances that includes communities both inside and outside of PTC’s service area. This facility will allow those communities to be better served by offering opportunities that will be located significantly closer to them in the PTC service area. The current facilities are constrained by the physical footprint and cannot support the addition of advanced manufacturing programs.

Facility Characteristics: The new Saluda Center will be 21,000 square feet. The planned instruction for the new facility includes Mechatronics and CNC programs with flexibility to include additional programs in the future. The college currently enrolls between 10 and 21 students from Saluda in the targeted programs. Between dual enrollment opportunities and adult enrollment, it is expected that an additional 50 credit students per academic year in these programs due to the addition of the space. The college will also provide continuing education opportunities. Each of the targeted programs would bring multiple additional faculty to campus, and would serve a variety of clients, including local businesses and industries, the Saluda, Lexington and Aiken County school districts, and the local population.

Financial Impact: The project will be funded from FY24 Appropriated State (nonrecurring) (uncommitted balance \$14.16 million at October 28, 2024). The new facility will be constructed to meet Two Green Globes certification standards with anticipated energy savings of \$775,738 over 30-years. The project is expected to result in an increase of \$120,000 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$150 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

Full Project Estimate: \$14,382,500 funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in January 2026 and completion of construction in March 2027.



(l) Project: JBRC Item 12: Piedmont Technical College  
H59.6193: New Construction for Health Sciences Replacement

Request: Change Source of Funds to add EDA funds received to the project to construct a 27,000 square foot replacement building on the Piedmont Campus.

Included in CPIP: No – Change Source of Funds requests are not required to be included in the CPIP.

Phase I Approval: April 2022 (estimated at \$9,150,000) (SFAA)

Phase II Approval,

Revise Scope, &

Change Project Name: March 2023 (estimated at \$16,632,000) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY22 Capital Reserve (24), (Maintenance, Renovation, and Replacement)		696,875	696,875		696,875
FY22 Appropriated State, Proviso 118.18 (B)(27)(n), (Maintenance, Renovation, and Replacement)		6,893,159	6,893,159	(2,229,731)	4,663,428
FY23 Appropriated State, Proviso 118.19 (B)(27)(j), (Maintenance, Renovation, and Replacement)		3,674,093	3,674,093	(3,674,093)	
Other, College	137,250	5,230,623	5,367,873	(5,367,873)	
Other, US Department of Commerce EDA				11,271,697	11,271,697
All Sources	<u>137,250</u>	<u>16,494,750</u>	<u>16,632,000</u>		<u>16,632,000</u>

Summary of Work: The project was established to renovate and repair the two existing Health and Science Buildings and construct an additional 12,100 square foot connector building on the Piedmont Campus. The revised scope will now construct a 27,000 square foot facility that will include Nursing simulation labs, Nursing skills labs, Cardiovascular Labs, and classrooms. The new Health Science Building will be a 2-story, slab-on-grade building with a low-slope insulated roof and internal roof draining. The building structure will be structural steel framing. The building envelope will consist of brick veneer, fiber-cement rainscreen and aluminum curtainwall. The roof to be installed on the new building has been evaluated by the Department of Administration and has been determined to comply with JBRC policy and will come with the minimum 20-year material and workmanship warranty. Buildings H & S, which are currently housing these programs, will remain in use as swing space until the completion of the replacement facility. It is anticipated that Buildings H & S will be demolished as a separate project for a total estimated cost of \$250,000 to \$275,000.

Rationale: Building H and S do not provide adequate teaching and lab space. The new facility will provide modern lab spaces which are needed to ensure the students are practice-ready when completing the programs, per the college. The number of students has grown from 1,181 students enrolled in a pre-health program in the 2017-2018 academic year to 1,674 in the most recent full year.

Facility Characteristics: The Health Building is 16,728 square feet and was constructed in 1982 (41 years old) and the Science Building is 15,920 square feet and was constructed in 1992 (31 years old). The new 27,000 square foot facility will be utilized by 33 full time faculty in its Nursing and Healthcare Division and 694 students.

Financial Impact: This change source of funds will be funded from Other, US Department of Commerce, EDA Funds (awarded \$11.3 million at September 9, 2024). The project is expected to result in an increase of \$81,235 (year 1), \$119,144 (year 2), and \$131,059 (year 3), in annual operating expenses. The new building will be constructed to meet Two Green Globes certification standards with anticipated energy savings of \$674,081 over 30-years. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$150 per student per semester, and has not changed between academic years 2020-2021 to 2024-2025.

Full Project Estimate: \$16,632,000 funded by Capital Reserve, Appropriated State (nonrecurring) and EDA Funds. Contract execution is expected in March 2025 and completion of construction in August 2026.

(m) Project: JBRC Item 13: Spartanburg Community College  
H59.6298: Cherokee Campus Spark Center

Request: Change Source of Funds and Revise Scope in the project to construct a new economic development building in Gaffney.

Included in CPIP: Yes – 2024 CPIP Priority 6 of 8 in FY25 (estimated at \$20,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(20)(m), (Spark Centers)	300,000		300,000	(300,000)	
FY24 Appropriated State, Proviso 118.19 (B)(20)(l), (Cherokee County Campus – Spark Center)				300,000	300,000
All Sources	<u>300,000</u>		<u>300,000</u>		<u>300,000</u>

Summary of Work: The project will construct a new economic development multi-use building consisting of offices and warehouse space. The scope is being revised to scale back the size of the Cherokee Spark based on rising construction costs. This facility will have the ability to add on additional space in the future. All roofing material options will be evaluated during the Phase I process and will conform to JBRC policy.

Rationale: According to the college, there is considerable economic development activity in Cherokee County and surrounding areas and anticipated growth along the I-85 corridor between Charlotte and Atlanta. I-85 is presently being widened through Cherokee County that will further expand development along the corridor.

Facility Characteristics: The Cherokee Campus is located in Gaffney. There are five (5) buildings located on campus. The new facility will be a 65,000 square foot single-story economic development building. It will be situated between the existing Harvey Peeler Academic Building and Interstate-85, as close to Interstate-85 as site conditions will allow. The warehouse space can be used for prospects’ general warehousing, light production, and worker hands-on-training. The offices will be used by the prospects for business management activities. The space will be used by 120 students and 20 staff daily.

Financial Impact: The project will be funded from FY24 Appropriated State (nonrecurring) Funds (uncommitted balance \$12 million at November 1, 2024). The project is expected to result in an increase of \$160,000 (year 1), and \$320,000 (years 2 thru 3) in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. Currently, there is no portion of tuition designated for capital improvements.

Full Project Estimate: \$17,000,000 (internal). Phase II will be funded from \$9,700,000 in FY24 Appropriated State (non-recurring), \$5,000,000 in Cherokee County Funds, and \$2,000,000 in Duke Energy Utility Tax Credit Grant Funds that the college will be applying for.

(n) Project: JBRC Item 14: Spartanburg Community College  
H59.6304: Cherokee Campus Hamricks Land Acquisition

Request: Increase Final Land Acquisition Budget to cover brokerage commission fees associated with acquiring +/-20.39 acres in Cherokee County.

Included in CPIP: Yes – 2024 CPIP Priority 2 of 8 in FY25 (estimated at \$1,337,235)

Phase I Approval: March 2024 (estimated at \$1,396,000) (JBRC)

Phase II Approval: July 2024 (estimated at \$1,337,234.78) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(20)(I), (Cherokee County Campus – Spark Center)		1,317,235	1,317,235		1,317,235
Other, College Plant	20,000		20,000	34,173	54,173
All Sources	<u>20,000</u>	<u>1,317,235</u>	<u>1,317,235</u>	<u>34,173</u>	<u>1,371,408</u>

Rationale: Spartanburg Community College has its Cherokee County Campus in Gaffney, SC, within the boundaries of SC Hwy 11 and Peachoid Road. The property is just north of Peachoid Road on the far west end of the campus. The college desires to acquire the property to allow a future opportunity to expand the Cherokee Campus. Per the college, this vacant land, if acquired and developed by others, may not be as affordable to the state in the future.

Characteristics: The property is +/-20.39 acres and has no buildings located on the property. It is contiguous to the Spartanburg Community College Cherokee Campus and has good interstate visibility as well.

Financial Impact: The property is being offered by Hamricks, Inc. for \$1,317,235. The brokerage fees will be funded from College Plant Funds (uncommitted balance \$7.33 million at October 11, 2024). A Phase I Environmental Site Assessment was completed in April 2024 and found no evidence of recognized environmental conditions in connection with the property and therefore no further evaluation is recommended at this time. An appraisal was completed May 2024 and valued the property at \$1,396,000. A building condition assessment is not required because there are no buildings located on the property. There are no immediate construction plans for the property. Letters of support have been received from Cherokee County and Cherokee County School District authorizing the removal of the property from the tax rolls. The project is expected to result in an increase of \$3,200 (years 1 thru 3), in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. Currently, there is no portion of tuition designated for capital improvements.

Full Project Estimate: \$1,371,408 funded from Appropriated State (nonrecurring), and from College Plant Funds.

(o) Project: JBRC Item 17: York Technical College  
 H59.6303: Renovate K Building  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Increase Phase I Pre-Design Budget to cover the cost of a Construction Manager at Risk for this project to renovate the building.

Included in CPIP: Yes – 2024 CPIP Priority 1 of 7 in FY25 (estimated at \$7,478,640)

Phase I Approval: February 2024 (estimated at \$7,478,640) (Admin)

Supporting Details: Pages

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY17 Appropriated State, Proviso 118.16 (B)(23)(bb), (Health & Human Services Building) (FY19 Proviso 25.9)	112,180		112,180	112,180	224,360
All Sources	<u>112,180</u>		<u>112,180</u>	<u>112,180</u>	<u>224,360</u>

Summary of Work: The project will include a complete modernization of the facility that will include HVAC replacement, plumbing, fire suppression, electrical, and roof maintenance and repairs. All roofing material options will be evaluated during the Phase I process and will conform to JBRC policy.

Rationale: The renovation will provide more flexible academic and student support space.

Facility Characteristics: Building K is 17,700 square feet and was constructed in 1974 (50 years old). The electrical systems are original to the building. The roof is 18 years old, and the HVAC systems are approximately 20 to 30 years old. Previously, the facility was used for food services, student activities, and a bookstore. After the renovation, the facility will be used for campus tours, student orientations, student activities, parent /student seminars, student support & enrollment, classes, and campus safety services. Instruction for the new facility includes Mechatronics, CNC, and Welding programs with flexibility to include additional programs in the future. Approximately 5,000 students and 300 faculty and staff will benefit from the project.

Financial Impact: The increase will be funded from FY17 Appropriated State Funds (non-recurring) (uncommitted balance \$778K at October 28, 2024). The project is expected to result in a decrease of \$1,934 (year 1), \$1,983 (year 2), and \$2,032 (year 3) in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. Currently, there is no portion of tuition designated for capital improvements.

Full Project Estimate: \$7,478,640 (internal). Phase II will be funded Appropriated State Funds (non-recurring), and Capital Reserve Funds.

(p) Project: JBRC Item 18: Department of Administration  
 D50.6174: Columbia Mills Building - Energy Savings Performance Contract

Request: Establish Phase I Pre-Design Budget to issue an RFP for an energy savings performance contract.

Included in CPIP: Yes – 2024 CPIP Priority 12 of 17 in FY28 (estimated at \$3,480,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Depreciation Reserve				50,000	50,000
All Sources				<u>50,000</u>	<u>50,000</u>

Summary of Work: The project will issue an RFP for an energy savings performance contract (ESPC) to address the HVAC replacement needs identified in the August 30, 2022 HVAC Assessment issued by GMK, coupled with other energy savings measures to be identified through the associated investment grade audit process required by OSE as part of acquiring an ESPC.

Rationale: Portions of the 2022 HVAC Assessment have been addressed in annualized phases through project D50-6118 as funding comes available but the magnitude of the needs outweighs the ability to address all of the necessary replacements in a timely manner. Using an ESPC will allow the use of funds through the Treasurer's Office Master Lease program with lease payments structured to be funded through the guaranteed annual energy savings.

Facility Characteristics: The Columbia Mills Building is +/- 388,445 square feet and was constructed in 1893 (131 years old). The building is utilized by the State Museum, SC Confederate Relic Room & Military Museum, the Department of Administration, and various state agency tenants. Approximately 235,000 employees and visitors utilize the building on a yearly basis.

Financial Impact: This phase of the project will be funded from Other, Depreciation Reserve (uncommitted balance \$4.76 million at October 29, 2024). Depreciation Reserve Funds are derived from the rent account, which receives rent charged to agencies. The project is expected to result in a decrease in annual operating expenditures, but those amounts have not yet been determined.

Full Project Estimate: \$10,000,000 to \$20,000,000 (internal). Phase II will be funded from the Treasurer's Office Master Lease program.

(q) Project: JBRC Item 19: Department of Administration  
 D50.6175: Governor's Mansion - Roof & HVAC Replacement

Request: Establish Phase I Pre-Design Budget to replace the roof system along with all associated HVAC equipment and duct system.

Included in CPIP: Yes – 2024 CPIP Priority 18 to 27 in FY25 (estimated at \$1,160,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State				19,449	19,449
All Sources				<u>19,449</u>	<u>19,449</u>

Summary of Work: The project will replace the existing SBS modified bitumen low slope roof system. The existing skylights and exterior parapet wall will be re-flashed. AHU #4 & #5, which provide heating and cooling to the entire 2nd floor residence level will need to be removed and replaced to allow clear access to the roof. The hot water boiler will also be replaced as part of this project. No building features or any part of the exterior appearance will be altered as a result of this project. All guidelines outlined by the SC State Historic Preservation office will be followed. All roofing material options will be evaluated during the Phase I process and will conform to JBRC policy.

Rationale: The warranty on the roof has expired and the HVAC equipment is near the end of its useful life.

Facility Characteristics: The Governor’s Mansion is 16,161 square feet and was constructed in 1842 (182 years old) as the Arsenal Military Academy. It was transformed into the Governor’s Mansion in 1869 (155 years ago). The building has gone through several renovations throughout the years. The existing roof system was installed in 2000 (24 years ago). The HVAC equipment was installed in 2004 (20 years ago). The mansion is utilized by approximately 15 family members, staff, and hundreds of visitors annually.

Financial Impact: The project will be funded from Appropriated State Funds (uncommitted balance \$12 million at October 30, 2024). The project is expected to result in a decrease in annual operating expenditures, but those amounts have not yet been determined.

Full Project Estimate: \$1,296,628 (internal) funded by Appropriated State Funds.

(r) Project: JBRC Item 20: Department of Administration  
D50.6157: Blatt Building – 3<sup>rd</sup> Floor VAV Replacement

Request: Establish Phase II Full Construction Budget to replace terminal hot water reheat VAV mechanical units.

Included in CPIP: Yes – 2024 CPIP Priority 9 of 27 in FY25 (estimated at \$1,565,349)  
Phase I Approval: August 2024 (estimated at \$1,565,349) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State	23,480		23,480	1,176,520	1,200,000
Other, Depreciation Reserve				331,961	331,961
All Sources	<u>23,480</u>		<u>23,480</u>	<u>1,508,481</u>	<u>1,531,961</u>

Summary of Work: The project will replace 54 terminal hot waters reheat VAV mechanical units to include associated duct work. The majority of this work will be performed above the ceiling on the 3<sup>rd</sup> floor. The scope also includes replacing all light fixtures with LED light fixtures, installing a new acoustical ceiling system, and replacing the carpet.

Rationale: The equipment and ductwork are original to the building and is past its useful life, leading to periodic failures and disruption of service.

Facility Characteristics: The Blatt Building is 155,162 gross square feet and was constructed in 1978 (46 years old). The 3<sup>rd</sup> floor of the building is 27,795 gross square feet. The systems are original to the building. The building is utilized by 80 to 100 SC House of Representatives staff year-round, and from January to July each year the number increases to approximately 330.

Financial Impact: This phase of the project will be funded from Appropriated State (uncommitted balance \$12 million at October 30, 2024), and Other, Depreciation Reserve Funds (uncommitted balance \$4.76 at October 29, 2024). Depreciation Reserve Funds are derived from the rent account, which receives rent charged to agencies. The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$1,531,961 funded by Appropriated State, and Depreciation Reserve Funds. Contract execution is expected in May 2025 and completion of construction in November 2025.



(s) Project: JBRC Item 21: Department of Administration  
D50.6158: SC Data Center - Replace UPS A-Side Modules and Battery String

Request: Establish Phase II Full Construction Budget to replace and upgrade the uninterrupted power source.

Included in CPIP: Yes – 2024 CPIP Priority 10 of 27 in FY25 (estimated at \$1,500,000)

Phase I Approval: August 2024 (estimated at \$1,500,000) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other – SC Division of Technology	25,510		25,510	2,140,314	2,165,824
All Sources	<u>25,510</u>		<u>25,510</u>	<u>2,140,314</u>	<u>2,165,824</u>

Summary of Work: The project will replace and upgrade the “A Side” Uninterrupted Power Source (UPS) at the SC Data Center in Columbia.

Rationale: The purpose of this project is to establish true Uninterrupted Power Source Redundancy in the power supply for the SC Data Center’s data processing equipment.

Facility Characteristics: The SC Data Center is approximately 76,021 square feet and was constructed in 1999 (25 years old). The A-Side UPS Module 1 and battery string are original to the building. The building is utilized by approximately 205 SC Division of Technology (DTO) staff plus varying numbers of customers and visitors daily.

Financial Impact: The project will be funded from Other, SC Division of Technology Funds (uncommitted balance \$6.33 million at October 29, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$2,165,824 funded by SC Division of Technology Funds. Contract execution is expected in July 2025 and completion of construction in October 2026.

(t) Project: JBRC Item 22: Department of Administration  
D50.6084: SCCB – Building A Interior Renovations  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Increase Phase II Full Construction Budget to add additional contingency funds to update and increase the functionality of the second-floor space provided to the staff in these areas.

Included in CPIP: No – The need to increase the project budget was unknown at the time of the 2024 CPIP submission.

Phase I Approval: September 2021 (estimated at \$243,032) (JBRC Staff)

Phase II Approval: June 2022 (estimated at \$766,860) (JBRC)

Phase II Increase Approval: March 2023 (estimated at \$805,553) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, SCCB Operating	2,950	276,176	279,126		279,126
Other, SCCB Federal Grant		472,727	472,727		472,727
Other, SCCB Appropriated State		15,007	15,007		15,007
Other, SCCB Operating (transfer from D50-6051)		38,693	38,693		38,693
Other, SCCB FY22 Capital Reserve (26) (transfer from D50-6054)				206,000	206,000
Other, SCCB Federal (transfer from D50-6078)				36,801	36,801
All Sources	<u>2,950</u>	<u>802,603</u>	<u>805,553</u>	<u>242,801</u>	<u>1,048,354</u>

Summary of Work: The project includes partitions, replacing flooring, upgrading bathrooms, repainting doors and walls, and the establishment of a break room and conference room in the administrative area on the second floor of the building.

Rationale: These areas show years of wear and damage in some cases, as well as wasted spaces that could be put to better use. The renovation will allow for improved utilization of the space to increase performance and program outcomes. The additional funds will be placed in contingency to address any unknown conditions and/or price increases due to the unstable construction market and increasing pricing conditions.

Facility Characteristics: The SC Commission for the Blind Building A is 21,939 square feet and was constructed in 1980 (44 years old). The entire building will be renovated in this project. The first floor of Building A at the Commission for the Blind houses the Columbia District Office for the Vocational Rehabilitation, Older Blind, Children’s, Prevention of Blindness and Business Enterprise programs. The second floor houses the administrative functions and a sub-office for the SC Vocational Rehabilitation Department. Approximately 100 staff and various visitors utilize the facility daily.

Financial Impact: This increase will be funded from Other, SC Commission for the Blind FY22 Capital Reserve (uncommitted balance \$434K at December 17, 2024), and Other, SC Commission for the Blind Federal Grant Funds (uncommitted balance \$103K at December 17, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$1,048,354 funded by Appropriated State, Operating, Grant, and Capital Reserve Funds. Completion of construction is expected in September 2025.

(u) Project: JBRC Item 23: Department of Administration  
D50.6098: Capital Complex – Electrical Unit Substation Replacement

Request: Revise Scope, Change Project Name, and increase Phase II Full Construction Budget to fully fund the replacement of seven electrical unit substation systems.

Included in CPIP: Yes – 2024 CPIP Priority 1 of 27 in FY25 (estimated at \$4,656,610)  
Phase II Approval: June 2022 (estimated at \$2,696,141) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY22 Appropriated State, Proviso 118.18 (B)(67)(b) (Facilities Management Permanent Improvements)	2,696,141		2,696,141		2,696,141
Appropriated State				1,985,469	1,985,469
All Sources	<u>2,696,141</u>		<u>2,696,141</u>	<u>1,985,469</u>	<u>4,681,610</u>

Summary of Work: The project was established to replace the eight (8) kV electrical switchgear system to include electrical cables, transformers, unit substations, switchboards, and distribution panels serving all facilities on the Capitol Complex. The revised scope will replace seven (7) electrical unit substations.

Rationale: Dominion Energy has recommended replacing the system to ensure future service outages are not encountered at facilities on the complex grounds. The electrical infrastructure will still be housed within the McEachern Parking Facility. The cost of this project has increased due to the required temporary electrical equipment needed to ensure all facilities maintain daily operations with little to no electrical outages or impacts. The current economic climate combined with the increasing cost of building materials, shortages and labor cost also affected previous estimates.

Facility Characteristics: The McEachern Parking Facility is 714,000 square feet and was constructed in 1974 (50 years old). The electrical unit substations are original to the building. All agencies and organizations that are occupants of the buildings that comprise the SC Capitol Complex are as follows: Dennis Building – DNR, Attorney General, Legislative Council, Revenue & Fiscal Affairs; Gressette Building – Senate; Blatt Building – House of Representatives Brown Building – PRT, SC Admin, Secretary of State, MUSC, Department of Veteran's Affairs, Commission for the Blind, Continuum of Care (a division of Children's Advocacy), SC Senate, Procurement Review Panel, Administrative Law Court, Board of Financial Institutions, Attorney General, Judicial, Bureau of Protective Services Calhoun Building – Judicial Department Wade Hampton Building – SC Admin., SC Treasurer, Department of Agriculture, Comptroller General, Governor's Office, Commission on Prosecution Coordination SC State House – Bureau of Protective Services, PRT, Governor's Office, Lt. Governor's Office, House Clerk's Office, Senate Clerk's Office Supreme Court - Judicial Department

Financial Impact: This increase will be funded from Appropriated State Funds (uncommitted balance \$12 million at October 30, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$4,681,610 funded by Appropriated State (nonrecurring) and Appropriated State Funds. Contract execution is expected in June 2025 and completion of construction in December 2026.

(v) Project: JBRC Item 24: Department of Administration  
D50.6127: SC Data Center - Redundant Cooling System for Computer Room

Request: Increase Phase II Full Construction Budget to cover higher than anticipated bid costs to replace the redundant cooling system in the computer room.

Included in CPIP: No – The need for the increase was unknown during the 2024 CPIP submission process.

Phase I Approval: October 2023 (estimated at \$1,157,400) (SFAA)

Phase II Approval: January 2024 (estimated at \$1,157,400) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Division of Technology	17,361	1,140,039	1,157,400	373,940	1,531,340
All Sources	<u>17,361</u>	<u>1,140,039</u>	<u>1,157,400</u>	<u>373,940</u>	<u>1,531,340</u>

Summary of Work: The project will replace the existing redundant cooling system which will include 5 – 20-ton DX computer room AC Units, 1 – 7.5-ton DX computer room (B side UPS DC Coil) AC Unit, 6 condensers and associated pumps, piping, and insulation, as well as installation of instrumentation and controls, electrical work, site work, and minor general construction.

Rationale: The existing computer room air conditioning units are original to the building and have reached the end of their life expectancy. A redundant cooling system is needed to avert a shutdown of the computer room IT systems due to a loss of cooling by the existing system.

Facility Characteristics: The SC Data Center is approximately 76,021 square feet and was constructed in 1999 (25 years old). The building is utilized by approximately SC Division of Technology staff plus varying numbers of customers and visitors daily.

Financial Impact: The project will be funded from Other, Division of Technology Funds (uncommitted balance \$6.33 million at October 29, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$1,531,340 funded by Division of Technology Funds. Contract execution is expected in February 2025 and completion of construction in December 2025.

(w) Project: JBRC Item 25: Department of Administration  
D50.6152: SC State House – Interior Dome Restoration  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Revise Scope and increase Phase II Full Construction Budget to complete restorations to the interior dome.

Included in CPIP: No – The need for the increase was unknown during the 2024 CPIP submission process.  
Phase II Approval: April 2024 (estimated at \$304,869) (Admin)  
Change Source of Funds Approval: June 2024 (estimated at \$304,869) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY19 Capital Reserve (5), (State Owned Building Maintenance)	26,566	(26,566)			
FY20 Capital Reserve (1), (State Owned Building Deferred Maintenance)	278,303	26,566	304,869	114,553	419,402
All Sources	<u>304,869</u>		<u>304,869</u>	<u>114,553</u>	<u>419,402</u>

Summary of Work: The project was established to complete an interior restoration of the dome and includes erecting scaffolding, the removal of all compromised paint material on the interior of the dome, applying a pro-industrial primer, and repainting, matching all existing colors and finishes using a water-based alkyd enamel. The project also includes touching up some of the paint in the molding that surrounds the 3rd floor of the main lobby. Upon completion, a high-performance radiant insulation system will be installed in the attic surrounding the dome to combat thermal exposure that is affecting the ability of the paints to bond properly to metal surfaces. The scope revision will add the replacement of all 145 LED strip lighting located on the dome's interior.

Rationale: According to the agency, the condition of the interior of the dome has deteriorated significantly and cannot be delayed. As the original scope of work was being completed it was determined to be an optimal time to replace all 145 LED strip lighting.

Facility Characteristics: The South Carolina Statehouse is 164,880 square feet and was constructed in 1851 (173 years old). The last renovation was completed in 1997 (27 years ago). The building is utilized by the Senate, House of Representatives, Legislative Council, Legislative Information Systems, Governor's Office, Lieutenant Governor's Office, Department of Public Safety & Parks Recreation and Tourism. Approximately 110,000 individuals utilize the building annually.

Financial Impact: The increase will be funded from FY20 Capital Reserve Funds, (uncommitted balance \$115K at September 30, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$419,402 funded by Capital Reserve Funds. Completion of construction is expected in June 2025.

(x) Project: JBRC Item 26: Governor’s School for Science and Mathematics  
 H65.9529: Residence Hall Elevator Modernization Project  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase I Pre-Design Budget to modernize the elevators.

Included in CPIP: Yes – 2024 CPIP Priority 2 of 2 in FY25 (estimated at \$350,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY25 Appropriated State, Proviso 118.20 (B)(7)(b), (Residential Elevator Replacement)				4,500	4,500
All Sources				<u>4,500</u>	<u>4,500</u>

Summary of Work: The project will modernize the elevators that service the residence halls.

Rationale: The equipment is beyond its serviceable life. The original manufacturer is no longer in business and replacement parts are extremely difficult to locate. The age and overall operational state of the equipment leads to significant downtime.

Facility Characteristics: The residence hall is approximately 25,000 square feet and constructed in 2003 (21 years old). The current elevator equipment is original to the building. The building is utilized by approximately 300 students and staff living in the residence.

Financial Impact: The project will be funded from FY25 Appropriated State (nonrecurring) Funds (uncommitted balance \$300K at October 24, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$300,000 (internal) funded by Appropriated State (nonrecurring) Funds.

(y) Project: JBRC Item 27: South Carolina Educational Television Commission  
 H67.9529: ETV Sumter Studio Facility  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase I Pre-Design Budget to construct a new multi-use studio building.

Included in CPIP: Yes – 2024 CPIP Priority 1 of 10 in FY25 (estimated at \$22,750,000)

Supporting Details: Pages

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY23 Appropriated State, Proviso 118.19 (B)(8), (Regional Studio Construction Enhancements)				337,455	337,455
All Sources				<u>337,455</u>	<u>337,455</u>

Summary of Work: The project will construct a new multi-use studio building in downtown Sumter on land donated by the City of Sumter in project H67-9524. The details of the new building will be determined during the Phase I process and will depend on the cost of materials and USC-Sumter requirements. The new building will be designed to meet Two Green Globes certification standards. All roofing material options will be evaluated during the Phase I process and will conform to JBRC policy.

Rationale: ETV Sumter works with other state agencies, counties, cities, and schools in Kershaw, Sumter, Clarendon, and Lee counties on projects to promote SC history, culture, and education.

Facility Characteristics: The new building to be constructed will be approximately 46,000 square feet and will be utilized by ETV Sumter Productions and USC Sumter faculty and staff.

Financial Impact: The project will be funded from FY23 Appropriated State (nonrecurring) Funds (uncommitted balance \$25.75 million at November 5, 2024). The project is expected to result in an increase in annual operating costs, but those amounts have not yet been determined.

Full Project Estimate: \$22,497,000 (internal) funded by Appropriated State (nonrecurring) Funds

(z) Project: JBRC Item 28: South Carolina Educational Television Commission  
 H67.9530: Demolition of Sumter Buildings  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase II Full Construction Budget to demolish buildings on the property.

Included in CPIP: Yes – 2024 CPIP Priority 1 of 10 in FY25 (this component estimated at \$253,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY23 Appropriated State, Proviso 118.19 (B)(8), (Regional Studio Construction Enhancements)				253,000	253,000
All Sources				<u>253,000</u>	<u>253,000</u>

Summary of Work: The project will demolish the existing buildings on the property and prepare the site for the future construction of a new SCETV studio.

Rationale: The existing buildings on the property need to be demolished before a new ETV Sumter studio can be constructed.

Facility Characteristics: The two (2) buildings on the property to be demolished were constructed between 1940 (84 years old) and 1960 (64 years old).

Financial Impact: The project will be funded from FY23 Appropriated State (nonrecurring) Funds (uncommitted balance \$25.75 million at November 5, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$253,000 funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in February 2025 and completion of construction in July 2025.



(aa) Project: JBRC Item 29: South Carolina Educational Television Commission  
 H67.9531: ETV Lowcountry Emergency Generator  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase II Full Construction Budget to install an emergency generator system at the ETV Lowcountry facility.

Included in CPIP: Yes – 2024 CPIP Priority 4 of 10 in FY25 (estimated at \$750,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY23 Appropriated State, Proviso 118.19 (B)(8), (Regional Studio Construction Enhancements)				458,739	458,739
All Sources				<u>458,739</u>	<u>458,739</u>

Summary of Work: The project will install an emergency generator system to support UPS equipment and miscellaneous electrical loads critical to operation of computer equipment. The project will include two new automatic transfer switches and a new diesel-electric emergency generator, which will be connected back to existing electrical distribution equipment located in Electrical Room 130. Additional work includes expansion of the service yard and screening of the generator.

Rationale: This project will support ETV’s ability to maintain operations in emergency situations.

Facility Characteristics: This is a new emergency generator system which will provide seamless communication during hazardous and other types of unmitigated events.

Financial Impact: The project will be funded from FY23 Appropriated State (nonrecurring) Funds (uncommitted balance \$25.75 million at November 5, 2024). The project is expected to result in an increase of \$1,500 (years 1 thru 3), in annual operating expenditures.

Full Project Estimate: \$458,739 funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in February 2025 and completion of construction in February 2026.

(bb) Project: JBRC Item 30: South Carolina Educational Television Commission  
 H67.9532: Phase B - HVAC and Transmitter Upgrades  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase I Pre-Design Budget to replace the HVAC units needed to accommodate the heat produced by the new technology.

Included in CPIP: Yes – 2024 CPIP Priority 10 of 10 in FY25 (estimated at \$5,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY25 Capital Reserve (2) (Microwave and Transmitter Upgrades – Phase I)				75,000	75,000
All Sources				<u>75,000</u>	<u>75,000</u>

Summary of Work: This project will support replacing electrical systems, construction for new work, and replacing outdated HVAC equipment. The network received a \$5M state appropriation to support this work.

Rationale: Much of SCETV’s existing HVAC equipment is at the end of its useful life. With rising inflation and decreased availability of parts, replacing the units is more cost effective than continuing to repair them and will also guarantee continued operations for critical services.

Facility Characteristics: The Telecommunications Center in Columbia is approximately 140,000 square feet and was constructed in 1992 (32 years old). The HVAC system is original to the building. The WHMC Conway building is approximately 1,785 square feet and was constructed in 1979 (45 years old). The HVAC system is 20 years old. ETV personnel will utilize the space for daily operations for television and radio production. Approximately 150 staff work in the Telecommunications Center and WHMC is an unmanned facility.

Financial Impact: The project will be funded from FY25 Capital Reserve Funds (uncommitted balance \$5 million at October 31, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$5,000,000 (internal) funded by Capital Reserve Funds.

(cc) Project: JBRC Item 31: South Carolina Educational Television Commission  
 H67.9533: TCC Emergency UPS Replacement  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase I Pre-Design Budget to replace the battery backup system.

Included in CPIP: Yes – 2024 CPIP Priority 3 of 10 in FY25 (estimated at \$500,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Spectrum Auction				7,500	7,500
All Sources				<u>7,500</u>	<u>7,500</u>

Summary of Work: The Telecommunications Center (TCC) in Columbia is the agency's central distribution hub for state-wide television, FM, and IP data signals as a result of recent improvements to infrastructure and design. To provide high availability and reliable uptime to these critical communication systems, the agency intends to replace the UPS battery backup and electrical transfer switch.

Rationale: The legacy UPS at this site has begun to fail and replacement will support the improved infrastructure load.

Facility Characteristics: The Telecommunications Center in Columbia is approximately 140,000 square feet and was constructed 1992 (32 years old). The UPS battery backup is almost 20 years old. ETV personnel will utilize the space for daily operations for television and radio production. Approximately 150 staff work in the Telecommunications Center.

Financial Impact: This phase of the project will be funded from Other, Spectrum Auction Funds (uncommitted balance \$99K at December 12, 2024). Revenue to this fund is received from the Federal Communication Commission TC Auction and placed in a segregated, restricted account to be used to fund capital needs, including broadcast industry standards changes, existing equipment repair, maintenance and replacement needs, and operational costs. The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$500,000 (internal) funded by Earmarked Funds. Phase II will be funded from Wireless Communications Tower Funds.

(dd) Project: JBRC Item 32: South Carolina Educational Television Commission  
 H67.9527: HVAC Upgrades at Transmission and Interconnection Facilities  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase II Full Construction Budget to make HVAC upgrades at transmission and interconnection facilities located statewide.

Included in CPIP: Yes – 2024 CPIP Priority 2 of 10 in FY25 (estimated at \$4,000,000)

Phase I Approval: May 2024 (estimated at \$2,000,000) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(5)(b), (Transmission and Interconnection Facility Upgrades)	30,000		30,000	1,970,000	2,000,000
All Sources	<u>30,000</u>		<u>30,000</u>	<u>1,970,000</u>	<u>2,000,000</u>

Summary of Work: The project will replace the existing nine (9) 40-60-ton HVAC units for the three (3) facilities. The work includes demolition, new curb adapters, electrical, and installation of ductwork, piping, and controls.

Rationale: The existing HVAC units have reached their useful lifespan. Replacing the necessary infrastructure components will allow SCETV to provide statewide radio coverage and provide the backbone to distribute the network's signals across the state. Given SCETV's role in emergency communications and other services, it is imperative to retain a high degree of reliability for its infrastructure.

Facility Characteristics: The three (3) Transmission Buildings (WRLK, WNSC, and WHMC) are 2,500 square feet each and were constructed in 1967 (57 years old), 1979 (45 years old), and 1979 (45 years old) respectively. The HVAC units are 34 years old. The three facilities only house technical infrastructure for broadcasting. There are no staff at these locations.

Financial Impact: The project will be funded from FY24 Appropriated State (nonrecurring) Funds (uncommitted balance \$3.97 million at November 5, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$2,000,000 funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in March 2025 and completion of construction in March 2027.

(ee)Project: JBRC Item 34: School for the Deaf and Blind  
H75.9552: 2021 Campus Wide Improvements  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Revise Scope and Increase Phase II Full Construction Budget to cover higher than anticipated costs to complete the track and field updates.

Included in CPIP: Yes – 2024 CPIP Priority 1 of 5 in FY25 (estimated at \$5,026,924)

Phase II Approval: December 2021 (estimated at \$1,580,000) (Admin)

Phase II Increase

Approval: February 2023 (estimated at \$2,059,798) (Admin)

Phase II Increase

& Change Source

of Funds Approval: June 2023 (estimated at \$2,226,924) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY13 Appropriated State, Part 1A (Early Childhood Center); Redirected FY22 Appropriated State, Proviso 6.11 (transfer from H75-9547)	1,487,669		1,487,669		1,487,669
FY13 Appropriated State, Part 1A (Deferred Maintenance); Redirected FY22 Appropriated State, Proviso 6.11 (transfer from H75-9544)	91,983		91,983		91,983
FY12 Capital Reserve (30), (Deferred Maintenance) (transfer from H75-9544)	348		348		348
FY13 Appropriated State, Proviso 90.20 (Robertson Hall Construction); Redirected (transfer from H75-9548)		479,798	479,798		479,798
FY25 Appropriated State, Proviso 118.20 (B)(4)(c), (Campus Wide Improvements)				1,500,000	1,500,000
Other, Operating (transfer from H75-9551)		167,126	167,126		167,126
All Sources	<u>1,580,000</u>	<u>646,924</u>	<u>2,226,924</u>	<u>1,500,000</u>	<u>3,726,924</u>

Summary of Work: The project was established to address several maintenance issues throughout the campus of the SC School for the Deaf and Blind. The scope of work includes the following: flooring/tile replacement in Robertson Hall; flooring replacement in Dorm Hall; resurfacing and lights for the track; resurfacing flooring of Voss Gym; a campus wide fire alarm system upgrade (17 panels); and a bowling alley machine replacement. During the preliminary design of the track and field, it has been determined that this portion of the project is going to cost more than the original internal projections. The increase will cover the revised estimate for the track and field updates. The scope revision will remove the bowling alley machine replacement because it was donated.

- Rationale:** The current flooring is original and has begun deteriorating. The current alarm system is obsolete. The track is cracking in several places. The project will provide safe up-to-date facilities for student, faculty, and staff.
- Facility Characteristics:** The Robertson building is 31,005 square feet and was constructed in 1966 (58 years old). The current fire alarm system is from 2001 (23 years old). The track is original and was constructed in 1988 (36 years old). Over 600 students and staff utilize these facilities on an annual basis.
- Financial Impact:** The increase will be funded from FY25 Appropriated State (nonrecurring) Funds (uncommitted balance \$1.5 million at October 15, 2024). The project is not expected to result in any change in annual operating expenses.
- Full Project Estimate:** \$3,726,924 funded by Appropriated State (non-recurring), Capital Reserve Funds, and Operating Funds. Contract execution for the track and field is expected in February 2025 and completion of construction in August 2025.

(ff) Project: JBRC Item 35: SC School for the Deaf and Blind  
 H75.9553: Voss Gym HVAC  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Change Project Name, Revise Scope and increase Phase II Full Construction Budget to replace HVAC in Voss Building.

Included in CPIP: Yes – 2024 CPIP Priority 2 of 5 in FY25 (estimated at \$3,820,000)

Phase II Approval: December 2021 (estimated at \$820,000) (Admin)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY13 Appropriated State, Part 1A (Early Childhood Center); Redirected FY22 Appropriated State, Proviso 6.11 (transfer from H75-9547)	320,000		320,000		320,000
FY15 Appropriated State, Proviso 118.14 (B)(5)(a), (Thackston Hall Roof Replacement); Redirected FY22 Appropriated State, Proviso 6.11 (transfer from H75-9547)	500,000		500,000		500,000
FY25 Appropriated State, Proviso 118.20 (B)(4)(b), (Campus Wide HVAC)				1,500,000	1,500,000
All Sources	<u>820,000</u>		<u>820,000</u>	<u>1,500,000</u>	<u>2,320,000</u>

Summary of Work: This project was established to replace HVAC campus-wide to address the deteriorating HVAC systems throughout campus. The scope of work included the following: HVAC replacement for the Voss Gymnasium and offices; boiler replacement for Walker Hall; new heat pumps for Trades; a chiller and boiler for CLRC; hot water heater with new gas dryers for the laundry building; hot water heaters for Henderson Hall, Coleman, and health center. The revised project scope will remove Walker Hall, Trades, CLRC, Laundry, Henderson Hall, Coleman, and the Health Center. The project will now replace the HVAC in the entire Voss Building and the heat for the pool area.

Rationale: The current HVAC systems are at the end of their life spans. They have been deteriorating for years resulting in costly repairs. It was determined during the A&E process that there are only enough funds available to complete the Voss Building and therefore the other facilities on campus are being removed from the project and will be completed as part of a separate project(s), as funds become available.

Facility Characteristics: The Voss Gymnasium is 38,500 square feet and was constructed in 1975 (49 years old). The HVAC in the facility were installed in the 1990's (34 years old). The gym is used by multiple sports and houses an Olympic size pool that is used by students and the swim group. Approximately 50 to 100 people could be occupying the building at different sporting events.

Financial Impact: This increase will be funded from FY25 Appropriated State (nonrecurring) Funds (uncommitted balance \$1.5 million at October 31, 2024). The project is not expected to result in any change in annual operating expenses.

Full Project Estimate: \$2,320,000 funded by Appropriated State Funds. The agency anticipates execution of the construction contract May 2025 and completion of construction in August 2026. The estimated cost to complete the project is less than the 2024 CPIP submission because the CPIP included the other campus wide items.

(gg) Project: JBRC Item 36: Department of Mental Health  
 J12.9872: Beaufort MHC Parking Lot Expansion  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase I Pre-Design Budget to expand the parking lot at the Coastal Empire Mental Health Center.

Included in CPIP: Yes – 2024 CPIP Priority 4 of 20 in FY26 (estimated at \$550,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Capital Improvement & Maintenance				8,250	8,250
All Sources				<u>8,250</u>	<u>8,250</u>

Summary of Work: The project will add approximately 12,000 square feet of asphalt/concrete to expand parking from 69 spaces to 84 spaces. The expansion will also accommodate parking for a mobile clinic the center uses for community outreach events and patient needs in the surrounding areas.

Rationale: The Beaufort Mental Health Center has limited parking and additional parking is needed for the growing clientele and staff.

Facility Characteristics: The Coastal Empire Mental Health Center is 16,766 square feet and was constructed in 1995 (29 years old). The center provides emergency services, case management, outpatient counseling, and psychiatric treatment for children, adolescents, adults, and families in Beaufort County and surrounding areas. The center currently has 84 staff and serves an average of 2,500 patients a year.

Financial Impact: The project will be funded from Other, Capital Improvement & Maintenance Funds (uncommitted balance is \$22.39 million at September 30, 2024). Revenue to this fund is authorized by Proviso 35.7 (Act 97 of 2017) permitting deposit of amounts appropriated for deferred maintenance and other one-time funds from any source into an interest-bearing fund held by the State Treasurer for, among other purposes and subject to required approvals, capital projects and ordinary repair and maintenance. The project is not expected to result in any change in annual operating expenses.

Full Project Estimate: \$550,000 (internal) funded by Capital Improvement & Maintenance Funds.



(hh) Project: JBRC Item 37: Department of Mental Health  
 J12.9873: North Augusta MHC Building Purchase  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Preliminary Land Acquisition for the purpose of investigating the acquisition of +/- 1.89 acres and a building in Aiken County.

Included in CPIP: Yes – 2024 CPIP Priority 15 of 22 in FY27 (estimated at \$350,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Capital Improvement & Maintenance				20,000	20,000
All Sources				<u>20,000</u>	<u>20,000</u>

Rationale: The current North Augusta Mental Health Clinic is a leased facility operated by the Aiken-Barnwell Community Mental Health Center as a satellite location. The clinic has outgrown the 3,900 square foot leased facility. Due to the size of the facility and the incapability to meet patient needs on-site the patients are sent to the Main Center in Aiken. Further, the current facility is in poor condition and needs several upgrades. The current lease will expire in 2026.

Characteristics: The property is located at 202 Rhomboid Place in North Augusta. It is centrally located in North Augusta. The property is +/- 1.89 acres with a 20,126 square foot single story building. The building was constructed in 1954 (70 years old), with various renovations, including an addition in 1994 (30 years old). The property includes a paved parking area with 52 parking spaces.

Financial Impact: The property is offered by SC Conference of the United Methodist Church for the proposed purchase price of \$556,000. The due diligence activities will be funded from Capital Improvement & Maintenance Funds (uncommitted balance \$22.39 million at September 30, 2024). Revenue to this fund is authorized by Proviso 35.7 (Act 97 of 2017) permitting deposit of amounts appropriated for deferred maintenance and other one-time funds from any source into an interest-bearing fund held by the State Treasurer for, among other purposes and subject to required approvals, capital projects and ordinary repair and maintenance. If acquired, the building will be renovated as part of a separate project with an estimated cost of approximately \$2,000,000. The project is expected to result in a decrease of \$36,000 (year 1), and \$96,000 (years 2 thru 3), annual operating expenditures.

Full Project Estimate: \$576,000 (internal) funded from Capital Improvement & Maintenance Funds.

(ii) Project: JBRC Item 38: Department of Public Safety  
K05.9622: SCDPS/DMV Blythewood Complex – 300 Ton Chiller Replacement

Request: Establish Phase II Full Construction Budget to replace a 300-ton chiller.

Included in CPIP: Yes – 2024 CPIP Priority 2 of 2 in FY25 (estimated at \$800,000)  
Phase I Approval: October 2024 (estimated at \$1,057,657) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, DPS Building	14,750		14,750	1,243,807	1,258,557
All Sources	<u>14,750</u>		<u>14,750</u>	<u>1,243,807</u>	<u>1,258,557</u>

Summary of Work: The project will replace a 300-ton chiller and associated pumps and cooling tower at the headquarters building. This replacement chiller will be on an alternate cycle with the other older 300-ton chiller because both are not needed to run at the same time to meet building needs.

Rationale: The existing chiller is not dependable and has had many breakdowns in recent years. A facility assessment was completed in 2019 and stated that the total connected chilled water load required for these two buildings is approximately 850 tons. As a result, project K05-9617 was established and completed to replace a 530-ton chiller, cooling tower, and associated pumps with a 600-ton chiller system. The two older 300-ton chillers are not sufficient to maintain essential temperatures and humidity levels. The older chillers have parts that are obsolete and hard to find, and the refrigerant required for its operation is expensive and difficult to locate. A new chiller and associated elements will help solve the current problem with adequate building cooling issues and provide for greater system efficiency. Only one of the 300-ton chillers is being replaced at this time due to budget restrictions.

Facility Characteristics: The Headquarters Buildings total +/- 300,000 square feet and were constructed in 1994 (30 years old). The chiller is original to the building. The building is utilized by SCDMV staff and the general public, SCDPS staff, Highway Patrol staff, State Transport Police staff, Highway Safety staff and Regional Telecommunications staff. Both DMV and DPS have 795 employees in the two buildings and about 1,150 visitors a month at the DMV branch in the DMV Headquarters building.

Financial Impact: The project will be funded from Other, DPS Building Funds (uncommitted balance \$2.80 million at October 31, 2024). Revenue received is from the late penalty fee on vehicle registrations. This money is collected by the Department of Motor Vehicles and transferred to DPS. The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$1,258,557 funded by DPS Building Funds. Contract execution is expected in April 2025 and completion of construction in December 2025.

(jj) Project: JBRC Item 39: Department of Corrections  
N04.9799: Manning CI - Asbestos Removal

Request: Revise Scope and increase Phase II Full Construction Budget to abate asbestos from the ceilings.

Included in CPIP: No – The need for the budget increase was unknown during the 2024 CPIP process.

Phase I Approval: October 2023 (estimated at \$880,000) (JBRC)

Phase II Approval: January 2024 (estimated at \$880,000) (JBRC)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, FY23 Carryforward	12,500		12,500		12,500
Appropriated State, Operating				634,427	634,427
Other, Operating Revenue		867,500	867,500		867,500
All Sources	<u>12,500</u>	<u>867,500</u>	<u>880,000</u>	<u>634,427</u>	<u>1,514,427</u>

Summary of Work: The project was established to abate asbestos from the ceilings of Manning Administration, Training, Cafeteria and Living Quarters. Approximately 66,000 square feet is being repaired in this project. The renovations will utilize outside contractors to abate and monitor air quality during the project. The scope revision is needed due to more asbestos being found, which will require the removal and replacement of lights, duct work, and flooring.

Rationale: The existing ceiling is in poor condition allowing sections of the ceiling to release the asbestos coating. This is a major health and safety issue.

Facility Characteristics: The area in the building impacted by the project is approximately 66,000 square feet. The building was constructed in 1963 (61 years old). Manning Correctional houses approximately 500 inmates and has an average of 80 staff members.

Financial Impact: This increase will be funded from Appropriated State, Operating Funds (uncommitted balance \$89.15 million at October 18, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$1,514,427 funded by Appropriated State Carryforward, Appropriated State, Operating and Operating Revenue Funds. Contract execution is expected in March 2025 and completion of construction in March 2026.

(kk) Project: JBRC Item 40: Department of Juvenile Justice  
 N12.9633: BRRRC Additional Roof Replacements  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase I Pre-Design Budget to replace the roofs on seven buildings on the Broad River Road Complex.

Included in CPIP: Yes – 2024 CPIP Priority 11 of 14 in FY25 (estimated at \$2,000,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(51)(a), (Broad River Road Complex Renovations)				61,000	61,000
All Sources				<u>61,000</u>	<u>61,000</u>

Summary of Work: The project will replace the roofs and complete associated roof drainage repair on the John G. Gym, Willow Lane Gym, Birchwood Academic, Birchwood Administration, Willow Lane Administration, Birchwood Chapel, and Laurel Building. All roofing material options will be evaluated during the Phase I process and will conform to JBRC policy.

Rationale: The roofs have all exceeded their anticipated service life, are in poor condition with multiple leaks. Each roof has had multiple repairs and patches over the proceeding years to address roof leaks, but these measures are no longer sufficient as new leaks appear as soon as they are fixed.

Facility Characteristics: The John G. Gym is 6,750 square feet and was constructed in 1990 (34 years old). The Willow Lane Gym is 7,800 square feet and was constructed in 1972 (52 years old). The Birchwood Academic Building is 20,836 square feet and was constructed in 1976 (48 years old). The Birchwood Administration Building is 4,283 square feet and was constructed in 1976 (48 years old). The Willow Lane Administration Building is 6,122 square feet and was constructed in 1966 (58 years old). The Birchwood Chapel is 7,557 square feet and was constructed in 1976 (48 years old). The Laurel Building is 28,765 square feet and was constructed in 1976 (48 years old). The roofs are all approximately 20 to 30 years old. Currently, both the John G. Gym and Willow Lane Gym are not being utilized due to upgrades needed. The roof is the first step to allow for these buildings to be reoccupied. Once occupied, they will be used as gyms. Birchwood Administration and Willow Lane Administration are used as office space for various support functions. The Birchwood Chapel is used as a multipurpose building along with office space. Laurel is a juvenile housing unit that is current being used to help with the additional juveniles transferred from Alvin S. Glenn.

Financial Impact: The project will be funded from FY24 Appropriated State (nonrecurring) Funds (uncommitted balance \$17 million at October 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$4,066,633 (internal) funded by Appropriated State (nonrecurring) Funds.

(II) Project: JBRC Item 41: Department of Juvenile Justice  
 N12.9634: CEC Boiler Replacements  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase II Full Construction Budget to replace existing boilers at the Coastal Evaluation Center.

Included in CPIP: Yes – 2024 CPIP Priority 3 of 14 in FY25 (estimated at \$585,105)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(51)(d), (Facilities Management & Security Upgrades)				585,105	585,105
All Sources				<u>585,105</u>	<u>585,105</u>

Summary of Work: The project will replace the existing boilers and associated equipment.

Rationale: The boilers have reached the end of their service life and need replacement.

Facility Characteristics: The Coastal Evaluation Center is approximately 26,797 square feet and was constructed in 2000 (24 years old). The boilers are original to the building and are hot water type boilers and supply heat for the Phase 1 portion of the center which contains juvenile housing, the kitchen, various support functions, and office space. The building can house 72 juveniles at capacity but serves the entire evaluation center through its kitchen, medical area, and office space, which at capacity is 114 juveniles and approximately 70 staff.

Financial Impact: The project will be funded from FY24 Appropriated State (nonrecurring) Funds (uncommitted balance \$9.99 million at October 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$585,105 (internal) funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in February 2025 and completion of construction in December 2026.

(mm) Project: JBRC Item 42: Department of Juvenile Justice  
 N12.9635: UEC Boiler Replacements  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase II Full Construction Budget to replace existing boilers at the Upstate Evaluation Center.

Included in CPIP: Yes – 2024 CPIP Priority 2 of 14 in FY25 (estimated at \$585,105)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(51)(d), (Facilities Management & Security Upgrades)				585,105	585,105
All Sources				<u>585,105</u>	<u>585,105</u>

Summary of Work: The project will replace the existing boilers and associated equipment.

Rationale: The boilers have reached the end of their service life and need replacement.

Facility Characteristics: The Upstate Evaluation Center is approximately 26,797 square feet and was constructed in 1996 (28 years old). The boilers are original to the building and are hot water type boilers and supply heat for the Phase 1 portion of the center which contains juvenile housing, the kitchen, various support functions, and office space. The building can house 72 juveniles at capacity but serves the entire evaluation center through its kitchen, medical area, and office space, which at capacity is 114 juveniles and approximately 70 staff.

Financial Impact: The project will be funded from FY24 Appropriated State (nonrecurring) Funds (uncommitted balance \$9.99 million at October 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$585,105 (internal) funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in February 2025 and completion of construction in December 2026.

(nn) Project: JBRC Item 43: Department of Agriculture  
P16.9521: CPD Laboratory Renovation  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Change Source of Funds in the project to create new space at the Consumer Protection Laboratory/Food Protection Program Support.

Included in CPIP: No – Change Source of Funds requests are not required to be included in the CPIP submission.

Phase II Approval: December 2023 (estimated at \$659,541) (JBRC)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, Operating	509,990		509,990	(509,990)	
FY25 Appropriated State, Proviso 118.20 (B)(34)(b), (DHEC Food Protection Restructuring)				659,541	659,541
Other, State Farmers Market Escrow Account	149,551		149,551	(149,551)	
All Sources	<u>659,541</u>		<u>659,541</u>		<u>659,541</u>

Summary of Work: The project will create new space to relocate the feed grinding room to accommodate new equipment related to that function and to provide storage space. The resultant vacated grinding room will be converted to the milk testing laboratory to accommodate the laboratory bench, hood and equipment needs.

Rationale: The Consumer Protection Laboratory has been identified as needing improvements to accommodate the SCDHEC personnel that are transferring to SCDA as a result of the passage of S.399.

Facility Characteristics: The Consumer Protection Laboratory is 1,355 square feet and was constructed in 2000 (14 years old). It is utilized by 40 staff members for Retail Food Safety, Milk Safety Inspection, Milk/Dairy Laboratory, Residue Laboratory, Feed Laboratory, Produce Safety, Consumer Services and Laboratory Services.

Financial Impact: This change source of funds will be funded from Appropriated State (nonrecurring) Funds (uncommitted balance \$1.046 million at November 22, 2024). The project is expected to result in an increase of \$2,000 (years 1 thru 3), in annual operating expenditures.

Full Project Estimate: \$659,541 funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in December 2024 and completion of construction in July 2025.

(oo) Project: JBRC Item 44: Department of Natural Resources  
 P24.6114: Georgetown - Samworth WMA Dirleton House Renovations  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase I Pre-Design Budget to renovate the Dirleton House.

Included in CPIP: Yes – 2024 CPIP Priority 25 of 62 in FY25 (estimated at \$180,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Carryforward				7,920	7,920
All Sources				<u>7,920</u>	<u>7,920</u>

Summary of Work: The project will make exterior and interior repairs and renovations to the two-story historic Dirleton House at the Samworth Wildlife Management Area. The scope of work will include exterior painting, porch deck repairs, floor repairs and refinishing on the first and second floors, siding replacement as needed, handicap ramp replacement, and stairs replacements. Due to the historical significance, high pressure washing of the exterior is not allowed. Specific prepping techniques before painting must be conducted. Structural repairs to the house must also not be changed or altered from the original design due to the historical significance.

Rationale: The project will protect assets and maintain the facility according to National Historic Register standards.

Facility Characteristics: The Dirleton House is 3,000 square feet and was constructed in the 1850's (170-plus years old). The house is listed on the National Historical Register. Approximately 15 staff utilize the house as office space daily. The agency will conduct meetings as well that can accommodate 50-70 people at a time.

Financial Impact: The project will be funded from FY24 Appropriated State, Carryforward Funds (uncommitted balance \$2.27 million at September 30, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$528,000 (internal) funded from Carryforward Funds,



(pp) Project: JBRC Item 45: Department of Natural Resources  
P24.6080: Pickens – Pickens County Range Improvements

Request: Establish Phase II Full Construction Budget to renovate the existing Pickens County Shooting Range northeast of Liberty in Pickens County.

Included in CPIP: Yes – 2024 Priority 14 of 62 in FY25 (estimated at \$2,500,000)  
Phase I Approval: June 2023 (estimated at \$2,500,000) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY23 Appropriated State, Proviso 118.19 (B)(44)(g), (Infrastructure Needs)	37,500		37,500	246,250	283,750
Federal, USFWS Grant				2,216,250	2,216,250
All Sources	<u>37,500</u>		<u>37,500</u>	<u>2,462,500</u>	<u>2,500,000</u>

Summary of Work: The project includes lead reclamation on all affected areas, reconstructing the 100 yard rifle range, including higher containment and impact berms along with a new covered shooting line, new 5 stand shotgun range with covered firing line, addition of a Trap field, renovation of the archery range, new multi-use storage/office/restroom building including utilities, paved parking area, constructing ADA accessibility throughout and associated items needed to improve safety and function. All range design components will meet or exceed those set by the National Rifle Association.

Rationale: Most of the amenities have outlived their useful life and the entire facility needs a complete renovation and expansion to accommodate the increasing demand for shooting sports and to provide improvements for ADA accessibility, improved safety, and functionality.

Facility Characteristics: The Pickens County Range is comprised of a 10 position 100-yard rifle range, 12 position 25-yard pistol range, archery range and open field for shotgun sports, and was constructed in 1987 (37 years old). The 2,400 square foot open sided rifle range building, and 1,500 square foot office/storage/bathroom building will be renovated. The range receives an average of 12,000 visitors annually.

Financial Impact: This phase of the project will be funded from Appropriated State (nonrecurring) (uncommitted balance \$8.44 million at October 31, 2024), and Federal, US Fish & Wildlife Grant Funds (uncommitted balance \$2.25 million at October 31, 2024). The project is expected to result in an increase of \$581 (year 1), and \$700 (years 2 thru 3), in annual operating expenditures.

Full Project Estimate: \$2,500,000 funded by Appropriated State (nonrecurring) and US Fish & Wildlife Grant Funds. Contract execution is expected in February 2025 and completion of construction in January 2026.

(qq) Project: JBRC Item 49: Department of Natural Resources  
P24.6087: Pickens South Saluda WMA Land Acquisition (Jopeco Tract-NT)

Request: Establish Final Land Acquisition to purchase +/- 1,072 acres in Pickens County.

Included in CPIP: Yes – 2024 CPIP Priority 51 of 62 in FY25 (estimated at \$7,520,000)  
Phase I Approval: December 2023 (estimated at \$7,520,000) (JBRC Staff)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(37)(b), (Habitat Protection and Land Conservation Acquisitions)	20,000		20,000	5,832,244	5,852,244
FY23 Appropriated State, Proviso 118.19 (B)(44)(f), (Land Conservation)				1,250,045	1,250,045
All Sources	<u>20,000</u>		<u>20,000</u>	<u>7,082,289</u>	<u>7,102,289</u>

Rationale: If acquired, the property would become a new SCDNR Wildlife Management Area. The property is of high value to protect trout habitat and would provide public access. It preserves the viewshed of the Cherokee Scenic Highway (Hwy. 11) which it abuts in several locations. This tract would provide a mix of public use opportunities including big and small game hunting, bird watching, trout fishing, nature observation, and hiking.

Characteristics: The property is located on Highway 11 in Pickens County southwest of Bald Rock. It borders about 1.3 miles of the South Saluda River in two separate sections, one approximately 5,200-feet in length and the second approximately 1,900 feet. Six additional streams are within the property and measure a total length of more than 3 miles. The natural vegetation is dominated by mesic dry hardwood and mixed pine forests including mesic mixed hardwood forest and pine-oak heath.

Financial Impact: The property is offered by The Natural Land Trust for \$7,057,320. The acquisition will be funded from FY24 Appropriated State (nonrecurring) (uncommitted balance \$19.96 million at October 29, 2024), and FY23 Appropriated State (nonrecurring) Funds (uncommitted balance \$1.25 million at October 29, 2024). This request includes an additional \$24,969 to cover higher than anticipated due diligence costs due to the location of the property and the difficulty of surveying the mountainous terrain. The project is expected to result in an increase of \$10,000 (year 1), and \$5,000 (years 2 thru 3) in annual operating expenditures. An appraisal was completed in February 2024 and valued the property at \$9,945,000. A Phase I Environmental Site Assessment was completed in February 2024 and found no evidence of recognized environmental conditions in connection with the property. Letters of support are not required because the property is owned by a non-profit entity and therefore the property is not included on the tax rolls. The project is expected to result in an increase of \$10,000 (year 1), \$5,000 (years 2 thru 3), in annual operating expenditures.

Full Project Estimate: \$7,102,289 funded by Appropriated State (nonrecurring) Funds.

Other: The South Carolina Department of Natural Resources has coordinated and collaborated with the South Carolina Conservation Bank to confirm that the proposed conservation land acquisition of this property is an appropriate conservation purchase and will maximize the most cost-effective use of funds appropriated or authorized by the General Assembly in the proposed purchase.

(rr) Project: JBRC Item 50: Department of Parks, Recreation & Tourism  
P28.9855: Hampton Plantation Boardwalk and Dock  
(Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Change Source of Funds and Establish Phase II Full Construction Budget to extend the existing boardwalk.

Included in CPIP: Yes – 2024 CPIP Priority 18 of 37 in FY25 (estimated at \$300,000)  
Phase I Approval: October 2024 (estimated at \$300,000) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY25 Appropriated State, Proviso 118.20 (B)(38)(i), (State Park Boardwalk and Dock Improvements)				255,000	255,000
Other, Endowment & Gifts	4,500		4,500	(4,500)	
All Sources	<u>4,500</u>		<u>4,500</u>	<u>250,500</u>	<u>255,000</u>

Summary of Work: The project will extend the existing boardwalk an additional 72’ to provide access to Wamba Creek, a historical and scenic waterway. The structure will include a 16’ x 16’ pier head, 5’ x 20’ gangway with an 8’ x 30’ aluminum floating dock.

Rationale: This extension will improve access to Wamba Creek for visitors to the historic site, especially visitors from the surrounding community.

Facility Characteristics: The existing boardwalk and dock in Hampton Plantation is approximately 104 feet long by 6 feet wide, with a walkable area of 5 feet, for a total of approximately 624 square feet. It was constructed in 1996 (28 years old). The boardwalk and dock are utilized by an average of 25,000 state park visitors per year.

Financial Impact: This phase of the project will be funded from FY25 Appropriated State (nonrecurring) Funds (uncommitted balance of \$1 million at October 31, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$255,000 funded by Appropriated State (nonrecurring) Funds. Contract execution is expected in January 2025 and completion of construction in January 2026.

(ss) Project: JBRC Item 51: Department of Parks, Recreation & Tourism  
 P28.9860: Property Acquisition – Waites – Jackie Boyce

Request: Establish Preliminary Land Acquisition for the purpose of investigating the acquisition of +/- 209 acres and a house in Horry County.

Included in CPIP: Yes – 2024 CPIP Priority 28 of 37 in FY25 (estimated at \$7,500,000)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(38)(a), (Additional Park Property Acquisitions)				75,000	75,000
All Sources				<u>75,000</u>	<u>75,000</u>

Rationale: The undeveloped areas of Little River Neck and Waites Island have long been a conservation priority for the state. Acquisition of this property will protect some fragile and threatened habitats while lessening the impacts of storm events and other coastal threats.

Characteristics: The property is three distinct parcels totaling +/- 209 acres and includes a 2,504 square foot building constructed in 2017 (7 years old). This property is undeveloped.

Financial Impact: The property is offered by Jackie Boyce for the proposed purchase price of \$8,000,000. The due diligence activities will be funded by FY24 Appropriated State (non-recurring) Funds (uncommitted balance \$568K at October 30, 2024). The project is expected to result in an increase of additional annual operating costs, but those amounts have not yet been determined. Waites Island is a long-range project with acquisition and master planning needing to take place before the additional costs can be determined.

Full Project Estimate: \$8,075,000 (internal). Acquisition of the property will be funded by SC Office of Resilience Funds. This request is asking for \$20K for due diligence activities, \$50,000 for refundable earnest money, and \$5,000 for legal fees to complete the life estate. The seller is retaining a life estate in approximately 30 acres and will also retain certain use rights over the remainder of the property and other properties owned or to be owned by the state under the Lifetime License Agreement.

Other: The South Carolina Department of Parks, Recreation & Tourism has coordinated and collaborated with the South Carolina Conservation Bank to confirm that the proposed conservation land acquisition of this property is an appropriate conservation purchase and will maximize the most cost-effective use of funds appropriated or authorized by the General Assembly in the proposed purchase.

(tt) Project: JBRC Item 52: Department of Parks, Recreation & Tourism  
P28.9839: Property Acquisition – Waites Olivia

Request: Change Project Name and Revise Scope of the approved Preliminary Land Acquisition for the purpose of investigating the acquisition of +/- 111.22-acres of land in Horry County.

Included in CPIP: Yes – 2024 CPIP Priority 29 of 37 in FY25 (estimated at \$20,000)  
Phase I Approval: February 2024 (estimated at \$20,000) (JBRC Staff)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY24 Appropriated State, Proviso 118.19 (B)(38)(a), (Additional Park Property Acquisitions)	20,000		20,000		20,000
All Sources	<u>20,000</u>		<u>20,000</u>		<u>20,000</u>

Rationale: This project was established as a donation, however, due to the availability of federal funds to reimburse the state for its initial contribution, the property will now be purchased. The property is one of the last remaining undeveloped and unprotected barrier islands of this size in the southeastern United States. This is a key tract along the Atlantic Ocean that has not been developed. Development on the island would undermine key ecological services afforded by this open space to the larger built environment around it. In addition to supporting priority habitats and species, Waites Island addresses resiliency goals for the state and its protection is a top priority for SC’s Office of Resilience. This property is part of an assemblage of tracts Open Space Institute is working with the Boyce family members to acquire.

Characteristics: The property to be donated is +/- 111.22-acres of land located in Horry County. Waites Island is the most significant undeveloped coastal fringe habitat in the 22 miles from Myrtle Beach to the North Carolina border. The connected salt marsh patches as well as intact dunes and maritime forests protect inland areas with human development and infrastructure during storm events. No construction or renovations will be done on the property.

Financial Impact: The property is offered by Open Space Institute Land Trust for the proposed purchase price of \$2,042,500. The acquisition will be funded from a National Coastal Wetlands Conservation Grant Program award (uncommitted balance \$1,042,500 at October 30, 2024), and Coastal Federal Grant Funds (uncommitted balance \$1,000,000 at October 30, 2024). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$2,062,500 (internal) funded from Appropriated State (non-recurring), National Coastal Wetlands Conservation Grant Program, and Coastal Federal Grant funds.

(uu) Project: JBRC Item 53: Department of Employment and Workforce  
 R60.9543: Florence Workforce Center – Repave Parking Lot  
 (Note that Act 214 of 2024 amended the provisions of Chapter 47 of Title 2 and this project is one not subject to Authority approval prior to Act 214.)

Request: Establish Phase II Full Construction Budget to replace the parking lot.

Included in CPIP: Yes – 2024 CPIP Priority 2 of 4 in FY25 (estimated at \$544,237)  
 Phase I Approval: June 2024 (estimated at \$489,877) (JBRC)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Contingency Assessment	10,815		10,815	479,062	489,877
All Sources	<u>10,815</u>		<u>10,815</u>	<u>479,062</u>	<u>489,877</u>

Summary of Work: This project will replace the parking lot, which will correct the deficiencies, and bring the parking lot up to meet ADA requirements, and current county or city code requirements for landscaping in parking areas.

Rationale: The pavement has failed in a number of locations and high severity weathering, cracking, and potholes are present. Loss of asphalt binder is evident, and this compromises structural integrity. Some locations have been repaired with asphalt patches, but the condition of the lot poses trip hazards to DEW staff and the general public. Vehicular, handicap, and pedestrian traffic are not safe due to the condition of the lot, and the lot requires ongoing maintenance and repair. Additionally, the lot does not meet ADA requirements, and does not meet current county or city requirements for landscaping in parking areas.

Facility Characteristics: The parking lot is 32,375 square feet and was constructed in 1969 (55 years old). The center is utilized by SC Department of Employment Workforce - Workforce and Economic Development, Unemployment Insurance, and Partner Agencies - Workforce Innovation and Opportunity Act, Department of Social Services, South Carolina Vocational Rehabilitation Department, and Adult Education. There are approximately 34 staff housed in this facility on a normal and regular basis, 18 SCDEW employees and 18 partner agency staff.

Financial Impact: The project will be funded from Other, Contingent Assessment Funds (uncommitted balance \$80.87 million at September 17, 2024). Revenue to this fund is generated from the contingency assessment portion of the tax accounted for in the special revenue fund, which is primarily to fund the administrative costs and employment services. The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$489,877 funded by Contingency Assessment Funds. Contract execution is expected in March 2025 and completion of construction in September 2025.

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AGENCY: Department of Administration, Facilities Management and Property Services

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SUBJECT: Easements

- (a) County Location: Florence  
From: Department of Administration on behalf of South Carolina State Law Enforcement Division (SLED) (#1221A)  
To: Duke Energy Progress, LLC  
Consideration: \$744.79 Administrative fee  
\$1.00  
Description/Purpose: To grant a 0.122± acre easement for the construction, reconstruction, operation, patrolling, maintenance, inspection, repairing, replacement, modification and removal of electric lines and associated facilities on SLED's property at Francis Marion University. The easement is necessary to provide electric service to SLED's new Pee Dee District Office. As the easement is being sought by SLED to establish power to its new facility, it does not materially impair the utility of the property or damage it, and SLED has requested that the easement be granted for nominal consideration. Duke Energy Progress, LLC has requested one exception to the 2022 easement policy, and SLED has agreed, which is that the easement be permanent due to the building's intended long lifespan and continuous operational needs for lighting, heating/cooling systems, and equipment functionality requiring an ongoing electricity supply.
- (b) County Location: Florence  
From: South Carolina Department of Natural Resources (DNR)  
To: South Carolina State Law Enforcement Division (SLED) (#1221B)  
Consideration: \$744.79 Administrative fee  
\$1.00  
Description/Purpose: To grant a 0.06± acre easement for the construction, location, installation, operation, maintenance, repair, and replacement of an underground force main sewer line on DNR's property at Francis Marion University. The easement is necessary to tie into the main sewer line and provide service to SLED's new Pee Dee District Office. The term of the easement will be fifty (50) years. As the easement is being sought by SLED to establish sewer service to its new facility, it does not materially impair the utility of the property or damage it, and SLED has requested that the easement be granted for nominal consideration. There are no exceptions requested with regard to the 2022 easement policy.

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AGENCY: Department of Administration, Facilities Management and Property Services

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SUBJECT: Easements

- (c) County Location: Florence  
From: Francis Marion University  
To: South Carolina State Law Enforcement Division (SLED) (#1221C)  
Consideration: \$744.79 Administrative fee  
\$1.00  
Description/Purpose: To grant a 0.048± acre easement for the construction, installation, operation, and maintenance of an underground force main sewer line on property of Francis Marion University. The easement is necessary to tie into the main sewer line and provide service to SLED's new Pee Dee District Office. The term of the easement will be fifty (50) years. As the easement is being sought by SLED to establish sewer service to its new facility, it does not materially impair the utility of the property or damage it, and SLED has requested that the easement be granted for nominal consideration. There are no exceptions requested with regard to the 2022 easement policy.
- (d) County Location: Horry  
From: Coastal Carolina University (CCU)  
To: South Carolina Public Service Authority (#1227)  
Consideration: \$744.79 Administrative fee  
\$1.00  
Description/Purpose: To grant an easement with two easement areas of 0.03± acres and 0.01± acres for the construction, installation, operation and maintenance of electric lines and facilities to provide electrical service to the new PGA Golf Management Program Academic Learning Lab. The term of the easement will be fifty (50) years. As the easement is being sought by CCU to serve its new facility, it does not materially impair the utility of the property or damage it, and CCU has requested that the easement be granted for nominal consideration. There are no exceptions requested with regard to the 2022 easement policy.

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AUTHORITY ACTION REQUESTED:

Approve the referenced easements, as recommended by the Department of Administration, Facilities Management and Property Services.

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ATTACHMENTS:

Agenda item worksheet and attachment



**STATE FISCAL ACCOUNTABILITY AUTHORITY  
AGENDA ITEM WORKSHEET**

**Meeting Scheduled for: February 4, 2025**

**Regular Agenda**

**1. Submitted by:**

- (a) Agency: Department of Administration  
(b) Authorized Official Signature:

*Ashlie Lancaster*

Ashlie Lancaster, Director

**2. Subject: Easements**

**3. Summary and Background Information:**

- (a) County Location: Florence  
From: Department of Administration on behalf of South Carolina State Law Enforcement Division (SLED) (#1221A)  
To: Duke Energy Progress, LLC  
Consideration: \$744.79 Administrative fee  
\$1.00  
Description/Purpose: To grant a 0.122± acre easement for the construction, reconstruction, operation, patrolling, maintenance, inspection, repairing, replacement, modification and removal of electric lines and associated facilities on SLED's property at Francis Marion University. The easement is necessary to provide electric service to SLED's new Pee Dee District Office. As the easement is being sought by SLED to establish power to its new facility, it does not materially impair the utility of the property or damage it, and SLED has requested that the easement be granted for nominal consideration. Duke Energy Progress, LLC has requested one exception to the 2022 easement policy, and SLED has agreed, which is that the easement be permanent due to the building's intended long lifespan and continuous operational needs for lighting, heating/cooling systems, and equipment functionality requiring an ongoing electricity supply.
- (b) County Location: Florence  
From: South Carolina Department of Natural Resources (DNR)  
To: South Carolina State Law Enforcement Division (SLED) (#1221B)  
Consideration: \$744.79 Administrative fee  
\$1.00  
Description/Purpose: To grant a 0.06± acre easement for the construction, location, installation, operation, maintenance, repair, and replacement of an underground force main sewer line on DNR's property at Francis Marion University. The easement is necessary to tie into the main sewer line and provide service to SLED's new Pee Dee District Office. The term of the easement will be fifty (50) years. As the easement is being sought by SLED to establish sewer service to its new facility, it does not materially impair the utility of the property or damage it, and SLED has requested that the easement be granted

for nominal consideration. There are no exceptions requested with regard to the 2022 easement policy.

- (c) County Location: Florence  
From: Francis Marion University  
To: South Carolina State Law Enforcement Division (SLED) (#1221C)  
Consideration: \$744.79 Administrative fee  
\$1.00  
Description/Purpose: To grant a 0.048± acre easement for the construction, installation, operation, and maintenance of an underground force main sewer line on property of Francis Marion University. The easement is necessary to tie into the main sewer line and provide service to SLED's new Pee Dee District Office. The term of the easement will be fifty (50) years. As the easement is being sought by SLED to establish sewer service to its new facility, it does not materially impair the utility of the property or damage it, and SLED has requested that the easement be granted for nominal consideration. There are no exceptions requested with regard to the 2022 easement policy.
- (d) County Location: Horry  
From: Coastal Carolina University (CCU)  
To: South Carolina Public Service Authority (#1227)  
Consideration: \$744.79 Administrative fee  
\$1.00  
Description/Purpose: To grant an easement with two easement areas of 0.03± acres and 0.01± acres for the construction, installation, operation and maintenance of electric lines and facilities to provide electrical service to the new PGA Golf Management Program Academic Learning Lab. The term of the easement will be fifty (50) years. As the easement is being sought by CCU to serve its new facility, it does not materially impair the utility of the property or damage it, and CCU has requested that the easement be granted for nominal consideration. There are no exceptions requested with regard to the 2022 easement policy.

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**4. What is the Authority asked to do?** Approve the referenced easements.

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**5. What is recommendation of the submitting agency involved?** Approve the referenced easements.

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**6. Private Participant Disclosure – Check one:**

No private participants will be known at the time the Authority considers this agenda item.

A Private Participant Disclosure form has been attached for each private participant.

As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.

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**7. Recommendation of other office (as required)?**

- (a) Authorized Signature: \_\_\_\_\_
  - (b) Office Name: [Click or tap here to enter text.](#)
- 

**8. List of Supporting Documents:**

- (a) SC Code of Laws Section 10-1-130
- (b) Exhibits (letters, plats, maps, etc.)
  - a. Letters re: Duke Energy Progress, LLC (SLED)
  - b. Letters re: South Carolina Department of Natural Resources (SLED)
  - c. Letters re: Francis Marion University (SLED)
  - d. SLED Utility Easements Survey
  - e. Letter re: South Carolina Public Service Authority (CCU)
  - f. CCU Drainage & Utility Easements Plat

## **SOUTH CAROLINA CODE OF LAWS**

### **SECTION 10-1-130. Grant of easements and rights of way.**

The trustees or governing bodies of state institutions and agencies may grant easements and rights of way over any property under their control, upon the recommendation of the Department of Administration and approval of the State Fiscal Accountability Authority, whenever it appears that such easements do not materially impair the utility of the property or damage it and, when a consideration is paid therefor, any amounts must be placed in the State Treasury to the credit of the institution or agency having control of the property involved.

**HISTORY:** 1962 Code Section 1-49.3; 1963 (53) 177; 2014 Act No. 121 (S.22), Pt V, Section 7.K, eff July 1, 2015.

#### Effect of Amendment

2014 Act No. 121, Section 7.K, rewrote the section, substituting the Department of Administration and the State Fiscal Accountability Authority for the State Budget and Control Board.



# South Carolina

## STATE LAW ENFORCEMENT DIVISION

P.O. Box 21398  
Columbia, South Carolina  
29221-1398

*Henry D. McMaster, Governor*  
*Mark A. Keel, Chief*

WWW.SLED.SC.GOV  
(803) 737-9000

December 06, 2024

Ms. Ashlie Lancaster  
South Carolina Department of Administration  
Real Property Services  
1200 Senate Street, 6<sup>th</sup> Floor  
Columbia, SC 29201

Re: Easement for Duke Energy for SLED Pee Dee Office Construction

Dear Ms. Lancaster:

Please accept this letter as the South Carolina Law Enforcement Division (SLED) acknowledgement and approval of Duke Energy’s request to acquire an easement across the site of SLED’s new Pee Dee District Office. The site is located on the campus of Francis Marion University in Florence, South Carolina.

SLED requests approval from the State Fiscal Accountability Authority to execute an easement with Duke Energy to enable SLED’s new office connection to Duke Energy’s power grid. The easement will consist of an approximately 210-foot run of underground conduit to establish power to the new facility. This path constitutes the most direct and least costly method to accomplish the connection. Once completed, the new facility will serve as the office location of SLED’s Pee Dee District operations.

The easement is necessary for the long-term operation and maintenance of the power lines for SLED’s facility. Accordingly, a permanent easement is deemed more appropriate than a license or lease option due to the life expectancy of power lines and materials used. SLED will maintain the easement property with Duke Energy responsible for their infrastructure installed in the easement. The proposed easement does not materially impair the utility of the property or damage it in any way.

Thank you for your consideration of this matter and please do not hesitate to let me know if you need additional information.

Sincerely,

Mark Keel, Chief  
South Carolina Law Enforcement Division



An Accredited Law Enforcement Agency



Jan. 7, 2025

South Carolina Department of Administration  
Division of Facilities Management and Property Services  
1200 Senate Street, 6<sup>th</sup> Floor  
Columbia, South Carolina 29201

Subject: Existing easement application for the new SLED building in Florence, SC.

Dear Ms. Linda Gordon:

A facility or building will likely need electricity for more than 50 years because of its intended long lifespan, continuous operational needs like lighting, heating/cooling systems, equipment functionality, and the expectation that the building will be used and maintained for a significant period, even as technology and energy demands evolve over time; essentially, buildings are designed to be occupied and utilized for decades, requiring ongoing electricity supply to function properly. Duke Energy is proposing a perpetual easement to serve the needs of the new SLED building for the following reasons:

Key points:

**Building lifespan:** Most buildings are constructed to last for several decades, with proper maintenance, and thus require a sustained electricity supply throughout their operational life.

**Essential functions:** Even with advancements in energy efficiency, basic functions like lighting, climate control, and security systems always require electricity.

**Technological updates:** While equipment might be replaced over time, new technologies often still require electricity, potentially even increasing energy needs as facilities incorporate modern advancements.

**Sustainability goals:** With growing focus on sustainability, buildings are increasingly designed to incorporate renewable energy sources, which still require electricity infrastructure to function.

Sincerely,

Dale Law  
Senior Real Estate Representative  
843-651-1110  
Dale.Law@Duke-Energy.com

Jan. 28, 2025

South Carolina Department of Administration  
Division of Facilities Management and Property Services  
1200 Senate Street, 6<sup>th</sup> Floor  
Columbia, South Carolina 29201

Subject: Existing easement application for the new SLED building in Florence, SC.

Ms. Lancaster,

I would like to address the three easements you presented having the fifty-year term language. We have discussed those easements with management and, unfortunately, we are unable to ascertain why that term was accepted. Of the three easements, two were distribution projects and easements were handled by our major projects/asset design group.

The Manchester Forest easement (1202-eas (1111) FINAL TO SIGN) was handled completely (turnkey) by one of our outside vendors and was agreed to in error. That job consisted of relocating an existing line that was installed around the 1920's. The line has now been relocated from the swamp and wet areas to a location next to a road to provide better access, maintenance, and repair. The approximate cost for the relocation was around one million dollars. The existing line was in place for almost one hundred years and those needs for electricity still exist today and will continue to be needed in the future. Therefore, it should have been a perpetual easement.

The second distribution project (easement 1063 Pee Dee River) was for upgrading an existing line that was in place since the early 1900's. The access roads Duke Energy used to access the original line was maintained by the original J.P. Stevens later Delta Mills plant in Wallace, SC. Delta Mills later closed which began the access issues for crews to maintain and repair especially during the flooding of the Great Pee Dee River. The access issues and flooding caused outage times to reach eight hours. The past and current location of this line runs parallel between SCDOT Hwy 9 and CSX Railroad. The original wooden poles were replaced with steel transmission structures. The individual cost of these structures exceeded one hundred thousand dollars each making a total project cost of around twelve million dollars. The steel structures provide better access and increased reliability of service. The power source for this line starts from a Duke Energy substation in Wallace, SC. The power leaves from Wallace crosses the Great Pee Dee River and into Cheraw, SC. This line provides power for all the Cheraw historical downtown area and the customers located on Hwy 52 heading towards the North Carolina State line. Similar to the other distribution easement, these service needs will far exceed fifty years, and the rights should have been perpetual.

The third easement (1078 easement Duke Energy Sand Hills) was for a new one hundred fifteen thousand (115kv) transmission line. Not distribution. Duke Energy purchased this easement from the state for one hundred eight thousand dollars (\$108,000). We were not able to get a precise number for the actual cost for the transmission project, but I feel sure it was in the millions of dollars on top of the six-figure purchase price for the easement. The land agent who obtained the easement and their manager are no longer with the company, so we were not able to understand why a term was agreed to. This easement should also have been perpetual.

We apologize that we accepted the fifty-year term on those three easements. We should not have, and we regret that it is now leading to confusion as to why we cannot accept that limitation on the current easement. We would ask that those easements be amended or replaced by new, perpetual, easements granted by the state.

I have also attached recorded state easements that do not have the fifty-year clause. We are not sure when the state instituted this fifty-year term practice, but we are able to attach example easements ranging from 1986 to 2021. Duke Energy's facilities are not like the facilities of non-electric utilities. Our facilities can be hazardous and therefore require a higher standard of easements than non-electric utilities. In addition, our obligation to serve (provide power) is more stringent than non-electric utilities. Therefore, they are able to accept lesser rights that can result in interruptions of service. Whereas Duke Energy has an obligation to our customers to obtain adequate rights that allow us to provide power for as long as service is needed. A fifty-year term, or any term, is inconsistent with our obligation to continue to provide power.

We ask that the SFAA board grant us a perpetual easement so that we can provide power to the state agency requesting service for as long as they may need it.

Sincerely,

Dale Law  
Senior Real Estate Representative





# South Carolina

## STATE LAW ENFORCEMENT DIVISION

P.O. Box 21398  
Columbia, South Carolina  
29221-1398

*Henry D. McMaster, Governor*  
*Mark A. Keel, Chief*

WWW.SLED.SC.GOV  
(803) 737-9000

December 06, 2024

Ms. Ashlie Lancaster  
South Carolina Department of Administration  
Real Property Services  
1200 Senate Street, 6<sup>th</sup> Floor  
Columbia, SC 29201

Re: Easement for Forced Sewer Main with DNR

Dear Ms. Lancaster:

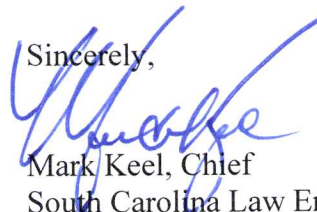
The South Carolina Law Enforcement Division (SLED) requests approval from the State Fiscal Accountability Authority to execute an easement with the South Carolina Department of Natural Resources (DNR) at the site of SLED's new Pee Dee District Office being constructed on the Campus of Francis Marion University in Florence, South Carolina.

This will enable SLED to install a new 2 inch forced sewer main from its new building location, ultimately terminating in a connection to the local public sewer main. This run of the line will be a 10-inch easement crossing approximately 256 feet of DNR's property. This connection will allow the byproduct of SLED's grinder lift station to be transferred to the local public sewer utility. This path constitutes the most direct and least costly method to accomplish the connection.

The location of the piping crossing DNR property renders purchasing the property impractical. The estimated 40-year plus lifespan of the new facility makes the easement preferable over a license or lease option for the crossing. Once completed, the new facility will serve as the office location of SLED's Pee Dee District operations.

Thank you for your consideration of this matter and please do not hesitate to let me know if you need additional information.

Sincerely,



Mark Keel, Chief  
South Carolina Law Enforcement Division



An Accredited Law Enforcement Agency





State of South Carolina  
**Department of Natural Resources**

P.O. Box 167  
Columbia, S.C. 29202  
803-734-4006  
803-734-3911 (Fax)

**Robert H. Boyles, Jr.**, *Director*  
**Susan O. Porter**, *General Counsel*

November 12, 2024

Ashlie Lancaster  
Division of Facilities Management & Property Services  
South Carolina Department of Administration  
1200 Senate Street, 6th Floor  
Columbia, SC 29201

Re: Easement for South Carolina Law Enforcement Division at South Carolina  
Department of Natural Resources Florence Office

Dear Ms. Lancaster,

Please accept this letter as the South Carolina Department of Natural Resources' (SCDNR) acknowledgement and approval of the South Carolina Law Enforcement Division's (SLED) request for an easement over SCDNR's property to install a sanitary sewer line to SLED's new office building. SCDNR's Board of Directors approved the easement request on August 8, 2024, subject to the approval of the Department of Administration and the State Fiscal Accountability Authority.

The purpose of the easement is to facilitate the installation of utility services during the construction of SLED's Low Country District Office on the campus of Francis Marion University. The sewer force main pipeline for SLED's new facility must cross SCDNR property to tie into the main sewer line. The easement will allow SLED to install one underground two-inch (2") forced main sewer line under and across ten feet (10') of SCDNR's property.

The easement is necessary for the long term operation and maintenance of the sewer line for SLED's facility. A fifty (50) year easement is deemed more appropriate than a lease or license due to the life expectancy of the sewer force main pipeline and the intended duration for SLED's occupation of the building. The proposed easement will not damage or materially impair the utility of the property.

Thank you for your consideration of this request and please let me know if you need additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Boyles, Jr.", is written over a horizontal line. Below the line, the name and title are printed.

Robert H. Boyles, Jr.  
Director

South Carolina Department of Natural Resources

cc (via email only): Susan O. Porter, General Counsel  
Fran Varacalli, Conservation Property Coordinator





# South Carolina

## STATE LAW ENFORCEMENT DIVISION

P.O. Box 21398  
Columbia, South Carolina  
29221-1398

*Henry D. McMaster, Governor*  
*Mark A. Keel, Chief*

WWW.SLED.SC.GOV  
(803) 737-9000

December 06, 2024

Ms. Ashlie Lancaster  
South Carolina Department of Administration  
Real Property Services  
1200 Senate Street, 6<sup>th</sup> Floor  
Columbia, SC 29201

Re: Easement With Francis Marion University

Dear Ms. Lancaster:

The South Carolina Law Enforcement Division (SLED) requests approval from the State Fiscal Accountability Authority to execute an easement with Francis Marion University at the site of SLED's new Pee Dee District Office being constructed on the Campus of Francis Marion University in Florence, South Carolina.

This will enable SLED to install a new 2 inch forced sewer main from its new building location, ultimately terminating in a connection to the local public sewer main. This run of the line will be a 10-inch easement crossing approximately 138.5 feet of FMU's property. This connection will allow the byproduct of SLED's grinder lift station to be transferred to the local public sewer utility. This is the termination of the line which crosses the requested DNR easement. This path constitutes the most direct and least costly method to accomplish the connection.

The location of the piping crossing FMU property renders purchasing the property impractical. The estimated 40-year plus lifespan of the new facility makes the easement preferable over a license or lease option for the crossing. Once completed, the new facility will serve as the office location of SLED's Pee Dee District operations.

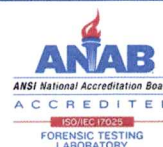
Thank you for your consideration of this matter and please do not hesitate to let me know if you need additional information.

Sincerely,

Mark Keel, Chief  
South Carolina Law Enforcement Division



*An Accredited Law Enforcement Agency*





# FRANCIS MARION UNIVERSITY

Facilities Management

December 4, 2024

Ms. Ashlie Lancaster  
South Carolina Department of Administration  
Real Property Services  
1200 Senate Street, 6<sup>th</sup> Floor  
Columbia, SC 29201

Re: Easement for South Carolina Law Enforcement Division for SLED Pee Dee Office Construction

Dear Ms. Lancaster:

Please accept this letter as Francis Marion University's acknowledgement and approval of the South Carolina Law Enforcement Division's (SLED) request to acquire an easement across Francis Marion University's property. The site is located on the campus of Francis Marion University in Florence, South Carolina.

Francis Marion University requests approval from the State Fiscal Accountability Authority to execute an easement with SLED to enable SLED's new office connection on Francis Marion's campus to connect to a public sewer through a two-inch forced sewer main. This path constitutes the most direct and least costly method to accomplish the connection. Once completed, the new facility will serve as the office location of SLED's Pee Dee District operations. This easement will be 10 inches wide and approximately 138.5 feet in length.

The proposed easement is being requested for a fifty-year term as the underground sewer line has a life expectancy of 40+ years. Location of the easement and the life span of the line do not make a license or lease of the property acceptable options.

Francis Marion will maintain the easement property with SLED responsible for their infrastructure installed in the easement. The proposed easement does not materially impair the utility of the property or damage it in any way.

Thank you for your consideration of this matter and please do not hesitate to let me know if you need additional information.

Sincerely,

Ralph Davis

Vice President for Construction and Facilities

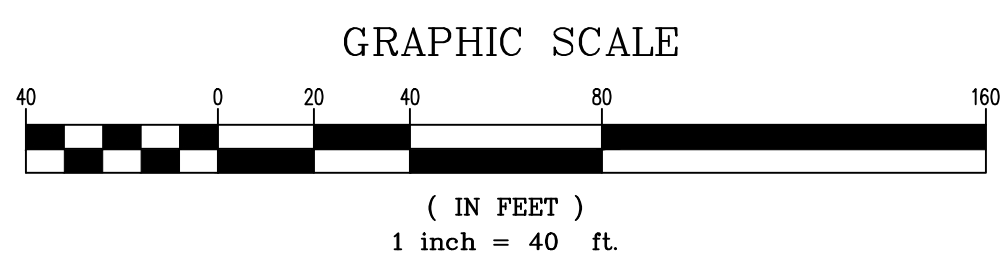
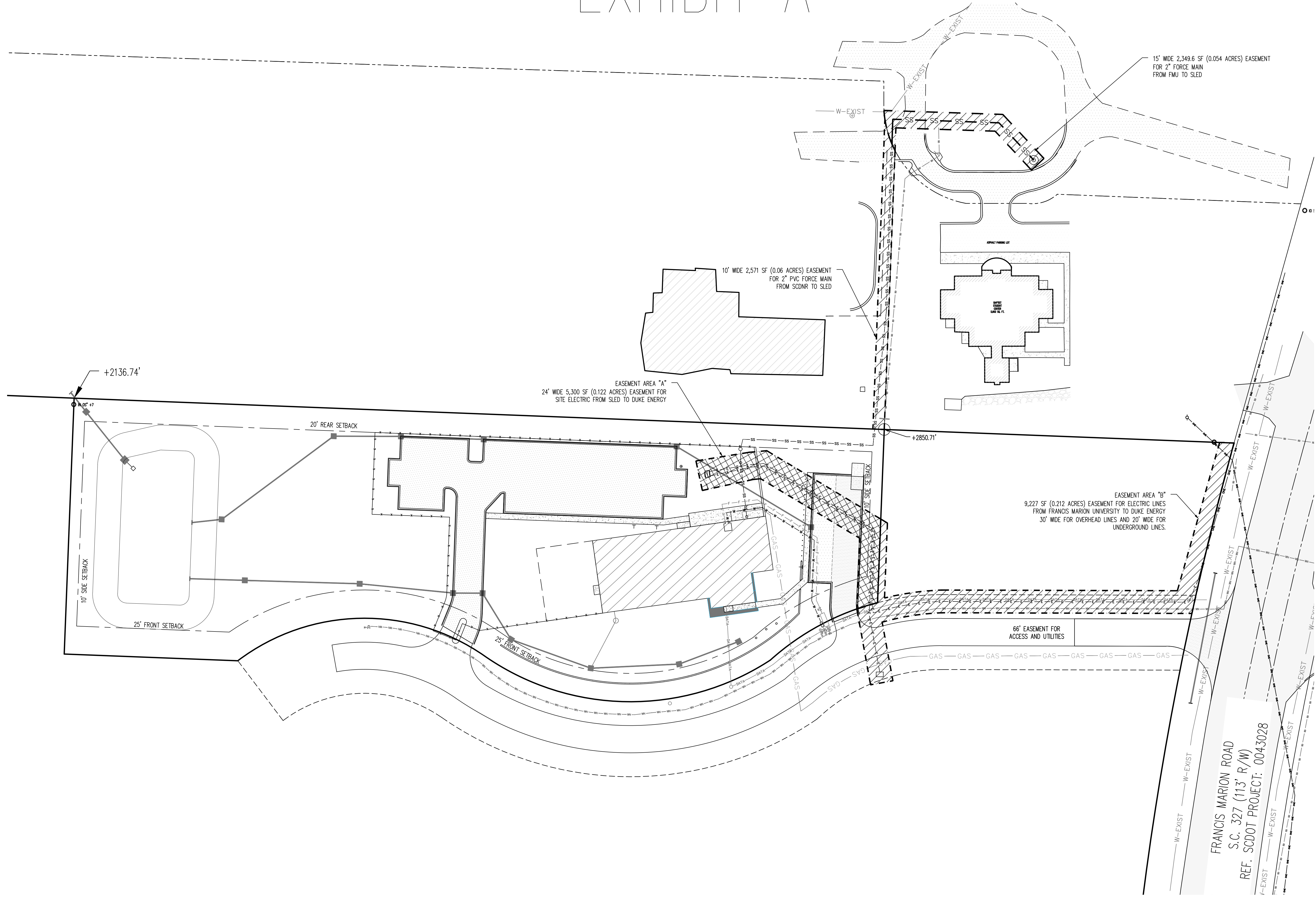
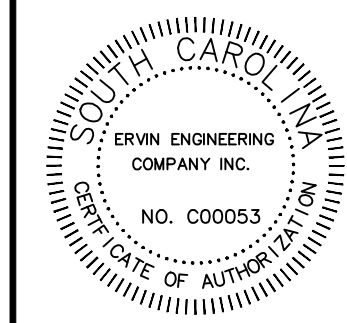
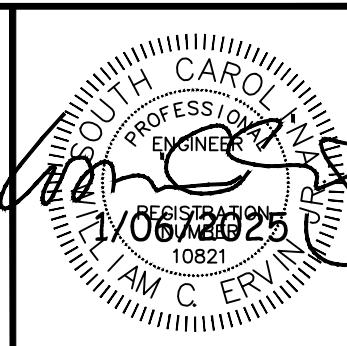
PO Box 100547, Florence, South Carolina 29502-0547 · (843) 661-1101

[rdavis@fmarion.edu](mailto:rdavis@fmarion.edu)

An Affirmative Action / Equal Opportunity Institution



# EXHIBIT A



DESIGNED BY: ADB	CHECKED BY: WCE
DATE: 1-06-25	DATE: 1-06-25
DESIGNED BY: ADB	CHECKED BY: WCE
DATE: 1-06-25	DATE: 1-06-25
SCALE: AS-NOTED	

**SLED PEE DEE OFFICE CONSTRUCTION**  
**PROJECT #D50-613-CB**  
 DEPARTMENT OF ADMINISTRATION - DIVISION OF  
 FACILITIES MANAGEMENT AND PROPERTY SERVICES  
 FRANCIS MARION ROAD, FLORENCE, S.C.  
 UTILITY EASEMENTS

REV	DATE	REVISION	APPROVED	REV	DATE	REVISION	APPROVED
A	1/06/25	EASEMENT EXHIBITS	WCE				
A	1/28/25	EASEMENT REVISIONS	WCE				

**C5.01A**  
 EECO JOB # JOBNO



COASTAL CAROLINA  
UNIVERSITY

Department of Facilities  
Planning and Management

843.349.2153  
coastal.edu

January 7, 2025

Ms. Ashlie Lancaster  
South Carolina Department of Administration  
Real Property Services  
1200 Senate Street, 6th Floor  
Columbia, SC 29201

Re: Coastal Carolina University Easement with Santee Cooper

Dear Ms. Lancaster,

Coastal Carolina University requests approval from the State Fiscal Accountability Authority to execute an easement with Santee Cooper at the site of our new PGA Golf Management and Academic Learning Lab building being constructed on the site of CCU's Hackler Golf Course in Conway, SC. Coastal Carolina University Board of Trustees approved the Santee Cooper easement for power request on October 17, 2024.

This easement will enable Santee Cooper to install an underground electric distribution system in order to feed power to the new building. Santee Cooper will install approximately 120ft and approximately 60ft of 1/0 UG AL in 3-2" electrical conduit to the 2 transformer locations for the new CCU PGA Golf Facility. The proposed easement will not materially impair or damage the utility of the property.

Santee Cooper owns and installs the power utilities in the area. The easement is necessary for the operation and maintenance of the electric lines serving CCU's

new building. A fifty (50) year easement is deemed more appropriate than a license or lease due to the 40+ year lifespan of electric lines.

Thank you for your consideration of this matter and please do not hesitate to let me know if you need additional information.

Sincerely,



A. Shawn Godwin

Construction Manager, Coastal Carolina University

Cc (via email only): Louis H. "Tripp" Hutto, III, University Counsel

T. Rein Mungo, Director, Facilities Planning & Management







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AGENCY: Division of Procurement Services

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SUBJECT: Procurement Audit and Certification of Winthrop University

The S.C. Consolidated Procurement Code and ensuing regulations (Procurement Code) authorize agencies to make direct procurements up to \$50,000 and to enter sole source and emergency procurement contracts with no dollar limitation. S.C. Code Ann. §§ 11-35-1210 (1), 1560, and 1570, and Regulation 19-445.2000 C (1). The Code authorizes the Authority to authorize additional procurement authority by assigning dollar limits below which an agency may make direct procurements. On October 23, 2018, the Authority delegated procurement authority to Winthrop University as follows:

<u>Procurement Area</u>	<u>Certification \$ Limits</u>
Supplies and Services	250,000 per commitment*
Consultant Services	250,000 per commitment*
Information Technology	250,000 per commitment*
Construction Contract Award	200,000 per commitment*
Construction Contract Change Order	50,000 per change order
Architect/Engineer Contract Amendment	25,000 per amendment

- Total potential purchase commitment whether single year or multi-term contracts are used.

In accordance with S.C. Code Ann. § 11-35-1230, the Division of Procurement Services (DPS) audited the procurement operating policies and procedures of Winthrop University to determine whether the internal controls of the University's procurement system were adequate to ensure compliance, in all material respects, with the Procurement Code. The audit revealed a number of procurement and P-Card deficiencies. The University has started implementation of the recommended corrective actions and upon completion of the corrective actions, the internal controls of the University's procurement system will be adequate to ensure compliance with the Procurement Code as described in the audit report.

Per S.C. Code Ann. §11-35-1210, DPS requests that the Authority decrease Winthrop University's authority to make direct procurements not under contract for Supplies & Services, and Information Technology.

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AGENCY: Division of Procurement Services

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SUBJECT: Procurement Audit and Certification of Winthrop University

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AUTHORITY ACTION REQUESTED:

Authorize Winthrop University to make direct procurements at the following limits for three years from date of approval:

<u>Procurement Area</u>	<u>Certification \$ Limits</u>
Supplies and Services <sup>1</sup>	100,000 per commitment*
Information Technology <sup>2</sup>	100,000 per commitment*
Construction Contract Award	200,000 per commitment*
Construction Contract Change Order	50,000 per change order
Architect/Engineer Contract Amendment	25,000 per amendment

\* Total potential purchase commitment whether single year or multi-term contracts are used.

Require the University to cancel 20% of their 208 active P-Cards within 30 days of receipt of this report and maintain the number of active P-Cards at 166 or less for a period of one year. Provide the Division of Procurement Services (DPS) with a list of both cancelled and active P-Cards by March 4, 2025. Require the University to revise its P-Card Manual and submit to DPS by May 5, 2025. Require the University to conduct an independent audit of the P-Card program within one year of the receipt of this report and submit to DPS by February 4, 2026.

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ATTACHMENTS:

Agenda item worksheet and attachment

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<sup>1</sup> Supplies and Services includes non-IT consulting services.

<sup>2</sup> Information Technology includes consultant assistance for any aspect of information technology, systems, and networks.

**STATE FISCAL ACCOUNTABILITY AUTHORITY  
AGENDA ITEM WORKSHEET**

**Meeting Scheduled for:** February 4, 2025

**Regular Agenda**

**1. Submitted by:**

- (a) Agency: Division of Procurement Services  
(b) Authorized Official Signature:

  
John St. C. White, Materials Management Officer

**2. Subject:** Procurement Audit and Certification of Winthrop University

**3. Summary and Background Information:**

The S.C. Consolidated Procurement Code and ensuing regulations (Procurement Code) authorize agencies to make direct procurements up to \$50,000 and to enter sole source and emergency procurement contracts with no dollar limitation. S.C. Code Ann. §§ 11-35-1210 (1), 1560, and 1570, and Regulation 19-445.2000 C (1). The Code authorizes the Authority to authorize additional procurement authority by assigning dollar limits below which an agency may make direct procurements. On October 23, 2018, the Authority delegated procurement authority to Winthrop University as follows:

<u>Procurement Area</u>	<u>Certification \$ Limits</u>
Supplies and Services	250,000 per commitment*
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Information Technology	250,000 per commitment*
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Architect/Engineer Contract Amendment	25,000 per amendment

\* Total potential purchase commitment whether single year or multi-term contracts are used.

In accordance with S.C. Code Ann. § 11-35-1230, the Division of Procurement Services (DPS) audited the procurement operating policies and procedures of Winthrop University to determine whether the internal controls of the University's procurement system were adequate to ensure compliance, in all material respects, with the Procurement Code. The audit revealed a number of procurement and P-Card deficiencies. The University has started implementation of the recommended corrective actions and upon completion of the corrective actions, the internal controls of the University's procurement system will be adequate to ensure compliance with the Procurement Code as described in the audit report.

Per S.C. Code Ann. §11-35-1210, DPS requests that the Authority decrease Winthrop University's authority to make direct procurements not under contract for Supplies & Services, and Information Technology.

**4. What is Authority asked to do?**

Authorize Winthrop University to make direct procurements at the following limits for three years from date of approval:

<u>Procurement Area</u>	<u>Certification \$ Limits</u>
Supplies and Services <sup>1</sup>	100,000 per commitment*
Information Technology <sup>2</sup>	100,000 per commitment*
Construction Contract Award	200,000 per commitment*
Construction Contract Change Order	50,000 per change order
Architect/Engineer Contract Amendment	25,000 per amendment

\* Total potential purchase commitment whether single year or multi-term contracts are used.

Require the University to cancel 20% of their 208 active P-Cards within 30 days of receipt of this report and maintain the number of active P-Cards at 166 or less for a period of one year. Provide DPS with a list of both cancelled and active P-Cards by March 4, 2025. Require the University to revise its P-Card Manual and submit to DPS by May 5, 2025. Require the University to conduct an independent audit of the P-Card program within one year of the receipt of this report and submit to DPS by February 4, 2026.

<sup>1</sup> Supplies and Services includes non-IT consulting services.

<sup>2</sup> Information Technology includes consultant assistance for any aspect of information technology, systems, and networks.

**STATE FISCAL ACCOUNTABILITY AUTHORITY  
AGENDA ITEM WORKSHEET**

---

**5. What is recommendation of the submitting agency involved?**

DPS recommends the Authority approve the request in Item 4 above.

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**6. Private Participant Disclosure – Check one:**

- No private participants will be known at the time the Authority considers this agenda item.
  - A Private Participant Disclosure form has been attached for each private participant.  
As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.
- 

**7. Recommendation of other office (as required)?**

- (a) Authorized Signature: \_\_\_\_\_
  - (b) Office Name: \_\_\_\_\_
- 

**8. List of Supporting Documents:**

- (a) S.C. Code Ann. § 11-35-1230 – Auditing and Fiscal Reporting
  - (b) S.C. Code Ann. § 11-35-1210 – Certification
  - (c) S.C. Regulation 19-445.2025 (A)(1) – Consulting Services
  - (d) Certification Comparison
- 

**9. Upload Agenda Item Worksheet and supporting documentation in PDF and native format to the SFAA Authority File Drop.**



**Winthrop University**

**INDEPENDENT PROCUREMENT AUDIT REPORT**

**for the Audit Period:  
January 1, 2021, to December 31, 2023**

**Office of Audit & Certification  
Division of Procurement Services  
October 23, 2024**

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# Abbreviations

Cardholder	– Purchasing Card Holder
Code	– SC Consolidated Procurement Code and ensuing Regulations
CPO	– Chief Procurement Officer
DPS	– Division of Procurement Services
PI Manual	– Manual for Planning and Execution of State Permanent Improvements
MCC	– Merchant Category Codes
MBE	– Minority Business Enterprise
PCA	– Purchasing Card Administrator
P-Card	– Purchasing Card
PO	– Purchase Order
SFAA	– State Fiscal Accountability Authority
SMBAO	– Office of Small and Minority Business Assistance
State P-Card Policy	– SC Purchasing Card Policy and Procedures
State PO Policy	– State of South Carolina Statewide Purchase Order Policy
STL	– Single Transaction Limit



# Introduction

DPS audited Winthrop University's (the University) internal procurement operating policies and procedures, as outlined in their internal Procurement Operating Procedures Manual, under § 11-35-1230 of the Code and Reg. 19-445.2020.

The primary objective of our audit was to determine whether, in all material respects, the internal controls of the University's procurement system were adequate to ensure compliance with the Code.

The management of the University is responsible for compliance with the Code. Those responsibilities include the following:

- Identifying the University's procurement activities and understanding and complying with the Code
- Establishing and maintaining an effective organization structure and system of internal control over procurement activities that provide reasonable assurance that the University administers its procurement programs in compliance with the Code
- Establishing clear lines of authority and responsibility for making and approving procurements
- Documenting the University's system of internal control over its procurement activities in an internal procurement procedure manual
- Taking corrective action when instances of noncompliance are identified, including corrective action for the findings of this audit

Because of inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. Projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our review and evaluation of the system of internal control over procurement transactions, as well as our overall audit of procurement policies and procedures, was conducted with professional care. However, because of the nature of audit testing, they would not necessarily disclose all weaknesses in the system.

# Introduction

Our audit was also performed to determine if recertification under SC Code Ann. § 11-35-1210 is warranted.

On October 23, 2018, SFAA granted Winthrop the following procurement certifications:

<u>PROCUREMENT AREA</u>	<u>CURRENT CERTIFICATION \$ LIMITS</u>
Supplies and Services.....	250,000 per commitment*
Consultant Services.....	250,000 per commitment*
Information Technology.....	250,000 per commitment*
Construction Contract Award.....	200,000 per commitment*
Construction Contract Change Order .....	50,000 per change order
Architect/Engineer Contract Amendment.....	25,000 per amendment

\* Total potential purchase commitment whether single year or multi-term contracts are used.

During the audit Winthrop did not request an increase in its certification limits.

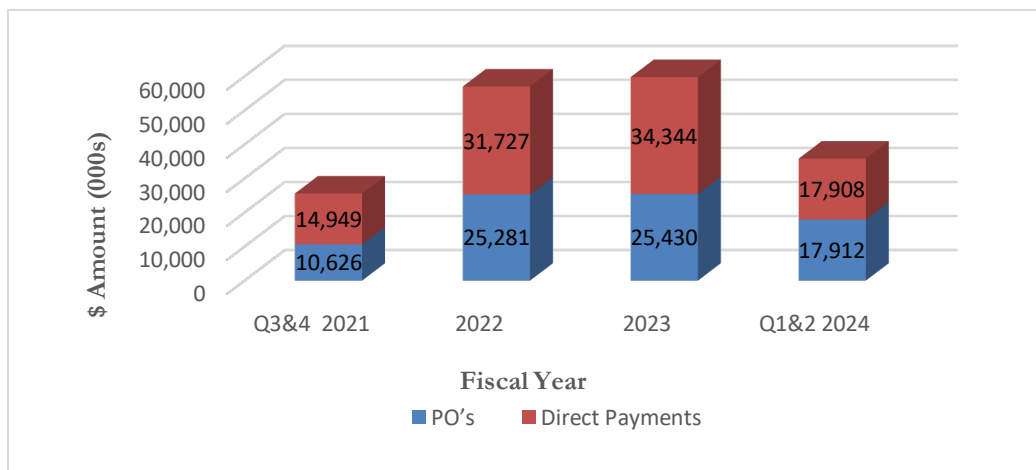
# Scope

We conducted our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Our audit included testing, on a sample basis, evidence about the University's compliance with the Code for the period January 1, 2021, through December 31, 2023, the audit period, and performing other procedures that we considered necessary in the circumstances. We reviewed all sole source and emergency procurements for the period April 1, 2017 to December 31, 2023 in accordance with Proviso 117.4. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Total Expenditures

During the audit period, the University made expenditures as follows:

	\$ Amount (000s)				Total
	Q3,4 FY2021	FY2022	FY2023	Q1,2 FY2024	
POs <sup>1</sup>	10,626	25,281	25,430	17,912	79,249
Direct Pay <sup>2</sup>	14,949	31,727	34,344	17,908	98,928
<b>Total Spend</b>	<b>25,575</b>	<b>57,008</b>	<b>59,774</b>	<b>35,820</b>	<b>178,177</b>



<sup>1</sup> **POs** represents all expenditures made with a Purchase Order. These are required for most contract purchases by the terms of the contract and is the preferred procurement instrument when a government unit orders or procures supplies or services from a vendor.

<sup>2</sup> **Direct Pays** are made without purchase order based on the State PO Policy. These may occur with purchases of supplies or services that are exempt from the Code or for such things as payment for P-Card purchases or purchases less than \$2,500.

# Summary of Results

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# Summary of Results

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The University had three cardholders with permanent STL's greater than \$2,500 for which no board or agency head approval was obtained. In addition, the University had eight cardholders that exceeded their STL's without proper approvals.

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The University had five cardholders that split transactions.

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**B. Bank Statements Lacked Supervisor and Cardholder Approval..... 15**

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**VII. Unauthorized or Illegal Procurements..... 16**

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**IX. Assistance to MBE**

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The University did not submit two Annual Utilization plans and 12 quarterly reports to SMBAO as required.

**Note:** The University's responses to issues raised in this report have been inserted immediately following the recommendations in the body of the report.

# Results of Audit

## I. Supplies, Services, and IT

We audited expenditures exceeding \$10,000 made with POs, and expenditures made without a PO to determine compliance with the Code.

Our review of procurements made with POs for the audit period identified the following issues:

### Procurements Without Documentation

The University did not provide required documentation for six procurements greater than \$10k totaling approximately \$906k. One procurement lacked a written determination, three lacked public notices, five lacked quotes or bids, and three lacked a notice of award. Without documentation, we were unable to evaluate compliance with the Code in the acquisition of supplies and services for these six procurements and must assume that the University failed to comply with the Code. The result is that these six procurements must be treated as illegal or unauthorized.

See SC Regulations 19-445.2005 and 19-445.2015.

**Recommendation:** We recommend that the University develop and implement procedures to ensure required competition is obtained in the procurement of supplies and services and establish a consistent methodology for organization and retention of documentation as required by the Code and regulations.

We further recommend that the University report these six procurements as illegal or unauthorized per Regulation 19-445.2015.

### University Response

We will develop procedures to ensure the required competition is obtained in the procurement of supplies and services. These procedures will establish a consistent methodology for organization and retention of documentation. All procedures will be fully implemented by February 17, 2025. We have reported the six procurements as illegal or unauthorized.

## II. Direct Pays

### A. Grant Specified Exemption Procedures Not Followed

The University did not follow its approved Grant Specified Exemption procedures for two purchases of equipment totaling \$50k. The University's Grant Specified Exemption procedures require the project manager to prepare a written determination as to why the particular major equipment, subcontract(s) and/or consultants are essential and critical to the successful completion of the project. Without this certification, the equipment, products, or services are required to be procured in accordance with the South Carolina Consolidated Procurement Code. The University's procedures also require that the Director of Procurement verify the determination. Documentation of the project managers justification or the procurement director's verification was not provided.

# Results of Audit

**Recommendation:** We recommend the University follow their approved written procedures regarding grant specified exemption purchases. We further recommend the University report the two purchases referred to in sections II (A) to DPS as unauthorized or illegal as required by S.C. Reg. 19-44.2015.

## University Response

We will follow written approved procedures regarding grant specified exemption purchases. We have reported the two procurements as illegal or unauthorized.

### B. The University Does Not Have a PO Policy

The University made 17 procurements out of 25 direct pays tested totaling approximately \$971k without competition. We requested documentation of the reason the acquisitions were made without competition, but none was provided. Without documentation we were unable to determine if these procurements were made in compliance with the Code.

University policy provides for payment by use of a check request to accounts payable. Making purchases above the Code's competition threshold without competition, or in accordance with a documented policy specifying when competition is not required, is a control weakness.

The risk of unauthorized or illegal procurements is increased without a policy that requires POs unless specified conditions are met. As an example, the State PO Policy, "A Direct Pay is a payment method only. It does not establish compliance with the SC Consolidated Procurement Code & Regulations or other State regulations." In addition, the State PO Policy states, Direct Payments "should not be used as a matter of convenience as it leads to a reduction in controls and approvals."

**Recommendation:** We recommend the University revise its internal procurement procedures to require the use of POs unless specified circumstances are present for Direct Payment. The State PO Policy provides guidance on when a direct payment is acceptable. Accepted practice is for all procurements greater than \$10k be processed by procurement staff unless direct payment meets conditions provided in the policy.

We also recommend the University send its revised internal procedures to DPS for approval.

## University Response

We will revise our internal procurement procedures to require the use of a PO unless specified circumstances, that align with the State PO Policy, are present for Direct Payment. We will send the revised procedures to DPS for approval. These actions will be taken by February 17, 2025.

# Results of Audit

## III. Sole Source Procurements

Written determinations for all sole source procurements pursuant to SC Code Ann. § 11-35-1560, were evaluated to assess the appropriateness of the procurement actions and the accuracy of the quarterly reports required by § 11-35-2440. During the audit period the University reported 162 sole source procurements totaling approximately \$15M to DPS.

### A. Inappropriate Sole Source Determination

The University conducted two successive sole source procurements “for a contractor to provide a means for prospective students to engage in achievement-based methods of accruing micro-scholarships”, the most recent for \$41k. A micro-scholarship is a small grant that you can earn during high school and put towards tuition at a four-year university. The sole source determinations did not adequately justify that there was only one source as required by SC Reg 19-445.2105 (C)(2), instead relying on publication of an Intent to Sole Source in SCBO. We found a list on the internet of the top 20 software solutions that meet the University’s need.

The University initially entered a contract with a potential duration of three years for this software in 2016, after using the small purchasing procedures for a procurement under \$10,000 requiring three quotes. However, the total potential value over the potential three-year duration of the contract was \$31,500. In November 2018, the procurement director determined the procurement to be illegal because the purchase, with renewals, exceeded the \$10,000 small purchase limits of §11-35-1550(2)(b). The University then ratified and continued the contract for its final year on the basis that the software had already been implemented. Upon expiration of the ratified contract, the University continued using the software thru at least November of 2022, by procuring it as a sole source.

**Recommendation:** We recommend that the University perform market research to determine the actual or potential value of this procurement and solicit the appropriate competition for the software contract.

We further recommend the University develop and implement procedures, including management review and approval, to ensure compliance with SC Code Ann. § 11-35-1560, and SC Reg 19-445.2105 (C)(2) regarding the adequacy of sole source determinations.

### University Response

For sole source determination related to software, we will develop and implement procedures, including management review and approval, and perform market research to determine the actual or potential value of procurements and solicit the appropriate competition. These actions will be taken by February 17, 2025.



# Results of Audit

## B. Sole Source Procurements Not Reported or Reported Late to DPS

The University did not report five sole source procurements totaling \$1.7M to DPS as required by SC Code Ann. § 11-35-2440. Additionally, the University reported ten sole source procurements totaling \$5.9M late.

**Recommendation:** We recommend the University develop and implement reporting procedures, including management review and approval, to ensure complete, accurate, and timely reporting of sole source procurements.

### University Response

We will develop and implement reporting procedures, including management review and approval, to ensure complete, accurate, and timely reporting of sole source procurements. These actions will be taken by February 17, 2025.

## **IV. Emergency Procurements**

All written determinations for emergency procurements made pursuant to SC Code Ann. § 11-35-1570 were evaluated to assess the appropriateness of the procurement actions and the accuracy of the quarterly reports required by SC Code Ann. § 11-35-2440. The University conducted fourteen emergency procurements totaling \$716k during the audit period.

### A. Required Written Determinations Not Provided

The University did not provide written determinations for seven emergency procurements totaling approximately \$365k as required by SC Code Ann § 11-35-1570. Without a written determination, we were unable to determine the justification for making this procurement without competition.

**Recommendation:** We recommend that the University develop and implement procedures to ensure that written determinations are prepared and properly authorized for all emergency procurements as required by the Code. We also recommend that the University report all fourteen of these procurements as unauthorized or illegal as required by regulation.

### University Response

Winthrop will develop and implement procedures to ensure that written determinations are prepared and properly authorized for all emergency procurements as required by the Code. These actions will be taken by February 17, 2025. Winthrop has reported all seven of these procurements as unauthorized or illegal.

# Results of Audit

## B. Emergency Procurements Not Reported or Reported Late to DPS

The University did not report six emergency procurements totaling approximately \$348K to DPS and two emergency procurements totaling approximately \$173k were not reported in a timely manner as required by S.C. Code Ann. §11-35-2440.

**Recommendation:** We recommend the University develop and implement reporting procedures, including management review and approval, to ensure complete, accurate, and timely reporting of emergency procurements.

### University Response

We will develop and implement reporting procedures, including management review and approval, to ensure complete, accurate, and timely reporting of emergency procurements. These actions will be taken by February 17, 2025.

## C. Emergency Procurements Not Advertised

The University did not provide notice of three emergency contract awards totaling approximately \$281k as required by SC Code Ann § 11-35-1570 (B).

**Recommendation:** We recommend the University develop and implement procedures, including management review and approval, to ensure that emergency procurements are advertised in SCBO as required.

### University Response

We will develop and implement procedures, including management review and approval, to ensure that emergency procurements are advertised in SCBO as required. These actions will be taken by February 17, 2025.

## V. Construction

We tested construction, and architectural/engineer and related professional service contracts for compliance with the Code and the PI Manual. Our testing found construction procurements had been conducted in compliance with the Code and PI Manual.

## VI. P-Cards

The University had 448 P-Cards in use during the audit period and spent \$11,773,046 in 42,480 transactions. Based on the volume of usage, there is increased risk that misuse, or abuse of P-Cards will not be prevented or detected without adequate management oversight.

# Results of Audit

## Program Administration

We reviewed the University's P-Card Policy and Procedures for compliance with the State P-Card Policy and identified weaknesses in program oversight.

### A. Insufficient P-Card Manual

We reviewed the University's internal P-Card Procedure Manual for compliance with State P-Card Policy and identified areas of non-compliance.

The following key areas were omitted from the University's manual:

- 1) No procedures for requirement for documentation of liaison reviews.
- 2) No provision for periodic independent audits.
- 3) No procedures for prohibited purchases.
- 4) No procedures for obtaining board or agency head approval to increase STLs above \$2,500.
- 5) No procedures for documented training program.
- 6) No procedures for the monitoring of accounts for inactivity and promptly closing cards that are no longer needed.

**Recommendation:** We recommend the University revise its internal P-Card Manual to document internal control procedures to ensure compliance with key requirements in the State P-Card Policy. Procurement Services website has a P-Card Manual Checklist that may be of assistance in revising the manual.

## **University Response**

We will revise our internal P-Card Manual to document internal control procedures to ensure compliance with key requirements in the State P-Card Policy and we will consider the SPO's P-Card Manual Checklist in the revision process. These actions will be taken by February 17, 2025.

### B. Independent Audit of P-Cards Not Performed

Independent audits of P-Card activity had not been performed by the University as required by Section (V) (6) of the State P-Card Policy. The University's internal P-Card Manual did not require an annual audit or independent review of the P-Card program.

**Recommendation:** We recommend that the University develop and implement procedures to ensure required independent audits of the P-Card program are conducted, at least annually, including program administration and transaction testing. We further recommend that these audits be performed by individuals not associated with the P-Card program.

# Results of Audit

## University Response

We will develop and implement procedures to ensure required independent audits of the P-Card program are conducted, at least annually, including program administration and transaction testing. Winthrop University's internal auditor will perform these audits. The procedures will be updated by February 17, 2025.

### C. No Documented Training Program

The University did not have a documented Level I training program for P-Cardholders as required by Section III (A) (4) (a) of the State P-Card Policy.

**Recommendation:** We recommend the University develop and implement procedures requiring that all P-Card holders, supervisors/approvers, and liaisons be trained prior to being issued a P-Card and that the cardholder agreement include acknowledgement of that training. We further recommend the training program be documented and the University's internal P-Card Manual be revised to include this requirement.

## University Response

We will develop and implement procedures requiring that all P-Card holders, supervisors/approvers, and liaisons be trained prior to being issued a P-Card and that the cardholder agreement includes acknowledgement of that training. We will document the training program and will revise internal P-Card manual to include the required training. The procedures will be updated, and the documented training will commence by February 17, 2015.

### D. Inactive P-Cards Not Cancelled

The University had seven P-Cards that had not been used in over a year and two cards that have never been used. State P-Card Policy III (A) (1) (a)(xi) requires monitoring for inactive cards and promptly closing accounts and cards no longer needed.

**Recommendation:** We recommend the University perform a documented review for inactive P-Cards annually and promptly close all inactive accounts or document the reason(s) for keeping them open. We further recommend the University update its internal P-Card Manual to include a requirement for the independent review at least annually.

## University Response

Winthrop will perform a documented review for inactive P- Cards annually and promptly close all inactive accounts or document the reason(s) for keeping them open. Winthrop will update its internal P-Card Manual to include a requirement for the independent review at least annually. The procedures will be updated by February 17, 2025.

# Results of Audit

## E. STLs Greater Than \$2,500 Not Approved

The University had three cardholders with permanent STLs greater than \$2,500 for which no governing board or agency head approval was obtained. Eight University cardholders made ten purchases totaling approximately \$50k above their STLs without the required prior authorization from the governing board or agency head for purchases greater than \$2,500 but less than \$10,000 as required by the State P-Card Policy Section II (B) (2).

**Recommendation:** We recommend the University develop and implement procedures to ensure compliance with the State P-Card Policy by requiring governing board or agency head approval to increase STLs over \$2,500.

### **University Response**

We will develop and implement procedures to ensure compliance with the State P-Card Policy by requiring governing board or agency head approval to increase STLs over \$2,500. The procedures will be updated by February 17, 2025.

## F. Split Transactions

The University had five cardholders that split nine purchases into 18 transactions totaling approximately \$32k during the audit period to avoid their STL. State P-Card Policy Section IV (C) prohibits splitting transactions to avoid the STL and further provides that doing so may result in revocation of P-Card privileges.

**Recommendation:** We recommend the University comply with State P-Card Policy Section IV (C), as well as its internal policy, which prohibit split purchases. We further recommend that cardholders receive additional training, and that documented liaisons reviews include checking for split purchases.

### **University Response**

We will prohibit split purchases. Winthrop will ensure that cardholders receive additional training, and that documented liaisons reviews include checking for split purchases. The procedures will be updated, and the training will commence by February 17, 2025.

## P-Card Transaction Testing

We performed tests of P-Card transactions to ensure compliance with State and University P-Card policies and procedures. Transaction testing identified two areas of non-compliance, which were not identified by the Liaisons or supervisor/approvers during the monthly review and reconciliation of cardholder statements.

# Results of Audit

## A. Ineffective Liaison Reviews

The University did not provide documented liaison reviews for three of the 25 transactions tested as required by Part III (C) of the State P-Card Policy. The University's internal policy includes a liaison role for reconciling the P-Card statements but does not require that the review be documented.

**Recommendation:** We recommend that the University develop clear and effective procedures for liaison reviews, consistent with State P-Card Policy, and provide training. Accepted practice is for Liaisons to use a checklist to document and ensure an effective review.

### **University Response**

We will develop clear and effective procedures for liaison reviews, including checklists, consistent with State P-Card Policy, and provide training. The procedures will be updated, and the training will Commence by February 17, 2025.

## B. Bank Statements Lacked Supervisor and Cardholder Approval

University cardholders did not sign-off on one of the bank statements and did not sign off in a timely manner on four of the 25 bank statements tested. State P-Card Policy III (D) (4) requires the cardholders sign-off on the bank statements attesting to the accuracy and completeness of statements. The University's P-Card Policy does not require the cardholder to sign the bank statements.

The University's P-Card Supervisors/Approvers failed to sign bank statements in a timely manner on eight of the 25 items tested. P-Card Policy III (B) (8) states that "supervisor/approving officials must review all transactions and sign the monthly bank statements signifying review and approval for payment. This responsibility cannot be delegated to another person." Further, the University's P-Card Policy does not require supervisors to sign the bank statements.

**Recommendation:** We recommend the University develop and implement procedures requiring timely approval and signing of monthly bank statements by both the cardholders and supervisor/approvers. We also recommend that the University provide refresher training for cardholders and supervisors who have oversight responsibility for P-Cards.

### **University Response**

We will develop and implement procedures requiring timely approval and signing of monthly bank statements by both the cardholders and supervisor/approvers. We will provide refresher training for cardholders and supervisors who have oversight responsibility for P-Cards. The procedures will be updated, and the training will commence by February 17, 2025.

# Results of Audit

## VII. Unauthorized or Illegal Procurements

We tested Unauthorized or Illegal Procurements to determine compliance with the Code and Regulations. All reported unauthorized or illegal procurements were properly resolved.

## VIII. Surplus Property

We tested asset disposals to determine compliance with the Code and State policies and procedures. Our testing of asset disposals did not identify any compliance issues.

## IX. Assistance to MBEs

We requested copies of the University's Annual MBE utilization plans and quarterly progress reports to assess compliance with the Code.

### Required MBE Plans and Reports Not Submitted to SMBAO

The University had not filed two Annual Utilization Plans and 12 Quarterly Reports. One Annual Utilization Plan was filed late. SC Code Ann. § 11-35-5240 requires each agency director to develop an MBE utilization plan. MBE utilization plans must be submitted to the SMBAO for approval no later than July 30th, annually, and that progress reports be submitted to the SMBAO no later than 30 days after the end of each fiscal quarter.

**Recommendation:** We recommend the University develop and implement procedures, including management review, for submitting Annual Utilization Plans and Quarterly Progress reports to the SMBCC as required by SC Code Ann. § 11-35-5240.

### University Response

Winthrop will develop and implement procedures, including management review, for submitting Annual Utilization Plans and Quarterly Progress reports to the SMBCC. The procedures will be updated by February 17, 2025.

# Certification Recommendation

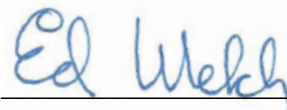
We believe corrective action based on the recommendations in this report will make Winthrop University's internal procurement operations consistent with the South Carolina Consolidated Procurement Code and ensuing regulations.

As provided in SC Code Ann. § 11-35-1210, we recommend that the University's procurement authority to make direct agency procurements be reduced to the following limits for three years:

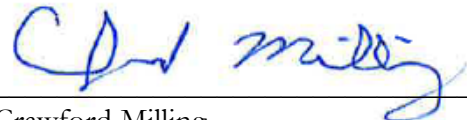
<u>PROCUREMENT AREA</u>	<u>RECOMMENDED CERTIFICATION \$ LIMITS</u>
Supplies and Services <sup>1</sup> .....	100,000 per commitment*
Information Technology <sup>2</sup> .....	100,000 per commitment*
Construction Contract Award.....	200,000 per commitment*
Construction Contract Change Order .....	50,000 per change order
Architect/Engineer Contract Amendment .....	25,000 per amendment

\* Total potential purchase commitment whether single year or multi-term contracts are used.

We also recommend the University limit active P-Cards to 166 or less for a year.<sup>3</sup> The University shall reduce its active cards to this amount within 30 days of receipt of this report and provide DPS with a list of both cancelled and active cards. In addition, the University must revise its P-Card manual and submit it to DPS for approval within 90 days of the receipt of this report. Failure to submit a revised P-Card manual to DPS within the required timeframe will result in the suspension of all P-Cards until DPS receives the manual. Also, the University shall complete an independent audit of its P-Card program within one year of the receipt of this report and submit the audit to DPS.



Ed Welch  
Audit Manager,  
Audit & Certification



Crawford Milling  
Director, Audit & Certification

<sup>1</sup> Supplies and Services including non-IT consulting services

<sup>2</sup> Information Technology includes consulting services for any aspect of information technology, systems, and networks

<sup>3</sup> This is a twenty percent reduction from the 208 active P-Cards the University had at the end of the audit period.



**SECTION 11-35-1230.** Auditing and fiscal reporting.

(1) The Division of Procurement Services, through consultation with the chief procurement officers, shall develop written plans for the auditing of state procurements.

(2) In procurement audits of governmental bodies thereafter, the auditors from the Division of Procurement Services shall review the adequacy of the governmental body's internal controls in order to ensure compliance with the requirement of this code and the ensuing regulations. A noncompliance discovered through audit must be transmitted in management letters to the audited governmental body and the board. The Division of Procurement Services shall provide in writing proposed corrective action to governmental bodies. Based upon audit recommendations, the board may revoke certification as provided in Section 11-35-1210 and require the governmental body to make all procurements through the appropriate chief procurement officer above a dollar limit set by the board, until such time as the board is assured of compliance with this code and its regulations by that governmental body.

**SECTION 11-35-1210. Certification.**

(1) Authority. In an amount up to fifty thousand dollars in actual or potential value, individual governmental bodies may make direct procurements not under term contracts. Subject to the following and subject to any ensuing regulations:

(a) the board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The Division of Procurement Services shall review the respective governmental body's internal procurement operation, shall certify in writing that it is consistent with the provisions of this code and the ensuing regulations, and recommend to the board those dollar limits for the respective governmental body's procurement not under term contract; and

(b) the Director of the Division of Procurement Services may authorize an individual governmental body to make direct procurements not under term contracts in an amount up to one hundred fifty thousand dollars. All authority granted pursuant to this item must be in writing, and the director shall advise the board in writing of all such authorizations.

(2) Policy. Authorizations granted by the board or the Director of the Division of Procurement Services to a governmental body are subject to the following:

(a) adherence to the provisions of this code and the ensuing regulations, particularly concerning competitive procurement methods;

(b) responsiveness to user needs;

(c) obtaining the best prices for value received.

(3) Adherence to Provisions of the Code. All procurements shall be subject to all the appropriate provisions of this code, especially regarding competitive procurement methods and nonrestrictive specifications.

(4) Subject to subsection (1), the State Board for Technical and Comprehensive Education, in coordination with the appropriate chief procurement officer, may approve a cumulative total of up to fifty thousand dollars in additional procurement authority for technical colleges, provided that the Division of Procurement Services makes no material audit findings concerning procurement. As provided by regulation, any authority granted pursuant to this paragraph is effective when certified in writing by the Division of Procurement Services.

## **S.C. Code Regs. § § 19-445.2025**

**A. Consultant Services. (1)** For the purposes of these Regulations, consultant services shall be defined as follows: An individual, partnership, corporation or any other legally established organization performing consulting services for or providing consulting advice to the State of South Carolina, or any governmental body thereof, over whom the State or governmental body has the right of control as to the result to be accomplished but not as to the details and means by which that result is to be accomplished.

**Colleges & Universities**

4-Feb-25

PROCUREMENT AREA  
CERTIFICATION \$ AMOUNT

AGENCY	Certification Date	Certificate Number	Supplies and Services	Consultant Services	Information Technology	Revenue Generating Contracts	Construction Contract Award	Construction Contract Change Order	Architect/Engineer Contract Amendment
CITADEL, THE	1/31/2023	520	500,000		500,000		500,000	150,000	25,000
CLEMSON UNIVERSITY	6/18/2024	530	5,000,000		5,000,000	20,000,000	5,000,000	500,000	100,000
COASTAL CAROLINA UNIVERSITY (CCU)	12/10/2019	502	400,000		150,000	1,500,000	300,000	200,000	75,000
COLLEGE OF CHARLESTON (CofC)	6/18/2024	531	1,000,000		500,000		200,000	200,000	75,000
FRANCIS MARION UNIVERSITY (FMU)	6/28/2022	516	325,000		200,000		50,000	25,000	25,000
LANDER UNIVERSITY	10/17/2023	527	200,000		150,000		200,000	75,000	50,000
MEDICAL UNIVERSITY OF SC (MUSC)	6/29/2021	512	2,000,000		2,000,000		1,000,000	500,000	100,000
SOUTH CAROLINA, UNIVERSITY OF (USC)	10/23/2018	490	3,000,000	3,000,000	3,000,000	15,000,000	4,000,000	500,000	100,000
WINTHROP UNIVERSITY	10/23/2018	491	250,000	250,000	250,000		200,000	50,000	25,000
	Recommended	2/4/2025	100,000		100,000		200,000	50,000	25,000

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AGENCY: Division of Procurement Services

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SUBJECT: Exempt the South Carolina Commission for the Blind's (Commission) acquisition of specialized supplies, information technology, and services, which are individualized for each customer from the Chief Procurement Officer's area of responsibility and from the purchasing procedures of the Procurement Code

The South Carolina Commission for the Blind (Commission) provides children, youth, and adults (consumers) who are blind or low vision with quality individualized vocational rehabilitation services, independent living services, and prevention-of-blindness services that lead to competitive employment and/or social and economic independence. Per governing Federal Regulations, the Commission works with each consumer to develop a set of goals for competitive employment and/or social and economic independence and to select the supplies, information technology, and services needed to achieve those goals. Per 34 CFR 361.46, "each individualized plan for employment must include a description of the specific employment outcome, as defined in § 361.5(c)(15), that is chosen by the eligible individual and is consistent with the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, career interests, and informed choice" (34 CFR 361.52). The individualized plan includes "a description of the specific rehabilitation services needed to achieve the employment outcome, including, as appropriate, the provision of assistive technology devices, assistive technology services, and personal assistance services, including training in the management of those services." Services may also include assessments for determining an individual's eligibility for services and rehabilitation, assistive technology, and training needs. The individualized plan must also "include a description of the entity or entities chosen by the eligible individual or, as appropriate, the individual's representative that will provide the vocational rehabilitation services and the methods used to procure those services." While the supplies, information technology, and services may not be customized, they are selected based on the needs of the individual consumer. Any supplies/equipment (assistive technology, information technology, etc.) purchased by the agency for a consumer are owned by that consumer. Because no two consumers are alike, the needs vary, and each consumer will receive services required to address their specific situation.

The Commission's goal is to enable the consumer to start working towards his/her goals as soon they are developed to include providing the needed supplies, information technology, and services straight away. Per the Rehabilitation Services Administration, which oversees the federal programs offered by the Commission, "VR agencies should eliminate delays in the referral and application process, thereby expediting engagement and facilitating rapid access to VR services" (RSA-Technical Assistance Circular 24-01). Moreover, these supplies, information technology, and services are expensive, often exceeding the no competition threshold of the Procurement Code. The written requests for three written quote procedures take time and are not always effective. Sources of appropriate supplies, information technology, or services are often limited, and the Commission may have difficulty obtaining three bona fide quotes. Therefore, the Commission often must resort to advertised solicitation of quotes, bids, or proposals. Even if there is only one source of supply, the Commission must go through the sole source procurement process. These processes delay the Commission's provision of supplies, information technology,

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AGENCY: Division of Procurement Services

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SUBJECT: Exempt the South Carolina Commission for the Blind's (Commission) acquisition of specialized supplies, information technology, and services, which are individualized for each customer from the Chief Procurement Officer's area of responsibility and from the purchasing procedures of the Procurement Code

or services to the consumer thus delaying the consumer's ability to work toward the achievement of his/her goals. Therefore, the Commission requests an exemption from the Procurement Code giving it the flexibility to obtain the most appropriate individualized supplies, information technology, or services for each consumer in a manner that is efficient and will enable the consumer to work towards his/her goals sooner.

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AUTHORITY ACTION REQUESTED:

Under authority of S.C. Code Section 11-35-710, exempt the South Carolina Commission for the Blind (Commission) from purchasing supplies, information technology, and services for people (consumers) who are legally blind or low vision through the Chief Procurement Officer's area of responsibility where such supplies, information technology, or services are acquired to enable consumers to achieve their goals for competitive employment and/or social and economic independence. Further, exempt the Commission's acquisition of such supplies, information technology, and services from the purchasing procedures of the Procurement Code, as recommended by the Division of Procurement Services.

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ATTACHMENTS:

Agenda item worksheet and attachment

**STATE FISCAL ACCOUNTABILITY AUTHORITY  
AGENDA ITEM WORKSHEET**

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**Meeting Scheduled for: 2/4/2025**

**Regular Agenda**

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**1. Submitted by:**

- (a) Agency: Division of Procurement Services
- (b) Authorized Official Signature:

  
\_\_\_\_\_  
John St. C. White, Materials Management Officer

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**2. Subject: Other-Specify**

Exempt the South Carolina Commission for the Blind's (Commission) acquisition of specialized supplies, information technology, and services, which are individualized for each customer from the Chief Procurement Officer's area of responsibility and from the purchasing procedures of the Procurement Code.

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**3. Summary and Background Information:**

The Commission provides children, youth, and adults (consumers) who are blind or low vision with quality individualized vocational rehabilitation services, independent living services, and prevention-of-blindness services that lead to competitive employment and/or social and economic independence. Per governing Federal Regulations, the Commission works with each consumer to develop a set of goals for competitive employment and/or social and economic independence and to select the supplies, information technology, and services needed to achieve those goals. Per 34 CFR 361.46, "each individualized plan for employment must include a description of the specific employment outcome, as defined in § 361.5(c)(15), that is chosen by the eligible individual and is consistent with the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, career interests, and informed choice" (34 CFR 361.52). The individualized plan includes "a description of the specific rehabilitation services needed to achieve the employment outcome, including, as appropriate, the provision of assistive technology devices, assistive technology services, and personal assistance services, including training in the management of those services." Services may also include assessments for determining an individual's eligibility for services and rehabilitation, assistive technology, and training needs. The individualized plan must also "include a description of the entity or entities chosen by the eligible individual or, as appropriate, the individual's representative that will provide the vocational rehabilitation services and the methods used to procure those services." While the supplies, information technology, and services may not be customized, they are selected based on the needs of the individual consumer. Any supplies/equipment (assistive technology, information technology, etc.) purchased by the agency for a consumer are owned by that consumer. Because no two consumers are alike, the needs vary, and each consumer will receive services required to address their specific situation.

The Commission's goal is to enable the consumer to start working towards his/her goals as soon they are developed to include providing the needed supplies, information technology, and services straight away. Per the Rehabilitation Services Administration, which oversees the federal programs offered by the Commission, "VR agencies should eliminate delays in the referral and application process, thereby expediting engagement and facilitating rapid access to VR services" (RSA-Technical Assistance Circular 24-01). Moreover, these supplies, information technology, and services are expensive, often exceeding the no competition threshold of the

Procurement Code. The written requests for three written quote procedures take time and are not always effective. Sources of appropriate supplies, information technology, or services are often limited, and the Commission may have difficulty obtaining three bona fide quotes. Therefore, the Commission often must resort to advertised solicitation of quotes, bids, or proposals. Even if there is only one source of supply, the Commission must go through the sole source procurement process. These processes delay the Commission's provision of supplies, information technology, or services to the consumer thus delaying the consumer's ability to work toward the achievement of his/her goals. Therefore, the Commission requests an exemption from the Procurement Code giving it the flexibility to obtain the most appropriate individualized supplies, information technology, or services for each consumer in a manner that is efficient and will enable the consumer to work towards his/her goals sooner.

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**4. What is the Authority asked to do?** Under authority of S.C. Code Section 11-35-710, exempt the Commission from purchasing supplies, information technology, and services for people (consumers) who are legally blind or low vision through the Chief Procurement Officer's area of responsibility where such supplies, information technology, or services are acquired to enable consumers to achieve their goals for competitive employment and/or social and economic independence. Further, exempt the Commission's acquisition of such supplies, information technology, and services from the purchasing procedures of the Procurement Code.

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**5. What is recommendation of the submitting agency involved?** Grant the Commission's requested exemption as set forth in item four above.

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**6. Private Participant Disclosure – Check one:**

No private participants will be known at the time the Authority considers this agenda item.

A Private Participant Disclosure form has been attached for each private participant.

As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.

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**7. Recommendation of other office (as required)?**

(a) Authorized Signature: \_\_\_\_\_

(b) Office Name: \_\_\_\_\_

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**8. List of Supporting Documents:**

A - Sections 11-35-710

B - Request from the South Carolina Commission for the Blind

C – Examples of Items Purchased for Consumers

D – 34 CFR 361.46, 361.5(c)(15), and 361.52

E - Rehabilitation Services Administration Technical Assistance Circular 24-01

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**9. Upload Agenda Item Worksheet and supporting documentation in PDF and native format to the SFAA Authority File Drop.**



**SECTION 11-35-710. Exemptions.**

(A) The board, upon the recommendation of the chief procurement officer, may exempt governmental bodies from purchasing certain items through the respective chief procurement officer's area of responsibility. The board may exempt specific supplies, services, information technology, or construction from the purchasing procedures required in this chapter and for just cause by unanimous written decision limit or may withdraw exemptions provided for in this section. The following exemptions are granted from this chapter:

(1) the construction, maintenance, and repair of bridges, highways, and roads; vehicle and road equipment maintenance and repair; and other emergency-type parts or equipment utilized by the Department of Transportation or the Department of Public Safety;

(2) the purchase of raw materials by the South Carolina Department of Corrections, Division of Prison Industries;

(3) South Carolina State Ports Authority;

(4) Division of Public Railways of the Department of Commerce;

(5) South Carolina Public Service Authority;

(6) expenditure of funds at state institutions of higher learning derived wholly from athletic or other student contests, from the activities of student organizations, and from the operation of canteens and bookstores, except as the funds are used for the procurement of construction, architect-engineer, construction-management, and land surveying services;

(7) livestock, feed, and veterinary supplies;

(8) articles for commercial sale by all governmental bodies;

(9) fresh fruits, vegetables, meats, fish, milk, and eggs;

(10) South Carolina Arts Commission and South Carolina Museum Commission for the purchase of one-of-a-kind items such as paintings, antiques, sculpture, and similar objects. Before a governmental body procures the objects, the head of the purchasing agency shall prepare a written determination specifying the need for the objects and the benefits to the State. The South Carolina Arts Commission shall review the determination and forward a recommendation to the board for approval;

(11) published books, periodicals, and technical pamphlets;

(12) South Carolina Research Authority;

(13) the purchase of supplies, services, or information technology by state offices, departments, institutions, agencies, boards, and commissions or the political subdivisions of this State from the South Carolina Department of Corrections, Division of Prison Industries;

(14) Medical University Hospital Authority, if the Medical University Hospital Authority has promulgated a procurement process in accordance with its enabling provision;

(15) if approved in writing by the State Engineer in advance, and if some aspect of the overall transaction is otherwise approved by the board in advance of the acquisition, an acquisition of construction from an eleemosynary corporation or foundation, or a wholly owned business thereof, established solely for the governmental body's benefit, but only if the eleemosynary corporation or foundation acquires the construction on behalf of or for the use of the governmental body and does so pursuant to this code, as required by Section 11-35-40(4).

(B) The State Fiscal Accountability Authority shall maintain and post publicly a running list of all currently effective actions taken by the board pursuant to subsection (A).



Darline Graham  
Commissioner

# Exhibit B

## South Carolina Commission for the Blind

1430 Confederate Avenue • Columbia, SC 29201  
803-898-8731 or 888-335-5951 • Fax: 803-898-8867

Thursday, January 9, 2025

Mr. John White, Material Management Officer and State Engineer  
State Fiscal Accountability Authority, Division of Procurement Services  
1201 Main Street, Suite 600  
Columbia, SC 29201

Dear Mr. White:

The Commission provides children, youth, and adults (consumers) who are blind or low vision with quality individualized vocational rehabilitation services, independent living services, and prevention-of-blindness services that lead to competitive employment and/or social and economic independence. Per governing Federal Regulations, the Commission works with each consumer to develop a set of goals for competitive employment and/or social and economic independence and to select the supplies, information technology, and services needed to achieve those goals. Per [34 CFR 361.46](#), “each individualized plan for employment must include a description of the specific employment outcome, as defined in [34 CFR 361.5\(c\)\(15\)](#), that is chosen by the eligible individual and is consistent with the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, career interests, and informed choice” ([34 CFR 361.52](#)). The individualized plan includes “a description of the specific rehabilitation services needed to achieve the employment outcome, including, as appropriate, the provision of assistive technology devices, assistive technology services, and personal assistance services, including training in the management of those services.” Services may also include assessments for determining an individual’s eligibility for services and rehabilitation, assistive technology, and training needs. The individualized plan must also “include a description of the entity or entities chosen by the eligible individual or, as appropriate, the individual's representative that will provide the vocational rehabilitation services and the methods used to procure those services.” While the supplies, information technology, and services may not be customized, they are selected based on the needs of the individual consumer. Any supplies/equipment (assistive technology, information technology, etc.) purchased by the agency for a consumer are owned by that consumer. Because no two consumers are alike, the needs vary and each consumer will receive services required to address their specific situation.

The Commission’s goal is to enable the consumer to start working towards his/her goals as soon they are developed to include providing the needed supplies, information technology, and services straight away. Per the Rehabilitation Services Administration, which oversees the federal programs offered by the Commission, “VR agencies should eliminate delays in the referral and application process, thereby expediting engagement and facilitating rapid access to VR services” (RSA-Technical Assistance Circular [24-01](#)). Moreover, these supplies, information technology, and services are expensive, often exceeding the no competition threshold of the Procurement Code. The written requests for three written quote procedures take time and are not always effective. Sources of appropriate supplies, information technology, or services are often limited, and the Commission may have difficulty obtaining three bona fide quotes. Therefore, the Commission often must resort to

advertised solicitation of quotes, bids, or proposals. Even if there is only one source of supply, the Commission must go through the sole source procurement process. These processes delay the Commission's provision of supplies, information technology, or services to the consumer thus delaying the consumer's ability to work toward the achievement of his/her goals. Therefore, the Commission requests an exemption from the Procurement Code giving it the flexibility to obtain the most appropriate individualized supplies, information technology, or services for each consumer in a manner that is efficient and will enable the consumer to work towards his/her goals sooner.

Sincerely,



Darline Graham  
Commissioner

# Exhibit C

## South Carolina Commission for the Blind

### Example of List of Items Purchased for Consumers

**It is important to note that no two consumers are the same; each may benefit from utilizing a specific brand of device or training more than another.**

**Examples of goods that may be purchased for consumers based on their individual needs include but are not limited to (goods are specifically designed for blind and low vision users):**

- Adaptive kitchen equipment (liquid level indicators, high contrast cutting boards, talking food scales, etc.)
- Bioptic lenses
- Bump dots
- Desktop Braille Devices
- Desktop video magnifiers (closed circuit televisions – CCTVs)
- Handheld magnification devices (non-electronic)
- Handheld video magnifiers (RUBY, Visolux, etc.)
- Keyboards (tactile, standard, high contrast)
- Laptop/Desktop Computers (to utilize various software)
- Large print products
- Monitors (to assist with use of low vision software)
- Refreshable Braille displays
- Screen reading/magnification software (JAWS, ZoomText, Fusion, etc.)
- Signature/reading guides
- Tablets (to utilize various software)
- Talking appliances
- Task lighting
- Vending facility/micro market equipment
- Vending facility/micro market initial stock
- White canes

**Examples of services that may be purchased for consumers based on their individual needs include but are not limited to (services are specifically designed for blind and low vision individuals):**

- Assessments
- Bioptic Driver Training
- Braille Training
- Disability Related Skills Training
- Home Management Training
- iOS/Android Training
- Job-specific Training
- Orientation and Mobility Training
- Pre-Employment Transition Services (Instruction in Self-Advocacy, Work-Based Learning Experiences, Job Exploration Counseling, Counseling on Post-Secondary Education Opportunities, Workplace Readiness Training)
- Prescribed medical treatments/procedures (may include follow up visits)
- Software Training (JAWs, ZoomText, Fusion, etc.)
- Support materials for post-secondary education/training

- Supported Employment Services
- Translation Services
- Transportation Services
- Vending facility/micro market equipment repairs

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This content is from the eCFR and is authoritative but unofficial.

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## Title 34 – Education

### Subtitle B – Regulations of the Offices of the Department of Education

#### Chapter III – Office of Special Education and Rehabilitative Services, Department of Education

#### Part 361 – State Vocational Rehabilitation Services Program

#### Subpart B – State Plan and Other Requirements for Vocational Rehabilitation Services

#### Provision and Scope of Services

**Authority:** Section 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c); Pub. L. 111-256, 124 Stat. 2643; unless otherwise noted.

**Source:** 81 FR 55741, Aug. 19, 2016, unless otherwise noted.

#### § 361.46 Content of the individualized plan for employment.

- (a) **Mandatory components.** Regardless of the approach in § 361.45(c)(1) that an eligible individual selects for purposes of developing the individualized plan for employment, each individualized plan for employment must—
- (1) Include a description of the specific employment outcome, as defined in § 361.5(c)(15), that is chosen by the eligible individual and is consistent with the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, career interests, and informed choice consistent with the general goal of competitive integrated employment (except that in the case of an eligible individual who is a student or a youth with a disability, the description may be a description of the individual's projected post-school employment outcome);
  - (2) Include a description under § 361.48 of—
    - (i) These specific rehabilitation services needed to achieve the employment outcome, including, as appropriate, the provision of assistive technology devices, assistive technology services, and personal assistance services, including training in the management of those services; and
    - (ii) In the case of a plan for an eligible individual that is a student or youth with a disability, the specific transition services and supports needed to achieve the individual's employment outcome or projected post-school employment outcome.
  - (3) Provide for services in the most integrated setting that is appropriate for the services involved and is consistent with the informed choice of the eligible individual;
  - (4) Include timelines for the achievement of the employment outcome and for the initiation of services;
  - (5) Include a description of the entity or entities chosen by the eligible individual or, as appropriate, the individual's representative that will provide the vocational rehabilitation services and the methods used to procure those services;
  - (6) Include a description of the criteria that will be used to evaluate progress toward achievement of the employment outcome; and
  - (7) Include the terms and conditions of the individualized plan for employment, including, as appropriate, information describing—
    - (i) The responsibilities of the designated State unit;

- (ii) The responsibilities of the eligible individual, including—
    - (A) The responsibilities the individual will assume in relation to achieving the employment outcome;
    - (B) If applicable, the extent of the individual's participation in paying for the cost of services; and
    - (C) The responsibility of the individual with regard to applying for and securing comparable services and benefits as described in § 361.53; and
  - (iii) The responsibilities of other entities as the result of arrangements made pursuant to the comparable services or benefits requirements in § 361.53.
- (b) **Supported employment requirements.** An individualized plan for employment for an individual with a most significant disability for whom an employment outcome in a supported employment setting has been determined to be appropriate must—
- (1) Specify the supported employment services to be provided by the designated State unit;
  - (2) Specify the expected extended services needed, which may include natural supports;
  - (3) Identify the source of extended services or, to the extent that it is not possible to identify the source of extended services at the time the individualized plan for employment is developed, include a description of the basis for concluding that there is a reasonable expectation that those sources will become available;
  - (4) Provide for periodic monitoring to ensure that the individual is making satisfactory progress toward meeting the weekly work requirement established in the individualized plan for employment by the time of transition to extended services;
  - (5) Provide for the coordination of services provided under an individualized plan for employment with services provided under other individualized plans established under other Federal or State programs;
  - (6) To the extent that job skills training is provided, identify that the training will be provided on site; and
  - (7) Include placement in an integrated setting for the maximum number of hours possible based on the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of individuals with the most significant disabilities.
- (c) **Post-employment services.** The individualized plan for employment for each individual must contain, as determined to be necessary, statements concerning—
- (1) The expected need for post-employment services prior to closing the record of services of an individual who has achieved an employment outcome;
  - (2) A description of the terms and conditions for the provision of any post-employment services; and
  - (3) If appropriate, a statement of how post-employment services will be provided or arranged through other entities as the result of arrangements made pursuant to the comparable services or benefits requirements in § 361.53.

- (d) *Coordination of services for students with disabilities.* The individualized plan for employment for a student with a disability must be coordinated with the individualized education program or 504 services, as applicable, for that individual in terms of the goals, objectives, and services identified in the education program.

*(Approved by the Office of Management and Budget under control number 1205-0522)*

(Authority: Sections 101(a)(8), 101(a)(9), and 102(b)(4) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 721(a)(8), 721(a)(9), and 722(b)(4))



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This content is from the eCFR and is authoritative but unofficial.

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## Title 34 – Education

### Subtitle B – Regulations of the Offices of the Department of Education

#### Chapter III – Office of Special Education and Rehabilitative Services, Department of Education

#### Part 361 – State Vocational Rehabilitation Services Program

##### Subpart A – General

**Authority:** Section 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c); Pub. L. 111-256, 124 Stat. 2643; unless otherwise noted.

**Source:** 81 FR 55741, Aug. 19, 2016, unless otherwise noted.

### § 361.5 Applicable definitions.

The following definitions apply to this part:

- (a) Definitions in EDGAR 77.1.
- (b) Definitions in 2 CFR part 200, subpart A.
- (c) The following definitions:
  - (1) **Act** means the Rehabilitation Act of 1973, as amended (29 U.S.C. 701 et seq.).
  - (2) **Administrative costs under the vocational rehabilitation services portion of the Unified or Combined State Plan** means expenditures incurred in the performance of administrative functions under the vocational rehabilitation program carried out under this part, including expenses related to program planning, development, monitoring, and evaluation, including, but not limited to, expenses for—
    - (i) Quality assurance;
    - (ii) Budgeting, accounting, financial management, information systems, and related data processing;
    - (iii) Providing information about the program to the public;
    - (iv) Technical assistance and support services to other State agencies, private nonprofit organizations, and businesses and industries, except for technical assistance and support services described in § 361.49(a)(4);
    - (v) The State Rehabilitation Council and other advisory committees;
    - (vi) Professional organization membership dues for designated State unit employees;
    - (vii) The removal of architectural barriers in State vocational rehabilitation agency offices and State-operated rehabilitation facilities;
    - (viii) Operating and maintaining designated State unit facilities, equipment, and grounds, as well as the infrastructure of the one-stop system;
    - (ix) Supplies;
    - (x) Administration of the comprehensive system of personnel development described in § 361.18, including personnel administration, administration of affirmative action plans, and training and staff development;

- (xi) Administrative salaries, including clerical and other support staff salaries, in support of these administrative functions;
- (xii) Travel costs related to carrying out the program, other than travel costs related to the provision of services;
- (xiii) Costs incurred in conducting reviews of determinations made by personnel of the designated State unit, including costs associated with mediation and impartial due process hearings under § 361.57; and
- (xiv) Legal expenses required in the administration of the program.

(Authority: Sections 7(1) and 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(1) and 709(c))

- (3) **Applicant** means an individual who submits an application for vocational rehabilitation services in accordance with § 361.41(b)(2).

(Authority: Section 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c))

- (4) **Appropriate modes of communication** means specialized aids and supports that enable an individual with a disability to comprehend and respond to information that is being communicated. Appropriate modes of communication include, but are not limited to, the use of interpreters, open and closed captioned videos, specialized telecommunications services and audio recordings, Brailled and large print materials, materials in electronic formats, augmentative communication devices, graphic presentations, and simple language materials.

(Authority: Section 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c))

- (5) **Assessment for determining eligibility and vocational rehabilitation needs** means, as appropriate in each case—

(i)

(A) A review of existing data—

- (1) To determine if an individual is eligible for vocational rehabilitation services; and
- (2) To assign priority for an order of selection described in § 361.36 in the States that use an order of selection; and

(B) To the extent necessary, the provision of appropriate assessment activities to obtain necessary additional data to make the eligibility determination and assignment;

(ii) To the extent additional data are necessary to make a determination of the employment outcomes and the nature and scope of vocational rehabilitation services to be included in the individualized plan for employment of an eligible individual, a comprehensive assessment to determine the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, including the need for supported employment, of the eligible individual. This comprehensive assessment—

(A) Is limited to information that is necessary to identify the rehabilitation needs of the individual and to develop the individualized plan for employment of the eligible individual;

- (B) Uses as a primary source of information, to the maximum extent possible and appropriate and in accordance with confidentiality requirements—
  - (1) Existing information obtained for the purposes of determining the eligibility of the individual and assigning priority for an order of selection described in § 361.36 for the individual; and
  - (2) Information that can be provided by the individual and, if appropriate, by the family of the individual;
- (C) May include, to the degree needed to make such a determination, an assessment of the personality, interests, interpersonal skills, intelligence and related functional capacities, educational achievements, work experience, vocational aptitudes, personal and social adjustments, and employment opportunities of the individual and the medical, psychiatric, psychological, and other pertinent vocational, educational, cultural, social, recreational, and environmental factors that affect the employment and rehabilitation needs of the individual;
- (D) May include, to the degree needed, an appraisal of the patterns of work behavior of the individual and services needed for the individual to acquire occupational skills and to develop work attitudes, work habits, work tolerance, and social and behavior patterns necessary for successful job performance, including the use of work in real job situations to assess and develop the capacities of the individual to perform adequately in a work environment; and
- (E) To the maximum extent possible, relies on information obtained from experiences in integrated employment settings in the community and in other integrated community settings;
- (iii) Referral, for the provision of rehabilitation technology services to the individual, to assess and develop the capacities of the individual to perform in a work environment; and
- (iv) An exploration of the individual's abilities, capabilities, and capacity to perform in work situations, which must be assessed periodically during trial work experiences, including experiences in which the individual is provided appropriate supports and training.

(Authority: Sections 7(2) and 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(2) and 709(c))

(6) **Assistive technology terms** —

- (i) **Assistive technology** has the meaning given such term in section 3 of the Assistive Technology Act of 1998 (29 U.S.C. 3002).
- (ii) **Assistive technology device** has the meaning given such term in section 3 of the Assistive Technology Act of 1998, except that the reference in such section to the term *individuals with disabilities* will be deemed to mean more than one individual with a disability as defined in paragraph (20)(A) of the Act.
- (iii) **Assistive technology service** has the meaning given such term in section 3 of the Assistive Technology Act of 1998, except that the reference in such section to the term—
  - (A) **Individual with a disability** will be deemed to mean an individual with a disability, as defined in paragraph (20)(A) of the Act; and

- (B) *Individuals with disabilities* will be deemed to mean more than one such individual.

(Authority: Sections 7(3) and 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(3) and 709(c))

(7) *Community rehabilitation program* —

- (i) *Community rehabilitation program* means a program that provides directly or facilitates the provision of one or more of the following vocational rehabilitation services to individuals with disabilities to enable those individuals to maximize their opportunities for employment, including career advancement:
  - (A) Medical, psychiatric, psychological, social, and vocational services that are provided under one management.
  - (B) Testing, fitting, or training in the use of prosthetic and orthotic devices.
  - (C) Recreational therapy.
  - (D) Physical and occupational therapy.
  - (E) Speech, language, and hearing therapy.
  - (F) Psychiatric, psychological, and social services, including positive behavior management.
  - (G) Assessment for determining eligibility and vocational rehabilitation needs.
  - (H) Rehabilitation technology.
  - (I) Job development, placement, and retention services.
  - (J) Evaluation or control of specific disabilities.
  - (K) Orientation and mobility services for individuals who are blind.
  - (L) Extended employment.
  - (M) Psychosocial rehabilitation services.
  - (N) Supported employment services and extended services.
  - (O) Customized employment.
  - (P) Services to family members if necessary to enable the applicant or eligible individual to achieve an employment outcome.
  - (Q) Personal assistance services.
  - (R) Services similar to the services described in paragraphs (c)(7)(i)(A) through (Q) of this section.
- (ii) For the purposes of this definition, *program* means an agency, organization, or institution, or unit of an agency, organization, or institution, that provides directly or facilitates the provision of vocational rehabilitation services as one of its major functions.

(Authority: Section 7(4) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(4))

(8) *Comparable services and benefits* —

- (i) **Comparable services and benefits** means services and benefits, including accommodations and auxiliary aids and services, that are—
  - (A) Provided or paid for, in whole or in part, by other Federal, State, or local public agencies, by health insurance, or by employee benefits;
  - (B) Available to the individual at the time needed to ensure the progress of the individual toward achieving the employment outcome in the individual's individualized plan for employment in accordance with § 361.53; and
  - (C) Commensurate to the services that the individual would otherwise receive from the designated State vocational rehabilitation agency.
- (ii) For the purposes of this definition, comparable services and benefits do not include awards and scholarships based on merit.

(Authority: Sections 12(c) and 101(a)(8) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c) and 721(a)(8))

- (9) **Competitive integrated employment** means work that—
  - (i) Is performed on a full-time or part-time basis (including self-employment) and for which an individual is compensated at a rate that—
    - (A) Is not less than the higher of the rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) or the rate required under the applicable State or local minimum wage law for the place of employment;
    - (B) Is not less than the customary rate paid by the employer for the same or similar work performed by other employees who are not individuals with disabilities and who are similarly situated in similar occupations by the same employer and who have similar training, experience, and skills; and
    - (C) In the case of an individual who is self-employed, yields an income that is comparable to the income received by other individuals who are not individuals with disabilities and who are self-employed in similar occupations or on similar tasks and who have similar training, experience, and skills; and
    - (D) Is eligible for the level of benefits provided to other employees; and
  - (ii) Is at a location—
    - (A) Typically found in the community; and
    - (B) Where the employee with a disability interacts for the purpose of performing the duties of the position with other employees within the particular work unit and the entire work site, and, as appropriate to the work performed, other persons (e.g., customers and vendors), who are not individuals with disabilities (not including supervisory personnel or individuals who are providing services to such employee) to the same extent that employees who are not individuals with disabilities and who are in comparable positions interact with these persons; and
  - (iii) Presents, as appropriate, opportunities for advancement that are similar to those for other employees who are not individuals with disabilities and who have similar positions.

(Authority: Sections 7(5) and 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(5) and 709(c))

- (10) **Construction of a facility for a public or nonprofit community rehabilitation program** means—
- (i) The acquisition of land in connection with the construction of a new building for a community rehabilitation program;
  - (ii) The construction of new buildings;
  - (iii) The acquisition of existing buildings;
  - (iv) The expansion, remodeling, alteration, or renovation of existing buildings;
  - (v) Architect's fees, site surveys, and soil investigation, if necessary, in connection with the acquisition of land or existing buildings, or the construction, expansion, remodeling, or alteration of community rehabilitation facilities;
  - (vi) The acquisition of initial fixed or movable equipment of any new, newly acquired, newly expanded, newly remodeled, newly altered, or newly renovated buildings that are to be used for community rehabilitation program purposes; and
  - (vii) Other direct expenditures appropriate to the construction project, except costs of off-site improvements.

(Authority: Sections 7(6) and 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(6) and 709(c))

- (11) **Customized employment** means competitive integrated employment, for an individual with a significant disability, that is—
- (i) Based on an individualized determination of the unique strengths, needs, and interests of the individual with a significant disability;
  - (ii) Designed to meet the specific abilities of the individual with a significant disability and the business needs of the employer; and
  - (iii) Carried out through flexible strategies, such as—
    - (A) Job exploration by the individual; and
    - (B) Working with an employer to facilitate placement, including—
      - (1) Customizing a job description based on current employer needs or on previously unidentified and unmet employer needs;
      - (2) Developing a set of job duties, a work schedule and job arrangement, and specifics of supervision (including performance evaluation and review), and determining a job location;
      - (3) Using a professional representative chosen by the individual, or if elected self-representation, to work with an employer to facilitate placement; and
      - (4) Providing services and supports at the job location.

(Authority: Section 7(7) and 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(7) and 709(c))

- (12) **Designated State agency or State agency** means the sole State agency, designated, in accordance with § 361.13(a), to administer, or supervise the local administration of, the vocational rehabilitation services portion of the Unified or Combined State Plan. The term includes the State agency for individuals who are blind, if designated as the sole State agency with respect to that part of the Unified or Combined State Plan relating to the vocational rehabilitation of individuals who are blind.

(Authority: Sections 7(8)(A) and 101(a)(2)(A) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(8)(A) and 721(a)(2)(A))

- (13) **Designated State unit or State unit** means either—

- (i) The State vocational rehabilitation bureau, division, or other organizational unit that is primarily concerned with vocational rehabilitation or vocational and other rehabilitation of individuals with disabilities and that is responsible for the administration of the vocational rehabilitation program of the State agency, as required under § 361.13(b); or
- (ii) The State agency that is primarily concerned with vocational rehabilitation or vocational and other rehabilitation of individuals with disabilities.

(Authority: Sections 7(8)(B) and 101(a)(2)(B) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(8)(B) and 721(a)(2)(B))

- (14) **Eligible individual** means an applicant for vocational rehabilitation services who meets the eligibility requirements of § 361.42(a).

(Authority: Sections 7(20)(A) and 102(a)(1) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(20)(A) and 722(a)(1))

- (15) **Employment outcome** means, with respect to an individual, entering, advancing in, or retaining full-time or, if appropriate, part-time competitive integrated employment, as defined in paragraph (c)(9) of this section (including customized employment, self-employment, telecommuting, or business ownership), or supported employment as defined in paragraph (c)(53) of this section, that is consistent with an individual's unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.

Note to paragraph (c)(15): A designated State unit may continue services to individuals with uncompensated employment goals on their approved individualized plans for employment prior to September 19, 2016 until June 30, 2017, unless a longer period of time is required based on the needs of the individual with the disability, as documented in the individual's service record.

(Authority: Sections 7(11), 12(c), 100(a)(2), and 102(b)(4)(A) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(11), 709(c), 720(a)(2), and 722(b)(4)(A))

- (16) **Establishment, development, or improvement of a public or nonprofit community rehabilitation program** means—

- (i) The establishment of a facility for a public or nonprofit community rehabilitation program, as defined in paragraph (c)(17) of this section, to provide vocational rehabilitation services to applicants or eligible individuals;
- (ii) Staffing, if necessary to establish, develop, or improve a public or nonprofit community rehabilitation program for the purpose of providing vocational rehabilitation services to applicants or eligible individuals, for a maximum period of four years, with Federal financial participation available at the applicable matching rate for the following levels of staffing costs:
  - (A) 100 percent of staffing costs for the first year;
  - (B) 75 percent of staffing costs for the second year;
  - (C) 60 percent of staffing costs for the third year; and
  - (D) 45 percent of staffing costs for the fourth year; and
- (iii) Other expenditures and activities related to the establishment, development, or improvement of a public or nonprofit community rehabilitation program that are necessary to make the program functional or increase its effectiveness in providing vocational rehabilitation services to applicants or eligible individuals, but are not ongoing operating expenses of the program.

(Authority: Sections 7(12) and 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(12) and 709(c))

**(17) *Establishment of a facility for a public or nonprofit community rehabilitation program* means—**

- (i) The acquisition of an existing building and, if necessary, the land in connection with the acquisition, if the building has been completed in all respects for at least one year prior to the date of acquisition and the Federal share of the cost of acquisition is not more than \$300,000;
- (ii) The remodeling or alteration of an existing building, provided the estimated cost of remodeling or alteration does not exceed the appraised value of the existing building;
- (iii) The expansion of an existing building, provided that—
  - (A) The existing building is complete in all respects;
  - (B) The total size in square footage of the expanded building, notwithstanding the number of expansions, is not greater than twice the size of the existing building;
  - (C) The expansion is joined structurally to the existing building and does not constitute a separate building; and
  - (D) The costs of the expansion do not exceed the appraised value of the existing building;
- (iv) Architect's fees, site survey, and soil investigation, if necessary in connection with the acquisition, remodeling, alteration, or expansion of an existing building; and
- (v) The acquisition of fixed or movable equipment, including the costs of installation of the equipment, if necessary to establish, develop, or improve a community rehabilitation program.

(Authority: Sections 7(12) and 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(12) and 709(c))

**(18) *Extended employment* means work in a non-integrated or sheltered setting for a public or private nonprofit agency or organization that provides compensation in accordance with the Fair Labor Standards Act.**



(Authority: Section 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c))

- (19) **Extended services** means ongoing support services and other appropriate services that are—
- (i) Needed to support and maintain an individual with a most significant disability including a youth with a most significant disability, in supported employment;
  - (ii) Organized or made available, singly or in combination, in such a way as to assist an eligible individual in maintaining supported employment;
  - (iii) Based on the needs of an eligible individual, as specified in an individualized plan for employment;
  - (iv) Provided by a State agency, a private nonprofit organization, employer, or any other appropriate resource, after an individual has made the transition from support from the designated State unit; and
  - (v) Provided to a youth with a most significant disability by the designated State unit in accordance with requirements set forth in this part and part 363 for a period not to exceed four years, or at such time that a youth reaches age 25 and no longer meets the definition of a youth with a disability under paragraph (c)(58) of this section, whichever occurs first. The designated State unit may not provide extended services to an individual with a most significant disability who is not a youth with a most significant disability.

(Authority: Sections 7(13), 12(c), and 604(b) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(13), 709(c), and 795i(b))

- (20) **Extreme medical risk** means a probability of substantially increasing functional impairment or death if medical services, including mental health services, are not provided expeditiously.

(Authority: Sections 12(c) and 101(a)(8)(A)(i)(III) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c) and 721(a)(8)(A)(i)(III))

- (21) **Fair hearing board** means a committee, body, or group of persons established by a State prior to January 1, 1985, that—
- (i) Is authorized under State law to review determinations made by personnel of the designated State unit that affect the provision of vocational rehabilitation services; and
  - (ii) Carries out the responsibilities of the impartial hearing officer in accordance with the requirements in § 361.57(j).

(Authority: Sections 12(c) and 102(c)(6) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c) and 722(c)(6))

- (22) **Family member**, for purposes of receiving vocational rehabilitation services in accordance with § 361.48(b)(9), means an individual—
- (i) Who either—
    - (A) Is a relative or guardian of an applicant or eligible individual; or
    - (B) Lives in the same household as an applicant or eligible individual;

- (ii) Who has a substantial interest in the well-being of that individual; and
- (iii) Whose receipt of vocational rehabilitation services is necessary to enable the applicant or eligible individual to achieve an employment outcome.

(Authority: Sections 12(c) and 103(a)(19) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c) and 723(a)(19))

(23) **Governor** means a chief executive officer of a State.

(Authority: Section 7(15) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(15))

(24) **Impartial hearing officer** –

- (i) **Impartial hearing officer** means an individual who—
  - (A) Is not an employee of a public agency (other than an administrative law judge, hearing examiner, or employee of an institution of higher education);
  - (B) Is not a member of the State Rehabilitation Council for the designated State unit;
  - (C) Has not been involved previously in the vocational rehabilitation of the applicant or recipient of services;
  - (D) Has knowledge of the delivery of vocational rehabilitation services, the vocational rehabilitation services portion of the Unified or Combined State Plan, and the Federal and State regulations governing the provision of services;
  - (E) Has received training with respect to the performance of official duties; and
  - (F) Has no personal, professional, or financial interest that could affect the objectivity of the individual.
- (ii) An individual is not considered to be an employee of a public agency for the purposes of this definition solely because the individual is paid by the agency to serve as a hearing officer.

(Authority: Sections 7(16) and 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(16) and 709(c))

(25) **Indian; American Indian; Indian American; Indian Tribe** –

- (i) **In general.** The terms “Indian”, “American Indian”, and “Indian American” mean an individual who is a member of an Indian tribe and include a Native and a descendant of a Native, as such terms are defined in subsections (b) and (r) of section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602).
- (ii) **Indian tribe.** The term “Indian tribe” means any Federal or State Indian tribe, band, rancheria, pueblo, colony, or community, including any Alaska native village or regional village corporation (as defined in or established pursuant to the Alaska Native Claims Settlement Act) and a tribal organization (as defined in section 4(l) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450(b)(l))).

(Authority: Section 7(19) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(19))

(26) **Individual who is blind** means a person who is blind within the meaning of applicable State law.

(Authority: Section 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c))

- (27) **Individual with a disability**, except as provided in paragraph (c)(28) of this section, means an individual—
- (i) Who has a physical or mental impairment;
  - (ii) Whose impairment constitutes or results in a substantial impediment to employment; and
  - (iii) Who can benefit in terms of an employment outcome from the provision of vocational rehabilitation services.

(Authority: Section 7(20)(A) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(20)(A))

- (28) **Individual with a disability**, for purposes of §§ 361.5(c)(13), 361.13(a), 361.13(b)(1), 361.17(a), (b), (c), and (j), 361.18(b), 361.19, 361.20, 361.23(b)(2), 361.29(a) and (d)(8), and 361.51(b), means an individual—
- (i) Who has a physical or mental impairment that substantially limits one or more major life activities;
  - (ii) Who has a record of such an impairment; or
  - (iii) Who is regarded as having such an impairment.

(Authority: Section 7(20)(B) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(20)(B))

- (29) **Individual with a most significant disability** means an individual with a significant disability who meets the designated State unit's criteria for an individual with a most significant disability. These criteria must be consistent with the requirements in § 361.36(d)(1) and (2).

(Authority: Sections 7(21)(E) and 101(a)(5)(C) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(21)(E) and 721(a)(5)(C))

- (30) **Individual with a significant disability** means an individual with a disability—
- (i) Who has a severe physical or mental impairment that seriously limits one or more functional capacities (such as mobility, communication, self-care, self-direction, interpersonal skills, work tolerance, or work skills) in terms of an employment outcome;
  - (ii) Whose vocational rehabilitation can be expected to require multiple vocational rehabilitation services over an extended period of time; and
  - (iii) Who has one or more physical or mental disabilities resulting from amputation, arthritis, autism, blindness, burn injury, cancer, cerebral palsy, cystic fibrosis, deafness, head injury, heart disease, hemiplegia, hemophilia, respiratory or pulmonary dysfunction, mental illness, multiple sclerosis, muscular dystrophy, musculo-skeletal disorders, neurological disorders (including stroke and epilepsy), spinal cord conditions (including paraplegia and quadriplegia), sickle cell anemia, intellectual disability, specific learning disability, end-stage renal disease, or another disability or combination of disabilities determined on the basis of an assessment for determining eligibility and vocational rehabilitation needs to cause comparable substantial functional limitation.

- (31) **Individual's representative** means any representative chosen by an applicant or eligible individual, as appropriate, including a parent, guardian, other family member, or advocate, unless a representative has been appointed by a court to represent the individual, in which case the court-appointed representative is the individual's representative.

(Authority: Sections 7(22) and 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(22) and 709(c))

- (32) **Integrated setting** means—

- (i) With respect to the provision of services, a setting typically found in the community in which applicants or eligible individuals interact with non-disabled individuals other than non-disabled individuals who are providing services to those applicants or eligible individuals; and
- (ii) With respect to an employment outcome, means a setting—
- (A) Typically found in the community; and
- (B) Where the employee with a disability interacts, for the purpose of performing the duties of the position, with other employees within the particular work unit and the entire work site, and, as appropriate to the work performed, other persons (e.g., customers and vendors) who are not individuals with disabilities (not including supervisory personnel or individuals who are providing services to such employee) to the same extent that employees who are not individuals with disabilities and who are in comparable positions interact with these persons.

(Authority: Section 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c))

- (33) **Local workforce development board** means a local board, as defined in section 3 of the Workforce Innovation and Opportunity Act.

(Authority: Section 7(25) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(25))

- (34) **Maintenance** means monetary support provided to an individual for expenses, such as food, shelter, and clothing, that are in excess of the normal expenses of the individual and that are necessitated by the individual's participation in an assessment for determining eligibility and vocational rehabilitation needs or the individual's receipt of vocational rehabilitation services under an individualized plan for employment.

(Authority: Sections 12(c) and 103(a)(7) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c) and 723(a)(7))

- (i) **Examples:** The following are examples of expenses that would meet the definition of *maintenance*. The examples are illustrative, do not address all possible circumstances, and are not intended to substitute for individual counselor judgment.

*Example 1:* The cost of a uniform or other suitable clothing that is required for an individual's job placement or job-seeking activities.

*Example 2:* The cost of short-term shelter that is required in order for an individual to participate in assessment activities or vocational training at a site that is not within

commuting distance of an individual's home.

*Example 3:* The initial one-time costs, such as a security deposit or charges for the initiation of utilities, that are required in order for an individual to relocate for a job placement.

(ii) [Reserved]

- (35) **Mediation** means the act or process of using an independent third party to act as a mediator, intermediary, or conciliator to assist persons or parties in settling differences or disputes prior to pursuing formal administrative or other legal remedies. Mediation under the program must be conducted in accordance with the requirements in § 361.57(d) by a qualified and impartial mediator as defined in § 361.5(c)(43).

(Authority: Sections 12(c) and 102(c)(4) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c) and 722(c)(4))

- (36) **Nonprofit**, with respect to a community rehabilitation program, means a community rehabilitation program carried out by a corporation or association, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual and the income of which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986.

(Authority: Section 7(26) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(26))

- (37) **Ongoing support services**, as used in the definition of *supported employment*, means services that—
- (i) Are needed to support and maintain an individual with a most significant disability, including a youth with a most significant disability, in supported employment;
  - (ii) Are identified based on a determination by the designated State unit of the individual's need as specified in an individualized plan for employment;
  - (iii) Are furnished by the designated State unit from the time of job placement until transition to extended services, unless post-employment services are provided following transition, and thereafter by one or more extended services providers throughout the individual's term of employment in a particular job placement;
  - (iv) Include an assessment of employment stability and provision of specific services or the coordination of services at or away from the worksite that are needed to maintain stability based on—
    - (A) At a minimum, twice-monthly monitoring at the worksite of each individual in supported employment; or
    - (B) If under specific circumstances, especially at the request of the individual, the individualized plan for employment provides for off-site monitoring, twice monthly meetings with the individual;
  - (v) Consist of—
    - (A) Any particularized assessment supplementary to the comprehensive assessment of rehabilitation needs described in paragraph (c)(5)(ii) of this section;

- (B) The provision of skilled job trainers who accompany the individual for intensive job skill training at the work site;
- (C) Job development and training;
- (D) Social skills training;
- (E) Regular observation or supervision of the individual;
- (F) Follow-up services including regular contact with the employers, the individuals, the parents, family members, guardians, advocates or authorized representatives of the individuals, and other suitable professional and informed advisors, in order to reinforce and stabilize the job placement;
- (G) Facilitation of natural supports at the worksite;
- (H) Any other service identified in the scope of vocational rehabilitation services for individuals, described in § 361.48(b); or
- (I) Any service similar to the foregoing services.

(Authority: Sections 7(27) and 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(27) and 709(c))

- (38) **Personal assistance services** means a range of services, including, among other things, training in managing, supervising, and directing personal assistance services, provided by one or more persons, that are—
- (i) Designed to assist an individual with a disability to perform daily living activities on or off the job that the individual would typically perform without assistance if the individual did not have a disability;
  - (ii) Designed to increase the individual's control in life and ability to perform everyday activities on or off the job;
  - (iii) Necessary to the achievement of an employment outcome; and
  - (iv) Provided only while the individual is receiving other vocational rehabilitation services. The services may include training in managing, supervising, and directing personal assistance services.

(Authority: Sections 7(28), 12(c), 102(b)(4)(B)(i)(I)(bb), and 103(a)(9) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(28), 709(c), 722(b)(4)(B)(i)(I)(bb), and 723(a)(9))

- (39) **Physical and mental restoration services** means—
- (i) Corrective surgery or therapeutic treatment that is likely, within a reasonable period of time, to correct or modify substantially a stable or slowly progressive physical or mental impairment that constitutes a substantial impediment to employment;
  - (ii) Diagnosis of and treatment for mental or emotional disorders by qualified personnel in accordance with State licensure laws;
  - (iii) Dentistry;
  - (iv) Nursing services;

- (v) Necessary hospitalization (either inpatient or outpatient care) in connection with surgery or treatment and clinic services;
- (vi) Drugs and supplies;
- (vii) Prosthetic and orthotic devices;
- (viii) Eyeglasses and visual services, including visual training, and the examination and services necessary for the prescription and provision of eyeglasses, contact lenses, microscopic lenses, telescopic lenses, and other special visual aids prescribed by personnel who are qualified in accordance with State licensure laws;
- (ix) Podiatry;
- (x) Physical therapy;
- (xi) Occupational therapy;
- (xii) Speech or hearing therapy;
- (xiii) Mental health services;
- (xiv) Treatment of either acute or chronic medical complications and emergencies that are associated with or arise out of the provision of physical and mental restoration services, or that are inherent in the condition under treatment;
- (xv) Special services for the treatment of individuals with end-stage renal disease, including transplantation, dialysis, artificial kidneys, and supplies; and
- (xvi) Other medical or medically related rehabilitation services.

(Authority: Sections 12(c) and 103(a)(6) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c) and 723(a)(6))

(40) ***Physical or mental impairment*** means—

- (i) Any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: neurological, musculo-skeletal, special sense organs, respiratory (including speech organs), cardiovascular, reproductive, digestive, genitourinary, hemic and lymphatic, skin, and endocrine; or
- (ii) Any mental or psychological disorder such as intellectual disability, organic brain syndrome, emotional or mental illness, and specific learning disabilities.

(41) ***Post-employment services*** means one or more of the services identified in § 361.48(b) that are provided subsequent to the achievement of an employment outcome and that are necessary for an individual to maintain, regain, or advance in employment, consistent with the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.

(Authority: Sections 12(c) and 103(a)(20) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c) and 723(a)(20))

Note to paragraph (c)(41): Post-employment services are intended to ensure that the employment outcome remains consistent with the individual's unique strengths, resources, priorities, concerns,

abilities, capabilities, interests, and informed choice. These services are available to meet rehabilitation needs that do not require a complex and comprehensive provision of services and, thus, should be limited in scope and duration. If more comprehensive services are required, then a new rehabilitation effort should be considered. Post-employment services are to be provided under an amended individualized plan for employment; thus, a re-determination of eligibility is not required. The provision of post-employment services is subject to the same requirements in this part as the provision of any other vocational rehabilitation service. Post-employment services are available to assist an individual to maintain employment, e.g., the individual's employment is jeopardized because of conflicts with supervisors or co-workers, and the individual needs mental health services and counseling to maintain the employment, or the individual requires assistive technology to maintain the employment; to regain employment, e.g., the individual's job is eliminated through reorganization and new placement services are needed; and to advance in employment, e.g., the employment is no longer consistent with the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.

(42) ***Pre-employment transition services*** means the required activities and authorized activities specified in § 361.48(a)(2) and (3).

(Authority: Sections 7(30) and 113(b) and (c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(30) and 733(b) and (c))

(43) ***Qualified and impartial mediator*** –

(i) ***Qualified and impartial mediator*** means an individual who—

- (A) Is not an employee of a public agency (other than an administrative law judge, hearing examiner, employee of a State office of mediators, or employee of an institution of higher education);
- (B) Is not a member of the State Rehabilitation Council for the designated State unit;
- (C) Has not been involved previously in the vocational rehabilitation of the applicant or recipient of services;
- (D) Is knowledgeable of the vocational rehabilitation program and the applicable Federal and State laws, regulations, and policies governing the provision of vocational rehabilitation services;
- (E) Has been trained in effective mediation techniques consistent with any State-approved or -recognized certification, licensing, registration, or other requirements; and
- (F) Has no personal, professional, or financial interest that could affect the individual's objectivity during the mediation proceedings.

(ii) An individual is not considered to be an employee of the designated State agency or designated State unit for the purposes of this definition solely because the individual is paid by the designated State agency or designated State unit to serve as a mediator.



(Authority: Sections 12(c) and 102(c)(4) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c) and 722(c)(4))

- (44) **Rehabilitation engineering** means the systematic application of engineering sciences to design, develop, adapt, test, evaluate, apply, and distribute technological solutions to problems confronted by individuals with disabilities in functional areas, such as mobility, communications, hearing, vision, and cognition, and in activities associated with employment, independent living, education, and integration into the community.

(Authority: Sections 7(32) and (12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(32) and 709(c))

- (45) **Rehabilitation technology** means the systematic application of technologies, engineering methodologies, or scientific principles to meet the needs of, and address the barriers confronted by, individuals with disabilities in areas that include education, rehabilitation, employment, transportation, independent living, and recreation. The term includes rehabilitation engineering, assistive technology devices, and assistive technology services.

(Authority: Section 7(32) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(32))

- (46) **Reservation** means a Federal or State Indian reservation, a public domain Indian allotment, a former Indian reservation in Oklahoma, and land held by incorporated Native groups, regional corporations, and village corporations under the provisions of the Alaska Native Claims Settlement Act (43 U.S.C. 1601 *et seq.*); or a defined area of land recognized by a State or the Federal Government where there is a concentration of tribal members and on which the tribal government is providing structured activities and services.

(Authority: Section 121(e) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 741(e))

- (47) **Sole local agency** means a unit or combination of units of general local government or one or more Indian tribes that has the sole responsibility under an agreement with, and the supervision of, the State agency to conduct a local or tribal vocational rehabilitation program, in accordance with the vocational rehabilitation services portion of the Unified or Combined State Plan.

(Authority: Section 7(24) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(24))

- (48) **State** means any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(Authority: Section 7(34) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(34))

- (49) **State workforce development board** means a State workforce development board, as defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102).

(Authority: Section 7(35) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(35))

- (50) **Statewide workforce development system** means a workforce development system, as defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102).

(Authority: Section 7(36) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(36))

(51) **Student with a disability** –

(i) **Student with a disability** means, in general, an individual with a disability in a secondary, postsecondary, or other recognized education program who—

(A)

- (1) Is not younger than the earliest age for the provision of transition services under section 614(d)(1)(A)(i)(VIII) of the Individuals with Disabilities Education Act (20 U.S.C. 1414(d)(1)(A)(i)(VIII)); or
- (2) If the State involved elects to use a lower minimum age for receipt of pre-employment transition services under this Act, is not younger than that minimum age; and

(B)

- (1) Is not older than 21 years of age; or
- (2) If the State law for the State provides for a higher maximum age for receipt of services under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), is not older than that maximum age; and

(C)

- (1) Is eligible for, and receiving, special education or related services under Part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.); or
- (2) Is a student who is an individual with a disability, for purposes of section 504.

(ii) **Students with disabilities** means more than one student with a disability.

(Authority: Sections 7(37) and 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(37) and 709(c))

(52) **Substantial impediment to employment** means that a physical or mental impairment (in light of attendant medical, psychological, vocational, educational, communication, and other related factors) hinders an individual from preparing for, entering into, engaging in, advancing in, or retaining employment consistent with the individual's abilities and capabilities.

(Authority: Sections 7(20)(A) and 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(20)(A) and 709(c))

(53) **Supported employment** –

(i) **Supported employment** means competitive integrated employment, including customized employment, or employment in an integrated work setting in which an individual with a most significant disability, including a youth with a most significant disability, is working on a short-term basis toward competitive integrated employment that is individualized, and customized, consistent with the unique strengths, abilities, interests, and informed choice of the individual, including with ongoing support services for individuals with the most significant disabilities—

- (A) For whom competitive integrated employment has not historically occurred, or for whom competitive integrated employment has been interrupted or intermittent as a result of a significant disability; and

- (B) Who, because of the nature and severity of their disabilities, need intensive supported employment services and extended services after the transition from support provided by the designated State unit, in order to perform this work.
- (ii) For purposes of this part, an individual with a most significant disability, whose supported employment in an integrated setting does not satisfy the criteria of competitive integrated employment, as defined in paragraph (c)(9) of this section is considered to be working on a short-term basis toward competitive integrated employment so long as the individual can reasonably anticipate achieving competitive integrated employment—
  - (A) Within six months of achieving a supported employment outcome; or
  - (B) In limited circumstances, within a period not to exceed 12 months from the achievement of the supported employment outcome, if a longer period is necessary based on the needs of the individual, and the individual has demonstrated progress toward competitive earnings based on information contained in the service record.

(Authority: Sections 7(38), 12(c), and 602 of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(38), 709(c), and 795g)

- (54) **Supported employment services** means ongoing support services, including customized employment, and other appropriate services needed to support and maintain an individual with a most significant disability, including a youth with a most significant disability, in supported employment that are—
  - (i) Organized and made available, singly or in combination, in such a way as to assist an eligible individual to achieve competitive integrated employment;
  - (ii) Based on a determination of the needs of an eligible individual, as specified in an individualized plan for employment;
  - (iii) Provided by the designated State unit for a period of time not to exceed 24 months, unless under special circumstances the eligible individual and the rehabilitation counselor jointly agree to extend the time to achieve the employment outcome identified in the individualized plan for employment; and
  - (iv) Following transition, as post-employment services that are unavailable from an extended services provider and that are necessary to maintain or regain the job placement or advance in employment.

(Authority: Sections 7(39), 12(c), and 103(a)(16) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(39), 709(c), and 723(a)(16))

- (55) **Transition services** means a coordinated set of activities for a student or youth with a disability—
  - (i) Designed within an outcome-oriented process that promotes movement from school to post-school activities, including postsecondary education, vocational training, competitive integrated employment, supported employment, continuing and adult education, adult services, independent living, or community participation;
  - (ii) Based upon the individual student's or youth's needs, taking into account the student's or youth's preferences and interests;

- (iii) That includes instruction, community experiences, the development of employment and other post-school adult living objectives, and, if appropriate, acquisition of daily living skills and functional vocational evaluation;
- (iv) That promotes or facilitates the achievement of the employment outcome identified in the student's or youth's individualized plan for employment; and
- (v) That includes outreach to and engagement of the parents, or, as appropriate, the representative of such a student or youth with a disability.

(Authority: Sections 12(c) and 103(a)(15) and (b)(7) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c) and 723(a)(15) and (b)(7))

- (56) **Transportation** means travel and related expenses that are necessary to enable an applicant or eligible individual to participate in a vocational rehabilitation service, including expenses for training in the use of public transportation vehicles and systems.

(Authority: Sections 12(c) and 103(a)(8) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c) and 723(a)(8))

- (i) **Examples.** The following are examples of expenses that would meet the definition of *transportation*. The examples are purely illustrative, do not address all possible circumstances, and are not intended as substitutes for individual counselor judgment.

*Example 1:* Travel and related expenses for a personal care attendant or aide if the services of that person are necessary to enable the applicant or eligible individual to travel to participate in any vocational rehabilitation service.

*Example 2:* The purchase and repair of vehicles, including vans, but not the modification of these vehicles, as modification would be considered a rehabilitation technology service.

*Example 3:* Relocation expenses incurred by an eligible individual in connection with a job placement that is a significant distance from the eligible individual's current residence.

- (ii) [Reserved]

- (57) **Vocational rehabilitation services** –

- (i) If provided to an individual, means those services listed in § 361.48; and
- (ii) If provided for the benefit of groups of individuals, means those services listed in § 361.49.

(Authority: Sections 7(40) and 103 of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(40) and 723)

- (58) **Youth with a disability** –

- (i) **Youth with a disability** means an individual with a disability who is not–

(A) Younger than 14 years of age; and

(B) Older than 24 years of age.

(ii) *Youth with disabilities* means more than one youth with a disability.

(Authority: Section 7(42) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 705(42))

[81 FR 55741, Aug. 19, 2016, as amended at 82 FR 31913, July 11, 2017]

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This content is from the eCFR and is authoritative but unofficial.

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## Title 34 – Education

### Subtitle B – Regulations of the Offices of the Department of Education

#### Chapter III – Office of Special Education and Rehabilitative Services, Department of Education

#### Part 361 – State Vocational Rehabilitation Services Program

#### Subpart B – State Plan and Other Requirements for Vocational Rehabilitation Services

#### Provision and Scope of Services

**Authority:** Section 12(c) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c); Pub. L. 111-256, 124 Stat. 2643; unless otherwise noted.

**Source:** 81 FR 55741, Aug. 19, 2016, unless otherwise noted.

#### § 361.52 Informed choice.

- (a) **General provision.** The vocational rehabilitation services portion of the Unified or Combined State Plan must assure that applicants and recipients of services or, as appropriate, their representatives are provided information and support services to assist applicants and recipients of services in exercising informed choice throughout the rehabilitation process consistent with the provisions of section 102(d) of the Act and the requirements of this section.
- (b) **Written policies and procedures.** The designated State unit, in consultation with its State Rehabilitation Council, if it has a Council, must develop and implement written policies and procedures that enable an applicant or recipient of services to exercise informed choice throughout the vocational rehabilitation process. These policies and procedures must provide for—
  - (1) Informing each applicant and recipient of services (including students with disabilities who are making the transition from programs under the responsibility of an educational agency to programs under the responsibility of the designated State unit and including youth with disabilities), through appropriate modes of communication, about the availability of and opportunities to exercise informed choice, including the availability of support services for individuals with cognitive or other disabilities who require assistance in exercising informed choice throughout the vocational rehabilitation process;
  - (2) Assisting applicants and recipients of services in exercising informed choice in decisions related to the provision of assessment services;
  - (3) Developing and implementing flexible procurement policies and methods that facilitate the provision of vocational rehabilitation services and that afford recipients of services meaningful choices among the methods used to procure vocational rehabilitation services;
  - (4) Assisting eligible individuals or, as appropriate, the individuals' representatives, in acquiring information that enables them to exercise informed choice in the development of their individualized plans for employment with respect to the selection of the—
    - (i) Employment outcome;
    - (ii) Specific vocational rehabilitation services needed to achieve the employment outcome;
    - (iii) Entity that will provide the services;
    - (iv) Employment setting and the settings in which the services will be provided; and

- (v) Methods available for procuring the services; and
- (5) Ensuring that the availability and scope of informed choice is consistent with the obligations of the designated State agency under this part.
- (c) **Information and assistance in the selection of vocational rehabilitation services and service providers.** In assisting an applicant and eligible individual in exercising informed choice during the assessment for determining eligibility and vocational rehabilitation needs and during development of the individualized plan for employment, the designated State unit must provide the individual or the individual's representative, or assist the individual or the individual's representative in acquiring, information necessary to make an informed choice about the specific vocational rehabilitation services, including the providers of those services, that are needed to achieve the individual's employment outcome. This information must include, at a minimum, information relating to the—
  - (1) Cost, accessibility, and duration of potential services;
  - (2) Consumer satisfaction with those services to the extent that information relating to consumer satisfaction is available;
  - (3) Qualifications of potential service providers;
  - (4) Types of services offered by the potential providers;
  - (5) Degree to which services are provided in integrated settings; and
  - (6) Outcomes achieved by individuals working with service providers, to the extent that such information is available.
- (d) **Methods or sources of information.** In providing or assisting the individual or the individual's representative in acquiring the information required under paragraph (c) of this section, the State unit may use, but is not limited to, the following methods or sources of information:
  - (1) Lists of services and service providers.
  - (2) Periodic consumer satisfaction surveys and reports.
  - (3) Referrals to other consumers, consumer groups, or disability advisory councils qualified to discuss the services or service providers.
  - (4) Relevant accreditation, certification, or other information relating to the qualifications of service providers.
  - (5) Opportunities for individuals to visit or experience various work and service provider settings.

(Approved by the Office of Management and Budget under control number 1205-0522)

(Authority: Sections 12(c), 101(a)(19), 102(b)(2)(B), and 102(d) of the Rehabilitation Act of 1973, as amended; 29 U.S.C. 709(c), 721(a)(19), 722(b)(2)(B), and 722(d))

# Exhibit E

UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES  
REHABILITATION SERVICES ADMINISTRATION  
WASHINGTON, DC 20202-2800

TECHNICAL ASSISTANCE CIRCULAR

RSA-TAC-24-01

DATE: October 30, 2023

ADDRESSEES: STATE VOCATIONAL REHABILITATION AGENCIES  
STATE REHABILITATION COUNCILS  
AMERICAN INDIAN VOCATIONAL REHABILITATION SERVICE  
PROJECTS  
CLIENT ASSISTANCE PROGRAMS  
STATE DIRECTORS OF SPECIAL EDUCATION  
TECHNICAL ASSISTANCE CENTERS

SUBJECT: Promoting Meaningful and Sustained Engagement of Individuals with  
Disabilities in the State Vocational Rehabilitation Services Program

PURPOSE:

The Rehabilitation Services Administration (RSA) provides this Technical Assistance Circular (TAC) to support State vocational rehabilitation (VR) agencies in their efforts to make changes that will promote meaningful and sustained engagement with individuals with disabilities throughout the VR process. The continuum of VR services affords VR agencies opportunities, through multiple touchpoints, to provide quality services that maximize the potential of individuals with disabilities, including individuals with the most significant disabilities, to achieve “competitive integrated employment,” as defined in Section 7(5) of the Rehabilitation Act of 1973 (Rehabilitation Act), and 34 C.F.R. § 361.5(c)(9). By actively considering and acknowledging the importance of sustained engagement that encourages and fosters active participation of individuals with disabilities in services, VR agencies can improve performance, reduce attrition of those they serve, and increase the number of participants achieving their employment goal on their individualized plan for employment (IPE).

Through the identification and implementation of critical strategies and flexibilities, without compromising the responsibilities of qualified VR counselors and staff at key points in the process, VR agencies will afford the greatest likelihood of success and employment satisfaction for both program participants and VR agency employees. Meaningful early and consistent engagement practices will contribute to participant retention, timely provision of valuable and needed services, participant satisfaction and long-term success, and could improve agency performance. Additionally, meaningful engagement strategies likely will place State VR agencies in a better position to maximize the expenditure of available Federal funds for VR services, as well as for the provision of pre-employment transition services, thereby increasing the likelihood of competitive integrated employment and supported employment outcomes, including customized employment, for individuals with disabilities under the VR program.



RSA recognizes the multiple challenges faced by State VR agencies, including balancing quality service delivery with staffing limitations, effectively serving both urban and rural areas, and rebuilding performance and capacity of both agency staff and service providers lost during the COVID-19 pandemic. This TAC lays out suggested methods and approaches to encourage, inform, and inspire the development of strategies for optimizing VR program visibility, easing application and eligibility processes, engaging eligible individuals awaiting services while in a closed order of selection category, providing VR services leading to successful high-quality employment outcomes, supporting the engagement of VR professionals in meaningful work that will lead to participant and agency success, and recognizing and incentivizing VR program successes and achievements.

#### TECHNICAL ASSISTANCE:

Meaningful and sustained engagement involves the ongoing cultivation of relationships, supported by a culture that engages both employees and participants. The most effective way of engaging individuals with disabilities throughout the VR process is by putting them first, building trust in their relationships with VR counselors and staff, and adding extraordinary value to their overall experiences and services. Simply providing basic service alone is no longer enough to constitute meaningful engagement with the individual. RSA encourages VR agencies to ensure that services not only meet but exceed the expectations and needs of individuals with disabilities because the quality of VR participants' experiences, i.e., the perception that participants form based on their interactions with the VR agency and the services they receive, has a direct impact on a VR agency's potential for success with those participants.

#### **Optimizing VR Program Visibility**

The VR program has been referred to among stakeholders, professionals, and public officials as a “best-kept secret” far too long. Changing that reality means optimizing the visibility of State VR agencies by marketing the program in accordance with the requirements in the Uniform Guidance at 2 C.F.R. § 200.467 and regularly engaging in strategic actions to improve their visibility to people who access their services. VR agencies can improve their visibility and invite successful engagement through a variety of methods which could include—

- Spotlighting successes on VR agency websites and through community connections with stakeholder groups;
- Providing a 24-hour open-door and high-quality service presence virtually online or through social media, or by telephone;
- Featuring positive ratings and feedback from program participants and employers through multiple media;
- Highlighting the value of services, agency performance, and the social and fiscal return on investment when sharing information with public policymakers;
- Engaging public officials and legislators in personalizing and acknowledging the achievements of program participants through congratulatory letters or similar recognition activities;
- Establishing a virtual or physical presence in secondary and postsecondary educational settings and in American Job Centers (AJCs);

- Promoting the broad continuum of available services from pre-employment transition services for students with disabilities to employment advancement;
- Emphasizing on websites and in public information what the VR agency aspires to accomplish along with the range and depth of available resources rather than featuring limitations on services (e.g., order of selection, lack of fiscal resources, staff shortages); and
- Introducing the wide array of available services to ensure individuals with disabilities have access to information to make choices and inquire about specific resources to support their pathway to the greatest possible employment success.

Optimizing the VR agency’s presence and visibility in the State can be done at minimal cost with maximum effect that results in fulfilling the VR agency’s purpose and mission while successfully engaging and serving individuals with disabilities and employers, thereby assisting individuals with disabilities to achieve employment outcomes in high-demand and rewarding careers in the competitive labor market.

### **Engaging Early and Often**

Students and youth with disabilities should be afforded multiple opportunities to connect and engage with VR professionals who can provide services that can help to ensure the successful transition from school to work life. VR professionals can provide access to an early start at job exploration through transition and pre-employment transition services arranged in coordination with educational agencies. VR professionals can also provide career counseling and information and referral services to facilitate the successful transition from school to work life. Pre-employment transition services, as described in 34 C.F.R. § 361.48(a), are the earliest set of services available to individuals with disabilities under the VR program. These services, provided in collaboration with local educational agencies (LEAs), are available to both potentially eligible and eligible students with disabilities who meet the definition of a “student with a disability” in 34 C.F.R. § 361.5(c)(51). A student can receive multiple and frequent pre-employment transition services. Participation in these services can promote continued engagement with the VR program and support the development of a meaningful and substantive IPE, including the delivery of services leading to achievement of competitive integrated employment.

The five required pre-employment transition services activities outlined in 34 C.F.R. § 361.48(a)(2) provide opportunities for early engagement of students with disabilities, regardless of whether they have applied or been determined eligible for the VR program. They are—

- Job exploration counseling;
- Work-based learning experiences, which may include in-school or after school opportunities, or experience outside the traditional school setting (including internships), that is provided in an integrated environment in the community to the maximum extent possible;
- Counseling on opportunities for enrollment in comprehensive transition or postsecondary educational programs at institutions of higher education;
- Workplace readiness training to develop social skills and independent living; and

- Instruction in self-advocacy (including instruction in person-centered planning), which may include peer mentoring (including peer mentoring from individuals with disabilities working in competitive integrated employment).

When a VR agency is working with schools to coordinate and provide transition services or pre-employment transition services to students with disabilities, including those students identified for purposes of Section 504 of the Rehabilitation Act, the coordination of any VR services should occur concurrently with transition planning and services under the Individuals with Disabilities Education Act (IDEA). Specifically, a VR agency should proactively seek engagement with educational agencies to participate in individualized education program (IEP) team meetings, when invited, to coordinate activities, provide consultation, and encourage seamless access to the VR program (34 C.F.R. § 361.48(a)(4)(i) and (iii)).

Although the purpose of the VR program is to assist individuals with disabilities to achieve an employment outcome in competitive integrated employment or supported employment, some individuals with disabilities may choose to consider subminimum wage employment. Section 511 of the Rehabilitation Act imposes limitations on the payment of subminimum wage for a “youth with a disability,” as defined in 34 C.F.R. § 361.5(c)(58), seeking subminimum wage employment. The requirements related to the roles and responsibilities of VR agencies and LEAs are outlined in Section 511 of the Rehabilitation Act. Certain specific requirements, set forth in 34 C.F.R. § 397.20, must be fulfilled and documented prior to a youth with a disability receiving a subminimum wage. The requirements support meaningful, sustained, and informed engagement of youth with disabilities, affording opportunities for youth and their networks to receive information regarding pre-employment transition services, as applicable, the opportunity to apply for VR services, and, regardless of determination of eligibility, the receipt of career counseling and information and referral services to local Federal and State programs that offer employment-related services and supports. Career counseling and information and referral services may include benefits counseling to assist youth with disabilities and their families in understanding the interplay between earned income and income-based financial, medical, and other benefits (34 C.F.R. § 397.40(a)(4)). While Section 511 of the Rehabilitation Act prescribes minimum required contact intervals, more frequent contact can encourage greater engagement, help to facilitate the VR program connection with youth with disabilities that otherwise might not occur once a youth is hired at subminimum wage, and may foster further exploration of available VR services, leading to the achievement of an employment outcome in competitive integrated employment or supported employment.

### **Expediting Application and Eligibility to Sustain Engagement**

“If you build it, they will come” only works if people know about VR agencies and if VR agencies offer the services people value and need. Increased visibility of VR agencies, coupled with positive expectations and VR experiences, will inevitably lead to more referrals, applicants, and potentially more eligible individuals with disabilities who could benefit from the VR program.

### *Streamlining Application - Initiating Engagement*

Timely engagement of individuals during referral and application, essential at this early stage in the VR process, is best achieved if VR agencies streamline procedures and remove any unnecessary barriers and requirements. The Rehabilitation Act and the VR program regulations require standards for the prompt and equitable handling of referrals of individuals for VR services, including referrals of individuals made through the one-stop delivery system under Section 121 of the Workforce Innovation and Opportunity Act (WIOA), which must include timelines for making good faith efforts to inform individuals of application requirements and to gather information necessary to begin an assessment for determining eligibility and priority for services (34 C.F.R. § 361.41(a)). VR agencies should eliminate delays in the referral and application process, thereby expediting engagement and facilitating rapid access to VR services.

VR agencies can simplify the application process and provide multiple avenues for individuals with disabilities to apply, including by: telephone; completion of an online application; submission of a written application form; or in person at multiple locations such as a local VR agency office, an AJC or one-stop center, an employer location (including an entity holding a certificate issued under Section 14(c) of the Fair Labor Standards Act), or a mutually convenient location in the community such as a library or an individual's home. Requiring applicants to attend a scheduled group meeting to submit an application, while potentially more efficient for a VR agency experiencing capacity and resource challenges, reduces the ease of applying for those who may need transportation, accommodations, personal assistance arrangements, or who may be otherwise inconvenienced or unable to participate in the group meetings. Such an approach also can lengthen the application timeframe and unintentionally discourage some individuals from applying, or cause others to disengage prematurely from the VR process.

In accordance with 34 C.F.R. § 361.41(b)(2), an application has been made when an individual—

- Has completed and signed an agency application form;
- Has completed a common intake application form in a one-stop center requesting VR services; or
- Has otherwise requested services from the designated State unit (DSU).

Additionally, an individual is considered to have completed an application when the individual or the individual's representative, as appropriate—

- Has provided the information necessary to initiate an assessment to determine eligibility and priority for services, and
- Is available to complete the assessment process.

In general, unless specifically required by State statute or regulation, applicants should not be required to provide unnecessary information or documentation during the application process, such as proof of State residency, which can potentially deter applicants or prolong the application and eligibility determination process. For example, VR agencies must assure in the VR services portion of their Unified or Combined State Plan that they will not impose a duration

of residence requirement that excludes from services any applicant who is present in the State. Thus, the VR agency may not require the applicant to demonstrate a presence in the State through the production of any documentation that, under State or local law, or practical circumstances, results in a de facto duration of residence requirement. Furthermore, in accordance with 34 C.F.R. § 361.42(c), no applicant or group of applicants may be excluded or found ineligible solely on the basis of the type of disability; and eligibility requirements must be applied without regard to the—

- Age, sex, race, color, or national origin of the applicant;
- Type of expected employment outcome;
- Source of referral for VR services;
- Particular service needs or anticipated cost of services required by an applicant or the income level of an applicant or applicant's family;
- Applicants' employment history or current employment status; and
- Applicants' educational status or current educational credential.

In addition, while collecting information to determine financial need is allowable, it is not required by the Rehabilitation Act and may lengthen the timeframe for eligibility determination and development of the IPE, increasing the burden for the VR counselor as well as the applicant.

#### *Streamlining Determination of Eligibility - Expediting Engagement*

Timely delivery of VR services begins with eligibility determinations. Eligibility must be determined within 60 days unless there are exceptional and unforeseen circumstances beyond the control of the DSU and the DSU and applicant agree to a specific extension of time (34 C.F.R. § 361.4(b)), or an individual requires a trial work experience (34 C.F.R. § 361.42(e)). A DSU's determination of whether an individual with a disability is eligible for the VR program must be based only on the following three criteria:

- Determination by qualified personnel that the applicant has a physical or mental impairment (34 C.F.R. § 361.42(a)(1)(i));
- Determination by qualified personnel that the applicant's physical or mental impairment constitutes or results in a substantial impediment to employment (34 C.F.R. § 361.42(a)(1)(ii); and
- Determination by a qualified VR counselor employed by the DSU that the applicant requires VR services to prepare for, obtain, maintain, advance in, or regain employment that is consistent with the applicant's unique strength, resources, priorities, concerns, abilities, capabilities, interests, and informed choice (34 C.F.R. § 361.42(a)(1)(iii)).

The Rehabilitation Act and its regulations create two distinct presumptions to assist in streamlining the eligibility determination process, as appropriate. First, Section 102(a)(3) of the Rehabilitation Act presumes that an applicant who has been determined to have a disability or to be blind for purposes of Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) must be:

- Considered to be a person with a significant disability, as defined at Section 7(21) of the Rehabilitation Act; and
- Presumed to be eligible for VR services (provided the applicant intends to achieve an employment outcome) unless the qualified VR counselor employed by the DSU can demonstrate that the applicant is incapable of benefitting from the VR program due to the severity of the applicant's disability.

The qualified VR counselor employed by the DSU can verify the applicant's SSI or SSDI determination in accordance with 34 C.F.R. § 361.41(b)(2), after obtaining the applicant's informed consent, by obtaining the applicant's SSI or SSDI award letter at the applicant's "my Social Security account" at the [U.S. Social Security Administration](#). If an applicant does not have an account, the VR counselor may assist the applicant in navigating the steps to create one. While this documentation supports the presumption of eligibility and the existence of a significant disability and, thus, an eligibility determination by a qualified VR counselor, it will likely not be sufficient for accurately assigning a priority of service category. As defined in Section 7(21)(E)(i) of the Rehabilitation Act and 34 C.F.R. § 361.5(c)(29), an "individual with a most significant disability" means an individual with a significant disability who meets the DSU's criteria for an individual with a most significant disability. These criteria must be consistent with the requirements in Section 101(a)(5)(C) of the Rehabilitation Act and 34 C.F.R. § 361.36(d)(1) and (2). Because an award letter from the SSA, alone, will not be sufficient for assigning a priority category related to the definition of an individual with a most significant disability, VR agencies may also find that additional medical or educational data are needed for assigning the individual to a priority of service category and determining service needs for IPE development.

Second, Section 102(a)(2) of the Rehabilitation Act and 34 C.F.R. § 361.42(a)(2) create a presumption that applicants with disabilities can benefit from the VR program, thereby helping to expedite the eligibility process, for purposes of satisfying the requirement at 34 C.F.R. § 361.42(a)(1)(iii).

It is the Department's longstanding interpretation that a determination that an applicant has a physical or mental impairment, or meets any of the other eligibility criteria, must be made by personnel who meet existing licensure, certification, or registration requirements applicable to their profession (62 FR 6308, 6324 (Feb. 11, 1997)). In addition to licensed medical and mental health professionals, the Department has long stated its belief that "qualified personnel" for purposes of 34 C.F.R. § 361.42(a)(1)(i) and (ii), "encompass individuals who are certified under State law and individuals licensed or certified under State regulations" (60 FR 64476, 64487 (Dec. 15, 1995)). Although "qualified personnel" need not be medical or mental health professionals in all instances, the Department "anticipates that in most instances [eligibility] determinations will be supported by medical documentation" (Id.). DSUs can ensure they use existing data and documentation, including information from educational agencies to the maximum extent appropriate to make eligibility determinations, as required by Section 102(a)(4) of the Rehabilitation Act, and consistent with the assessment for eligibility determination process, as defined at Section 7(2)(A)(i) of the Rehabilitation Act, which means a review of existing data.

The determination of a disability must be made by qualified personnel<sup>1</sup> certified or licensed to make such determinations in the State, which may include VR counselors holding such certifications or licensures.<sup>2</sup> A qualified VR counselor is critical to expediting the assessment for determining eligibility and priority for services, as described in 34 C.F.R. § 361.42. State VR agencies must establish standards that are consistent with any national or State-approved or recognized certification, licensing, or registration requirements, or, in the absence of these requirements, other comparable requirements (including State personnel requirements) that apply to the profession or discipline in which those personnel are providing VR services, and must ensure personnel have a 21st-century understanding of the evolving labor force and the needs of individuals with disabilities (Section 101(a)(7)(B) of the Rehabilitation Act and 34 C.F.R. § 361.18(c)). Agencies must ensure they recruit, prepare, and retain personnel who are qualified in accordance with required personnel standards.<sup>3</sup>

VR agencies employ a variety of personnel who interact with both individuals with disabilities and employers, but a qualified VR counselor must meet the education and experience standards of the profession, consistent with those set forth at Section 101(a)(7)(B) of the Rehabilitation Act and 34 C.F.R. § 361.18(c). Although Section 101(a)(7)(B) of the Rehabilitation Act, as amended by WIOA, broadened the education and experience requirements for qualified rehabilitation personnel, the requirement remains that the DSU must maintain personnel standards that are “consistent with any national or State-approved or recognized certification, licensing, or registration requirements, or, in the absence of these requirements, other comparable requirements (including State personnel requirements).” Therefore, it is essential that the DSU establish personnel standards in its Unified or Combined State Plan, consistent with Federal requirements at Section 101(a)(7)(B) of the Rehabilitation Act and 34 C.F.R. § 361.18(c), including the specialized training and experience described in 34 C.F.R. § 361.18(c)(2)(ii), which enable the qualified VR counselor employed by the DSU to work effectively with individuals with disabilities to assist them in achieving competitive integrated employment and to work with employers who hire them.

Pursuant to 34 C.F.R. § 361.42(a)(1)(iii), only a qualified VR counselor employed by the DSU (i.e., those VR counselors meeting the personnel standards established by the DSU pursuant to Section 101(a)(7)(B) of the Rehabilitation Act and 34 C.F.R. § 361.18(c)) may make eligibility determinations for individuals with disabilities applying for services under the VR program. This responsibility is consistent with the non-delegable functions reserved solely for the VR program, specifically those set forth at 34 C.F.R. § 361.13(c)(i) (i.e., all decisions affecting eligibility for VR services, the nature and scope of available services, and the provision of VR services). Therefore, VR agencies must ensure that only those VR counselors who are “qualified” in accordance with the State's personnel standards for VR counselors, as set forth in the State’s approved Unified or Combined State Plan, are assigned the task of determining eligibility, as permitted by 34 C.F.R. § 361.42(a)(1)(iii).

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<sup>1</sup> 34 C.F.R. § 361.42(a)(1)(i).

<sup>2</sup> Although neither the Rehabilitation Act nor its implementing regulations address State licensure or certifications for purposes of determining whether personnel are qualified to determine whether an individual has a disability, the Department has stated its position during past rulemaking processes. See relevant preamble discussions at 60 FR 64476, 64477-64478 (Dec. 15, 1995), 62 FR 6308, 6324-6325 (February 11, 1997), 65 FR 10620, 10625-10627 (Feb. 28, 2000), and 66 FR 4380, 4427-4428 (Jan. 17, 2001).

<sup>3</sup> 34 C.F.R. § 361.18(b).

When developing the State’s personnel standards to be included in the approved Unified or Combined State Plan, the State must establish and maintain education and experience requirements to ensure, among other things, that the personnel have a 21st-century understanding of the needs of individuals with disabilities (34 C.F.R. § 361.18(c)(1)(ii)). The range of education and experience that States must consider when establishing personnel standards, in accordance with 34 C.F.R. § 361.18(c), are set forth at 34 C.F.R. § 361.18 (c)(1)(A) and (B). For those personnel employed as a qualified VR counselor by the DSU, these minimum education and experience standards, set forth in the State’s established personnel standards approved in the State’s Unified or Combined State Plan, lay the foundation for indicating a level of competency and skill with respect to the needs of individuals with disabilities. This is particularly important for those non-delegable functions that can only be performed by qualified VR counselors employed by the DSU, such as determining individuals with disabilities eligible for the VR program in accordance with 34 C.F.R. § 361.42(a)(1)(iii). VR agencies should exercise prudence when establishing personnel standards and ensure personnel responsible for making disability-related decisions have the appropriate knowledge and experience. To that end, for example, some State VR agencies have established and maintained personnel standards for VR counselors that require advanced training in a field of study related to disability or rehabilitation or a professional certification in rehabilitation counseling.

### **Eligibility Determinations – Balancing Expedited Decisions with Meaningful Engagement**

During the eligibility determination process, which begins what will eventually become a sustained and meaningful engagement between the participant and VR counselor, the “qualified VR counselor employed by the DSU” could also constitute “qualified personnel,” for purposes of the determinations that must be made in accordance with 34 C.F.R. § 361.42(a)(1)(i) and (ii) (i.e., that the applicant has a physical or mental impairment and that the physical or mental impairment constitutes or results in a substantial impediment to employment) However, as noted above, for a VR counselor to be qualified to do so, the State must have established personnel standards in its approved Unified or Combined State Plan that indicate its VR counselors have the competency and skill to make such determinations, which are comprehensive in nature, thereby promoting sustained meaningful engagement between the individual with a disability and the VR counselor. As noted above, such competency and skill are demonstrated in the State’s standards through relevant education and experience consistent with Federal requirements set forth at Section 101(7)(B) of the Rehabilitation Act and 34 C.F.R. § 361.18(c)). However, even if a State’s established personnel standards in its approved Unified or Combined State Plan specify VR counselors who are “qualified” to make the various determinations required by 34 C.F.R. § 361.42(a)(1), including those at 34 C.F.R. § 361.42(a)(1)(i) and (ii), additional documentation may still be needed from other “qualified personnel,” either internal or external to the DSU, to document the applicant’s impairment or substantial impediment to employment before the qualified VR counselor employed by the DSU can determine the applicant is eligible for VR services. When additional documentation is necessary to determine eligibility, it is the responsibility of the qualified VR counselor to assess disability-related information (e.g., supporting documentation from medical and educational records), make the eligibility determination, and document in the record of service how the requirements of eligibility are met, thereby satisfying 34 C.F.R. § 361.42(a)(1)(iii) and § 361.47(a)(1).



Similarly, a qualified VR counselor employed by the DSU, even though experienced in the needs of individuals with disabilities generally, may need additional information or documentation from other qualified personnel, either internal or external to the DSU, to determine whether the applicant requires VR services to prepare for, obtain, maintain, advance in, or regain employment that is consistent with the applicant's unique strength, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, as required by 34 C.F.R. § 361.42(a)(1)(iii). The qualified VR counselor may obtain existing data or may need to obtain additional information and data, through the assessment process, as defined at Section 7(2)(A)(ii) of the Rehabilitation Act, to make any of the determinations at 34 C.F.R. § 361.42(a)(1). At each stage of the assessment process, the qualified VR counselor should be engaging with the applicant, explaining the need for the additional information and the benefit it will provide in expediting the process and the eligibility determination. Although qualified VR counselors may not be trained diagnosticians, medical and mental health records can assist qualified VR counselors, who are trained in interpreting such reports, in comprehending any secondary disabilities or medical conditions that should be considered in assessing the eligibility and VR service needs of an applicant. For example, although a qualified VR counselor may readily observe a disability, such as an amputation of a limb, and, thus, could make determinations required by 34 C.F.R. § 361.42(a)(1)(i) and (ii), other assessment information and reports by other certified or licensed professionals could provide the qualified VR counselor with invaluable information. For example, an individual with an amputated leg may also experience medical conditions, such as diabetes or post-traumatic stress disorder. Thus, observation of a visible disability by a qualified VR counselor may be sufficient to determine that an applicant is an individual with a disability as required by 34 C.F.R. § 361.42(a)(1)(i); it alone may not be sufficient to determine a secondary disability, nor may it be sufficient to determine if the applicant's physical or mental impairment constitutes or results in a substantial impediment to employment as required by 34 C.F.R. § 361.42(a)(1)(ii).

In the event a qualified VR counselor determines that additional information to make an eligibility determination is necessary, the VR counselor should inform the applicant. In arranging for any additional assessment activities, the VR counselor should engage the applicant in making informed choice of providers, such as with respect to any necessary medical, psychiatric, psychological, and physical capacity evaluations. The documentation from qualified personnel must reflect a determination that the individual has an impairment and the impairment results in a substantial impediment to employment, to assist the qualified VR counselor employed by the VR agency in making an eligibility determination. For example, an applicant reports having bipolar disorder on the application for services, and at the intake interview, they do not bring any medical documentation to support the diagnosis, but reports they were treated by a doctor in a different State. Because the qualified VR counselor cannot observe any current impacts of the disability solely based on interactions with the applicant during the intake interview, the VR counselor should obtain permission to request medical records from the applicant's prior treating provider and, if needed, arrange for a psychological evaluation to substantiate the diagnosis for eligibility determination purposes. In other words, the qualified VR counselor cannot determine this applicant eligible without obtaining additional information because there is insufficient information to make any of the eligibility determinations at 34 C.F.R. § 361.42(a)(1).

For applicants who have a congenital or permanent disability, existing historical medical and educational information may be sufficient for the purpose of determining eligibility. For example, an applicant who is blind who presents documentation of permanent blindness to the qualified VR counselor employed by the DSU during the intake interview could be determined eligible by that counselor on the basis of that historical information, pursuant to 34 C.F.R. § 361.42(a)(1). However, even though the qualified VR counselor can easily determine this applicant eligible, it could be beneficial to obtain other current records relevant to the information learned during the interview in order to have a better understanding of the eligible individual's scope of VR service needs. On the other hand, an applicant's self-report of a traumatic brain injury (TBI) with no supporting data or records created by a qualified diagnostician is not sufficient to make an eligibility determination. An assessment, such as neuropsychological evaluation, is necessary to support an eligibility determination for VR services. In pursuing an assessment, the qualified VR counselor should engage the applicant in meaningful ways, explaining the process and obtaining informed choice of the providers whenever possible.

Trial work experiences offer another opportunity for engagement during the eligibility determination process. In accordance with 34 C.F.R. § 361.42(e), VR counselors may decide that trial work experiences will help determine whether an individual with a significant disability can benefit from VR services in terms of an employment outcome. Engaging an applicant during the development of a written plan for the trial work experience is essential to ensure a sufficient variety of experiences over a sufficient period of time, along with appropriate supports, to accommodate the rehabilitation needs of the individual during the trial work experiences. Appropriate supports could include assistive technology devices and services, and personal assistance services. Taking into consideration the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice also builds rapport to support communication of the results of the trial work experience. The trial work experience should be extensive enough that it produces sufficient evidence to conclude that the individual can benefit from the provision of VR services in terms of an employment outcome, or yield clear and convincing evidence that an individual is incapable of benefitting from the provision of VR services in terms of an employment outcome to support an ineligibility determination.<sup>4</sup> Ensuring consistent communication and engagement with an individual throughout the trial work process facilitates individual choice in the settings and supports needed to produce the most accurate results and inform the eligibility determination.

The supporting documentation obtained for the purposes of eligibility determination will likely also serve as substantiating documentation for determining a priority for services (if the State is operating under an order of selection as outlined in Section 101(a)(5) of the Rehabilitation Act and 34 C.F.R. § 361.36). Determining eligibility and assigning a priority for services are companion activities, meaning they are separate determinations, but the information and records used in determining eligibility is often critical to informing the assessment for priority for services (i.e., with the review of data to determine functional capacities that are seriously limited by a severe physical or mental impairment) (34 C.F.R. §§ 361.30 and 361.29). As previously discussed, if an individual has additional medical or psychological information or undergoes an assessment that reveals other disabilities, such information and documentation will assist in

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<sup>4</sup> Section 102(a)(2)(B) of the Rehabilitation Act.

assigning the individual to the appropriate priority category for a VR agency that has established and implemented an order of selection (Section 102(a)(2)(B) of the Rehabilitation Act).

### *Flexibilities Under the Rehabilitation Act for Expediting and Ensuring Engagement During Eligibility Determination*

Rapid engagement of applicants can also occur if a VR agency elects to develop and implement policies for interim eligibility determinations. While an interim determination is not a full and final determination, as outlined in 34 C.F.R. § 361.42(b)(3), the VR agency can initiate the assessment of VR needs and services based on an interim determination of eligibility prior to the 60-day period but must make a final determination of eligibility within 60 days of the individual submitting an application for services in accordance with 34 C.F.R. § 361.42(b)(2). This method of eligibility determination may assist some agencies in quickly engaging individuals while awaiting additional information to support the final determination. Applying the flexibility of interim eligibility determination can be useful when an applicant has an observable disability or reports having a disability that is apparent to a VR counselor but may require additional supporting documentation. For example, if an applicant who presents wearing a medically prescribed back brace, commonly known as a Boston brace, self-reports chronic back pain and limited mobility as a result of scoliosis, and states medical documentation exists that clearly indicates a history of scoliosis, the qualified VR counselor can assess applicant self-report as well as document counselor observations of the Boston brace to make an interim eligibility determination while awaiting additional supporting documentation from the applicant's treating physician. In this example, the documentation needed is a report of the applicant's limitations in order for the qualified VR counselor to make a determination that the disability poses a substantial impediment to employment, as required by 34 C.F.R. § 361.42(a)(1)(ii).

### *Supporting and Facilitating Eligibility Documentation*

No method of determining eligibility waives the requirement to obtain documentation supporting an eligibility determination in the record of services as outlined in 34 C.F.R. § 361.47, or the determination by a qualified VR counselor employed by the DSU (i.e., the VR agency) that the applicant requires VR services to prepare for, secure, retain, advance in, or regain employment that is consistent with the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, interest, and informed choice (34 C.F.R. § 361.42(a)(iii)). Supporting documentation, including information from educational agencies serving students with disabilities, and written documentation provided by qualified personnel duly licensed and certified by States to determine whether an individual is an "individual with a disability," may assist the VR counselor in establishing eligibility and can often easily be obtained through online patient and student portals. To expedite eligibility determination and foster engagement, VR agencies are encouraged to train staff on assisting applicants in accessing electronic records, using existing documentation to the maximum extent possible, understanding the responsibilities of qualified VR counselors in making eligibility determinations, exercising available flexibilities under the Rehabilitation Act for making eligibility determinations, and prioritizing timely and engaged communications and relationships with applicants and eligible individuals.

## **Sustained Engagement When Implementing an Order of Selection**

VR agencies implementing an order of selection have multiple opportunities to facilitate and improve the engagement of eligible individuals on a waiting list. Continued engagement while awaiting services is paramount in retaining the interest of individuals with disabilities, assisting them in accessing no cost or comparable benefits and services, and increasing employment readiness. The more individuals can engage in activities, including pre-employment transition services for students prior to being determined eligible or before being released from a waiting list, the better informed such individuals can be about needed services and their employment goals. Ultimately, consistent and meaningful communication and engagement with individuals while they are awaiting services may reduce the number of individuals exiting the VR program, reduce case closures prior to developing the IPE and beginning VR services, and increase the number of participants successfully achieving their employment goals. While operating under an order of selection (Section 101(a)(5) of the Rehabilitation Act and 34 C.F.R. § 361.36), an agency may adopt policies and practices that facilitate meaningful engagement, such as setting timely and routine check-ins with eligible individuals who are placed in a priority category that is closed or making referrals to other programs that can provide supports or training to help prepare individuals for their employment journey with the VR program. For example, AJCs may have potential information or training opportunities that could complement or expedite the completion of VR services once an eligible individual is removed from a waiting list and is able to be served. Helping individuals on the waiting list contact transportation programs, social service agencies, or relevant community programs, such as independent living centers, can help create a foundation of personalized concern and trust that the VR agency is working proactively in the best interests of eligible individuals as they await VR services.

## **Maximizing Meaningful Engagement During Planning and Services**

Meaningful and sustained engagement requires a holistic approach and an ongoing relationship built upon trust and respect. This applies to both VR program participants and VR staff. Planning for VR services begins with an assessment and comprehensive understanding by both the VR counselor and eligible individual regarding the eligible individual's needs, disability-related challenges, desired goals, educational and work history, cultural influences, personal and professional strengths, motivation, and environmental challenges. This cannot be accomplished without affording the opportunity for the VR counselor and the individual to establish an ongoing relationship, which to be successful will need to be built on regular good communication and mutual respect. Such a relationship can be built both virtually and in person. VR agency management can support VR counselors and other frontline staff by removing, revising, or restructuring burdensome policies, practices, or alignment of staff duties that may inhibit timely engagement and meaningful interactions with VR program participants while continuing to maintain necessary internal controls. One such example might be eliminating the initial and annual assessment of financial need to determine participant costs in allowable services. Another example might be assigning processing and follow-up tasks to support staff. Evaluating and implementing even small changes can result in big dividends in terms of developing meaningful engagement among VR staff and between VR counselors and the individuals they serve.

## *Benefits Planning and Financial Literacy*

VR counselors and benefits planners should provide participants with information about how the VR program can change the financial trajectory of their lives, and their future possibilities if they can move away from solely relying on SSDI or SSI benefits by supplementing their income and leveraging work incentives, or ideally, engage in employment paying good wages and benefits that eliminates dependence on or the need for public benefits. Section 102(b)(2) of the Rehabilitation Act and 34 C.F.R. § 361.45(c)(3) require that individuals entitled to benefits under Title II or Title XVI of the Social Security Act on the basis of a disability or blindness be provided general information on additional support and assistance for individuals with disabilities desiring to enter the workforce, including assistance with benefits planning. Agencies are encouraged to augment benefits planning services available through SSA or community-based Work Incentives Planning and Assistance (WIPA) programs, by developing VR counselor knowledge regarding Social Security disability benefits and associated work incentives and/or building a team of in-house Community Work Incentive Coordinators (CWIC) who can engage participants in an analysis of available work incentives and the effect of work upon benefits and potential long-range financial security. Providing professional development opportunities for VR counselors to expand their understanding of disability benefits and work incentives increases the likelihood and quality of conversations that can help participants maximize their possible employment outcomes.

Students with disabilities who are receiving transition planning under an IPE or participating in pre-employment transition services may benefit from financial literacy training and workplace readiness or work-based learning activities in which they learn about money, personal finances, and budgeting. Such activities help them understand the complexities of money, whether from public benefit programs or earned from an employer, or both. Benefits planning services as part of financial literacy training may shift a student's view from one of concern to one of hope and the possibility of a brighter financial future. An individual receiving SSA disability-related benefits prior to participating in a paid work-based learning experience should receive benefits planning beforehand, to understand SSA's wage reporting requirements and to help alleviate fear and confusion around the process, creating a proactive learning experience that can add to future success.

Benefits planning should be provided at multiple points within the continuum of VR services to support informed choice. It may be appropriate, for example, to provide benefits planning services during pre-employment transition services, IPE development, upon an employment offer, or the offer of a raise or an advancement opportunity. Benefits planning services can also help answer questions and alleviate concerns individuals, their families, and others may have about the effect of work on the receipt or loss of benefits and assist with making an appropriate informed choice of an employment goal, including the wage and hours of work. An individual interested in going to work might have a life-long fear of losing their disability-related benefits and may be uncertain about a number of factors, including whether they will be able to work given their disability, whether they will need workplace accommodations, transportation challenges related to getting to work, whether they can keep their healthcare benefits, and whether they will have less money. Providing individuals with disabilities with benefits planning

services is a way to provide support and ensure informed decision-making related to employment.

### *Meaningful Engagement in Vocational Assessment and Career Exploration*

Vocational assessment and career exploration are essential to the development of an IPE. When conducted in a manner that provides informed choice (34 C.F.R. § 361.52 and Section 102(d) of the Rehabilitation Act), in conjunction with counseling and guidance, such assessment and evaluation is valuable and informative and can result in the greatest likelihood of successful achievement of an employment goal. Assessing VR need, as outlined in 34 C.F.R. § 361.45(b)(1) and (f), is an individualized approach. It can be fairly simple when an individual is seeking advancement in employment, enters the VR program with an employment goal and a self-written IPE that identifies the nature and scope of VR services that can be supported by their VR counselor, or the information used to determine eligibility and priority for services provides enough data to substantiate and expedite disability-related services needed and identified on the IPE without the need for comprehensive assessment. Alternately, through meaningful and sustained engagement, a VR counselor may identify the need for additional information or assessments to support a fully developed IPE or an amendment to the original IPE.

Comprehensive assessment engages individuals with disabilities when additional data are necessary to determine an employment outcome and the required IPE services (34 C.F.R. § 361.45 (f)(2)). When conducted with the IPE in mind, the information derived from comprehensive assessment informs plan development and helps to determine the unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, including the needs for supported employment (34 C.F.R. § 361.5(c)(5)(ii)). There may be other areas in a person's life that may require further exploration, including cultural values, language-related needs, or other challenges such as housing struggles, childcare needs, access to transportation, and essential needs related to independent living. While the comprehensive assessment uses, to the maximum extent possible, existing information or information provided by the individual or their network of support necessary to identify their rehabilitation needs to develop the IPE, there may be instances when additional information is needed.

An individual may not be aware of the variety of assessment tools available to help inform decision-making, and through the careful guidance of a VR counselor, information can be shared that will encourage active participation in the vocational assessment and career exploration process. VR services and systems can seem complicated. Therefore, strong communication and facilitation are necessary to optimize results. A qualified VR counselor should introduce and explain the types of assessments and career exploration tools available to assist an individual in making thoughtful decisions regarding their rehabilitation services as well as the need for the assessment when requested or required to participate in such activities. It may be necessary to evaluate patterns of behavior, attitudes, habits, and tolerance related to work, in typical employment settings through community-based work assessments, to assess and further develop the capacities of an individual to perform adequately in a work environment (34 C.F.R. § 361.5(c)(5)(ii)(C), (D) and (E)). These aforementioned activities are critical in helping to identify the services needed to achieve the employment outcome on an IPE, which may include the provision of assistive technology devices and services, personal assistance services, and

transition services for a student or youth with a disability (34 C.F.R. § 361.46(a)(2)) as well as the specific supported employment services for and individual with a most significant disability for whom an employment outcome in a supported employment setting has been deemed to be appropriate, including the expected extended services needed (34 C.F.R. § 361.46(b)).

### *Individual Engagement in IPE Development*

Developing an IPE can be simple or complex, while personalized and tailored to the individual who has an agreed upon a specific employment outcome in competitive integrated employment. For a student with a disability, the IPE should take into account the student's IEP or 504 services and reflect the financial responsibilities of the State education agency (SEA) as outlined in the interagency agreement, as applicable (34 C.F.R. §§ 361.45(d)(9) and 361.22). IPEs must be designed to achieve a specific employment outcome, as defined in 34 C.F.R. § 361.5(c)(15), that is selected by the individual consistent with the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice (34 C.F.R. § 361.45(b)(2)). For a student or youth with a disability, an IPE may include a description of the individual's projected post-school employment outcome, as provided in 34 C.F.R. § 361.46(a)(1), that will be refined to a specific employment outcome as the student or youth participates in VR services. In accordance with 34 C.F.R. § 361.46(a)(2), an IPE must also include the VR services needed to achieve the employment outcome, including any necessary specific transition services and supports.

Many factors influence a chosen employment outcome. Therefore, it is important to explore an individual's personal and professional strengths, past successes and challenges, and desired income, as well as the occupation. Evaluating existing and easy-to-access information regarding employment potential, both in today's labor market and the future, will help support conversations with an individual with a disability regarding their goals, time commitment, disability-related challenges, and plan for success. Individuals with disabilities should be provided informed choice and encouraged to reach their highest employment potential. VR professionals can facilitate IPE development to include services that support an employment outcome that is not simply an entry point in a field or the easiest position to obtain, but rather mid- to high-level positions that are in high demand, offer competitive pay, and desirable benefits packages. Qualified VR professionals bring significant, if not unique, value to these conversations because they are accustomed to addressing disability.

IPE development is critical to the perception and realization of the advantages the VR program provides to an individual with a disability, including a student or youth with a disability. While an IPE can and most often is developed with assistance from a qualified VR counselor employed by the State VR agency, there are flexibilities and multiple options that empower individuals to actively participate in their individualized plan development, as described in 34 C.F.R. § 361.45(c)(1) and allow an individual to engage with and seek assistance from others in the development of an IPE. For an individual with a most significant disability, who, because of the nature and severity of their disabilities has not historically obtained competitive integrated employment or such employment has been interrupted or intermittent as a result of their disability, needs intensive supported employment services and extended services as described in

34 C.F.R. § 361.5(c)(53) and (54), and for whom supported employment has been deemed appropriate, the IPE must:

- Specify the supported employment services to be provided by the VR agency;
- Provide for the transition of an individual with a most significant disability, including a youth with a most significant disability, to extended services no later than 24 months or longer, if needed, after the individual enters supported employment; and
- Identify the source of extended services as defined in 34 C.F.R. § 361.5(c)(19).

Clearly communicating the coordination efforts that the VR agency will undertake on behalf of the individual requiring supported employment services may reassure participants that the complex system of providers and services can be navigated and may alleviate any hesitation to fully participate in VR services.

Per 34 C.F.R. § 361.45(d)(3), the eligible individual must agree to the IPE, and the IPE must be approved and signed by a qualified VR counselor employed by the State VR agency. This collaborative process commits both parties to success. It is also an opportunity to review responsibilities, reiterate mutual expectations associated with each step in the IPE, acknowledge the potential for success, and begin facilitating access to the planned services that are required to reach the participant's maximum potential. The seamless and timely delivery of VR services fosters meaningful and sustained engagement and maximizes the likelihood of meeting expectations and commitments.

### **Engagement During Fulfillment of IPE Services**

Engagement with the participant is a critical element to the successful fulfillment of IPE services. The qualified VR counselor's interaction with the participant while coordinating VR and supported employment services is important during this phase. Specifically, while there may be steps or milestones within an IPE that are reached or accomplished by the participant, the services to complete the steps or achieve the milestones are most often coordinated, provided, or paid for by the State VR agency. The coordination of VR and supported employment services may seem daunting to someone navigating the complex system of supports required to achieve competitive integrated employment. The knowledge and experience of qualified VR professionals are often essential to successfully facilitate the seamless delivery of VR and supported employment services. While a participant and the qualified VR counselor determine the required VR services, both the counselor and other VR staff, (e.g., rehabilitation technicians, business engagement specialists) coordinate and facilitate access to the services outlined in the IPE. An individual with a disability may be unsure of when or how to access coordinated services; however, clear and consistent communication from the State VR agency staff and its vendors will help to maintain a high level of engagement. While interactions may be frequent during the initial weeks or months after an individual is determined eligible for services, a VR agency is encouraged to establish policies or procedures outlining the minimum frequency of contact with individuals receiving VR services.

If an individual is participating in a training or education program, communication should be maintained to reinforce the available support of the VR program in the event any challenges arise



and to celebrate the success of related achievements. Waiting until the end of an academic term may be too late to navigate any related issues or challenges that may prohibit success and could negatively impact a person's progress towards achieving the goal on their IPE. Establishing expectations for regular and frequent communication by both VR agency staff and individuals participating in IPE services may result in opportunities to discuss progress, offer or request necessary supports, and foster effective engagement. When solid foundational relationships are established, they provide a safe space in which challenges can be discussed and addressed, as appropriate, to support the best possible result, reduce the likelihood of attrition, and increase the success of achieving milestones or completing steps within an IPE.

When ongoing support services, as defined in 34 C.F.R. § 361.5(c)(37), are required to achieve employment in a competitive integrated environment, communication and collaboration among the individual with a disability, the VR counselor, and service providers are key to sustain engagement and maintain the required levels of participation in services to reach the greatest level of employment success. The regular monitoring and follow-up services that are included in ongoing support services are paramount to ensure frequent contact and engagement of the employer, the individual, and their network of support to reinforce and stabilize the job placement in supported employment.

### *Post-Employment Services*

Assessing and collaborating on an individual's post-employment needs is fundamental to keeping individuals with disabilities engaged from start to finish. The key to post-employment services, as defined in 34 C.F.R. § 361.5(c)(41), is ensuring the amended IPE includes those short-term services needed prior to closing the record of services of an individual who has achieved an employment outcome and providing or arranging for those services during the period of job stabilization, but prior to case closure and exit. The required 90-day timeframe for keeping a VR case service record open after the participant's achievement of an employment outcome represents a minimum timeframe (34 C.F.R. § 361.56(b)). If additional services are needed for an individual to maintain employment, a VR agency should employ flexibility in policy and practice to ensure the case remains open to allow sufficient delivery of required post-employment services. It is important for the VR counselor and the participant to discuss the potential need for post-employment services that would require an amendment to the IPE. When services are quickly identified and provided in a timely manner, they assist an individual with a disability in achieving the highest level of stabilization in employment and support their long-term employment success. VR agencies are reminded there is no provision for an individual to continue to receive VR services, including post-employment services, after their case has been closed and they have exited the VR program without reapplying for services. Keeping a case open to ensure employment is maintained through the delivery of post-employment services reassures the individual with a disability that their continued success is a priority and their goal to achieve high-quality employment will be fully accomplished.

### **Recognizing Success in the VR Program**

The commitment and dedication to the VR process, participation in services, and ultimately achieving the employment outcome identified on an IPE often culminates in receipt of the first

paycheck and the satisfaction in successfully meeting or exceeding an employer's expectations. Recognition of such achievement is important to not only the individual with a disability who has worked hard to reach their goal but also to the VR professionals who helped along the way. VR agencies are encouraged to identify opportunities and find connections within their States to bolster support for and acknowledgment of VR participants and agency personnel. If appropriate consent forms or information releases are signed, a VR agency should consider engaging public officials, legislators, or department heads in personalizing congratulatory letters for successful program participants, as well as spotlighting the success of both participants and agency personnel on VR agency websites or through public meetings with stakeholder groups. Highlighting the types of VR services an individual with a disability received while participating in services helps to emphasize the value and significance of VR services for stakeholders, professionals, and public officials while at the same time providing examples of success for other VR participants or individuals with disabilities, including students with disabilities, who are considering applying for services. The impact of a VR agency may be underestimated; the social and fiscal return on investment should not go unrecognized, and no longer can agencies remain a quiet partner in employment successes or the "best kept secret" in town.

Recognition of success often begins with agency leadership who can establish recognition programs for participants and agency personnel. Advertising the accomplishments of program participants who achieve measurable skill gains through education and training, as well as high-quality employment and credential attainment, helps to elevate the VR program within the workforce system and the local community while also providing inspiration to others. Acknowledging dedicated counseling professionals who tirelessly serve and work to facilitate the employment achievement of individuals with disabilities through formal and informal recognition as well as competitive pay within their respective State demonstrates the commitment of the VR program to the employment success of individuals with disabilities and the retention of qualified VR professionals. Additionally, recognizing areas of professional expertise may be helpful in better serving individuals with specific types of disabilities. Agency leadership could consider implementing alternate caseload management strategies built upon the experience, strengths, and knowledge of VR professionals to increase access to services that require familiarity and connections with specific resources. When individuals with specific disabilities are connected quickly to required and meaningful supports, they may be more likely to remain engaged in services and realize the value of VR services in a more profound way that builds their confidence and increases the likelihood of their long-term success.

VR agencies may consider developing mentoring programs that match successful past program participants with individuals who are just beginning their journey to employment. Mentorship can be a positive experience for both the mentor and mentee and allows for the sharing of unique experiences while offering support and VR program-related information from a participant's perspective. Mentors can share their stories of success and their path to employment, including improvements to their financial future; they may also be a source of inspiration or encouragement as well as provide thoughts or ideas to help navigate the VR process. Establishing a strong mentoring program may lead to increased engagement and reduced attrition, ultimately resulting in an increase in successful outcomes in high-quality competitive integrated employment.

## CONCLUSION

The continued success of the VR program will rely heavily on the perception of the quality and value of VR services coupled with positive and results-driven experiences of individuals with disabilities, including students with disabilities. The interactions between participants, VR agency personnel, and VR service providers, along with the timeliness, quality, and types of services received, directly impact a VR agency's performance and the employment success of VR program participants. Providing superior services, facilitated by highly qualified VR professionals, attracts individuals with disabilities to the VR program who are eager to engage in services that will help them to achieve their employment goals and exceed their expectations. Creating intentional opportunities for engagement throughout the continuum of VR services, including pre-employment transition services, provides a foundation for consistent and predictable interactions between an individual with a disability and the VR agency. Consistency supports relationship-building and increases trust in the program and services. Agencies that create a culture around valuing and recognizing highly-skilled personnel with diverse expertise and knowledge can recruit and retain a team of VR professionals who know their expertise is valued. Publicizing participant and personnel success helps to engage stakeholders, professionals, and public officials, reinforces the value in the State VR Services Program, and shapes the perception of VR in the statewide workforce development system. VR participants count on the services that VR agencies have to offer, and offering the highest level of individualized services via highly skilled and valued personnel is the most effective way of engaging individuals with disabilities and ensuring their greatest possible success.

## INQUIRIES:

Suzanne Mitchell, Chief  
Vocational Rehabilitation Program Unit  
(202) 245-7454  
[Suzanne.Mitchell@ed.gov](mailto:Suzanne.Mitchell@ed.gov)

\_\_\_\_\_  
/s/

Carol L. Dobak  
Deputy Commissioner,  
delegated the authority to perform the  
functions and duties of the Commissioner

cc: Counsel of State Administrators of Vocational Rehabilitation  
National Council of State Agencies for the Blind  
National Disability Rights Network  
National Coalition of State Rehabilitation Councils  
National Association of State Directors of Special Education

CITATIONS:

Rehabilitation Act of 1973, Sections 7(2)(A)(i) and (ii), (5), (21), and (21)(E)(i); 101(a)(5), (a)(5)(C), and (a)(7)(B); 102(a)(2), (a)(2)(B), (a)(3), (a)(4), (b)(2), and (d); 504; 511.

Rehabilitation Act of 1973, Preamble at 60 FR 64476, 64477-64478 (Dec. 15, 1995), 62 FR 6308, 6324-6325 (February 11, 1997), 65 FR 10620, 10625-10627 (Feb. 28, 2000), and 66 FR 4380, 4427-4428 (Jan. 17, 2001).

State Vocational Rehabilitation Services Program Regulations at part 361, 34 C.F.R. §§ 361.4(b); 361.5(c)(5)(ii), (c)(5)(ii)(C), (c)(5)(ii)(D), (c)(5)(ii)(E), (9), (15), (19), (29), (37), (41), (51), (53), and (58); 361.13(c)(i); 361.18 (b), (c), (c)(1)(ii), (c)(1)(ii)(A), (c)(1)(ii)(B), and (c)(2)(ii); 361.22; 361.29; 361.30; 361.36, (d)(1) and (d)(2); 361.41(a), (b)(1), and (b)(2); 361.42, (a)(1), (a)(1)(i), (a)(1)(ii), (a)(1)(iii), (a)(2), (b)(2), (c), and (e); 361.45(b)(1), (b)(2), (c)(1), (c)(3), (d)(3), (d)(9), and (f); 361.46(a)(1), (a)(2), and (b); 361.47, (a)(1); 361.48(a), (a)(2), (a)(4)(i), (a)(4)(iii); and 361.52.

Uniform Administrative Requirements, Grants and Agreements, Cost Principles, and Audit Requirements for Federal Awards Regulations at part 200, 2 C.F.R. § 200.467.

Limitations On Use of Subminimum Wage at part 397, 34 C.F.R. §§ 397.20 and 397.40(a)(4).

Workforce Innovation and Opportunity Act, Section 121

Fair Labor Standards Act, Section 14(c)

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AGENCY: State Fiscal Accountability Authority, Executive Director

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SUBJECT: South Carolina State Ceiling Allocation Plan – 2025 Administrative Updates

The Authority adopted the 2025 South Carolina State Ceiling Allocation Plan on August 27, 2024. Section C requires that the Authority Secretary administratively update the annual State Ceiling Allocation Plan by the second Monday in January. On January 13, 2025, the Authority Secretary did publish an administratively updated plan. This revision updates (1) Section D to reflect the total state ceiling as certified by the Authority Secretary pursuant to Section 1-11-500 to be \$712,248,030; (2) Section D to recalculate the limits on authorized requests using the total state ceiling for the Plan Year; (3) Section E to reflect the now current amounts identified in that section; (4) Section E to add the amount of any carryforward designated in the prior calendar year pursuant to Section 1-11-250(G); and (5) Section G to recalculate the dollar amounts based on the actual certified amount of state ceiling for the Plan year.

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AUTHORITY ACTION REQUESTED:

Receive as information the administratively updated 2025 State Ceiling Allocation Plan.

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ATTACHMENTS:

1. January 7, 2025 Certification of 2025 State Ceiling on Issuance of Private Activity Bonds Established in Tax Reform Act of 1986, As Amended
2. Administratively updated 2025 South Carolina State Ceiling Allocation Plan

HENRY MCMASTER, CHAIR  
GOVERNOR

CURTIS M. LOFTIS, JR.  
STATE TREASURER

BRIAN J. GAINES  
COMPTROLLER GENERAL



HARVEY S. PEELER, JR.  
CHAIRMAN, SENATE FINANCE COMMITTEE

BRUCE W. BANNISTER  
CHAIRMAN, HOUSE WAYS AND MEANS COMMITTEE

OFFICE OF THE EXECUTIVE DIRECTOR

GRANT GILLESPIE  
EXECUTIVE DIRECTOR  
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January 7, 2025

**CERTIFICATION OF  
2025 STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS  
ESTABLISHED IN TAX REFORM ACT OF 1986, AS AMENDED**

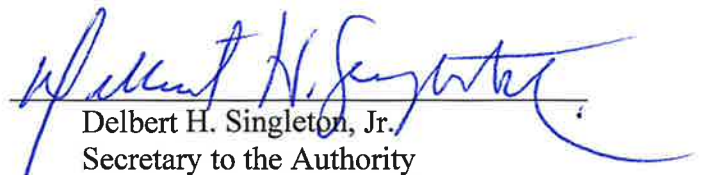
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In accord with Section 1-11-500 of the Code of Laws of South Carolina, 1976, as amended, which is part of a plan for allocating the State Ceiling on the issuance of tax exempt private activity bonds established in the Tax Reform Act of 1986, as amended, I have determined that the most recent census estimate of the resident population of the State of South Carolina published by the Bureau of the Census before the beginning of 2025 is 5,478,831.

That population estimate is included in Census Bureau release CB24-213 dated December 19, 2024.

For calendar year 2025, the amount used under IRS Code § 146(d) to calculate the State ceiling for the volume cap for private activity bonds is \$130 per capita (as published by the IRS in Revenue Procedure 2024-40) multiplied by the State's population.

On that basis, I have calculated, and I certify the 2025 state ceiling on the issuance of private activity bonds for the State of South Carolina, as established in the Tax Reform Act of 1986, as amended, to be \$712,248,030.

  
Delbert H. Singleton, Jr.  
Secretary to the Authority

# 2025 South Carolina State Ceiling Allocation Plan – As Administratively Updated January 13, 2025, by Authority Secretary Pursuant to Section C

## SECTION A. CONVENTIONS, DEFINITIONS AND EXHIBITS

*Authorized Request* includes any request submitted pursuant to §1-11-530(A) or (B) and any request for Issuance Approval as defined below using prior year carryforward.

*Issuance approval* means approval by the State Authority for the issuance by State Housing of private activity bonds for a multi-family housing project, as required by Section 31-13-90.

*Plan Year* refers to the year to which this plan applies, which is noted in the header on each page.

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*Commerce* means the South Carolina Department of Commerce.

*Committee* means the Joint Bond Review Committee.

*JEDA* means the Jobs-Economic Development Authority.

*Secretary* means the Secretary of the State Fiscal Accountability Authority.

*State Authority* means the State Fiscal Accountability Authority.

*State Housing* means the State Housing Finance Development Authority.

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Exhibit	Subject
A	Competitive Criteria for Industrial and Economic Development Projects, and Projects Proposed for Other Qualified Purposes
B	Competitive Criteria for Multi-family Housing Projects
C	Evaluation and Ranking Report Format for Multi-family Housing Projects

## SECTION B. AUTHORITY AND ADOPTION

The State Authority approved this plan at its meeting of August 27, 2024. Unless the State Authority provides otherwise herein, the Plan is effective upon adoption.

The Committee favorably reviewed this plan at its meeting of August 20, 2024.

Section 1-11-520(A) requires the annual publication of a State Ceiling Allocation Plan no later than September thirtieth of the year preceding the Plan Year. The State Authority intends to adopt each year's plan at its last regularly scheduled meeting prior to September thirtieth.

# 2025 South Carolina State Ceiling Allocation Plan – As Administratively Updated January 13, 2025, by Authority Secretary Pursuant to Section C

## SECTION C. PLAN UPDATES AND AMENDMENTS; PLAN PUBLICATION

### Administrative Updates

The Plan may be updated administratively as provided herein. An administrative update authorized by this plan is deemed not to constitute an amendment to the Plan.

By the second Monday in January, the Secretary shall publish an administrative update of the plan that (a) updates Section D to state the actual certified amount of state ceiling for the Plan Year, (b) updates Section D to recalculate the limits on authorized requests using the total state ceiling for the Plan Year, (c) updates Section E to state the then-current amounts identified in that Section (d) adds to Section E the amount of any carryforward designated in the prior calendar year pursuant to Section 1-11-520(G), and (e) using the Category Percentages previously approved, recalculates the dollar amounts in Section G based on the actual certified amount of state ceiling for the Plan year.

At the State Authority's first regularly scheduled meeting for the Plan Year, the Secretary will submit a summary of the updates to the State Authority as an informational agenda item.

### Plan Amendments

The Plan may be amended as allowed by Title 1, Chapter 11. Section 1-11-520 expressly contemplates amendments to the annual allocation plan upon a finding of exceptional and compelling circumstances by the State Authority. Amendments are subject to review and comment by the Committee. See Section H.

### Publication of the Plan

Section 1-11-520(A) requires the State Authority to publish the plan. Once approved, the Secretary is directed to publish the approved plan, as well as any amendment or update, by posting it to the State Authority's website. The initial plan and every update or amendment shall remain on the State Authority's website until the end of the Plan Year.

All updates or amendments shall be sequentially numbered. With each update or amendment, the header shall be revised to include the number and date of the update or amendment, as applicable.

## SECTION D. DETERMINATION OF STATE CEILING AND LIMITS ON STATE CEILING FOR AUTHORIZED REQUESTS

The total state ceiling on the issuance of private activity bonds for the current Plan Year is \$712,248,030, as certified by the Secretary pursuant to Section 1-11-500.



# 2025 South Carolina State Ceiling Allocation Plan – As Administratively Updated January 13, 2025, by Authority Secretary Pursuant to Section C

Unless authorized pursuant to Section 1-11-520(D), the amount of state ceiling that may be allocated to an authorized request may not exceed 10% of the total state ceiling (\$71,224,803) in the case of an industrial or economic development project, or 5% (\$35,612,401.50) for any other authorized request.

The total state ceiling for the Plan Year will not be known until the January following the plan's adoption; accordingly, for purposes of the plan's publication, the State Authority will use the state ceiling for the year in which the plan is published. As reflected above, the limits on authorized requests are calculated against the total state ceiling for the year preceding this Plan Year. As reflected in Section E below, the plan will also use an estimate of the carryforward the Secretary anticipates will be unused and available for the Plan Year. These and other tentative amounts will be updated pursuant to Section C.

## SECTION E. DETERMINATION OF AMOUNTS SUBJECT TO THIS ALLOCATION PLAN

In addition to the amount determined pursuant to Section 1-11-500, certain amounts available from carryforward from prior years and other adjustments are subject to the provisions of this Allocation Plan, as follows:

Amount determined pursuant to Section 1-11-500	\$712,248,030
Plus amounts expired, relinquished, revoked, or otherwise no utilized for issuance	\$0
Plus amount carried forward from prior calendar years that remain unused:	
• Allocated to Multi-Family Housing (2022; expires 2025)	\$161,906,609
• Allocated to Multi-Family Housing (2023; expires 2026)	\$175,507,079
• Allocated to Multi-Family Housing (2024; expires 2027)	\$271,697,375
Total:	\$1,321,359,093 <sup>1</sup>

## SECTION F. ALLOCATION PERIODS & DATES FOR ALLOCATIONS TO AUTHORIZED REQUESTS

Pursuant to Section 1-11-520(B), the State Authority hereby provides for two allocation periods and hereby designates February 1 and August 1 as the beginning of each period. On those dates, 50% of the state ceiling assigned to each category is made available for subsequent allocation to authorized requests.

Authorized requests for an allocation of state ceiling, as well as requests for issuance approval for projects using carryforward from prior years will be considered on one or more dates on or after the beginning of each allocation period, as established and announced by the Executive Director of the State Authority. Notwithstanding the foregoing, all authorized requests for the same permitted purpose during a single allocation period must be made at only one meeting

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<sup>1</sup> The State Authority allocated and designated as carryforward \$671,694,375 of the 2024 state ceiling to State Housing on December 31, 2024. Of that amount, State Housing elected to apply \$271,694,375 to its multi-family housing program and \$400,000,000 to its single-family program.

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during that period.

## SECTION G. CATEGORIES OF PERMITTED PURPOSES; PERCENTAGE ASSIGNMENTS TO CATEGORIES

In accordance with Section 1-11-520(A), the State Authority adopts the following categories of permitted purposes and assigns percentages of the current-year state ceiling to those categories.

Categories of Permitted Purposes <sup>2</sup>	Category Percentage	Category Amount	Amount Available for Allocation on or after February 1 of the Plan Year	Amount Available for Allocation on or after August 1 of the Plan Year
Industrial and Economic Development <sup>3</sup>	40%	\$284,899,212	\$142,449,606	\$142,449,606
Multi-Family Housing <sup>4</sup>	0%	\$0.00	\$0.00	\$0.00
Single-Family Housing <sup>5</sup>	20%	\$142,449,606	\$71,224,803	\$71,224,803
Other Qualified Purposes <sup>6</sup>	40%	\$284,899,212	\$142,449,606	\$142,449,606
Totals	100%	\$712,248,030	\$356,124,015	\$356,124,015

The above amounts are subject to revisions pursuant to the update required by Section C.

As noted in Section E, there is carryforward available for Multi-Family Housing that will expire during the plan year unless otherwise utilized. Accordingly, no assignment of state ceiling is contemplated for Multi-Family Housing until the available carryforward is exhausted.

Any unused state ceiling from the first period shall automatically carry over to the same category for the second period unless reassigned by State Authority pursuant to 1-11-520(C).

If an authorized request submitted to the Secretary cannot be approved pursuant to the then-current plan even with a reassignment pursuant to Section 1-11-520(C), the Secretary is authorized not to place the request on the State Authority's agenda. In such an event, Secretary

<sup>2</sup> Generally, see IRS Publication 4078 (Rev. 9-2019) for a complete list of permitted purposes prescribed by the IRC.

<sup>3</sup> Facilities for the furnishing of water; sewage facilities; privately owned solid waste disposal facilities; facilities for the local furnishing of electric energy or gas; local district heating or cooling; qualified hazardous waste facilities; qualified enterprise zone facilities; qualified small issue bonds.

<sup>4</sup> Qualified residential rental projects.

<sup>5</sup> Qualified mortgage bonds.

<sup>6</sup> Mass commuting facilities; privately owned high-speed intercity rail facilities; qualified redevelopment bond; and qualified student loan bonds.

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will notify the State Authority's members as soon as practicable prior to the scheduled meeting date.

## **SECTION H. PLAN AMENDMENTS**

Any change to the amount of state ceiling allocated to a category that cannot be accomplished by a reassignment pursuant to Section 1-11-520(C) can only be effected by an amendment to the annual allocation plan in accordance with Section 1-11-520(B) following review and comment by the Joint Bond Review Committee.

## **SECTION I. EVALUATION AND RANKING BY STATE HOUSING AND COMMERCE**

Pursuant to Section 1-11-520(E), the State Authority hereby directs that State Housing perform the periodic evaluation and ranking of all multi-family housing projects involving either an authorized request for state ceiling or a request for issuance approval of bonds using carryforward. In performing this evaluation and ranking, State Housing will use the competitive criteria adopted in this plan and provide a report as described in **Exhibit C**.

Pursuant to Section 1-11-520(E), the State Authority hereby directs that the South Carolina Department of Commerce perform the periodic evaluation and ranking of any non-housing project involving an authorized request for state ceiling. In performing this evaluation and ranking, Commerce will use the competitive criteria adopted in this plan and provide a report as described herein.

## **SECTION J. SUBMISSION FOR 2025 RANKING**

No request for an allocation of state ceiling will be considered by the State Authority until the project associated with the request has been evaluated and ranked by either State Housing or Commerce, as applicable.

No request for issuance approval for a multi-family housing project using carryforward allocated to State Housing in prior years will be considered by the State Authority until the project has been evaluated and ranked by State Housing. Reference Section E.

Timely submissions are essential for applicants seeking an allocation of state ceiling or approval to issue multi-family housing bonds. Any delay can undermine the ability of the State Authority to timely adopt any plan amendment necessary to modify the category assignments. Reference Section H.

### Industrial and Economic Development

Any Industrial or Economic Development project making an authorized request during an allocation period must submit all necessary information to Commerce by any due date established by Commerce for the applicable allocation period. Once the State Authority adopts

# 2025 South Carolina State Ceiling Allocation Plan – As Administratively Updated January 13, 2025, by Authority Secretary Pursuant to Section C

a schedule for its regular meetings in the Plan Year, Commerce should announce all applicable due dates for each allocation period.

Not later than the published bond due date for the applicable State Authority meeting, Commerce must provide the State Authority with its allocation recommendations and its evaluation and ranking for any non-housing project seeking an allocation of state ceiling, provided the request was timely received by Commerce.

As noted in Item 6 of Section P below, Commerce must provide the State Authority with written confirmation of the Coordinating Council's allocation recommendations no later than the published bond due date for the applicable State Authority meeting.

## Multi-Family Housing

All multi-family housing projects making an authorized request during an allocation period must submit all necessary information to State Housing by the due date established by State Housing for the applicable allocation period. Once the State Authority adopts a schedule for its regular meetings in the Plan Year, State Housing should announce all applicable due dates for each allocation period.

Not later than the published bond due date for the applicable State Authority meeting, State Housing must provide the State Authority with a report of its evaluation and ranking of all projects requesting an allocation of state ceiling and all projects requesting issuance approval for a multi-family housing project using carryforward allocated to State Housing in prior years. State Housing's report must also include its evaluation and ranking of all pending state tax credit applications. The report must include all the information identified in **Exhibit C**.

As noted in Item 7 of Section P below, State Housing must provide the State Authority with written confirmation of its Board's allocation recommendations for State Housing projects no later than the published bond due date for the applicable State Authority meeting.

## **SECTION K. REQUIRED REPORTS**

No later than September 30<sup>th</sup> each year, the State Authority must adopt a plan for the next calendar year. In order to develop that plan, the State Authority needs reliable information before it begins drafting. To gather that information, the State Authority requests the following reports be submitted by August 1<sup>st</sup> of each year.

The State Authority acknowledges that specific project details may not be known in all cases for the coming plan year; accordingly, specificity is expected to the extent known, accompanied by reasonable estimates of anticipated requests.

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These reports will also inform any decisions to reassign state ceiling pursuant to section 1-11-520(C), to reallocate by amending the plan pursuant to section 1-11-520(B), or to reserve current-year state ceiling for year-end designation as carryforward.

## Industrial and Economic Development Bonds

Commerce and JEDA, in consultation with the South Carolina Coordinating Council for Economic Development (Coordinating Council), must provide a coordinated report for proposed industrial and economic development projects to the State Authority identifying all known requests for state ceiling for the year following the plan year. The response must include the project name,<sup>7</sup> amount of the state ceiling request, year of allocation, and tentative recommendation of Commerce in accordance with the competitive criteria described below.

Separate from its report, Commerce must submit proposed deadlines for the year following the plan year by which those seeking state ceiling for Industrial and Economic Development projects or projects proposed for other qualified purposes must submit their proposals to Commerce in order for Commerce to provide the State Authority with its final ranking and recommendations no later than the bond submission deadline for the meetings at which state ceiling allocation requests will be considered for the applicable allocation period. Commerce must submit proposed deadlines on the 10th business day following the Authority's adoption of a meeting schedule for the Plan Year.

Commerce may also submit a request for the State Authority to assign up to 40 percent of state ceiling for Industrial and Economic Development, less any allocation requested for known projects, to accommodate future but presently unidentifiable requests; provided, however, that once known, each such request shall identify the project, amount of the allocation request, year of allocation, and include a recommendation of Commerce in accordance with the competitive criteria.

## Multi-Family and Single-Family Housing Bonds

State Housing must provide a report for proposed single-family and multi-family housing projects to the State Authority identifying all pending and expected authorized requests for the year following the plan year. The response must include the project name, amount of the state ceiling request, amount of state tax credit (if any), and year of allocation.

The report must also include recommendations for the amount of carryforward from prior years needed for State Housing to continue each of its programs in the year following the plan year.

With its report, Housing must submit proposed deadlines for the year following the plan year by which those seeking state ceiling for multi-family housing projects must submit their

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<sup>7</sup> Or other identifying information in the event the name of the project is not yet public.

# **2025 South Carolina State Ceiling Allocation Plan – As Administratively Updated January 13, 2025, by Authority Secretary Pursuant to Section C**

proposals to Housing in order for Housing to provide the State Authority with its final ranking and recommendation no later than the bond submission deadline for the meetings at which state ceiling allocation requests will be considered for the applicable allocation period.

State Housing must provide the Secretary with a year-end account of any unused remaining carryforward from prior years no later than first business day of January each year.

## **SECTION L. COMPETITIVE CRITERIA - GENERALLY**

Section 1-11-520(E) requires that the allocation plan establish competitive criteria for allocation of state ceiling to authorized requests, and further provides that competitive criteria may be unique to each category but must be uniform within each category and established to achieve highest value and greatest public benefit.

For purposes of this Allocation Plan, determinations of highest value and greatest public benefit will be made on the basis of the relationship of the state resources requested to the measurable benefit of the proposed project.

## **SECTION M. COMPETITIVE CRITERIA FOR INDUSTRIAL AND ECONOMIC DEVELOPMENT ALLOCATION AND ALLOCATION TO OTHER PERMITTED PURPOSES**

Commerce must provide each year to the State Authority for inclusion in the annual State Ceiling Allocation Plan its recommendations for determining highest value and greatest public benefit for allocation of state ceiling to industrial and economic development projects, and projects proposed for other qualified purposes.

Determinations of highest value and greatest public benefit must include at a minimum and without limitation such measures as the number of new permanent jobs<sup>8</sup> that will be created by the project; the capital investment of the project sponsor independent of state incentives and resources; and a cost benefit analysis generally reflecting a positive financial benefit to the state. The Coordinating Council must submit its proposed recommendations for the year following the plan year to the State Authority no later than August 1 of the plan year. Commerce will use these measures to evaluate any ceiling allocation requests for Industrial and Economic Development projects and projects proposed for other qualified purposes, and such evaluations shall be presented to the Coordinating Council for approval at a public meeting.

For projects seeking state discretionary incentives such as job development credits and/or state grant funding, a definitive agreement with the Coordinating Council must have been finalized prior to consideration by the State Authority. Such agreements with the Coordinating Council may include a preliminary revitalization, grant performance or other incentive agreement

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<sup>8</sup> Generally, maintenance of existing jobs will not meet this criterion.

# **2025 South Carolina State Ceiling Allocation Plan – As Administratively Updated January 13, 2025, by Authority Secretary Pursuant to Section C**

provided that it contains minimum new permanent job and investment commitments by the entity seeking an allocation.

For projects that are not seeking state discretionary incentives, such information as is requested and determined by Commerce to be sufficient for Commerce to evaluate the feasibility and competitiveness of the proposal must be submitted to Commerce prior to consideration by the State Authority.

If multiple projects will be submitted for consideration by the State Authority within a single allocation period, Commerce must rank those projects from highest to lowest value and public benefit as determined by provisions of this section.

In addition to the foregoing, Commerce must, after the project has been fully vetted and all due diligence conducted, provide a definitive recommendation for the amount of state ceiling proposed to be allocated to the project, following an affirmative vote of the Coordinating Council in a public meeting.

For the current year, the competitive criteria for Industrial and Economic Development projects recommended by Commerce are adopted by the State Authority, attached as **Exhibit A**, and incorporated into this Plan by reference.

## **SECTION N. COMPETITIVE CRITERIA FOR MULTI-FAMILY HOUSING ALLOCATION**

State Housing must provide each year to the State Authority for inclusion in the State Ceiling Allocation Plan its recommendations for determining highest value and greatest public benefit for allocation of state ceiling to multi-family housing projects.

Determinations of highest value and greatest public benefit must reflect the relationship of the state resources proposed for the project to the affordable housing benefits the project will achieve. Total state resources must include without limitation the amount of state ceiling, any applicable state tax credits, and any other state resources and incentives as are germane and applicable to the project. Affordable housing benefits must include without limitation such facility characteristics as the heated residential square footage, number of bedrooms, and number of tenants the project is designed to serve. A determination of highest value must include a comparison of the state resources to the project's total cost.

State Housing may coordinate these determinations with the applicable Qualified Allocation Plan and any other threshold requirements, policies, or procedures as are consistent with this section.

If multiple multi-family project submissions (for ceiling allocation and/or issuance approval for use of carryforward) will be considered by the State Authority within a single allocation period, State Housing must rank those projects from highest to lowest value and public benefit, as determined by the provisions of this section and Exhibit B.

# **2025 South Carolina State Ceiling Allocation Plan – As Administratively Updated January 13, 2025, by Authority Secretary Pursuant to Section C**

These criteria will be applied uniformly to all multi-family housing projects whether seeking current year ceiling allocation or issuance approval using carryforward. State Housing must submit its proposed recommendations for the coming year to the State Authority no later than August 1 of the plan year.

In addition to the foregoing, State Housing must, after the projects are fully vetted and all due diligence conducted, provide a definitive recommendation for the amount of state ceiling proposed to be allocated to any State Housing project, following an affirmative vote of its governing board in a public meeting.

For the current year, the competitive criteria for Multi-family Housing projects recommended by State Housing are adopted by the State Authority, attached as **Exhibit B**, and incorporated into this Plan by reference.

## **SECTION O. COMPETITIVE CRITERIA FOR SINGLE-FAMILY HOUSING ALLOCATION**

Multiple competing requests during a single allocation period are not expected for submissions in this category. Accordingly, the State Authority has determined that the highest value and greatest public benefit are most appropriately determined at the programmatic level, rather than by allocations to specific requests.

## **SECTION P. SUBMISSION REQUIREMENTS FOR AUTHORIZED REQUESTS**

All submissions for allocation of state ceiling must be complete at the time of submission. The Secretary is authorized not to place any incomplete submission on the agenda. The request must be in accordance with the statutory provisions of Section 1-11-530. In addition to the foregoing, all requests for allocation of state ceiling must meet all of the following requirements, as applicable:

1. If the applicable private activity bonds require approval of the State Authority, the request for allocation of state ceiling must include a contemporaneous request for approval to issue the associated bonds. A request for an allocation of state ceiling associated with a contemporaneous request for issuance approval is not complete unless it includes all items required by the State Authority for the issuance approval request.
2. If the applicable private activity bonds require the approval of an entity other than the State Authority, the issuer, or a state constitutional officer, a certified statement from the other approving entity must be submitted with the allocation request. For example, an issuance of bonds by JEDA must be approved by the Coordinating Council (§ 41-43-110(A)).
3. If a request for allocation of state ceiling regards private activity bonds for a multi-family housing project, either (i) the petition making the request must be accompanied by both a preliminary determination of the project's eligibility for the South Carolina housing tax credit (§12-6-3795(B)(5)(d)) and all comments provided by a county and city pursuant to Section 12-6-



# **2025 South Carolina State Ceiling Allocation Plan – As Administratively Updated January 13, 2025, by Authority Secretary Pursuant to Section C**

3795(C)(3)); or (ii) the petition making the request must include an irrevocable waiver of any claim for a state tax credit pursuant to Section 12-6-3795, accompanied by proof that the petition has been filed with State Housing.

4. If a request for issuance approval regards private activity bonds for a multi-family housing project, and is using carryforward allocated to State Housing in prior years, either the (i) the petition making the request must be accompanied by both a preliminary determination of the project's eligibility for the South Carolina housing tax credit (§12-6-3795(B)(5)(d)) and all comments provided by a county and city pursuant to Section 12-6-3795(C)(3)); or (ii) the petition making the request must include an irrevocable waiver of any claim for a state tax credit pursuant to Section 12-6-3795, accompanied by proof that the petition has been filed with State Housing.

5. If an authorized request regards a multi-family housing project, the request must undergo a feasibility and underwriting review by State Housing; accordingly, the request must be accompanied by a Certificate of Allocating Agency (42(m) Letter). This requirement applies even if the project includes an irrevocable waiver of any claim for state tax credits pursuant to Section 12-6-3795.

6. The petition submitted for each authorized request must include an acknowledgement that any amount of allocation subsequently requested will constitute a new authorized request and a representation that "the allocation amount requested constitutes all of the private activity bond financing contemplated at the time for the project and any other facilities located at or used as a part of an integrated operation with the project." Reference Section 1-11-530(C).

7. In the case of a proposed industrial or economic development project using state ceiling from either the Industrial and Economic Development or Other Qualified Purposes categories, the authorized request must be accompanied by a letter signed by an executive officer of the project sponsor establishing the project scope and expenditure schedule for proceeds of bonds to which the ceiling allocation applies.

8. In the case of a proposed industrial or economic development project using state ceiling from either the Industrial and Economic Development or Other Qualified Purposes categories, the project must appear on the list of projects ranked by the Coordinating Council for Economic Development and must have received a definitive recommendation from the Coordinating Council for the amount of state ceiling proposed to be allocated to the project.

9. In the case of a proposed project using state ceiling from the Multi-family Housing category or prior year carryforward previously allocated to State Housing for multi-family housing projects, the project must appear on a single consolidated list of projects ranked by State Housing and must have received a definitive recommendation from State Housing for the amount of state ceiling proposed to be allocated to the project.

## **2025 South Carolina State Ceiling Allocation Plan – As Administratively Updated January 13, 2025, by Authority Secretary Pursuant to Section C**

10. A request to take any of the following actions must be accompanied by a letter signed by an executive officer of the project sponsor providing a thorough explanation of the compelling circumstances leading to the request and a justification for why those circumstances were not successfully avoided: A request (a) to reinstate or extend the validity of previously allocated state ceiling, (b) to allocate state ceiling to a project if previously allocated state ceiling was allowed to expire, or (c) to allocate additional state ceiling to a project. In addition, a request to allocate additional state ceiling to a project must be accompanied by supporting financial analysis demonstrating the further amount necessary to accomplish financial feasibility of the project. A responsible officer of the project sponsor is expected to attend the applicable State Authority meeting.

11. A request (a) to approve single-project allocations for carry-forward election, or (b) to approve carryforward elections prior to the fourth quarter of the calendar year to which the state ceiling applies must be accompanied by a letter signed by an executive officer of the project sponsor that provides a compelling justification for such action and a thorough explanation of why it is in the best interest of the state to approve the request. As noted below, such requests are considered extraordinary and will receive a heightened level of review. A responsible officer of the project sponsor is expected to attend the applicable State Authority meeting.

12. In the case of an industrial or economic development project, an authorized request seeking more than ten percent of the total state ceiling for the Plan Year must be accompanied by a thorough and compelling statement of facts justifying such an extraordinary allocation of state ceiling to a single project and sufficient to support the finding required by Section 1-11-520(D). The petition must be accompanied by a statement of position by the Coordinating Council regarding the relative size of the request.

13. In the case of a project for any purpose other than for industrial or economic development, an authorized request seeking more than five percent of the total state ceiling for the Plan Year must be accompanied by a thorough and compelling statement of facts justifying such an extraordinary allocation of state ceiling to a single project and sufficient to support the finding required by Section 1-11-520(D).

14. If any part of the submission is subject to review, comment or other action of the Joint Bond Review Committee, the item must be submitted to the committee prior to consideration of the submission by the State Authority.

If a request does not meet each and every published requirement by the submission deadline for the applicable State Authority meeting, the State Authority's Secretary is authorized not to place the item on the State Authority's agenda.

The State Authority reserves its discretion to amend and supplement these procedures as circumstances dictate.

The State Authority and its members reserve the right to require additional information for any particular item.

#### **SECTION Q. EXTENSIONS AND CARRYFORWARDS**

Section 1-11-530(C) provides that each authorized request must demonstrate that the allocation amount requested constitutes all of the private activity bond financing contemplated at the time for the project and any other facilities located at or used as a part of an integrated operation with the project. In addition to the foregoing, the State Authority must be reasonably assured that any allocation of state resources will be utilized prior to expiration. Accordingly, the State Authority will undertake a heightened level of review and exercise conservative discretion in addressing any request to (1) reinstate or extend the validity of previously allocated state ceiling, (2) allocate state ceiling to a project if previously allocated state ceiling was allowed to expire, (3) allocate additional state ceiling to a project, (4) approve single-project allocations for carry-forward election, (5) or approve carryforward elections prior to the fourth quarter of the calendar year to which the state ceiling applies.

#### **SECTION R. BACKGROUND**

On August 30, 2022, the State Fiscal Accountability Authority adopted the inaugural South Carolina State Ceiling Allocation Plan pursuant to Act 202 of 2022. Section A of the 2022 State Ceiling Allocation Plan provided the background and purpose of the plan. The background and purpose of the inaugural plan and Act 202 of 2022 has not changed and need not be repeated on an annual basis. However, the Background and Purpose as written in the 2022 State Ceiling Allocation Plan remains relevant and is incorporated by reference for the 2023 South Carolina State Ceiling Allocation Plan.

# **EXHIBIT A**

## **2025 COMPETITIVE CRITERIA FOR ECONOMIC DEVELOPMENT AND OTHER PROJECTS**

## **SUMMARY OF PROCEDURES FOR EVALUATING REQUESTS FOR STATE CEILING ALLOCATIONS**

The following briefly summarizes the procedures applicable to the methodology employed by the South Carolina Department of Commerce (the “Department”) in evaluating industrial and economic development projects that are requesting an allocation of the state private activity bond limit by the State Fiscal Accountability Authority (SFAA).

### **Background**

The Department was designated by the South Carolina General Assembly to assist SFAA in determining the allocation of the state private activity bond limit for industrial and economic development projects. As required by Act 202 of 2022 and the South Carolina State Ceiling Allocation Plan, Commerce has established competitive criteria to evaluate industrial and economic development projects. These criteria are designed to achieve highest value and greatest public benefit.

### **Review Procedures and Scoring**

During the review process, Department staff will evaluate the following factors for each industrial and economic development project requesting allocation of the state ceiling and will give scores weighted in the ranges set forth on the attached Scoring Criteria for Bond Applicants and as discussed below.

1. **Tier ranking of the county in which the project will be located as determined by the South Carolina Department of Revenue for the year in which allocation is sought.**  
Projects in the most rural counties will be given higher scores to encourage development in those counties. The rural counties are most in need of industrial development to sustain and improve those counties.
2. **Type of Project.**  
Projects that improve public infrastructure will score higher than projects that only benefit the public through job creation and investment. Manufacturing projects will score higher than non-manufacturing projects because they attract suppliers that generate further new job creation and investment to South Carolina.
3. **Number of existing jobs to be maintained at the project.**  
The larger the current employment, the higher the score because larger companies have the greatest impact on the economy of the local region and the state as a whole.
4. **Number of net new jobs to be created at the project.**  
The more jobs being created, the greater the impact on the economy of the local region and the state as a whole by providing more employment for residents and resulting in increased income to the state.
5. **Average salary of the new jobs to be created at the project.**  
Jobs with higher wages will increase income to the state, and jobs with wages above the per capita income of the county have a greater impact on the economic well-being of that county.
6. **Existing investment of the entity.**  
The greater the existing investment the more property taxes that will be received to benefit the economy of the local region and the state as a whole.
7. **New investment to be made at the project.**  
Similarly, the greater the new investment, the more property taxes that will be received and will benefit the county and local school districts.

8. **Financing available to support the project.**

This category is the most subjective, but a vital consideration. A project's ability to support the project financially is essential to success.

9. **Cost Benefit**

The South Carolina Coordinating Council for Economic Development (the "Coordinating Council") will perform a cost benefit analysis on each project. Absent extenuating circumstances, a project that does not have a positive financial benefit to the state will not be recommended for state ceiling allocation; provided, however, projects locating in Tier 3 and 4 counties will not be excluded from consideration because of a negative return on investment resulting from the estimated value of job tax credits. While the cost benefit analysis assumes all job tax credits earned and accrued are used, as a practical matter, companies rarely have sufficient income tax liability to use the maximum value of the credits. This is particularly true in the most rural counties because of the extremely high value of the job tax credits under state law.

After consideration of each factor and allocation of appropriate scores, the Department will then calculate the final score using the following formula:

$((\text{County Designation} \times (\text{New Jobs} + \text{New Investment})) + \text{Type of Project} + \text{Existing jobs} + \text{Existing Investment} + \text{Average Salary} + \text{Financing} + \text{Cost Benefit})$



## Scoring Criteria for Bond Applicants

<b>County Designation</b>		
Tier 4		3
Tier 3		2
Tier 2		1
Tier 1		1
<b>Type of Project</b>		
Public Infrastructure		4
Manufacturing		2
Other Business		0
<b>Existing Jobs</b>		
> 500		2
100-500		1
0-100		0
<b>New Jobs</b>		
>300		5
150-300		4
50-149		3
25-49		2
<25		1
<b>Existing Investment</b>		
>\$300,000,000		3
\$100,000,000- \$300,000,000		2
\$70,000,000-\$100,000,000		1
<\$70,000,000		0
<b>New Investment</b>		
>\$20,000,000		4
\$10,000,000-\$20,000,000		3
\$5,000,000-\$10,000,000		2
<\$5,000,000		1
<b>Avg. Salary</b>		
>150% of per capita income		2
100% of per capita income		1
<100%		0
<b>Financing</b>		
Financing in place		5
Financing not sufficient to sustain project		0
<b>Cost Benefit</b>		
Positive State Benefit > \$10 million		4
Estimate positive state benefit < \$9.9 Million		2
Negative		-30

**EXHIBIT B**

**2025 COMPETITIVE CRITERIA FOR MULTI-FAMILY  
HOUSING PROJECTS**





South Carolina State Housing Finance and Development Authority  
300-C Outlet Pointe Blvd., Columbia, South Carolina 29210  
Telephone: 803.896.9001 TTY: 803.896.8831  
SCHousing.com

C. Todd Latiff  
Chairman

Richard A. Hutto  
Executive Director

August 1, 2024

Delbert H. Singleton, Jr., Secretary  
State Fiscal Accountability Authority  
Wade Hampton Building  
1200 Senate Street, Ste 600  
Columbia, SC 29201

Re: 2025 Proposed State Ceiling Criteria

Dear Secretary Singleton:

Please be aware that the Proposed State Ceiling Criteria for 2025 will remain the same as the Proposed State Ceiling Criteria last year.

I would greatly appreciate if this matter could be placed before the State Fiscal Accountability Authority for consideration in conjunction with the State Ceiling Allocation Plan.

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Hutto".

Richard Hutto, CPA  
Executive Director



## South Carolina State Housing Finance and Development Authority

300-C Outlet Pointe Blvd., Columbia, South Carolina 29210

Telephone: 803.896.9001 TTY: 803.896.8831

SCHousing.com

C. Todd Latiff  
Chairman

Richard A. Hutto  
Executive Director

### Proposed State Ceiling Criteria

For those projects seeking an allocation of state ceiling or carryforward for a multifamily project intending to utilize 4% federal low-income housing tax credits, SC Housing will require certain threshold criteria as detailed in the applicable Qualified Allocation Plan (QAP) which is the controlling document related to the allocation of the credit. This threshold criteria includes items such as financial feasibility, minimum applicant experience, site control, financial capacity of the applicant, and readiness to proceed (i.e., without limitation, establishment of the bond working group, existence of letters of interest or letters of intent from lenders, syndicators, and other parties). Additionally, SC Housing will require projects to meet the requirements outlined in SC Housing's Multifamily Tax-Exempt Bond Finance Program manual.

Projects meeting the threshold criteria described above will be ranked for state ceiling utilizing the following criteria that evidence the highest value and greatest public benefit as required by Act 202 of 2022 and the State Ceiling Allocation Plan. Section O of the State Ceiling Allocation Plan requires, at a minimum, certain measures to be included. The following criteria meet the requirements of the State Ceiling Allocation Plan:

- State resources per heated residential square foot
  - This criterion will rank projects from lowest to highest, based on a calculation of state resources (bond ceiling and state tax credit) per heated residential square foot (i.e., excluding common areas), to demonstrate the most efficient use of state resources for the portion of total project costs applicable to actual tenant housing.
- State resources per bedroom
  - This criterion will rank projects from lowest to highest, based on a calculation of state resources per bedroom, to demonstrate the most efficient use of state resources for the number of families the project will house.
- State resources per dollar of total project costs
  - This criterion will rank projects from lowest to highest, based on a calculation of state resources to total project costs to demonstrate the most efficient investment of state resources in the project overall.
- State resources per potential tenant
  - This criterion will rank projects from lowest to highest, based on a calculation of state resources per potential tenant to demonstrate the most efficient use of state resources for the number of potential residents the project will house.

A 30% adjustment to state resources will be made as a ranking consideration for projects located in USDA-designated rural areas. A 10% adjustment to state resources will be made for new construction units, as a ranking consideration for projects providing an overall increase in affordable housing. These adjustments apply for the sole purpose of establishing project rankings.



Exhibit C - Evaluation and Ranking Report Format for Multi-family Housing Projects

1	Project Name
2	Location (Municipality)
3	Issuer
4	Attorney
5	State Tax Credits (1 year)
6	State Tax Credits (10 years)
7	State Tax Credit Letter Date
8	Current Year-Ceiling Allocation Request Amount
9	Ceiling Allocation Date
10	Carryforward granted by SFAA or SC Housing
11	Amount of Carryforward requested from SHFDA
12	Balance of Carryforward held by SHFDA
13	Annual State Tax Credit needed
14	Balance of Annual State Tax Credits Allocated to 4% projects

STATE FISCAL ACCOUNTABILITY AUTHORITY  
MEETING OF February 4, 2025

REGULAR SESSION  
ITEM NUMBER 7

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AGENCY: South Carolina Department of Commerce

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SUBJECT: A Resolution Amending a Resolution Entitled "A Resolution to Provide for the Issuance and Sale of not Exceeding in the Aggregate \$111,000,000

On March 26, 2024, the State Fiscal Accountability Authority approved a bond resolution for the issuance and sale of not exceeding \$111,000,000 State General Obligation Economic Development Bonds to fund Project Agave. Project Agave was a second facility for the production of electric vehicle batteries. The Sponsor of Project Agave has informed the Department of Commerce that it no longer has a fixed timeline for carrying out the Project, and has mutually agreed with the Department of Commerce that the State will withdraw its commitment to issue bonds in support Project Agave.

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AUTHORITY ACTION REQUESTED:

Repeal the authorization to issue bonds in an amount not to exceed \$111,000,000 and as further set forth in the Resolution adopted by the State Fiscal Accountability Authority on March 26, 2024.

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ATTACHMENTS: Resolution and exhibits.

**A RESOLUTION AMENDING A RESOLUTION ENTITLED “A RESOLUTION TO PROVIDE FOR THE ISSUANCE AND SALE OF NOT EXCEEDING IN THE AGGREGATE ONE HUNDRED ELEVEN MILLION (\$111,000,000) PRINCIPAL AMOUNT GENERAL OBLIGATION STATE ECONOMIC DEVELOPMENT BONDS OF THE STATE OF SOUTH CAROLINA, TO PRESCRIBE THE PURPOSES FOR WHICH THE PROCEEDS SHALL BE EXPENDED, TO PROVIDE FOR THE PAYMENT THEREOF, AMENDING CERTAIN PRIOR RESOLUTIONS, AND OTHER MATTERS RELATING THERETO” ADOPTED BY THE STATE FISCAL ACCOUNTABILITY AUTHORITY ON MARCH 26, 2024, SO AS TO REPEAL THE AUTHORIZATION THEREIN TO ISSUE ECONOMIC DEVELOPMENT GENERAL OBLIGATION BONDS FOR AN ECONOMIC DEVELOPMENT PROJECT**

**ARTICLE I**

**FINDINGS OF FACT**

As an incident to the adoption of this Resolution, the State Fiscal Accountability Authority of the State of South Carolina (the “State Authority”) finds that the facts set forth in this Article exist, and that the statements made with respect thereto are true and correct.

**Section 1.01** On March 26, 2024, the State Authority adopted a resolution entitled “A Resolution to Provide for the Issuance and Sale of Not Exceeding in the Aggregate One Hundred Eleven Million (\$111,000,000) Principal Amount General Obligation State Economic Development Bonds of the State of South Carolina, to Prescribe the Purposes for Which the Proceeds Shall Be Expended, to Provide for the Payment Thereof, Amending Certain Prior Resolutions, And Other Matters Relating Thereto” (the “Resolution”). The Resolution was principally adopted for the purpose of authorizing the issuance of General Obligation State Economic Development Bonds (the “Bonds”) in order to provide funds with which to defray the cost of certain infrastructure identified therein (the “Infrastructure”) in support of an economic development project known as “Project Agave.” The Bonds were authorized to be issued pursuant to Sections 11-41-10 through 11-41-180, inclusive, Code of Laws of South Carolina, 1976, as amended (the “Bond Act”). In addition, the Resolution also eliminated authorization to further issue Economic Development General Obligation Bonds pursuant to certain previously adopted resolutions identified therein.

**Section 1.02** The State Authority is informed by the Secretary of the South Carolina Department of Commerce (the “Department”) by way of a letter attached hereto as *Exhibit A* that owing to various developments, the “Sponsor” of Project Agave (collectively, firms engaged in the manufacture of electric batteries for use in the automotive industry) no longer has a fixed timeline for its carrying out of the Project. As a consequence of this uncertainty, the Department and the Sponsor have mutually agreed that the State will withdraw its commitment to issue the Bonds to defray the cost of the Infrastructure and the Sponsor will withdraw its commitments as to job creation and investment.

**Section 1.03** In order that the State’s outstanding commitments to issue general obligation bonds pursuant to the Bond Act be properly documented, the Department has requested that, in light of the developments described in Section 1.02 herein, the Authority repeal the authorization to issue the Bonds set forth in the Resolution, and the Authority is so minded.

*[End of Article I]*

**ARTICLE II**

**AMENDMENT**

**Section 2.01** The authorization set forth in the Bond Resolution to issue Economic Development General Obligation Bonds in support of Project Agave, as described in Article I herein, and all authorizations contained therein to support the issuance of such bonds are hereby repealed.

**Section 2.02** Section 10.13 of the Bond Resolution, relating to the “Amendment of Certain Prior Bond Resolutions”, shall, notwithstanding Section 2.01 herein, remain of full force and effect as to the “Prior Resolutions” as defined therein, it being the intent of the Board that (i) no additional State General Obligation Economic Development Bonds authorized by the Prior Resolutions be issued, (ii) the Prior Resolutions be deemed so amended, and (iii) all other provisions of the Prior Resolutions remain of full force and effect.

*[End of Resolution]*





**Henry McMaster**  
Governor

**SOUTH CAROLINA**  
DEPARTMENT OF COMMERCE

**Harry M. Lightsey III**  
Secretary

January 13, 2025

Mr. Grant Gillespie  
Executive Director  
State Fiscal Accountability Authority  
1200 Senate Street  
Columbia, SC 29201

Dear Mr. Gillespie:

The purpose of this letter is to update the State Fiscal Accountability Authority (the "Authority") regarding the status of an economic development project, Project Agave, for which the Authority previously authorized the issuance of State General Obligation Economic Development Bonds ("Bonds") in an amount not to exceed \$111,000,000 (including costs of issuance) on March 26, 2024.

Because of various developments, the "Sponsor" of Project Agave, a company engaged in the manufacture of electric batteries for the automotive industry, has informed the Department of Commerce (the "Department") that it no longer has a fixed timeline for carrying out the Project, and accordingly, has mutually agreed with the Department that the State will withdraw its commitment to issue Bonds to support the Project and the Sponsor will withdraw its commitments regarding the new jobs and investment associated with Project Agave.

Accordingly, we respectfully request that the Authority repeal the authorization to issue the Bonds set forth in the March 26, 2024, resolution. Bond Counsel, copied below, will prepare and provide to the Authority a resolution by which such repeal may be accomplished.

Sincerely,

A handwritten signature in blue ink, appearing to read "HML III", written over the printed name of Harry M. Lightsey III.

Harry M. Lightsey III

cc: Theodore B. DuBose, Esquire  
Delbert Singleton



AGENCY: Winthrop University

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SUBJECT: Not Exceeding \$10,000,000 Winthrop University Higher Education Revenue Bonds, Series 2025

The Authority is asked to adopt a resolution making provision for the issuance and sale of not exceeding \$10,000,000 Winthrop University Higher Education Revenue Bonds, Series 2025.

The proceeds of the bonds will be used to defray the costs of acquiring an approximately 406-bed student housing facility known as “The Courtyard at Winthrop” from the Winthrop University Real Estate Foundation, Inc.

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AUTHORITY ACTION REQUESTED:

Adopt a resolution making provision for the issuance and sale of not exceeding \$10,000,000 Winthrop University Higher Education Revenue Bonds, Series 2025.

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ATTACHMENTS:

Pope 1/2/2025 letter; Resolution; NDIF



# OFFICE OF STATE TREASURER

## New Debt Information Form (NDIF) - Initial Form

SFAA Approval Date: 02/04/25

Final Version Date: 00/00/00

### 1. AGENCY/ISSUER & FINANCING INFORMATION

Agency #: H47 Issuer: Winthrop University Series: 2025  
 Borrower (if not Issuer): \_\_\_\_\_  
 Bond Caption: Higher Education Revenue Bonds  
 Bond Resolution Amount: \$10,000,000 Est. Production/Par Amt: \$9,795,000

(\* Used to calculate initial COI percentages; STO bond issues must use Par Amt \*)

Final Production/Par Amt: \$0.00**Submitted By:**

ENTITY: Winthrop University  
 BY: Kevin Butler  
 ITS: CFO and Vice President, Finance & Admin.  
 Tel: 803-323-3924  
 Email: butlerk@winthrop.edu

**Transaction Type/Method of Sale:**

Public Offering: Competitive: \_\_\_\_\_ Negotiated: \_\_\_\_\_  
 Direct Placement: Competitive:  Negotiated: \_\_\_\_\_  
 Governmental Loan/Governmental Purchaser  
 Other: \_\_\_\_\_

MSRB (EMMA) Continuing Disclosure Requirement (Y/N): N  
 MSRB (EMMA) Continuing Disclosure Responsible Party: N/A

### 2. FINANCING (NEW PORTION)

Project #: 9613 Project Name: Courtyard Apartment purchase  
 Project Address/Location: 356 Columbia Ave., Rock Hill Amount: \$10,000,000.00  
 Project Type: Purchase Land/Buildings County: York  
 Projected Avg Interest Rate: 4.287% (TIC) Final Maturity: 04/01/33

### 3. FINANCING (REFUNDED PORTION)

Series to be Refunded	Refunded Maturities	Principal Refunded	IR of Refunded Bds	Est. Yield of Refunding Bds	Est NPV Svgs. (\$)	Est NPV Svgs. (% of Ref. Bds)
		\$			\$	
		\$			\$	
		\$			\$	
Total		\$	*****	*****	\$	

### 4. FINANCING WORKING GROUP

Financial Advisor: First Tryon Advisors, LLC Disclosure Counsel: Howell Linkous & Nettles, LLC  
 Bond Counsel: Pope Flynn, LLC Issuer's Counsel: Spencer & Spencer, P.A.  
 Underwriter: TBD Trustee: Office of State Treasurer  
 Paying Agent: US Bank Other: \_\_\_\_\_

### 5. FINANCING/PROJECT DESCRIPTION

(Briefly, explain the financing/project, the anticipated costs, &amp; the basis for these cost estimates. Use an attachment if needed)

The bonds will provide proceeds necessary to defray the costs to acquire an approximately 406-bed student housing facility known as "The Courtyard at Winthrop" from the Winthrop University Real Estate Foundation, Inc. The Courtyard at Winthrop has an appraised "as-is" market value of approximately \$29.6 million, and the University is acquiring the facilities at the cost of discharging an existing bank loan. Costs of issuance of the bonds are calculated at the anticipated par amount of the bonds in accordance with the approved fee schedule for counsel, past experience, and to take into account that certain items will not be known until the pricing of the bonds and will vary with market conditions.

### 6. FINANCING/PROJECT APPROVAL DATES

Financing Approvals		Notes:
Issuer/Borrower Approval:	12/17/24	Adopted
JBRC Approval:	01/29/25	Proposed
SFAA Approval:	02/04/25	Proposed

Project Approvals - Phase II (State Entities Only)		Notes:
Issuer/Borrower Approval:	10/24/24	Adopted
JBRC Approval:	01/29/25	Proposed
SFAA Approval:	02/04/25	Proposed

### 7. TAX AND ARBITRAGE MATTERS & SPEND DOWN SCHEDULE

a. Is any portion of the project, once completed, to be managed by a third-party pursuant to a management contract? (if yes, please attach copy) Yes  No

b. Will any third-party payments (from support organizations, private entities or the federal government) related to the facility, however indirectly, be used to pay debt service on the bonds? Yes  No

c. If yes to any of the above, please provide a square footage and cost estimate of the portion affected. Sq. Footage -   
Cost Estimate -  \$0

Est. Expenditures - Through 6 Months  
 Est. Expenditures - Through 12 Months  
 Est. Expenditures - Through 18 Months  
 Est. Expenditures - Through 24 Months  
 Est. Expenditures - Through 36 Months  
 Est. Expenditures - Through 48 Months  
 - Estimated Expenditures: Thru FY:

Bond Proceeds	FYE	Spend Down Schedule Notes
\$ 9,795,000	6/30/2025	Costs of acquisition and costs of issuance.
\$	00/00/00	
\$	00/00/00	
\$	00/00/00	
\$	00/00/00	
\$	00/00/00	
\$ 9,795,000		

**8. ESTIMATED/ACTUAL PROJECT SOURCES AND USES**

Sources	Est. Project Budget (Sources)	Est. Project Budget (Uses)	Uses
(1) Bond Proceeds: (a) Par (b) Premium/Accr. Int.	\$ 9,795,000	\$ 9,630,000	Project Fund
(2) Issuer/Borrower Contr.	\$	\$	Capitalized Interest Fund
(3) Debt Service Fund Trans.	\$	\$	Debt Service Reserve Fund
(4) Debt Service Reserve Fund Contribution	\$	\$ 161,290	Redemption Price/Escrow Deposit
(5) Other (Specify) Type - Type -	\$ \$	\$ 3,710	Cost of Issuance (Incl. UW Disc.) Accrued Interest
(6) SCHFDA MFHRB Sources (a) LIHTC (a) State Housing TC (c) Owner's Equity/Other	\$ \$ \$	\$	Other Other Other Other Other Other
<b>Total Project Sources</b>	<b>\$ 9,795,000</b>	<b>\$ 9,795,000</b>	<b>Total Project Uses</b>
Surplus/Deficit		\$	-

**9. ESTIMATED/ACTUAL BOND COI EXPENDITURES (\*\* Added COI entities beyond the following need an attached description \*\*)**

COI Entity	Selected COI Vendor	Vendor #	Engagement Date (w/Engagement Ltr Attached)	Est. Fee For Services	Act. Fee For Services	(\$ Δ)
Financial Advisor	First Tryon Advisors			\$ 57,200	\$	\$ 57,200
Bond Counsel	Pope Flynn, LLC			\$ 25,000	\$	\$ 25,000
Disclosure Counsel				\$	\$	\$
Issuer's Counsel				\$	\$	\$
Underwriter's Counsel				\$	\$	\$
Bank Counsel	TBD at Sale			\$ 10,000	\$	\$ 10,000
Title Insurance and Recording				\$ 44,090	\$	\$ 44,090
Issuer's Real Estate Counsel	Spencer and Spencer			\$ 10,000	\$	\$ 10,000
Rating Agency - S&P				\$	\$	\$
Rating Agency - Moody's				\$	\$	\$
Rating Agency - Fitch				\$	\$	\$
Underwriter's Compensation				\$	\$	\$
Registrar / Paying Agent	US Bank			\$ 5,000	\$	\$ 5,000
Escrow Agent				\$	\$	\$
Accountant				\$	\$	\$
Verification Agent				\$	\$	\$
Printing				\$	\$	\$
Publishing				\$	\$	\$
Advertising				\$	\$	\$
Contingency				\$ 10,000	\$	\$ 10,000
Issuer's Fee	SC JEDA / SC SHFDA			\$	\$	\$
				<b>\$ 161,290</b>	<b>\$</b>	<b>\$ 161,290</b>

*Est. / Actual COI Fees (% of Transaction):*

Financial Advisor: % of Transaction  
 Bond Counsel: % of Transaction  
 Total Legal Costs: % of Transaction  
 Rating Agencies: % of Transaction

0.58%	#DIV/0!
0.26%	#DIV/0!
0.91%	#DIV/0!
0.00%	#DIV/0!

UW Comp: % of Transaction  
 Other COI: % of Transaction  
 Total COI: % of Transaction

0.00%	#DIV/0!
0.15%	#DIV/0!
1.65%	#DIV/0!



**POPE FLYNN**  
GROUP

Pope Flynn, LLC  
1411 Gervais Street, Suite 300  
Post Office Box 11509 (29211)  
Columbia, SC 29201

MAIN 803.354.4900  
FAX 803.354.4899  
www.popeflynn.com

January 2, 2025

Mr. Delbert H. Singleton, Jr.  
Assistant Executive Director and Authority Secretary  
South Carolina State Fiscal Accountability Authority  
1200 Senate Street, Suite 600  
Columbia, South Carolina 29201

Re: Not Exceeding \$10,000,000 Winthrop University Higher Education Revenue Bonds, Series 2025

Dear Delbert:

On behalf of Winthrop University, in connection with the authorization of the above referenced bonds (the "Bonds"), and in anticipation of the South Carolina State Fiscal Accountability Authority (the "Authority") meeting scheduled for February 4, 2025, we respectfully enclose the following for consideration by the Authority:

1. A copy of a bond resolution adopted by The Trustees of Winthrop University (the "Board of Trustees") on December 17, 2024, providing for the issuance of revenue bonds of Winthrop University;
2. A copy of a series resolution adopted by the Board of Trustees on December 17, 2024, authorizing the issuance of the Bonds;
3. A proposed form of opinion of Bond Counsel;
4. An executed opinion of Pope Flynn, LLC relating to the sufficiency of the proceedings and information submitted to the Authority in connection with its consideration of the approval of the Bonds;
5. A proposed form of resolution of the Authority (an electronic copy is being provided contemporaneously with this letter); and
6. An executed Bond Transmittal form.

The University will provide the Office of State Treasurer with copies of the Bond Counsel Selection Form and the New Debt Information Form (NDIF) – Initial Form contemporaneously with this submission. Please let us know should you require anything further or if you have any questions regarding the enclosed.

Best regards,

Gary T. Pope, Jr.

c: Kevin Butler, Chief Financial Officer and Vice President for Finance and Business Affairs,  
Winthrop University  
Jackie D. Hipes, Director, Debt Management Division, Office of State Treasurer

Enclosures

**BOND TRANSMITTAL FORM**

**TO:** Delbert H. Singleton, Jr., Authority Secretary  
State Fiscal Accountability Authority  
600 Wade Hampton Building (29201)  
P.O. Box 12444  
Columbia, SC 29211

**DATE:** 1/2/2025

**Submitted for SFAA Meeting on:**  
2/4/2025

**FROM:** Pope Flynn, LLC  
1411 Gervais Street, Suite 300  
P.O. Box 11509  
Columbia, SC 29211

**RE:** N/E \$10,000,000 of Winthrop University Higher Education Revenue Bonds

**Project Name:** Acquisition of an approximately 406-bed student housing facility known as "The Courtyard at Winthrop" from the Winthrop University Real Estate Foundation, Inc.

**Documents enclosed (executed original and two copies of each):**

*(ALL documents required for state law approval; A and C only for ceiling allocation only; must check K or L)*

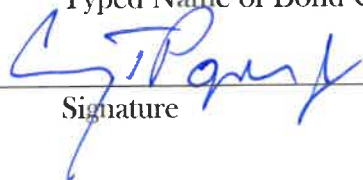
- A.  Petition
- B.  Resolution or Ordinance
- C.  Inducement Resolution or comparable preliminary approval
- D.  Department of Health and Environmental Control Certificate *if required*
- E.  State Fiscal Accountability Authority Resolution ~~and Public Notice (original)~~  
*Plus 3 copies for certification and return to bond counsel*
- F.  Draft bond counsel opinion letter
- G.  Signed SFAA Reliance letter
- H.  DHEC Certificate of Need (C.O.N.)
- I.  Debt Questionnaire
- J.  Processing Fee

*Amount:* [Click or tap here to enter text.](#) *Check No:* [Click or tap here to enter text.](#)

*Payor:* [Click or tap here to enter text.](#)

- K.  No Private Participant will be known at the time the Authority considers this agenda item.
- L.  This agenda item is accompanied by the applicable Private Party Disclosure form for each private participant

Bond Counsel: Gary T. Pope, Jr.  
Typed Name of Bond Counsel

By:   
Signature

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A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WINTHROP  
UNIVERSITY HIGHER EDUCATION REVENUE BONDS AND OTHER MATTERS  
RELATING THERETO

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BOND RESOLUTION

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Adopted December 17, 2024

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BE IT RESOLVED BY THE TRUSTEES OF WINTHROP UNIVERSITY IN MEETING DULY ASSEMBLED:

## ARTICLE I

### FINDINGS OF FACT

#### Section 1.01 Recitals and Statement of Purpose.

Incident to the adoption of this resolution (hereinafter, the “**Bond Resolution**”), The Trustees of Winthrop University (the “**Board of Trustees**”), the governing body of Winthrop University (the “**University**”), finds, as fact, that each of the statements hereinafter set forth in this Article I is in all respects true and correct.

(A) The University is a body politic and corporate of the State of South Carolina (the “**State**”) and an institution of higher learning, having been established pursuant to the authorizations of Title 59, Chapter 125 of the Code of Laws of South Carolina 1976, as amended (the “**South Carolina Code**”).

(B) Article X, Section 13 of the Constitution of the State of South Carolina, 1895, as amended (the “**Constitution**”) provides that the General Assembly may authorize any institutions of the State to incur indebtedness for any public purpose payable solely from a revenue producing project or from a special source, which source does not involve revenue from any tax or license.

(C) The University is under the management and control of the Board of Trustees, comprised in the manner prescribed by Title 59, Chapter 125 of the South Carolina Code.

(D) The general powers of the Board of Trustees are set forth in Section 59-117-40 of the South Carolina Code. The Board of Trustees is adopting this Bond Resolution under the provisions of Title 59, Chapter 147 of the South Carolina Code (the “**Higher Education Revenue Bond Act**”).

(E) Presently, the University has no indebtedness issued and outstanding under the Higher Education Revenue Bond Act.

(F) The Board of Trustees is authorized by the Higher Education Revenue Bond Act to issue revenue bonds of the University for the purpose of financing or refinancing in whole or in part the cost of acquisition, construction, reconstruction, renovation and improvement of land, buildings, and other improvements to real property and equipment for the purpose of providing facilities serving the needs of the university including, but not limited to: (i) dormitories, apartment buildings, dwelling houses, bookstores and other university operated stores, laundries, dining halls, cafeterias, parking facilities, student recreational, entertainment and fitness related facilities, inns, conference and other nondegree educational facilities and similar auxiliary facilities of the university and any other facilities which are auxiliary to any of the foregoing excluding, however, athletic department projects which primarily serve varsity athletic teams of the university; and (ii) those academic facilities as may be authorized by joint

resolution of the General Assembly. The bonds issued under the Higher Education Revenue Bond Act must be payable solely from the Net Revenues (hereinafter defined) derived by the University from the operation, sale, lease, or other disposition of the Facilities and any other Additional Funds (as such terms are hereinafter defined) of the University.

(G) The Board of Trustees anticipates the need to provide for the acquisition, construction, reconstruction, renovation, improvement and equipping of improvements constituting Facilities is necessary and useful to the continuing operation of the University.

(H) Based on the foregoing, the Board of Trustees has determined to adopt this Bond Resolution to fully avail itself of the powers granted under the Higher Education Revenue Bond Act, to provide the vehicle pursuant to which Facilities may be financed and refinanced through the issuance of bonds payable from the Net Revenues and Additional Funds from time to time in one or more Series, and to provide a mechanism for ordering the pledges created to secure such bonds.

\* \* \*

## ARTICLE II

### DEFINITIONS, CONSTRUCTION AND INTERPRETATIONS

#### Section 2.01 Definition of Bond Resolution.

This resolution, and any amendments or supplements hereto, may be hereafter cited and is hereinafter referred to as the Bond Resolution or the Resolution, and is the resolution pursuant to which all bonds of the University, to be issued pursuant to the Enabling Act, shall be issued and secured, including bonds issued for the purpose of refunding, by exchange or otherwise, all or any of the outstanding bonds issued pursuant to the Enabling Act.

#### Section 2.02 Other Defined Terms.

The following are defined terms under this Resolution and shall for all purposes hereof have the meanings herein specified unless the context clearly requires otherwise:

“**Accreted Value**” means the amounts set forth in and the amounts computed pursuant to a formula set forth in a Series Resolution authorizing the issuance of Bonds in the form of Capital Appreciation Bonds, the Accreted Value of which is being determined.

“**Accounting Principles**” means generally accepted accounting principles and practices applicable to governmental entities.

“**Accountants**” means an independent firm of certified public accountants of suitable standing, or the Office of the Auditor of the State of South Carolina, which audits the books and accounts of the University relating to the Facilities.

“**Additional Funds**” means any funds of the University designated and approved by the University in accordance with Section 59-147-110 of the Enabling Act as set forth in Section 4.24 of this Resolution.

“**Annual Budget**” means the budget or amended budget for the operation of the Facilities prepared under the supervision of the Chief Financial Officer as a portion of the budget of the University adopted annually by the Board of Trustees for each Fiscal Year of the University.

“**Annual Principal and Interest Requirement**” means, with respect to the annual period in question and to a Series of Bonds, an amount equal to the sum of (1) all interest payable on such Series of Bonds during such period (other than amounts paid from proceeds of the Bonds as accrued interest or interest which has been capitalized in accordance with the terms of this Bond Resolution), plus (2) any Principal Installments of such Series of Bonds during such period; provided, however, with respect to Partially Amortizing Bonds, the amount of the principal which would be payable during such Fiscal Year shall be computed as if such principal were amortized from the date of issuance thereof over a period of 20 years or the actual maturity of such Partially Amortizing Bonds, whichever is greater, on a level debt service basis at an interest rate equal to the rate borne by such Partially Amortizing Bonds on the date calculated, except

that if the date of calculation is within 12 months of the actual maturity of such Partially Amortizing Bonds, the full amount of the Principal Installment payable at maturity (less any sinking fund established therefor and deposited with the Paying Agent for such Bonds) shall be included in such calculation. For purposes of computing “Annual Principal and Interest Requirement,” the rate of interest used to determine (1) above shall be a rate per annum equal to (a) with respect to any Series of Bonds which bear interest at a fixed rate or rates, the rate or rates of interest borne or to be borne by such Bonds, and (b) with respect to any Series of Variable Rate Bonds, the following methods shall determine the interest rate to be used:

(i) in the case of determining the Annual Principal and Interest Requirement or the Combined Principal and Interest Requirement, as the case may be, for purposes of Sections 4.02(7) of this Bond Resolution, the interest rate shall be equal to the 30-year Revenue Bond Index published by The Bond Buyer no more than two (2) weeks prior to, but in no event after, the sale of the proposed Series of Bonds to be issued; and

(ii) in the case of determining the Combined Annual Principal and Interest Requirement for purposes of applying the rate covenant contained in Section 5.01(B) of this Bond Resolution, the interest rate shall be equal to the maximum interest rate prevailing on such Variable Rate Bonds for the preceding twelve-month period;

provided, however, that if the 30-year Revenue Bond Index referred to in (i) above is no longer published, any reasonably equivalent nationally recognized index published for the periods in question may be selected by the Chief Financial Officer for use in its stead.

“**Authorized Investments**” means those investments authorized for investment of State funds under Section 11-9-660 of the South Carolina Code.

“**Board of Trustees**” means The Board of Trustees of the University or any successor body.

“**Bond Counsel**” means any firm of attorneys which is nationally recognized as bond counsel in the field of public finance.

“**Bond Payment Date**” means the dates on which interest on any of the Bonds shall be payable or on which both principal and interest shall be payable on any of the Bonds, all as set forth in the Series Resolutions authorizing the issuance of the respective Series of Bonds.

“**Bondholder**” or “**Holder**”, or any similar term, when used with reference to the Bonds, means any person who shall be the registered owner of any Outstanding Bond or in the case of any Bonds issued in bearer form in accordance with Section 4.08(C) hereof, the holder of any such Bond.

“**Bonds**” means any indebtedness payable from the Net Revenues and the Additional Funds, if any, issued in accordance with the provisions of the Enabling Act, this Bond Resolution, and a Series Resolution.

**“Book-Entry Form”** or **“Book-Entry System”** means, with respect to the Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in such Bonds may be transferred only through a book-entry, and (ii) physical Bonds in fully registered form are registered only in the name of a Depository or its nominee. The book-entry maintained by the Depository is the record that identifies the owners of participatory interests in such Bonds, when subject to the Book-Entry System.

**“Capital Appreciation Bonds”** means Bonds that bear interest payable at maturity, upon redemption prior to maturity or prior to maturity at the date set forth in the Series Resolution authorizing the issuance of such Bonds in the amounts determined by reference to the Accreted Value of such Capital Appreciation Bonds in accordance with the provisions of the Series Resolution authorizing the issuance of such Capital Appreciation Bonds.

**“Chairman”** means the Chairman of the Board of Trustees. The term shall include the Vice Chairman or Acting Chairman whenever by reason of absence, illness, or other reason, the person who is the Chairman is unable to act.

**“Chief Financial Officer”** means the individual to whom the Board of Trustees has delegated the responsibility of supervising and maintaining records and accounts relating to the collection and disbursement of the revenues derived by the University from the operation and maintenance of the Facilities. Such individual presently holds the title of Chief Financial Officer and Vice President for Finance and Business Affairs. The term shall include the acting or interim Chief Financial Officer whenever by reason of absence, illness or other reason, the person who is the Chief Financial Officer is unable to act.

**“Code”** means the Internal Revenue Code of 1986, as amended from time to time. References to the Code and sections of the Code include relevant applicable regulations, temporary regulations and proposed regulations thereunder and under the Internal Revenue Code of 1954, as amended, and any successor provisions to those sections, regulations, temporary regulations or proposed regulations.

**“Combined Annual Principal and Interest Requirement”** means, with respect to any particular Fiscal Year, the sum of the Annual Principal and Interest Requirements on all Bonds Outstanding. For the purposes of Sections 4.02 and 5.01, the calculation for the Combined Annual Principal and Interest Requirement shall be reduced to the extent the same is paid from, or expected to be paid from, Subsidies and interest paid from the proceeds of Bonds.

**“Counsel”** means an attorney duly admitted to practice law before the highest court in South Carolina, who is not a full-time employee of the University or the State, but may include the Office of the Attorney General of South Carolina.

**“Date of Issue”** means that date established in any Series Resolution from which interest shall accrue on the Bonds of the applicable Series.

**“Debt Service Fund”** means the fund so designated pursuant to a Series Resolution and designed to provide for the payment of the principal of and interest on a particular Series of

Bonds issued pursuant to this Bond Resolution, as the same fall due, and as established pursuant to the provisions of Section 7.04 hereof.

**“Debt Service Reserve Fund”** means the fund, if any, so designated pursuant to a Series Resolution and designed (1) to insure the timely payment of the principal of and interest on a particular Series of Bonds Outstanding and issued pursuant to this Bond Resolution, and (2) to provide for the redemption of such Series of Outstanding Bonds prior to their stated maturity, as established by the provisions of Section 7.05 hereof.

**“Defeasance Act”** means Title 11, Chapter 14 of the South Carolina Code.

**“Enabling Act”** or **“Higher Education Revenue Bond Act”** means Title 59, Chapter 147 of the Code of Laws of South Carolina 1976, as amended.

**“Facilities”** means (i) such land, improvements, and equipment described in the Enabling Act and constructed or acquired with the proceeds of Bonds, (ii) all University owned student-housing facilities and related activities currently and in the future, and (iii) such land, improvements, and equipment described in the Enabling Act and designated as Facilities by the Board of Trustees under Section 4.25 hereof. Where the context requires, the term “Facilities” shall include services provided in or by the Facilities.

**“Fiscal Year”** means the period of 12 calendar months, beginning on July 1 of each year and ending on June 30 of the succeeding year, unless the same shall have been changed by the University under Section 3.01 hereof.

**“Fitch”** means Fitch Ratings, Inc., and its successors.

**“General Assembly”** means the duly constituted legislature of the State of South Carolina.

**“Government Obligations”** means and include direct noncallable general obligations of the United States of America or noncallable obligations, the payment of principal of or interest on which is fully and unconditionally guaranteed by the United States of America.

**“Gross Revenues”** means

- (1) all receipts and revenues derived from the operation of the Facilities (including any rents or other fees received in connection with the Facilities not operated directly by the University),
- (2) all proceeds from the sale or other disposition of any property owned directly or beneficially by the University in connection with the operation of the Facilities,
- (3) all interest and other income received directly or indirectly from the investment of any moneys or accounts relating to the Facilities, and



- (4) any other unrestricted money not otherwise pledged that may be made applicable by the Board of Trustees to the payment of principal and interest on Bonds including revenues which may fall into the category of non-mandatory transfers as such term is used under Accounting Principles.

but there shall be excluded from Gross Revenues:

- (1) gains on the sale or other disposition of investments of fixed or capital assets, which do not result from the ordinary course of business;
- (2) investment income restricted to a purpose inconsistent with the payment of operating expenses or debt service including (whether or not so restricted) interest earned on any construction fund or construction account created with the proceeds of borrowing by the University; and
- (3) any amounts received by way of government grants or subsidies pertaining to the Facilities to the extent that such grants or subsidies are not permitted by law to be pledged to secure the Bonds.

“**Junior Lien Bonds**” means any revenue bonds, notes or other obligations issued by the University and referred to in Section 6.01 hereof and which are secured by pledges of the liens on the revenues of the Facilities which are junior and subordinate in all respects to the pledges and liens made to secure Bonds.

“**Maintenance Reserve Fund**” means the fund established pursuant to Section 7.06 hereof.

“**Moody’s**” means Moody’s Investors Service, Inc, and its successors.

“**Net Revenues**” means for the period in question, Gross Revenues less Operation and Maintenance Expenses.

“**Operation and Maintenance Expenses**” means for the period in question all expenses incurred in connection with the administration and operation of the Facilities, including, without limiting the generality of the foregoing, expenses as may be reasonably necessary to preserve the Facilities in good repair and working order, salaries, wages and employer contributions, costs of materials, supplies and insurance, costs of water, sewer and power, fees and charges of the Trustee and the custodian or trustee of any fund, the Paying Agent, the Registrar (provided however that the fees and charges of the Paying Agent, Registrar, Trustee, or other fund custodian may be paid by the State Treasurer directly from the Revenue Fund, and such payments shall nonetheless be deemed to be costs of operating and maintaining the Facilities), the costs of audits required hereunder, the premiums for all insurance policies and any fidelity bonds required hereunder, the costs of computation and payment of any arbitrage rebate, and the premiums for all insurance and fidelity bonds required by this Bond Resolution. Operation and Maintenance Expenses shall not include:

- (1) depreciation allowances;

- (2) amounts paid as interest on bonds;
- (3) operational and maintenance expenses paid from the (a) receipts of government grants, (b) appropriations paid to the University by the General Assembly, and (c) the University from other unrestricted funds;
- (4) amounts expended for extraordinary repairs to the Facilities;
- (5) the amortization of financing expenses, underwriting discounts, call premiums, gains or losses on the extinguishment of debt due to the refinancing of the same, and other related or incidental non-recurring expenses resulting from the issuance or refinancing of Bonds;
- (6) any non-cash expenses related to net pension liabilities, other post-employment benefit liabilities, or similar accounting determinations under Accounting Principles that do not result in any actual disposition of cash; and
- (7) losses on the sale or other disposition of investments of fixed or capital assets, which do not result from the ordinary course of business;

**“Operation and Maintenance Fund”** means the fund, account, or accounts to be established pursuant to Section 7.03 hereof.

**“Outstanding”**, when used with reference to the Bonds, means, as of any date, all such Bonds theretofore or then being authenticated and delivered except:

- (1) Bonds paid or redeemed and canceled at or prior to such date;
- (2) Bonds in lieu of or in substitution for which other bonds shall have been executed and delivered;
- (3) Bonds deemed to have been paid as provided in Article XVI hereof; and
- (4) for purposes of any consent or other action to be taken by the Holders of a specified percentage of Bonds, Bonds held by, or for the account of, the University, or by any person controlling, controlled by or under common control with the University.

**“Partially Amortizing Bonds”** means a Series of Bonds 25% or more of the principal payments of which are due in a single Fiscal Year, which portion of the principal is not required by the Series Resolution providing for their issuance to be paid by mandatory sinking fund redemption prior to such maturity date.

**“Paying Agent”** means the State Treasurer or any bank or trust company or other entity appointed from time to time as Paying Agent or Paying Agents in accordance with Section 15.15 hereof to serve as Paying Agent for one or more Series of Bonds issued hereunder.

**“Principal Installment”** means, as of any date of calculation, (i) the principal amount of Outstanding Bonds coming due in the period in question plus (ii) any mandatory sinking fund payment required on Outstanding Bonds during the period in question. With respect to any Capital Appreciation Bonds, “Principal Installment” means the Accreted Value which is due and payable during the period in question.

**“Record Date”** means, with respect to any Bond, the date as of which the Holder of such Bond is determined for purposes of giving any notice, making any interest payment or obtaining any consent.

**“Registrar”** means the State Treasurer or any bank or trust company or other entity appointed from time to time, as Registrar or Registrars in accordance with Section 15.14 hereof to serve as Registrar for one or more Series of Bonds issued hereunder.

**“Reserve Requirement”** means, as of any date of calculation, the debt service reserve requirement, if any, established by a Series Resolution with respect to a particular Series of Bonds.

**“Revenue Fund”** means the fund established pursuant to Section 7.02 hereof.

**“S&P”** means S&P Global Ratings, and its successors.

**“Secretary”** means the Secretary of the Board of Trustees. The term shall include the Acting Secretary or the Assistant Secretary whenever by reason of absence, illness or other reason, the person who is the Secretary is unable to act.

**“Series”** means all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for (but not to refund) such Bonds as herein provided, regardless of variations in maturity, interest rate or other provisions.

**“Series Resolution”** means a resolution of the Board of Trustees authorizing the issuance one or more Series of Bonds pursuant to this Bond Resolution in accordance with the terms and provisions hereof, adopted in accordance with the provisions of Article IV hereof.

**“South Carolina Code”** means the Code of Laws of South Carolina 1976, as amended.

**“State”** means the State of South Carolina.

**“State Authority”** means the State Fiscal Accountability Authority.

**“State Treasurer”** means the Office of the State Treasurer of South Carolina.

**“Subsidies”** means, for the period in question, all sums paid or payable to or for the account of the University pursuant to any grant, direct subsidy payment, loan agreement, contract or other obligation by which the United States or any department or agency thereof, or the State of South Carolina or any agency or department thereof, received or expected to be received to

the extent credited against, in whole or in part, the debt service of any Series of Bonds or any portion of any such Series; any calculation of the quantum of Subsidies shall be made in light of the applicable provisions of the grant, loan agreement, contract, government program, or obligation in force on the occasion when such calculation is required to be made by any of the provisions hereof.

“*Trustee*” initially means the State Treasurer, and thereafter means any bank, trust company or financial institution which is authorized by the University and approved by the State Treasurer to be the custodian of the funds established under this Bond Resolution.

“*University*” means Winthrop University, a body politic and corporate of the State.

“*Variable Rate Bonds*” means, for any period of time, any Bonds which during such period bear interest at a variable rate; provided that Bonds the interest rate on which has been fixed for the remainder of the term thereof shall no longer be Variable Rate Bonds.

Section 2.03 Interpretations.

In this Bond Resolution, unless the context otherwise requires:

(a) Articles, Sections and Paragraphs referred to by number means the corresponding Articles, Sections and Paragraphs of this Bond Resolution.

(b) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, or other legal entities, including public bodies, as well as natural persons.

(c) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Bond Resolution refer to this Bond Resolution or Sections or Paragraphs of this Bond Resolution, and the term “hereafter” means any date after the date of adoption of this Bond Resolution.

(d) References to the payment of principal of Bonds shall be deemed to include payment of principal both at maturity, upon optional redemption and upon mandatory redemption pursuant to any sinking fund payment obligations.

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## ARTICLE III

### FISCAL YEAR

#### Section 3.01 Establishment and Modification of Fiscal Year.

The Facilities shall continue to be operated on a Fiscal Year basis, which, until changed, shall commence on July 1 of each calendar year and shall end on June 30 of the next calendar year. The University may change the Fiscal Year from that now existing to a different 12 month period.

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## ARTICLE IV

### THE BONDS

#### Section 4.01 Authorization for Bonds in Series.

(A) To the extent permitted by the Enabling Act and, if necessary, the Defeasance Act, and from time to time and for the purposes of:

- (1) financing or refinancing in whole or in part the cost of acquisition, construction, reconstruction, renovation, and improvement of land, buildings, and other improvements to real property and equipment for the purpose of providing Facilities serving the needs of the University;
- (2) funding any Debt Service Reserve Fund (including the purchase of a surety bond, insurance policy, line of credit, letter of credit or similar instrument credited thereto in lieu of cash as provided herein) or restoring the value of the cash and securities in any Debt Service Reserve Fund to an amount equal to the applicable Reserve Requirement;
- (3) purchasing or providing for credit enhancement for any Series of Bonds;
- (4) capitalizing interest on the Bonds for such period of time as the Board of Trustees may determine; and
- (5) paying costs of issuance of Bonds;

but subject to the terms, limitations and conditions herein, the University may authorize the issuance of a Series of Bonds by the adoption of a Series Resolution. The Bonds of any such Series may be issued and delivered upon compliance with the provisions of this Article. The Bonds of each Series shall be issued in fully registered form, without coupons. The Bonds shall, in addition to bearing the title "Winthrop University Higher Education Revenue Bonds," or such other title as may be permitted by the Enabling Act, bear a letter or number Series designation as may be necessary to distinguish them from the Bonds of every other Series and shall designate the year in which the Series is issued. Bonds of any Series may be authorized to be issued, to the extent permitted by law, in the form of serial Bonds, term Bonds with or without mandatory sinking fund payments, Capital Appreciation Bonds, Partially Amortizing Bonds or such other forms of Bonds as may otherwise be permitted by the Enabling Act and not inconsistent with the provisions of this Bond Resolution, or any combination of such forms.

(B) Each Series Resolution shall include a determination by the University to the effect that the issuance of such Series of Bonds is necessary to provide funds to be used and expended for the purposes permitted set forth in Section 4.01(A) hereof. Each Series Resolution shall specify and determine:

- (1) The Date of Issue of such Series of Bonds;
- (2) The maximum authorized principal amount of such Series of Bonds, and the manner of determining the precise principal amount and the officials authorized to make such determination;
- (3) The source or sources of revenues designated for the repayment of the Bonds in accordance with Section 59-147-110 of the Enabling Act;
- (4) The time for the payment of interest on the Bonds in such Series and the Record Dates, and the date or dates of maturity and the amounts thereof, or the manner of determining such dates and amounts and the officials authorized to make such determinations, provided that the Series Resolution shall specify a date beyond which the final maturity of such Series shall not extend;
- (5) The specific purposes for which such Series of Bonds is being issued, which shall be to provide funds for the purposes authorized by the Enabling Act and this Bond Resolution;
- (6) The title and designation of the Bonds of such Series;
- (7) The manner in which Bonds of such Series are to be sold and provisions for the sale thereof;
- (8) The interest rate or rates, or the manner of determining such rate or rates, of the Bonds of such Series including whether and on what terms there shall be entered by the University an agreement for any form of interest rate swap or similar transaction with respect to such Series;
- (9) The portion of such Series that are serial Bonds and that are term Bonds and that are Partially Amortizing Bonds and that are Capital Appreciation Bonds (or other forms permitted by the Enabling Act and not inconsistent with the provisions of this Bond Resolution), if any, including the amount and date of each mandatory redemption or sinking fund installment, if any, required by such Series Resolution to be paid for the retirement of any such Bonds, or the manner of making such designations and the officials authorized to make such designations;
- (10) The redemption price or redemption prices and the redemption date or redemption dates and other terms of redemption (if any) applicable to any of the Bonds of such Series for such payments, or the manner of

determining such dates and prices or the officials authorized to make such determinations;

- (11) The Trustee, the Registrar, and Paying Agent, for such Bonds, and the escrow agent if such Bonds are refunding Bonds issued in advance of the date of maturity or redemption of the refunded bonds, or the manner of determining such Trustee, Paying Agent, Registrar and/or escrow agent;
- (12) The form or forms of the Bonds of such Series;
- (13) The manner of numbering and lettering, and the denomination or denominations, of the Bonds of such Series;
- (14) Whether the Bonds of such Series shall be issued in book-entry form pursuant to Section 4.18 hereof;
- (15) The disposition of the proceeds of the sale of the Bonds of such Series, the manner of their application, and the officials authorized to make such determinations;
- (16) Whether such Series of Bonds will be subject to a Reserve Requirement or the manner of determining whether or not a Reserve Requirement will be required and the manner of determining the method by which such Reserve Requirement, if any, will be satisfied, and the manner in which such Reserve Requirement will be satisfied and the officials authorized to make such determinations;
- (17) That the then applicable Reserve Requirements, if any for all Series of Bonds Outstanding and for the proposed Series of Bonds, have been or will be met;
- (18) That a Debt Service Fund be established for the Series of Bonds, that, if determined to be necessary by the Board of Trustees, a Debt Service Reserve Fund be established for such Series of Bonds, that a construction fund be established if the proceeds of such Series of Bonds are intended to be used for the construction, expansion, or improvement of the Facilities, and that a capitalized interest account be established if interest for any period is to be paid from proceeds of such Series of Bonds; and
- (19) Any other provisions or funds deemed advisable by the Board of Trustees for the Bonds.



Section 4.02 Conditions to Issuance of Bonds of a Series.

All Bonds shall be issued in compliance with the following provisions of this Section 4.02:

- (1) Bonds shall be stated to mature and/or have mandatory or sinking fund redemptions on the dates, in the years and in the amounts prescribed or determined in the manner prescribed by the Series Resolution;
- (2) Bonds shall bear interest at the rates and on the occasions prescribed or determined in the manner prescribed by the Series Resolution;
- (3) Bonds shall be issued for a purpose or purposes set forth in Section 4.01(A) hereof;
- (4) There shall exist, on the occasion of the issuance of the Bonds, no default in the payment of the principal of or interest on any Bonds or Junior Lien Bonds then Outstanding;
- (5) The University shall obtain an opinion of Bond Counsel to the effect that (a) this Bond Resolution and the applicable Series Resolution have been duly and lawfully adopted and are in full force and effect; (b) the Bonds have been duly and lawfully authorized and executed by the University and are valid and binding upon, and enforceable against, the University (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting rights and remedies of creditors); (c) with respect to such Bonds, this Bond Resolution creates the valid pledge which it purports to create of the revenues and of moneys and securities on deposit in any of the funds and accounts established hereunder subject to the application thereof to the purposes and on the conditions permitted by this Bond Resolution; and (d) upon the execution and delivery thereof, such Bonds will have been duly and validly authorized and issued in accordance with this Bond Resolution;
- (6) Unless on the date of delivery of such Series of Bonds, there shall be on deposit in each required Debt Service Reserve Fund, if any, an amount equal to the applicable Reserve Requirement immediately following the issuance of such Series of Bonds (whether in the form of cash or a qualified surety bond, insurance policy, line of credit or letter of credit in lieu thereof in accordance with Section 7.05(D) hereof), there shall be deposited in the applicable Debt Service Reserve Funds, if any, such amounts or a qualified substitute in accordance with Section 7.05(D) hereof shall be provided as necessary, to make the value of the moneys and securities or such qualified substitute in such Debt Service Reserve Funds equal to the applicable Reserve Requirement, unless:
  - (a) the Series Resolution establishing the particular Debt Service Reserve Fund shall have provided for successive monthly payments beginning in

the first month following the date of the issuance of the Bonds of any such Series in substantially equal monthly amounts (the “*Monthly Series Payments*”) so that by the end of any period not exceeding the period of thirty-six (36) months from the date of issuance of such Series of Bonds there shall be in its Debt Service Reserve Fund an amount equal to its Reserve Requirement with respect to such Bonds;

- (b) there shall be no unremedied defaults of any Monthly Series Payments required to have been made; and
- (c) each Debt Service Reserve Fund is funded in an amount equal to its Reserve Requirement with respect to each Series of Bonds, other than Bonds issued pursuant to Series Resolutions described in (a) above.

- (7) Except in the case of the initial Series of Bonds issued pursuant to this Bond Resolution and Bonds issued for the purpose of refunding any Bonds, Net Revenues and Additional Funds during the most recent Fiscal Year for which audited financial statements of the University are completed shall be certified by the Chief Financial Officer on the basis of such audited financial statements to be not less than 120% of the maximum Combined Annual Principal and Interest Requirement on all Bonds Outstanding immediately prior to the issuance of such proposed Series of Bonds and on such proposed Series of Bonds.

For purposes of this Section 4.02(7), the maximum Combined Annual Principal and Interest Requirements may be calculated to deduct from the maximum Combined Annual Principal and Interest Requirements the amount of any applicable Subsidies and the amount of any interest that will be paid from the proceeds of Bonds.

For purposes of this Section 4.02(7), Net Revenues and Additional Funds may be adjusted to reflect any rate or fee increases adopted and to be in effect prior to or coincident with the issuance of such proposed Series of Bonds and determined *pro forma* as though such rate increases had been in continuous effect during the most recent Fiscal Year. Such *pro forma* calculation may also take into account the forecasted Net Revenues of any Facilities to be financed with the proposed Series of Bonds, any Facilities to be financed with a Series of Bonds then approved by the State Authority, or any Facilities then under construction.

- (8) In the case of Bonds issued for the purpose of refunding any Bonds, either:
  - (a) the Annual Principal and Interest Requirements of the refunding Bonds shall not exceed the Annual Principal and Interest Requirements of the refunded Bonds until a time subsequent to the last maturity of Bonds not refunded and which remain Outstanding following the issuance of the refunding Bonds; or

- (b) The University shall comply with the revenue tests prescribed by Section 4.02(7) above.
- (9) If any Series of Bonds shall contain Variable Rate Bonds;
  - (a) The Series Resolution may provide for and specify a maximum interest rate on (i) such Bonds and (ii) any reimbursement obligation to a liquidity provider for such Bonds, it being here expressly provided that the obligation to pay any such reimbursement obligation shall be on a parity with the Bonds with respect to the pledge of the Net Revenues;
  - (b) The liquidity provider for such Bonds shall be rated in either of the two highest short term rating categories by Moody's or S&P or Fitch; and
- (10) All amounts owing under a reimbursement agreement with any provider of a surety bond, insurance policy, line of credit or letter of credit as contemplated under Section 7.05(D) hereof shall have been paid.
- (11) The issuance of the Bonds, if so required by the Enabling Act, shall have been reviewed and approved by the State Authority.

Section 4.03 Reliance Upon Certificates Establishing Revenues.

Both the University and any purchaser of any Bonds shall be entitled to rely upon certificates of the Chief Financial Officer and of the Accountants, made in good faith, pursuant to any provision of this Article.

Section 4.04 Execution of Bonds.

(A) Unless otherwise prescribed by any Series Resolution, the Bonds shall be executed in the name of and on behalf of the University by the Chairman, the corporate seal of the University shall be impressed or reproduced thereon and the same shall be attested by the Secretary. Such officers may employ facsimiles of their signatures and of the seal. The Bonds shall be signed by a person holding office at the time the Bonds are printed and are ready for delivery.

(B) In case any officer whose signature or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signatures or facsimiles shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office.

Section 4.05 Authentication.

Only such Bonds as shall have endorsed thereon a certificate of authentication duly executed by the Registrar shall be entitled to any right or benefit under this Bond Resolution. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Registrar, and such executed certificate of

the Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Bond Resolution. The Registrar's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by any authorized officer of the Registrar.

Section 4.06 Medium of Payment.

The Bonds shall be payable with respect to principal, interest and premium, if any, in lawful money of the United States of America.

Section 4.07 Mutilated, Lost, Stolen or Destroyed Bonds.

In the event any Bond is mutilated, lost, stolen or destroyed, the University may execute and the Registrar may authenticate and deliver a new Bond of the same Series of like date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the University and to the Registrar evidence of such loss, theft or destruction satisfactory to the University and the Registrar together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the University may pay the same. The University and the Registrar may charge the Holder of such Bond with their reasonable fees and expenses in this connection.

Section 4.08 Transfer and Registry; Persons Treated as Owners.

(A) As long as any Bonds shall be Outstanding, the University shall cause books for the registration and for the transfer of Bonds to be kept. Such books shall be kept by the Registrar for each particular Series of Bonds at the corporate trust office of such Registrar. The transfer of each Bond may be registered only upon the registration books of the University kept by the Registrar for that purpose by the Holder thereof in person or by his duly authorized attorney upon surrender thereof and an assignment with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder or his duly authorized attorney. Upon the registration of transfer of any Bond, the Registrar will authenticate and deliver, subject to the provisions of Section 4.11 hereof, in the name of the transferee, a new Bond or Bonds of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

(B) The University, the Trustee, the Paying Agent, if any, and the Registrar may deem and treat the person in whose name any Bond shall be registered upon the registration books of the University as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium (if any) and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or, upon his order, shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and none of the University, the Trustee, the Paying Agent and the Registrar shall be affected by any notice to the contrary.

Section 4.09 Date and Payment Provisions.

Each Bond of a Series shall bear interest from its date and shall be dated as of the interest payment date next preceding the date of its authentication, unless authentication shall be upon an interest payment date, in which case it shall be dated as of the date of its authentication, or unless authentication shall precede the first payment of interest on the Bonds of such Series, in which case it shall be dated as of the date provided in the Series Resolution as the initial dating of the Bonds of such Series; provided, however, that if at the time of authentication of any Bond, any interest on such Bond is in default, such Bond shall be dated as of the date to which interest on such Bond has been paid.

Section 4.10 Interchangeability of Bonds.

Bonds of a Series, upon surrender thereof at the office of the Registrar for the Bonds of such Series with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder or his duly authorized attorney, may, at the option of the Holder and upon payment by such Holder of any charges made pursuant to Section 4.11 hereof, be exchanged for an equal aggregate principal amount of Bonds of such Series or any other authorized denominations having the same maturity date and bearing the same rate of interest of the Bonds surrendered.

Section 4.11 Regulations With Respect to Exchanges and Transfers.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the University shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled and destroyed and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Registrar to the University. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Resolution. There shall be no charge to the Holder for such exchange or transfer of Bonds except that the Registrar may make a charge sufficient to reimburse itself for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the University nor the Registrar shall be required to issue, exchange or transfer (i) any Bond during the 15 days immediately preceding any Bond Payment Date, (ii) any Bond during a period beginning at the opening of business 15 days immediately preceding any selection of Bonds to be redeemed and ending at the close of business on the date of the mailing of the notice of such redemption, or (iii) any Bonds called for redemption in whole or in part.

Section 4.12 Cancellation and Destruction of Mutilated, Paid or Surrendered Bonds.

Upon the surrender of mutilated Bonds pursuant to Section 4.07 hereof, or Bonds paid or surrendered, the same shall be canceled and destroyed and shall not be reissued, and a counterpart of the certificate evidencing such destruction shall be furnished by the Registrar to the University. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Resolution.

Section 4.13 Notice of Redemption.

If any of the Bonds, or portions thereof, are called for redemption, the Registrar shall give or cause to be given notice to the Holders of any Bonds to be redeemed, in the name of the University, of the redemption of such Bonds, or portions thereof, which notice shall specify the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of such Series are to be redeemed, the numbers of the Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall be given by mailing a copy of the redemption notice by first class mail at least 30 days but not more than 60 days prior to the date fixed for redemption to the Holder of each Bond, at the address shown on the registration books, unless such Bonds are Variable Rate Bonds in which case notice shall be given at least seven days prior to the date fixed for redemption; provided, however, that failure to give such notice by mail, or any defect in the notice mailed to the Holder of any Bond to be redeemed, shall not affect the validity of the proceedings for the redemption of any other Bond.

Provided funds for their redemption are on deposit with the Trustee, all Bonds so called for redemption shall cease to bear interest on the specified redemption date and shall no longer be deemed to be Outstanding hereunder. If said money shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Section 4.14 Cancellation of Bonds Which Have Been Redeemed.

All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Registrar to the University. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Resolution.

Section 4.15 Selection of Bonds To Be Redeemed.

In the event of redemption of less than all of the Bonds of a Series of any maturity, the Bonds or portions of Bonds to be redeemed, shall be selected by the Registrar in such order as it shall determine; provided, however, that the portion of any Bond of a denomination which is larger than the minimum denomination for the Bonds of such Series shall be in the principal amount of such minimum denomination or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Registrar shall treat each such Bond as representing that number

of Bonds of minimum denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by the amount of the minimum denomination. If there shall be drawn for redemption less than all of a Bond, the University shall execute and the Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of the same Series in any authorized denomination.

Section 4.16 Purchase of Bonds.

The Trustee shall, if and to the extent practicable, purchase Bonds at the written direction of the University at such time, in such manner and at such price as may be specified by the University. The Trustee may so purchase Bonds with any money then held by the Trustee which is available for the redemption or purchase of Bonds and in excess of that set aside for the payment of Bonds called for redemption; provided, that the Trustee is provided with an opinion of Bond Counsel to the effect that such redemption or purchase complies with any limitations or restrictions on such redemption or purchase contained in this Bond Resolution.

Section 4.17 Security for Payment of Bonds; Priority of Pledge.

The Bonds shall be payable solely from, and are hereby declared to be secured by a pledge of the Net Revenues and Additional Funds, if any. Such pledge securing any of the Bonds shall at all times and in all respects be on parity with all other Bonds. The Bonds, a Series of Bonds, or any portion thereof further shall be payable from, and are hereby declared to be secured by a pledge of the Subsidies to the extent applicable thereto.

Section 4.18 Bonds in Book-Entry Form.

Notwithstanding any other provision of this Bond Resolution with respect to the form of Bonds to the contrary, the University is hereby authorized to provide by Series Resolution for the issuance of one or more Series of Bonds solely in fully registered form registrable to a depository, a nominee or the beneficial owner of the Bonds. The University is further authorized to provide by Series Resolution that such Series of Bonds shall be evidenced by one or more certificates or by a system of book entries in form satisfactory to the Chief Financial Officer and to provide for payment, redemption, notices and like provisions in a manner consistent with such system of registration.

Section 4.19 Bonds Issued as Taxable Obligations.

Notwithstanding anything in this Bond Resolution to the contrary, the University may from time to time, pursuant to one or more Series Resolutions, provide for the issuance of Bonds the interest on which may be includable in gross income of the Holders of such Bonds for federal income taxation purposes. In such event, such Bonds may be issued as coupon bonds, payable to bearer, as provided in the applicable Series Resolution. Such Series Resolution may provide for such rules and regulations with respect to the ownership, transfer and substitution of such Bonds as are necessary to accomplish the purposes consistent with the issuance of bearer obligations.

Section 4.20 Restriction on Optional Redemption.

Notwithstanding anything in this Bond Resolution to the contrary, no redemption of Bonds which is at the option of the University may be effected unless all amounts owing under a reimbursement agreement with any provider of a surety bond, insurance policy, line of credit or letter of credit as contemplated under Section 7.05(D) herein shall have been paid in full.

Section 4.21 Waiver of Certain Provisions.

Notwithstanding anything in this Bond Resolution to the contrary, whenever all of the debt issued or all of the obligations incurred by the University under a Series Resolution are acquired by and are to be held to maturity by a single entity, that single entity, at its sole option, may waive any provision or requirement of this Bond Resolution that relates separately to the applicable Series of Bonds and is for the protection and benefit of such single entity only and not for the protection or benefit of any other Holder or Holders of Bonds; provided, however, that before any such waiver shall become effective, the University shall receive an opinion of Bond Counsel that such waiver will not adversely affect the security provided under this Bond Resolution to any other Holder or Holders of Bonds.

Section 4.22 Payments Due on Saturdays, Sundays, and Holidays.

In any case where the Bond Payment Date or the date fixed for redemption of any Bonds shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of principal of, premium, if any, or interest on the Bonds need not be made on such date but may be made on the next succeeding business day which is not a Saturday, Sunday, or legal holiday or a day upon which banking institutions are authorized by law to close, with the same force and effect as if made on the Bond Payment Date or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 4.23 Bonds in Coupon Form.

If at any time after adoption of this Bond Resolution, the University shall receive an opinion of Bond Counsel to the effect that Bonds of any Series may be issued in coupon form payable to bearer without adversely affecting the tax-exempt status of the Bonds of such Series or the Bonds of any other Series and without the imposition of any penalty upon the University, then this Bond Resolution may be amended to provide for the issuance of coupon Bonds payable to bearer and to change or modify any of the provisions of this Bond Resolution that shall be inconsistent with the issuance of Bonds in such form.

Section 4.24 Additional Funds.

The Board of Trustees does not designate under this Bond Resolution any “Additional Funds.” The Board of Trustees, through a resolution amendatory hereof including a Series Resolution, may hereafter designate and approve as “Additional Funds” any portion of the legally available revenues of the University, without Bondholder consent or approval, and as provided by paragraph (6) of Section 12.01(A) hereof, which are not (i) otherwise designated or



restricted; (ii) funds of the University derived from appropriations received from the General Assembly; or (iii) tuition funds pledged to the repayment of general obligation state institution bonds of the State of South Carolina.

Section 4.25 Additional Auxiliary Facilities.

Notwithstanding anything in this Bond Resolution to the contrary, the University shall have the right from time to time to designate facilities contemplated under the Enabling Act, which at the date of adoption of this Bond Resolution were not included in the definition of Facilities hereunder, as “Facilities” hereunder, provided that:

- (1) The Board of Trustees shall adopt an appropriate amendatory resolution under paragraph (5) of Section 12.01 hereof amending the definition of “Facilities” and find that such and facilities, upon designation, construction, or acquisition, are of a similar auxiliary nature as are the facilities expressly referred to in the Enabling Act; and
- (2) The University and the Trustee shall have received an opinion of Bond Counsel to the effect that (i) such facilities are eligible to be, or to have been, financed under the Enabling Act, (ii) such action to be taken under this Section is authorized under this Bond Resolution, and (iii) such action will not adversely affect the excludability of interest on the Bonds from federal income taxation.

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**ARTICLE V**  
**RATES AND CHARGES**

Section 5.01 Rate Covenants.

(A) It is hereby determined that the rates and charges for utilization of the Facilities shall, until otherwise revised in accordance with this Bond Resolution, be as now established. Said rates and charges are hereby determined to be sufficient to meet the requirements of this Bond Resolution but shall be revised whenever necessary in order that the same shall, together with any Subsidies budgeted to pay debt service on the Bonds or operation and maintenance of the Facilities, at all times be maintained on a basis sufficient to meet the requirements of this Bond Resolution. In this connection, the University specifically covenants and agrees to maintain and collect rates and charges for use of the Facilities, which together with the receipts of any Additional Funds shall at all times be sufficient:

- (1) To provide for the payment of the expenses of administration and operation and such expenses for maintenance of the Facilities as may be necessary to preserve the same in good repair and condition;
- (2) To maintain all Debt Service Funds and thus provide for the punctual payment of the principal of and interest on the Bonds;
- (3) To maintain any Debt Service Reserve Funds, at the level of their respective Reserve Requirements, in the manner prescribed herein or in the applicable Series Resolution;
- (4) To provide for the punctual payment of the principal of and interest on all Junior Lien Bonds that may from time to time hereafter be outstanding;
- (5) To provide a reserve for contingencies and for improvements, renovations and expansions of the Facilities other than those necessary to maintain the same in good repair and condition;
- (6) To pay all amounts owing under a reimbursement agreement with any provider of a surety bond, line of credit, insurance policy or letter of credit as contemplated under Section 7.05(D) hereof; and
- (7) To discharge all obligations imposed by the Enabling Act and by this Bond Resolution.

(B) The University covenants and agrees that it will at all times prescribe and maintain rates and charges and thereafter collect charges in accordance with such rates for the Facilities or the use thereof which are reasonably expected to yield annual Net Revenues in the current Fiscal Year which equal to at least 120% of the Combined Annual Principal and Interest Requirement for all Bonds Outstanding in such Fiscal Year (as adjusted to account for any principal or interest by Subsidies and any capitalized interest) and, promptly upon any material

change in the circumstances which were contemplated at the time such rates and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, shall review the rates and charges for such use and shall promptly revise such rates and charges as necessary to comply with the foregoing requirement. For each Fiscal Year, the Board of Trustees shall adopt an Annual Budget including amended rate schedules for such Fiscal Year which shall set forth in reasonable detail the estimated revenues and operating expenses of the Facilities and any Subsidies described above for each Fiscal Year and which shall include appropriations, if any, for the estimated operating expenses of the Facilities for such period and the amount to be deposited during such Fiscal Year in the Maintenance Reserve Fund. The Board of Trustees may at any time adopt an amended Annual Budget for the remainder of the then current Fiscal Year, or may delegate to the Chief Financial Officer the authority to revise rates and charges as may be necessary, in such a manner as may be consistent with State law.

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## ARTICLE VI

### JUNIOR LIEN BONDS; OTHER OBLIGATIONS; CLOSING OF RESOLUTIONS

#### Section 6.01 Right to Issue Junior Lien Bonds; Accession Thereof to Status of Bonds.

Notwithstanding that Bonds may be Outstanding, the University may, at any time, and without limitation and free of all conditions, issue Junior Lien Bonds, in such amount as it may from time to time determine, payable from the revenues of the Facilities and Additional Funds; provided that the pledge of and any lien on the Net Revenues of the Facilities and Additional Funds granted for the protection of said Junior Lien Bonds, shall at all times be subordinate and inferior in all respects to the pledges of and liens on such Net Revenues and Additional Funds, the Facilities made or authorized for the Bonds and provided, further, that the maturity of Junior Lien Bonds may not be accelerated and paid in full unless all of the Bonds shall have been paid or provision therefor has been made pursuant to Article XVI hereof.

By proceedings authorizing the issuance of Junior Lien Bonds, the University may provide for the accession of such Junior Lien Bonds to the status of Bonds provided all of the following conditions are met:

- (1) The Junior Lien Bonds were issued for a purpose or purposes set forth in Section 4.01(A) hereof.
- (2) There shall exist on the date of accession (a) no default in the payment of the principal of or interest on any Bonds then Outstanding or any Junior Lien Bonds then outstanding and (b) no default in the performance of any duties required under the provisions of this Bond Resolution and (c) no amount owed by the University with respect to the full funding of a Debt Service Reserve Fund, either by way of cash or reimbursement of any other funding mechanism.
- (3) The University shall obtain an opinion of Bond Counsel to the effect that (a) this Bond Resolution and the proceedings authorizing such Junior Lien Bonds have been duly adopted and are in full force and effect; (b) the Junior Lien Bonds have been duly and lawfully authorized and executed by the University and are valid and binding upon, and enforceable against, the University (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting rights and remedies of creditors); and (c) this Bond Resolution creates the valid pledge which it purports to create of the revenues and of moneys and securities on deposit in any of the funds established hereunder subject to the application thereof to the purposes and on the conditions permitted by this Bond Resolution.
- (4) There shall be on deposit on the date of accession in a Debt Service Reserve Fund, if any such Debt Service Reserve Fund is required by the resolution authorizing the Junior Lien Bonds, an amount equal to the Reserve Requirement

for such Junior Lien Bonds, considering such Junior Lien Bonds to be a Series of Bonds.

- (5) There shall be deposited in the Debt Service Fund for such Series of newly-acceded Bonds the amounts which would have been required under the provisions of Section 8.04 hereof to be accumulated therein on the date of accession if said Junior Lien Bonds had originally been issued as Bonds.
- (6) On the date of accession, the earnings tests prescribed by paragraph (7) of Section 4.02 shall have been met.
- (7) In the event such Junior Lien Bonds were issued with variable rates, the provisions of paragraph (9) of Section 4.02 shall have been met.

Such Junior Lien Bonds may be further secured by any other source of payment lawfully available for such purpose.

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**ARTICLE VII**  
**ESTABLISHMENT OF FUNDS**

Section 7.01 Requirement for Special Funds and Accounts.

For so long a time as any sum remains due and payable by way of principal or interest on the Bonds, the accounting system for the Facilities shall be so maintained as to reflect the following funds or accounts relating to the Gross Revenues and such funds or accounts shall be established and maintained, and deposits shall be made therein in the manner herein required. So long as the University establishes, under Accounting Principles, proper records of receipts and disbursements from the Revenue Fund sufficient to identify Gross Revenues deposited to a fund or for the accounting with respect to all matters and obligations relating to any portion of the Facilities, the Revenue Fund may be used for purposes of the Operation and Maintenance Fund and the Maintenance Reserve Fund, if any, and the University may, in its discretion, establish different accounts within any funds, including the Revenue Fund.

Section 7.02 The Revenue Fund.

(A) There shall be established and maintained by the University a fund designated as the Revenue Fund.

(B) All Gross Revenues shall be deposited in accordance with and in the manner prescribed by Article VIII hereof into the Revenue Fund. Money in the Revenue Fund shall be withdrawn and made use of only in the manner and in the order of priority specified in Article VIII hereof.

(C) Money in the Revenue Fund shall be invested and reinvested in accordance with the South Carolina Code in Authorized Investments having suitable maturities consonant with the need for application of such moneys. Any earnings on investment of money in the Revenue Fund are Gross Revenues and shall accrue to the benefit of the Revenue Fund.

Section 7.03 The Operation and Maintenance Fund.

(A) There shall be established and maintained by the University an Operation and Maintenance Fund. This fund is intended to provide for the payment of Operation and Maintenance Expenses.

(B) Withdrawals from the Operation and Maintenance Fund shall be made by the University in accordance, as nearly as may be practicable, with the Annual Budget then in effect.

(C) Money in the Operation and Maintenance Fund shall be invested and reinvested in accordance with the South Carolina Code in Authorized Investments having suitable maturities consonant with the need for application of such moneys. Any earnings on investment of money in the Operation and Maintenance Fund shall accrue to the benefit of the Operation and Maintenance Fund.

Section 7.04 Debt Service Funds.

(A) There shall be established and maintained a Debt Service Fund for each Series of Bonds Outstanding. Each such Debt Service Fund shall bear a Series designation as may be necessary to distinguish such Debt Service Fund and shall, subject to the other provisions of this Bond Resolution, be maintained so long as the applicable Series of Bonds shall be Outstanding. The Debt Service Funds are intended to provide for the payment of the principal of, premium, if any, and interest on the respective Series of Bonds as the same respectively fall due. Payments into such Funds shall be made in the manner prescribed by this Bond Resolution, including the applicable provisions of Article VIII hereof, and, except as herein provided, all money in the respective Debt Service Funds shall be used solely to pay the principal of, premium, if any, and interest on the Series of Bonds to which the same apply, and for no other purpose.

(B) The Debt Service Funds shall be kept in the complete custody and control of the Trustee and withdrawals from the Debt Service Funds shall be made only by the Trustee who shall transmit to the Paying Agent, for payment to each Bondholder, at such times as may be appropriate, the sums required to pay the principal of, premium, if any, and interest on the respective Series of Bonds.

(C) Money in the Debt Service Funds shall be invested and reinvested in accordance with the South Carolina Code in Authorized Investments, maturing not later than the date on which such money is required to pay the interest and/or the principal and interest next maturing. All earnings from the investments within a Debt Service Fund shall be added to and become a part of that Debt Service Fund, but shall be credited against payments that would otherwise be made to that Debt Service Fund pursuant to the provisions of Section 8.04 hereof.

Section 7.05 The Debt Service Reserve Funds.

(A) A Series Resolution may provide for the establishment of a Debt Service Reserve Fund for any Series of Bonds Outstanding. Each such Debt Service Reserve Fund shall bear a number Series designation as may be necessary to distinguish such Debt Service Reserve Fund and shall, subject to the other provisions of this Bond Resolution, be maintained in an amount equal to the applicable Reserve Requirement, as determined pursuant to the Series Resolution so long as the applicable Series of Bonds shall be Outstanding. Each such Debt Service Reserve Fund is for the equal and ratable benefit only of Bonds of that Series. Each such fund is intended to insure the timely payment of the principal of and interest on the applicable Series of Bonds only, and to provide for the redemption of such Series of Bonds prior to their stated maturities. Notwithstanding anything in this Bond Resolution to the contrary, upon any shortfall of moneys in the applicable Debt Service Fund to pay principal of and interest on one or more Series of Bonds, the Trustee shall draw on the applicable Debt Service Reserve Fund, if any, to cover such shortfall. Money in each Debt Service Reserve Fund shall be used for the following purposes, and for no other, viz.:

- (1) to prevent a default in the payment of the principal of or interest on the applicable Series of Bonds, by reason of the fact that money in the applicable Debt Service Fund is insufficient for such purposes;

(2) to pay the principal of, interest on, and premium, if any, of the applicable Series of Bonds in the event that all Outstanding Bonds of such Series be redeemed as a whole; or

(3) to effect partial redemption of the applicable Series of Bonds; provided that subsequent to said partial redemption, the market value of the cash and securities in such Debt Service Reserve Fund, together with the value of any surety bond, insurance policy, line of credit, or letter of credit used pursuant to Section 7.05(D) hereof in lieu of a deposit of money, shall be not less than its then applicable Reserve Requirement.

(B) Each Debt Service Reserve Fund shall be kept in the complete custody and control of the Trustee and withdrawals therefrom shall be made only by the Trustee who shall transmit to the Paying Agent, for payment to each Bondholder of the applicable Series, at such times as may be appropriate, the sums required to pay the principal of, premium, if any, and interest on such Series of Bonds.

(C) Moneys in each Debt Service Reserve Fund shall be invested and reinvested in accordance with the South Carolina Code in Authorized Investments. The earnings from investments in a particular Debt Service Reserve Fund shall be added to the Revenue Fund and become a part of that Fund.

(D) Notwithstanding anything in this Bond Resolution to the contrary, the University, in lieu of the deposit of moneys into a Debt Service Reserve Fund, may satisfy the Reserve Requirement by causing to be so credited an irrevocable and unconditional surety bond or insurance policy payable to the Trustee or the Paying Agent for the benefit of the Holders of the Bonds of a Series or an irrevocable and unconditional letter of credit in an amount which together with other moneys on deposit in such Debt Service Reserve Fund is equal to the Reserve Requirement therefor, all in accordance with the terms set forth in the applicable Series Resolution.

(E) In the event a Debt Service Reserve Fund has been funded with a surety bond, insurance policy, line of credit or letter of credit and either such instrument has been drawn upon, moneys available to repay such surety bond, insurance policy, line of credit or letter of credit provider shall first be used to reinstate the surety bond, insurance policy, line of credit or letter of credit to its original amount. Any interest or fees due to the surety bond, insurance policy, line of credit or letter of credit provider, other than reinstatement, shall be subordinate to any amounts payable upon the Bonds.

(F) In the event a Debt Service Reserve Fund is funded with a surety bond, insurance policy, line of credit or letter of credit, any revenues available for debt service on the Bonds shall be distributed on a pro rata basis among the Outstanding Bonds of each Series without regard to the method or level of funding of the respective Debt Service Reserve Funds, if any, for each Series.

(G) Any cash or investments on deposit in or credited to a Debt Service Reserve Fund shall be withdrawn prior to any draw on its surety bond, insurance policy or letter of credit with



respect thereto. In the event the amount on deposit in, or credited to, a Debt Service Reserve Fund, in addition to the amount available under the surety bond, insurance policy or letter of credit in question (the “*Original Funding Instrument*”) includes amounts available under another surety bond, insurance policy or letter of credit (the “*Additional Funding Instrument*”), draws on the Original Funding Instrument and the Additional Funding Instrument shall be made on a pro rata basis to fund any insufficiency in the Debt Service Fund.

Section 7.06 The Maintenance Reserve Fund.

(A) There may be established and maintained by the University a fund designated as the Maintenance Reserve Fund. The Maintenance Reserve Fund may provide, as determined by the University, a reasonable reserve for contingencies and for improvements, expansions and renovations. Money in the Maintenance Reserve Fund may be withdrawn by the University from time to time and used: (1) for the purpose of restoring or replacing depreciated or obsolete items of the Facilities; (2) for improvements, expansions and renovations to the Facilities; (3) to defray the costs of unforeseen contingencies and other expenses related to the use of the Facilities; (4) other lawful purposes deemed appropriate by the Chief Financial Officer; and (5) to prevent a default in the timely payment of principal and/or interest on Bonds or Junior Lien Bonds.

(B) Money in the Maintenance Reserve Fund may be invested and reinvested at the direction of the University to the extent permitted by law, or, if the University designates that such fund shall be held by the State Treasurer as Trustee, at the direction of the Trustee, in Authorized Investments having suitable maturities consonant with the need for application of such moneys. Any earnings on investment of money in the Maintenance Reserve Fund shall accrue to the benefit of the Maintenance Reserve Fund.

Section 7.07 Construction Funds.

(A) Whenever the University shall issue Bonds, the proceeds of which are to be used for acquisition, construction, improvement, expansion, renovation or repair of the Facilities, there may be established under the applicable Series Resolution and maintained by the Trustee a construction fund into which proceeds from sale of the Bonds of such Series, and earnings from investment thereof, shall be deposited. Each such construction fund shall bear a number Series designation as may be necessary to distinguish such construction fund and shall, subject to the other provisions of this Bond Resolution, be maintained until all funds are expended therefrom whether for the project for which the Bonds were issued or pursuant to Section 7.07(C) hereof.

(B) Money in any construction fund shall be invested and reinvested at the direction of the University to the extent permitted by law, or, if the State Treasurer is the Trustee, at the direction of the Trustee, in Authorized Investments having suitable maturities consonant with the need for application of such moneys. Any earnings on investment of money in any construction fund shall accrue to the benefit of such construction fund.

(C) Upon completion of construction, renovation or repair of any project and the expenditure of all sums necessary therefor, any moneys remaining in any construction fund at such time shall, at the discretion of the Chief Financial Officer, be used to construct, renovate,

repair or improve additional Facilities as may be approved by the Board of Trustees, or may be used to fund any amounts required to be paid to the United States Government pursuant to Section 148(f) of the Code as rebate of arbitrage earnings, or be deposited to the applicable Debt Service Fund to be used to pay interest or principal on the particular Series of Bonds.

Section 7.08 Other Funds and Accounts.

(A) There may be established and maintained by the Trustee a fund designated as the Capitalized Interest Account to provide for the payment of interest on the Bonds of the applicable Series. Any such account shall be created by the Series Resolution relating to the issuance of the Bonds of such Series as an account of the Debt Service Fund or the construction fund. Any earnings from the investment of moneys in a Capitalized Interest Account not required to pay interest on the Bonds of the applicable Series during the period for which interest on the Bonds of such Series is capitalized shall be deposited in the construction fund created by the Series Resolution relating to such Series of Bonds or, if such construction fund has been terminated, no such fund was created, or such funds are surplus to requirements, such earnings shall be disbursed to the applicable Debt Service Fund.

(B) There may be established and maintained by the Trustee a fund designated as the costs of issuance fund to provide for the payment of costs of issuance financed by the Bonds of the applicable Series. Any such account shall be created by the Series Resolution relating to the issuance of the Bonds of such Series. Any earnings from the investment of moneys in a costs of issuance fund not required to pay costs of issuance on the Bonds of the applicable Series shall be deposited in the construction fund created by the Series Resolution relating to such Series of Bonds or, if such construction fund has been terminated, no such fund was created, or such funds are surplus to requirements, such earnings shall be disbursed to the applicable Debt Service Fund.

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## ARTICLE VIII

### DISPOSITION OF REVENUES

#### Section 8.01 Deposits to the Revenue Fund; Dispositions Therefrom.

The Gross Revenues are declared to be a part of the Revenue Fund and shall from time to time be promptly deposited with the Trustee in the Revenue Fund. The dispositions from the Revenue Fund to other funds required by Sections 8.03 through 8.10 hereof shall be made as provided herein and in the order of priority established by the sequence of the remaining sections of this Article.

#### Section 8.02 Requirement of Annual Budget.

For each Fiscal Year, the Board of Trustees will cause to be prepared the Annual Budget for the operation of the Facilities for the next ensuing Fiscal Year (which may be a part of the general budget of the University), which shall reflect the rate schedules for the Facilities for the ensuing Fiscal Year, an estimate of the Gross Revenues and all sums which the Board of Trustees intends to spend for such Facilities during such Fiscal Year. Each such Annual Budget shall set forth all sums intended to be expended or deposited by the University pursuant to this Article VIII. Copies of such Annual Budget shall be made available to the Trustee and to any Bondholder requesting the same. The provisions of this Section shall not preclude, however, any revisions of the Annual Budget.

#### Section 8.03 Deposits to and Withdrawals from the Operation and Maintenance Fund.

At such times, and from time to time as shall be necessary for the purposes for which the Operation and Maintenance Fund is established, moneys in the Revenue Fund and, to the extent moneys in the Revenue Fund are insufficient, Additional Funds, if any, shall be deposited by the Trustee in the Operation and Maintenance Fund in amounts estimated by the Chief Financial Officer to be sufficient to pay Operation and Maintenance Expenses in accordance with the Annual Budget. Moneys on deposit in the Operation and Maintenance Fund shall be withdrawn by the University from time to time to pay such costs.

To the extent that moneys on deposit in the Operation and Maintenance Fund at any time exceed the amount estimated by the Chief Financial Officer to be necessary for payment of the costs referred to in this Section 8.03 during the applicable time period, such moneys may be withdrawn from the Operation and Maintenance Fund and deposited to other funds or uses referenced in Section 8.04 through 8.10 in the order of priority established by the sequence of those sections.

#### Section 8.04 Payments for Bonds.

To the extent that deposits have been made in the amounts and at the times required in Section 8.03, provision shall be made for the payment of the principal of and interest on all Bonds then Outstanding from the Revenue Fund and, to the extent moneys in the Revenue Fund are insufficient, Additional Funds, all without priority of any Bonds over others. To that end:

(A) On or before the fifteenth day of the month immediately preceding each Bond Payment Date, there shall be deposited in the respective Debt Service Funds an amount sufficient to discharge all interest to become due on the respective Series of Bonds on the next ensuing interest payment date; provided, however, that if provision has been made for the payment of all or part of the next installment of interest to become due on any Series of Bonds, then, in such event, the deposits required by this Paragraph (A) may be omitted, or reduced accordingly. If, as a result of the provision in a Series Resolution that any Series of Bonds shall bear interest payable for a period less than semi-annually, and any Holder of such Bonds shall receive payments of interest for any period for which payments were not made to holders of Bonds bearing interest payable semi-annually, then there shall be set aside in the applicable Debt Service Fund in trust for the benefit of the Holders of Bonds bearing interest payable semi-annually an amount of money equal to the interest accrued on the Bonds bearing interest payable semi-annually for such period.

(B) On or before the fifteenth day of the month immediately preceding each Bond Payment Date on which no payment of principal is due to be made, there shall be deposited in the respective Debt Service Funds a sum equal to one-half (1/2) of the aggregate amount of principal of all Bonds becoming due and payable on the next ensuing Bond Payment Date on which a payment of principal is due to be made. On or before the fifteenth day of the month immediately preceding each Bond Payment Date on which a payment of principal is due to be made, there shall be deposited in the respective Debt Service Funds a sum equal to the amount necessary, when added to the payment made pursuant to the preceding sentence, to discharge the aggregate amount of principal of all Bonds becoming due and payable on the ensuing Bond Payment Date. Provided, however, that if provision has been made for the payment of all or part of either of the above-referenced installments of principal to become due on the Bonds, then, in such event, the deposits required by the preceding sentence of this Paragraph may be omitted, or reduced accordingly.

(C) Notwithstanding anything contained in this Resolution to the contrary, all Subsidies received shall, without condition, be deposited directly to the Debt Service Fund for payment of principal and interest on the applicable Bonds at such times and shall be included in those amounts required to be deposited in the Debt Service Fund as specified in Section 8.04(A) and Section 8.04(B) above. The Subsidies deposited in the Debt Service Fund shall not be transferred to any other fund established under this Resolution and shall only be used to pay debt service on the applicable Bonds.

Section 8.05 Deposits for the Debt Service Reserve Funds; Valuation; Use of Excess Amounts.

(A) To the extent that deposits have been made in the amounts and at the times required in Sections 8.03 and 8.04, deposits from the Revenue Fund and, to the extent moneys in the Revenue Fund are insufficient, Additional Funds, shall next be made in the amounts required by this Section 8.05 into any Debt Service Reserve Funds. The market value of the cash and securities in each Debt Service Reserve Fund, if any, shall be calculated as of each June 30th, to be completed within 45 days after such date, in order to determine if such Debt Service Reserve Fund contains the amount required by the applicable Series Resolution and the extent to which payments therefor or withdrawals therefrom must be made. In the event the aggregate market

value of such cash and securities, together with any surety bond or letter of credit as described in Section 7.05(D) hereof, in a Debt Service Reserve Fund at the end of such Fiscal Year is determined not to equal the applicable Reserve Requirement, then the deficiency shall be met through the payment into the applicable Debt Service Reserve Fund as quickly as practicable, but in any event, in not less than two equal payments, and not later than on the 15th day of the months immediately preceding the two next succeeding Bond Payment Dates equal to 50% of the amount necessary to re-establish in such Debt Service Reserve Fund its respective Reserve Requirement. Whenever, and as of any date of calculation, the value of securities and money in any Debt Service Reserve Fund shall exceed the Reserve Requirement therefor, such excess may either be used to effect partial redemption of the applicable Series of Bonds or may be removed from the Debt Service Reserve Fund and transferred to the Revenue Fund, as directed by the Chief Financial Officer or his designee.

(B) In the event a Debt Service Reserve Fund is funded with both moneys and a surety bond, insurance policy, line of credit or letter of credit as the latter are contemplated by Section 7.05(D) hereof, any available revenues to replenish such Debt Service Reserve Fund shall be used, first, to reimburse the provider of such surety bond, insurance policy or letter of credit and thereby reinstate such surety bond, insurance policy, line of credit or letter of credit, and, second, to replenish said moneys.

(C) The value of any Authorized Investments in a Debt Service Reserve Fund shall be calculated as follows:

(1) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* or in *The New York Times* or on a nationally recognized securities quotation service as selected by the Trustee, the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination or, if applicable, the most recently available closing price;

(2) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times* or a nationally recognized securities quotation service as selected by the Trustee, the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(3) as to certificates of deposit and bankers acceptances, the face amount thereof, plus accrued interest; and

(4) as to any investment not specified above, the value thereof established by prior agreement between the University, the Trustee and any municipal bond insurance company insuring such Series of Bonds.

Section 8.06 Reimbursement of Interest on Amounts Advanced for Debt Service Reserve Funds.

To the extent that deposits to funds have been made in the amounts required and, if applicable, on or before the dates required in Section 8.03, 8.04 and 8.05 hereof, provision shall then be made for payment of interest on amounts advanced by the provider of any surety bond, insurance policy, line of credit or letter of credit as contemplated in Section 7.05(D) hereof.

Section 8.07 Payments for Junior Lien Bonds.

To the extent that deposits have been made in the amounts and at the times required in Sections 8.03, 8.04, 8.05, and 8.06, provision shall then be made for the payment of any other indebtedness which is junior and subordinate to the Bonds in the order of priority contemplated by the proceedings authorizing their issuance.

Section 8.08 Deposits to Maintenance Reserve Fund.

To the extent that deposits to funds have been made in the amounts required and on or before the dates required in Sections 8.03 through 8.07, the Trustee may, at the direction of the University, deposit monies in the Revenue Fund into the Maintenance Reserve Fund.

Section 8.09 Withdrawals of Funds for other Lawful Purposes.

To the extent that deposits to funds have been made in the amounts required and on or before the dates required by Sections 8.03 through 8.08 through the next ensuing Bond Payment Date, the University may withdraw moneys in excess of such amount and use them (i) to make additional deposits to the Maintenance Reserve Fund (whether such excess amounts have been budgeted or not) or (ii) in the discretion of the Board of Trustees, for any other lawful purpose of the University.

Section 8.10 Disposition of Excess Moneys in Funds.

Whenever there shall no longer be any Bond Outstanding under this Bond Resolution and all fees and expenses of the Trustee and Paying Agents and all other sums due and owing hereunder have been paid or due provision made for such payment all moneys then remaining in any fund (exclusive of moneys, if any, held therein for the purposes of Article XVI) shall, if an Event of Default as defined herein shall not then exist or be continuing, be paid to the University, exclusive, however, of any moneys then credited to any fund required for payment to the parties entitled thereto.

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## ARTICLE IX

### AGREEMENT TO FURNISH INFORMATION WITH RESPECT TO THE FACILITIES

#### Section 9.01 Keeping Records.

The University recognizes that those who may from time to time hereafter be Bondholders will throughout the life of the Bonds, require full information with respect to the Facilities, the fiscal affairs of the Facilities, and all matters incident to each. To that end the University covenants and agrees that it will install and thereafter at all times maintain proper books of records and accounts, separate and distinct from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Facilities, and all revenues and receipts derived therefrom, directly or indirectly. Such books and records shall be kept in such fashion as to reveal in detail:

- (1) All transactions incurred by the University with respect to the Facilities;
- (2) Gross Revenues and the sources from whence derived;
- (3) Operation and Maintenance Expenses;
- (4) Net Revenues;
- (5) All expenditures made from the several funds established by this Bond Resolution and the Series Resolutions authorizing the issuance of the Bonds;
- (6) Rate schedules that may from time to time be in effect as to the Facilities; and
- (7) Additional Funds; and
- (8) Subsidies.

#### Section 9.02 Audit Required.

The University further covenants and agrees that so long as any Bonds are Outstanding, it will, as soon after the close of each Fiscal Year as possible, cause to be made and completed by the Accountants, an audit of the records, books and accounts of the University in accordance with Accounting Principles. The University shall provide a copy of such audit to the Trustee. Such audit shall comment upon any violation of any provision of any resolution authorizing the issuance of any Bonds or Junior Lien Bonds and any violation of any provision of this Bond Resolution or any Series Resolution noted by the Accountants, and such other matters as to them seem pertinent. The cost of such audit shall be treated as a part of the cost of operating and maintaining the Facilities. Copies of such audit shall also be made available to any Bondholder who shall have requested the same in writing to the Trustee.

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**ARTICLE X**  
**INSURANCE**

Section 10.01 Insurance.

The University covenants and agrees that so long as any Bonds are Outstanding:

(A) That it will keep the Facilities continuously insured under fire and extended coverage policies, in an amount at least equal to the face amounts of all Bonds Outstanding; provided, however, that in case the principal amount of such Outstanding Bonds shall be greater than the insurable value of the Facilities, then the University shall insure the Facilities to the extent of their insurable value;

(B) That in case of loss, the proceeds of the casualty insurance referred to in paragraph (A) above shall be applied to repair or to restore such Facilities, or the contents thereof, to their former condition, or in such manner as will make the Facilities usable, for the acquisition of additional Facilities, or for the redemption of Bonds at the earliest practicable date;

(C) That it will secure adequate fidelity bonds (blanket or individual) of a surety company doing business in the State, indemnifying the University against defalcation of all University or State employees handling money derived from the Facilities or signing checks on any bank accounts relating to the Facilities other than the Trustee, each Registrar or each Paying Agent;

(D) That all premiums on all bonds or insurance policies shall be deemed a part of the cost of operating and maintaining the Facilities;

(E) That all insurance policies shall be open to the inspection of any Bondholder at any reasonable time;

(F) That all money received by the University as a consequence of any defalcation, covered by any fidelity bond, shall be used to restore the fund or account depleted by the defalcation; and

(G) That it will comply with the requirements of State law regarding the mandatory purchase of liability insurance contained in Section 15-78-140 of the South Carolina Code.

Notwithstanding anything herein to the contrary, the Trustee shall have no duty hereunder to hold the insurance policies or certificates or surety bonds referred to in this Article.

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## ARTICLE XI

### ADDITIONAL COVENANTS; DISPOSITION OF FACILITIES

#### Section 11.01 Additional Covenants to Secure Bonds.

The University further covenants and agrees:

(A) That neither the Facilities, nor any part thereof, nor any of the income or revenues derived from the Facilities, have been or will be hypothecated, mortgaged, otherwise pledged or encumbered, save and except as herein disclosed and provided for; and provided that nothing in this Section 11.01(A) shall prevent the University from financing the acquisition of any item or items of equipment for or related to the Facilities, which financing is secured by a purchase money security interest or the equivalent thereof;

(B) That so long as there are any Bonds outstanding and unpaid, it will perform all duties with reference to the Facilities required by the Constitution and statutes of the State, including without limitation the Enabling Act, and the University hereby irrevocably covenants, binds and obligates itself not to pledge, mortgage, or otherwise encumber the Facilities or any part thereof, or any revenues therefrom, except in the manner herein authorized, and it will not sell, lease or dispose of any portion of the Facilities, necessary or useful (as determined by the University) in the operation of the Facilities, except as herein provided until all Bonds shall be paid in full or unless and until provision shall have been made for the payment of all Bonds and the interest thereon in full, and the University further obligates itself and covenants and agrees with the Bondholders to operate and maintain in good condition the Facilities, and to collect and charge such rates for the services provided by or the use of the Facilities so that the income and revenues of the Facilities will be sufficient at all times to meet the requirements of this Bond Resolution;

(C) That it will not discriminate, nor permit discrimination, by its agents, lessees, or others operating the Facilities in the use thereof because of race, religion, creed, or national origin;

(D) That it will permit, so long as there are any Bonds Outstanding, any Bondholder to inspect the Facilities and all records and accounts thereof under reasonable terms and conditions and after reasonable notice has been given;

(E) That it will not make any use, and it shall not direct the Trustee and each fiduciary to make any use of the proceeds of any Series Bonds which Bonds were intended upon the issuance thereof to be exempt from federal income taxation, which, if such use had been reasonably expected on the date of the issuance of the Bonds of such Series would have caused such Bonds or any other Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and will observe and not violate the requirements of Section 148 of the Code;

(F) That, as to any Series of Bonds which were intended at the time of their issuance to be exempt from federal income taxation, it will take all actions required of it under the Code

that are necessary to preserve the tax-exempt status of such Bonds, including without limitation, actions necessary to comply with all information reporting requirements and any obligation to rebate arbitrage earnings on the proceeds of such Bonds to the United States Government;

(G) That it will make all payments or deposits required under Articles VII and VIII of this Bond Resolution in a timely manner; and

(H) That it will, from time to time, forward to the Trustee, in writing, the name of the Chief Financial Officer and any designee of such Chief Financial Officer, together with a specimen signature of such individual.

Section 11.02 Sale and Disposition of Facilities.

So long as the Bonds are outstanding, the University covenants and agrees that it will not sell, dispose of, abandon, or change the use of the Facilities, or any part thereof, except under the following conditions:

(A) The University shall have the right to dispose of any obsolete or worn out equipment, furniture and furnishings which may be at any time a part of the Facilities, but all moneys realized therefrom shall be treated as a part of the Gross Revenues;

(B) Pursuant to resolution of the Board of Trustees, the University, upon the written recommendation of the Chief Financial Officer that such action will not adversely affect the ability of the University to discharge its obligations under this Bond Resolution, may abandon or demolish any portion of the Facilities which it finds to be no longer serviceable or may discontinue providing any service now or hereafter provided by the University whether directly or indirectly, in or by any Facilities;

(C) The University may sell or otherwise dispose of (other than as provided in Paragraphs (A) and (B) of this Section 11.02) any portion of the Facilities, provided that:

(1) The Trustee shall be provided with an appraisal from an independent certified appraiser stating that in its opinion the purchase price or other consideration to be received represents the fair market value of the portion of the Facilities sought to be sold or otherwise disposed of;

(2) The Board of Trustees shall have obtained the written recommendation of the Chief Financial Officer that such action will not adversely affect the ability of the University to discharge its obligations under this Bond Resolution;

(3) A resolution of the Board of Trustees shall have been adopted, to which shall have been appended a recommendation of the Chief Financial Officer as to the same and a copy of the appraisal referred to above, approving the sale or other disposition and prescribing that the proceeds of the sale or other disposition shall be deposited in a separate fund with the Trustee and applied either (a) to the Maintenance Reserve Fund, or (b) to the payment, defeasance, or redemption of the Bonds; and

(4) The University shall have obtained any approvals required by State law;

or;

(D) Pursuant to resolution of the Board of Trustees, the University, upon the written recommendation of the Chief Financial Officer that such action will not adversely affect the ability of the University to discharge its obligations under this Bond Resolution and upon receipt of a written opinion of Bond Counsel that such action will not adversely affect the tax-exempt status of any of the Bonds, may change from a provision of services directly by the University in or by an of the Facilities to provision of such services by an independent contractor, and vice versa.

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## ARTICLE XII

### MODIFICATION OF RESOLUTION

#### Section 12.01 Modification without Bondholder Approval.

(A) The Board of Trustees may for any one or more of the following purposes at any time, or from time to time, adopt a resolution amending or supplementing this Bond Resolution, which resolution shall be fully effective in accordance with its terms:

- (1) To provide for the issuance of a Series of Bonds in accordance with Article IV of this Bond Resolution;
- (2) To add to the covenants and agreements of the University in this Bond Resolution, and to provide for other covenants and agreements thereafter to be observed relative to the operation, maintenance, construction or administration of any part of the Facilities; it being further specifically provided that the Chief Financial Officer is hereby authorized prior to the sale of any Series of Bonds to increase the required ratios involving Net Revenues herein or to increase the credit rating requirements for the providers of Debt Service Reserve Fund substitutes and any such increased covenant shall be set forth in the form of the Bond of that Series and each subsequent Series;
- (3) To surrender any right, power or privilege reserved to or conferred upon the University by this Bond Resolution;
- (4) Provided always that the security of the Bonds shall not be lessened, or in any manner impaired, to cure, correct, and remove any ambiguity or inconsistent provisions contained in this Bond Resolution;
- (5) To expand the definition of "Facilities" under Section 4.25, or dispose of Facilities under Section 11.02; or
- (6) To designate "Additional Funds" under Section 4.24.

(B) It is further provided that, except for a Series Resolution as permitted by paragraph (A) above and Article IV hereof, such supplemental resolution shall not become effective until a copy thereof, duly certified, shall have been filed with the Trustee and each Paying Agent.

#### Section 12.02 Modification with Bondholder Approval.

Except as set forth at Section 12.01, the rights and duties of the University and the Bondholders and the terms and provisions of this Bond Resolution may only be modified or altered in any respect by an amendatory or supplementary resolution adopted by the Board of Trustees with the consent of the Holders of sixty-six and two-thirds percent (66 2/3%) in

principal amount of all Bonds of each Series which would be affected by such modification or alteration then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Holders and duly acknowledged or proven in the manner of a deed capable of being recorded, and the consent of any municipal bond insurance company insuring any Bonds of a Series that would be affected, but no such modification or alteration shall:

- (1) Extend the maturity of any payment of principal or interest due upon any Bond;
- (2) Effect a reduction in the amount which the University is required to pay by way of principal of, interest or redemption premium on any Bonds;
- (3) Effect a change as to the type of currency in which the University is obligated to effect payment of the principal of, interest and redemption premiums of any Bond;
- (4) Permit the creation of a pledge of or lien upon the revenues of the Facilities prior to or equal to the Bonds, except as authorized in this Bond Resolution;
- (5) Permit preference or priority of any Bonds to others;
- (6) Alter or modify the provisions of Section 4.02 or of Articles V, VII, and VIII hereof; or
- (7) Reduce the percentage required for the written consent to the modification or alteration of the provisions of this Bond Resolution;

without the consent of the Holders of all Bonds affected by such change or modification.

Section 12.03 Procedure for Procuring Bondholder Approval.

The University and the Trustee may rely upon the registration books maintained by the Registrar to determine who are the Holders of the Bonds. Any and all modifications made in the manner hereinabove provided for shall not become effective until there has been filed with the Trustee and each Paying Agent a copy of such amendatory or supplementary resolution hereinabove provided for, duly certified, as well as proof of consent to such modification by the Holders of sixty-six and two-thirds percent (66 2/3%) in principal amount of the Bonds of each Series then Outstanding.

\* \* \*

**ARTICLE XIII**  
**EVENTS OF DEFAULT**

Section 13.01 Events of Default.

The occurrence and continuation of any of the following events is hereby declared an “Event of Default” hereunder:

(A) Payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption;

(B) Payment of any installment of interest on any Bonds shall not be made when the same becomes due and payable;

(C) Payment of any installment of either interest or principal of any Junior Lien Bonds shall not be made when the same becomes due and payable or any other event of default shall exist with respect to any Junior Lien Bonds;

(D) The University shall for any reason be rendered incapable of fulfilling its obligations hereunder;

(E) An order or decree shall be entered with the consent or acquiescence of the University appointing a receiver, or receivers, of the Facilities, or of the revenues thereof, or any proceedings shall be instituted with the consent or acquiescence of the University for the purpose of effecting a composition between the University and its creditors whose claims relate to the Facilities, or for the purpose of adjusting claims of such creditors, pursuant to any Federal or State statute now or hereafter enacted, or if such order or decree, having been entered without the consent or acquiescence of the University, shall not be vacated or discharged or stayed on appeal within sixty (60) days after entry thereof, or if such proceeding having been instituted without the consent or acquiescence of the University, shall not be withdrawn or any orders entered shall not be vacated, discharged, or stayed on appeal within sixty (60) days after the institution of such proceedings, or the entry of such orders;

(F) The University shall fail to operate the Facilities in an efficient and business-like fashion or shall default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in any Series Resolution or in this Bond Resolution, and such default shall continue for thirty (30) days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the University by any Bondholder, provided that in the case of default specified in this paragraph (F), if the default be such that it cannot be corrected within the said thirty (30) day period, it shall not constitute an event of default if corrective action is instituted by the University within said thirty (30) day period and diligently pursued until the default is corrected; or

(G) The occurrence of an event of default on the part of the University under any reimbursement agreement between the University and a provider of a surety bond, insurance policy, line of credit or letter of credit as contemplated under Section 7.05(D) hereof.

The provisions of the preceding Paragraph (F) are subject to the following limitations: If by reason of force majeure the University is unable in whole or in part to carry out its agreements herein contained (other than the obligations on the part of the University contained in any of Section 4.02 or Articles V, VII and VIII hereof as to which this paragraph shall have no application), the University shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein means, without limitation, the following: acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, tunnels or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the University, it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the University, and the University shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the University unfavorable to the University.

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**ARTICLE XIV**  
**REMEDIES**

Section 14.01 Acceleration; Annulment of Acceleration.

(A) Except as specifically provided herein, upon the happening of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding shall, by notice in writing to the University, declare all Bonds Outstanding immediately due and payable; provided, however, in the event a Series of Bonds has been insured by a municipal bond insurance company, the Trustee shall obtain the written consent of such municipal bond insurance company prior to declaring the Bonds of such Series due and payable. Such Bonds shall become and be immediately due and payable, anything in the Bonds or in this Bond Resolution to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

(B) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Bond Resolution, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if:

- (1) Moneys shall have been deposited in the respective Debt Service Funds sufficient to pay all matured installments of interest and principal (other than principal then due only because of such declaration) of all Outstanding Bonds;
- (2) Moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee;
- (3) All other amounts then payable by the University hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and
- (4) Every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.



Section 14.02 Additional Remedies and Enforcement of Remedies.

(A) Upon the happening of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall proceed forthwith to protect and enforce its rights and the rights of the Bondholders under this Bond Resolution by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

- (1) Requiring the University to carry out its duties and obligations under the terms of this Bond Resolution and under the Enabling Act;
- (2) Suit upon all or any part of the Bonds;
- (3) Civil action to require the University to account as if it were the trustee of an express trust for the Holders of Bonds;
- (4) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds; and
- (5) Enforcement of any other right of the Bondholders conferred by law or by this Bond Resolution including the right to make proper application to a court of competent jurisdiction for the appointment of a receiver to administer and operate the Facilities. Such receiver shall be given full power to fix rentals and charges for the Facilities, sufficient to provide for the payment of principal of Bonds and the interest thereon, and for the payment of the expenses of operating and maintaining such Facilities, and to apply the income and revenues of such Facilities to the payment of principal of such Bonds and the interest thereon.

(B) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised by Counsel shall be necessary or expedient:

- (1) To prevent any impairment of the security under this Bond Resolution by any acts which may be unlawful or in violation of this Bond Resolution; or
- (2) To preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions of this Bond Resolution and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request.

Section 14.03 Application of Revenues and Other Moneys After Default.

(A) The University covenants that if an Event of Default shall happen and shall not have been remedied, the University, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee:

- (1) Forthwith, all moneys and securities then held by the University which is credited to any fund under this Bond Resolution; and
- (2) As promptly as practicable after receipt thereof, all Gross Revenues.

(B) During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, Gross Revenues, payments and receipts in its possession and the income therefrom as follows and in the following order:

- (1) To the payment of the reasonable and proper charges of the Trustee;
- (2) To the payment of the necessary costs of operating and maintaining the Facilities; and
- (3) To the payment of the interest and principal (and premium, if any) then due on the Bonds, as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

(i) First: To the payment of the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

(ii) Second: To the payment to the persons entitled thereto of the unpaid principal installments (and premiums, if any) of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal (plus redemption premium, if any) due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond,

ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any differences as to the respective rates of interest specified in the Bonds.

- (4) For the purposes and to the respective funds set forth in Article VIII hereof, in the order set forth therein.

Section 14.04 Remedies Not Exclusive.

No remedy by the terms of this Bond Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Bond Resolution or existing at law or in equity or by statute (including the Enabling Act) on or after the date hereof.

Section 14.05 Remedies Vested in Trustee.

All rights of action (including the right to file proof of claims) under this Bond Resolution or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Section 14.03 hereof, any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

Section 14.06 Majority of Bondholders Control Proceedings.

If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Bond Resolution to the contrary, the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of this Bond Resolution or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is in accordance with law and the provisions of this Bond Resolution (including indemnity to the Trustee) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Bondholders not joining in such direction and provided further that nothing in this Section 14.06 shall impair the right of the Trustee in its discretion to take any other action under this Bond Resolution which it may deem proper and which is not inconsistent with such direction by Bondholders.

Section 14.07 Individual Bondholder Action Restricted.

(A) No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Bond Resolution or for the execution of any trust hereunder or for any remedy under this Bond Resolution unless:

- (1) An Event of Default has occurred:
  - (a) under Paragraph (A) or (B) of Section 13.01 hereof;
  - (b) as to which the Trustee has actual notice; or
  - (c) as to which the Trustee has been notified in writing; and
- (2) The Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in this Bond Resolution or to institute such action, suit or proceeding in its own name; and
- (3) Such Bondholders shall have offered the Trustee reasonable indemnity; and
- (4) The Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

(B) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of this Bond Resolution or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds Outstanding.

(C) Nothing contained in this Bond Resolution shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond:

- (1) to receive payment of the principal of or interest on such Bond on the due date thereof; or
- (2) to institute suit for the enforcement of any such payment on or after such due date.

Section 14.08 Termination of Proceedings.

In case any proceeding taken by the Trustee or any Bondholder on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, the University, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Section 14.09 Waiver and Nonwaiver of Event of Default.

(A) No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article XIV to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(B) The Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Bond Resolution, or before the completion of the enforcement of any other remedy under this Bond Resolution.

(C) Notwithstanding anything contained in this Bond Resolution to the contrary, the Trustee, upon the written request of the Holders of at least a majority of the aggregate principal amount of Bonds then Outstanding (including, if more than one Series of Bonds shall at the time be Outstanding, the Holders of a majority in principal amount of all Bonds then Outstanding of each such Series), shall waive any Event of Default hereunder and its consequences; provided, however, that except under the circumstances set forth in subsection (B) of Section 14.01 hereof or subsection (B) of this Section 14.09, a default in the payment of the principal of, premium, if any, or interest on, any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time Outstanding.

(D) In case of any waiver by the Trustee of an Event of Default hereunder, the University, the Trustee and the Bondholders shall be restored to their former positions and rights under this Bond Resolution, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section 14.09.

Section 14.10 Notice of Defaults.

(A) Within thirty (30) days after:

- (1) The receipt of notice of an Event of Default as provided in Section 14.07(A) (1) hereof; or
- (2) The happening of an Event of Default under Paragraph (A) or (B) of Section 13.01 hereof, as to which the Trustee shall be deemed to have notice,

the Trustee shall, unless such Event of Default shall have theretofore been cured, give written notice thereof by first class mail to each Holder of Bonds then Outstanding, provided that, except in the case of a default in the payment of principal (together with premium, if any) of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondholders.

(B) The Trustee shall immediately notify the University of any Event of Default known to the Trustee.

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## ARTICLE XV

### TRUSTEE AND ITS FUNCTIONS; OTHER FIDUCIARIES

#### Section 15.01 Appointment and Vesting of Powers in Trustee; Limitation of Rights of Bondholders to Appoint Trustee.

The University hereby appoints the State Treasurer as the Trustee. The Trustee shall be and is hereby vested with all rights and powers necessary to enable it to discharge its duties hereunder but the right of the Bondholders to appoint a trustee hereunder is limited to the circumstances contemplated by Section 15.10 hereof.

#### Section 15.02 Functions of Trustee.

The Trustee shall have the following additional functions:

(A) To act as custodian of the Revenue Fund, the Operation and Maintenance Fund, the Maintenance Reserve Fund, and the Debt Service Funds and any Debt Service Reserve Funds; and

(B) To make reports to the University on a monthly or such other basis as may be requested by the University, but not less often than semi-annually:

- (1) Establishing balances on hand;
- (2) Listing investments made for any fund handled by the Trustee;
- (3) Establishing the sufficiency of each Debt Service Reserve Fund; and
- (4) Listing all securities, if any, pledged pursuant to Section 15.13 hereof.

#### Section 15.03 Duty of Trustee with Respect to Deficits in Debt Service Funds.

It shall be the further duty of the Trustee to give written notice to the University ten (10) days prior to each Bond Payment Date, if there is any deficiency in any of the Debt Service Funds which would result in a need for further moneys to meet the payment of interest and/or principal falling due on the next ensuing Bond Payment Date, and the extent, if any, to which resort must be had to a particular Debt Service Reserve Fund to meet such deficiency.

#### Section 15.04 Acceptance by Trustee Required.

Prior to the delivery of any Bonds, the Trustee appointed pursuant to Section 15.01 hereof shall signify its acceptance of the powers, duties and obligations conferred and imposed upon it by this Bond Resolution, by executing and delivering to the University a written acceptance thereof.

Section 15.05 Liability as to Recitals in Bond Resolution and Bonds.

The recitals of fact made in this Bond Resolution and in the Bonds shall be taken as statements of the University, and the Trustee shall not be deemed to have made any representation as to the correctness of the same, nor shall the Trustee be deemed to have made any representation whatsoever as to the validity or sufficiency of this Bond Resolution or of the Bonds issued hereunder except with respect to the authentication of any Bonds. Nor shall the Trustee be under responsibility or duty with respect to the issuance of said Bonds, or the application of the proceeds thereof, except to the extent provided for herein. Nor shall the Trustee be liable in connection with the performance of its duties hereunder, except for its own negligence or default.

Section 15.06 Trustee May Rely on Notices, etc.

The Trustee shall at all times be protected in acting upon any notice, resolution, request, consent, order, certificate, statement, opinion, bond, or other paper or document believed to be genuine and to have been signed by the proper party or parties.

Section 15.07 Trustee Permitted to Resign.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving to the University and the Bondholders written notice of such resignation, specifying a date (not less than sixty (60) days after such notice) when such resignation shall take effect. Such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment and qualification of such successor.

Section 15.08 Removal of Trustee.

(A) The Trustee, if other than the State Treasurer, may be removed at any time by the Holders of not less than fifty percent (50%) of the principal amount of Bonds at such time Outstanding.

(B) The Trustee, if other than the State Treasurer, may likewise be removed at any time by the University with the consent and approval of the Holders of not less than fifty percent (50%) of the principal amount of the Bonds at such time Outstanding.

Section 15.09 Appointment of Successor Trustee Upon Resignation or Removal of Trustee.

(A) In case at any time the Trustee shall resign, or be removed or become incapable of acting, or be adjudged a bankrupt or insolvent, or a receiver of its property shall be appointed, or any public officer shall take charge or control of its property or affairs, a successor thereto shall be promptly appointed by a resolution of the Board of Trustees duly adopted. Such successor shall in all instances be a bank or trust company duly chartered pursuant to the laws of the United States of America or of a state thereof, shall have at the time of its appointment a combined capital stock surplus and undivided profits of not less than \$100,000,000 and shall be authorized by law to perform all duties imposed upon it by this Bond Resolution and the Series Resolutions.



(B) Immediately following such appointment the University shall give written notice of such appointment to the Bondholders and any Registrar other than the Trustee.

Section 15.10 When Bondholder May Seek Successor Trustee.

If, in a proper case, no appointment of a successor Trustee shall be promptly made pursuant to Section 15.09 hereof, any Bondholder may make application to any court of competent jurisdiction for the appointment of a successor and said court may thereupon, after such notice, if any, as such court may prescribe, appoint a successor.

Section 15.11 Acceptance by Successor Trustee.

Any successor Trustee appointed hereunder shall execute and deliver to its predecessor and to the University a written acceptance of such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor hereunder with like effect as if originally named as such Trustee and its predecessor shall be obligated to pay over, transfer, assign and deliver all moneys, securities and other property held by it to its successor, and on the written request of the University, or the successor, shall execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may be reasonably required for the vesting and confirming in such successor all the right, title and interest of the predecessor in and to any property held by it.

Section 15.12 Effect of Trustee Merging With Another Bank.

If the Trustee is other than the State Treasurer, any bank into which the Trustee may be merged, or with which it may be consolidated, or any bank resulting from any merger or consolidation to which it shall be a party, or any bank to which the Trustee may sell or transfer all or substantially all of its business, shall become the successor without the execution or filing of any paper or the performance of any further act; provided, always, that if the University shall be dissatisfied with the institution resulting from the merger, consolidation or other action spoken of above, then the University may at any time within thirty (30) days after such action name a new Trustee (with the qualifications prescribed by Section 15.09 hereof) in lieu of the Trustee then acting.

Section 15.13 Disposition of Paid Bonds.

It shall be the duty of the Trustee to cancel all Bonds which shall have been paid, whether upon their maturity or redemption prior to maturity; such cancellation shall be done in such fashion as to render such Bonds incapable of further negotiation or hypothecation. In any event it shall furnish appropriate certificates to the University indicating the disposition of such Bonds. Upon effecting such cancellation, the Trustee shall furnish appropriate certificates to the University setting forth the disposition made of the Bonds so cancelled.

Section 15.14 Appointment of Registrar.

(A) The State Treasurer and the Chief Financial Officer shall from time to time appoint on behalf of the University a Registrar or Registrars as Registrar of the Bonds of one or more Series. The Registrar shall be required to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the University, the Trustee and the Paying Agent at all reasonable times. In addition, the Registrar shall have the duty of authenticating the Bonds of the Series as to which it serves as Registrar and such other duties as may be required of it under this Bond Resolution and the applicable Series Resolution.

(B) Any Registrar shall be the State Treasurer or a bank or trust company or other entity duly organized under the laws of the United States of America or any state thereof, having at the time of appointment a combined capital stock, surplus and undivided profits of at least \$25,000,000 and authorized by law to perform all the duties imposed upon it by this Bond Resolution and the relevant Series Resolutions. The Registrar may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving at least sixty (60) days' notice to the Trustee, the Paying Agent, and the University. The Registrar may be removed at any time, at the direction of the University, by an instrument filed with the Registrar, the Trustee and the Paying Agent.

(C) In the event of the resignation or removal of the Registrar, the Registrar shall deliver any Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(D) In the event that the University shall fail to appoint a Registrar hereunder, or in the event that the Registrar shall resign or be removed, or be dissolved, or if the property or affairs of the Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the University shall not have appointed its successor as Registrar, the Trustee shall ipso facto be deemed to be the Registrar for all purposes of this Bond Resolution until the appointment by the University of the Registrar or successor Registrar, as the case may be.

Section 15.15 Appointment of Paying Agent.

(A) The State Treasurer and the Chief Financial Officer may from time to time appoint on behalf of the University a Paying Agent or Paying Agents as Paying Agent for the Bonds of one or more Series. The Paying Agent shall be required:

- (1) to hold all sums held by it for the payment of the principal of, premium, if any, and interest on the Bonds in trust for the benefit of the Holders until such sums shall be paid to such Holders or otherwise disposed of as herein provided; and

- (2) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the University and the Trustee at all reasonable times.

(B) Any Paying Agent shall be the State Treasurer or a bank or trust company or other entity duly organized under the laws of the United States of America or any state thereof, having at the time of appointment a combined capital stock, surplus and undivided profits of at least \$50,000,000 and authorized by law to perform all the duties imposed upon it by this Bond Resolution and the relevant Series Resolutions. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving at least 60 days' notice to the University, the Registrar and the Trustee. The Paying Agent may be removed at any time at the direction of the University, by an instrument filed with the Registrar and the Trustee.

(C) In the event of the resignation or removal of any Paying Agent, said Paying Agent shall pay over, assign and deliver any moneys held by it in such capacity to its successor or, if there be no successor, to the Trustee.

\* \* \*

## ARTICLE XVI

### DEFEASANCE

#### Section 16.01 Defeasance Generally.

If all of the Bonds issued pursuant to this Bond Resolution, shall have been paid and discharged, then the obligations of the University under this Bond Resolution, the pledge of revenues made hereby, and all other rights granted hereby shall cease and terminate. Bonds shall be deemed to have been paid and discharged within the meaning of this Article under each of the following circumstances:

(A) The Trustee, Paying Agent or other custodian authorized by the University shall hold, at the stated maturities of such Bonds, in trust and irrevocably appropriated thereto, sufficient money for the payment thereof;

(B) If default in the payment of the principal of such Bonds or the interest thereon shall have occurred on the stated maturities of such Bonds, and thereafter tender of such payment shall have been made, and the Trustee, Paying Agent or other custodian authorized by the University shall then hold in trust and irrevocably appropriated thereto, sufficient money for the payment thereof to the date of the tender of such payment; or

(C) If the University shall have deposited with the Trustee, Paying Agent or other custodian authorized by the University, in an irrevocable trust money or Government Obligations, the principal of and interest on which when due (without reinvestment thereof) will provide money which, together with the money, if any, deposited at the same time, shall be sufficient to pay, when due, the principal, interest and premium, if any, due and to become due on and prior to the maturity or, if the University has irrevocably elected to redeem Bonds, on and prior to the redemption date of such Bonds; and the University shall have provided to the Trustee from an independent firm of nationally recognized certified public accountants a report stating the opinion of such firm that the investments purchased for the irrevocable trust on the date of its establishment with amounts deposited therein on the date of its establishment will provide, from maturing principal of and interest earnings thereon and without reinvestment, sufficient amounts to pay as and when due the principal and interest on the defeased Bonds.

#### Section 16.02 Money to be Held in Trust - When Returnable to University.

Any money which at any time shall be deposited with the Trustee, Paying Agent or other custodian authorized by the University, by or on behalf of the University, for the purpose of paying and discharging any Bonds or the interest thereon, shall be and is hereby assigned, transferred and set over to the Trustee, Paying Agent or other custodian appointed by the University in trust for the respective Holders of the Bonds, and such money shall be and is hereby irrevocably appropriated to the payment and discharge thereof. But if, through lapse of time or otherwise, the Holders of said Bonds shall no longer be entitled to enforce payment of their obligations, then, in such event, it shall be the duty of the Trustee, Paying Agent or other custodian appointed by the University to forthwith return said funds to the University.

Section 16.03 Deposits With Trustee Subject to Conditions of Article XVI Hereof.

The University covenants and agrees that any money which it shall deposit with the Trustee, Paying Agent or other custodian authorized by the University shall be deemed to be deposited in accordance with, and subject to, the applicable provisions of this Article, and that whenever it shall have elected to redeem Bonds it will irrevocably bind and obligate itself to give notice of redemption thereof, and will further authorize and empower the Trustee, Paying Agent or other custodian authorized by the University to cause the publication of such notice of redemption in its name and on its behalf.

\* \* \*

## ARTICLE XVII

### MISCELLANEOUS

#### Section 17.01 Purpose of Covenants in Bond Resolution.

Every covenant, undertaking and agreement made on behalf of the University, as set forth in this Bond Resolution is made, undertaken and agreed to, for the proper securing of the payment of the principal of and interest on the Bonds. Each shall be deemed to partake of the obligation of the contract between the University and the Bondholders and shall be enforceable accordingly. In this connection, any provider of a surety bond, insurance policy, line of credit or letter of credit as contemplated under Section 7.05(D) hereunder may enforce the terms, conditions and obligations under this Bond Resolution as a third party beneficiary hereunder.

#### Section 17.02 Municipal Bond Insurance Company Deemed Holder.

In the event that a Series of Bonds has been insured by a municipal bond insurance company, such municipal bond insurance company shall be deemed to be the Holder of all of the Bonds of such Series for purposes of exercising the rights of Holders under Article XIV (except Section 14.01 thereof) and Section 15.08 hereof.

#### Section 17.03 Breach of Municipal Bond Insurance Company.

Notwithstanding anything in this Bond Resolution to the contrary, in the event a municipal bond insurance company is in breach of its obligations under the applicable municipal bond insurance policy insuring payment of a Series of Bonds, or is subject to bankruptcy or receivership proceedings, such municipal bond insurance company shall have none of the rights or powers provided to it pursuant to Article XIV and Section 17.02 hereof at the time of such breach or upon institution of such proceedings.

#### Section 17.04 Parties Interested Herein.

Nothing in this Bond Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the University, the Trustee, a municipal bond insurance company that has insured a Series of Bonds, an issuer of a surety bond, line of credit, insurance policy or letter of credit to fund a Debt Service Reserve Fund, and the Holders of the Bonds, any right, remedy or claim under or by reason of this Bond Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Bond Resolution made by and on behalf of the University shall be for the sole and exclusive benefit of the University, the Trustee, such municipal bond insurance company and the Holders of the Bonds.

#### Section 17.05 Effect of Invalidity of Provisions of Bond Resolution.

If any section, paragraph, clause or provision of the Bond Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Resolution.

Section 17.06 Table of Contents and Section Headings Not Controlling.

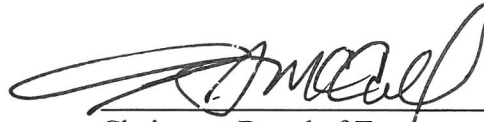
The Table of Contents and the Headings of the several Articles and Sections of this Bond Resolution have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Bond Resolution.

Section 17.07 Repealing Clause.

All resolutions, or parts thereof, inconsistent herewith be and the same are hereby repealed to the extent of such inconsistencies, except to the extent the provisions of such resolutions constitute official intent for purposes of §1.150-2 of the Internal Revenue Code of 1986, as amended. Specifically, that bond resolution adopted by the Board of Trustees under the Enabling Act on April 12, 2002 is hereby repealed and rescinded.

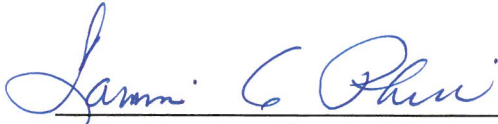
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EXECUTED THIS 17th day of December 2024.



Chairman, Board of Trustees  
of Winthrop University

Attest:



Acting Secretary, Board of Trustees  
Winthrop University



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A SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE, IN ONE OR MORE SERIES, OF HIGHER EDUCATION REVENUE BONDS OF WINTHROP UNIVERSITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$10,000,000; DESIGNATING CERTAIN ADDITIONAL FACILITIES UNDER THE BOND RESOLUTION; AND OTHER MATTERS RELATING THERETO

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SERIES RESOLUTION

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December 17, 2024

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BE IT RESOLVED BY THE BOARD OF TRUSTEES OF WINTHROP UNIVERSITY,  
IN MEETING DULY ASSEMBLED:

## ARTICLE I

### FINDINGS OF FACT

#### Section 1.01 Findings.

As an incident to the adoption of this Resolution (hereinafter, this “*Series Resolution*”), and the issuance of the Higher Education Revenue Bonds provided for herein, The Trustees of Winthrop University (the “*Board of Trustees*”), the governing body of Winthrop University (the “*University*”), finds, as a fact, that each of the statements hereinafter set forth in this Article I is in all respects true and correct.

(A) The Board of Trustees has made general provision for the issuance of Winthrop University Higher Education Revenue Bonds (the “*Bonds*”) through the means of a resolution adopted on December 17, 2024, entitled “A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WINTHROP UNIVERSITY HIGHER EDUCATION REVENUE BONDS AND OTHER MATTERS RELATING THERETO” (as amended or supplemented, the “*Bond Resolution*”). All capitalized terms which are not defined herein shall have the meanings set forth in the Bond Resolution.

(B) It is provided in and by the Bond Resolution that, upon adoption of a Series Resolution, there may be issued one or more Series of Bonds for the purposes of (i) financing or refinancing in whole or in part the cost of acquisition, construction, reconstruction, renovation, and improvement of land, buildings, and other improvements to real property and equipment for the purpose of providing Facilities serving the needs of the University; (ii) funding any Debt Service Reserve Fund (including the purchase of a surety bond, insurance policy, line of credit, letter of credit or similar instrument credited thereto in lieu of cash as provided herein) or restoring the value of the cash and securities in any Debt Service Reserve Fund to an amount equal to the applicable Reserve Requirement; (iii) purchasing or providing for credit enhancement for any Series of Bonds; (iv) capitalizing interest on the Bonds for such period of time as the Board of Trustees may determine; and (v) paying costs of issuance of Bonds.

(C) The Board of Trustees has determined that significant benefit will accrue to the University through the acquisition of an approximately 406-bed student housing facility known as “The Courtyard at Winthrop” from the Winthrop University Real Estate Foundation, Inc. (the “*Project*”). In order to finance the Project, it is anticipated that debt in the aggregate principal amount of not exceeding \$10,000,000 must be incurred, which sum will produce sufficient funds for the costs of the Project. The Project shall constitute Facilities as such term is defined in the Bond Resolution, as set forth at Section 3.15 hereof.

(D) Accordingly, the Board of Trustees has determined to issue not exceeding \$10,000,000 aggregate principal amount of Winthrop University Higher Education Revenue Bonds, in one or more Series (the “*Series 2025 Bonds*”), the proceeds of which will be used

(i) to pay the costs of, or reimburse the University for capital expenditures previously made in connection with, the Project; and (ii) to pay the cost of issuance of the Series 2025 Bonds, including any credit enhancement therefor.

(E) The University finds that the issuance of the Series 2025 Bonds is necessary to provide funds to be used and expended for the Project, as authorized by the Bond Resolution and the Enabling Act.

(F) As there are no Bonds Outstanding under the Bond Resolution, in accordance with paragraph (16) of Section 4.01(B) of the Bond Resolution, the Board of Trustees finds that there is no applicable Reserve Requirement, and that the Reserve Requirement established for the Series 2025 Bonds, if any, will be met.

(G) Title 11, Chapter 17 of the Code of Laws of South Carolina 1976, as amended, authorizes institutions of the State of South Carolina to borrow in anticipation of the issuance of bonds. Pending the issuance of the Series of Bonds authorized hereby, the Chief Financial Officer and the State Treasurer may determine to provide for the issuance of notes as described herein.

\* \* \*

## ARTICLE II

### DEFINITIONS AND AUTHORITY

#### Section 2.01 Definitions.

(A) All terms which are defined in Article II of the Bond Resolution shall have the same meanings, respectively, in this Series Resolution as such terms are given in the Bond Resolution.

(B) In addition, as used in this Series Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“**Beneficial Owner**” means, for any Series 2025 Bond which is held by a nominee, the beneficial owner of such Series 2025 Bond.

“**Bond Counsel**” means, for the purposes of Section 3.15 of this Series Resolution, Pope Flynn, LLC, and for all other purposes shall have the meaning ascribed thereto in the Bond Resolution.

“**Bond Payment Date**” means each date, as determined pursuant to Section 3.04 hereof, on which interest on any Series 2025 Bonds shall be payable or on which both a Principal Installment and interest on Series 2025 Bonds shall be payable.

“**Bond Resolution**” means that certain resolution adopted by the Board of Trustees on December 17, 2024, entitled “A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WINTHROP UNIVERSITY HIGHER EDUCATION REVENUE BONDS AND OTHER MATTERS RELATING THERETO,” as from time to time amended and supplemented.

“**Continuing Disclosure Undertaking**” means that certain Continuing Disclosure Undertaking substantially in the form attached hereto as Exhibit B authorized hereunder and as may be executed and delivered in accordance with the terms hereof, and as it may be amended from time to time in accordance with the terms thereof.

“**Corporate Trust Office**,” when used with respect to the Paying Agent and the Registrar, means the office at which the principal corporate trust business of such party shall be administered and to the extent the State Treasurer shall act as Paying Agent and Registrar, “Corporate Trust Office” means the Office of the State Treasurer.

“**Date of Issue**,” with respect to the Series of Bonds issued hereunder, means the date from which interest accrues on such obligations.

“**Depository**” means The Depository Trust Company, New York, New York, or other recognized securities depository selected by the University, which securities depository maintains a book-entry system with respect to Series 2025 Bonds and shall include any substitute for or successor to the securities depository initially acting as Depository.

**“Depository Nominee”** means, as to any Depository, such Depository or the nominee of such Depository in whose name there shall be registered on the registration books maintained by the Registrar the Series 2025 Bond certificates to be delivered to and immobilized at such Depository during the continuation with such Depository of participation in its book-entry system. Cede & Co. shall serve as the initial Depository Nominee hereunder.

**“Municipal Bond Insurance Policy”** means the municipal bond insurance policy, if any, issued by an insurer, insuring the payment when due of the principal of and interest on any Series 2025 Bonds.

**“Note Enabling Act”** means Title 11, Chapter 17 of the Code of Laws of South Carolina 1976, as amended, which authorizes institutions of the State of South Carolina to borrow in anticipation of the issuance of Bonds.

**“Official Notice of Sale”** means any public offer of Series 2025 Bonds or Series 2025 Notes containing the terms and conditions for the sale and award thereof, if used, as may be established by the Chief Financial Officer and the State Treasurer.

**“Official Statement”** means any Official Statement of the University prepared and distributed in connection with a public sale or private sale for public reoffering and delivery of Series 2025 Bonds or Series 2025 Notes in such form as may be approved by the Chief Financial Officer and as more particularly described in Section 7.02 or Section 9.02 hereof.

**“Participants”** means those broker-dealers, banks and other financial institutions for which the Depository holds Series 2025 Bonds as depository.

**“Preliminary Official Statement”** means any Preliminary Official Statement of the University prepared and distributed in connection with a public sale or a private sale for public reoffering and delivery of Series 2025 Bonds or Series 2025 Notes, in such form as may be approved by the Chief Financial Officer and as more particularly described in Section 7.02 or Section 9.02 hereof.

**“Record Date”** means the 15th day of the month preceding each Bond Payment Date.

**“Series 2025 Bonds”** mean the Bonds, in one or more Series, of the University authorized and issued pursuant to the Enabling Act, the Bond Resolution, and this Series Resolution.

**“Series 2025 Construction Fund”** means any Series 2025 Construction Fund established pursuant to Section 5.01 hereof.

**“Series 2025 Costs of Issuance Fund”** means any Series 2025 Costs of Issuance Fund established pursuant to Section 5.02 hereof.

**“Series 2025 Debt Service Fund”** means any Debt Service Fund for the Series 2025 Bonds created pursuant to Section 5.03 hereof.

**“Series 2025 Debt Service Reserve Fund”** means any Debt Service Reserve Fund for the Series 2025 Bonds created pursuant to Section 5.04 hereof.

**“Series 2025 Notes”** means the Higher Education Revenue Bond Anticipation Notes of the University authorized to be issued hereunder.

**“Series 2025 Reserve Requirement”** means the Reserve Requirement, if any, as determined by the Chief Financial Officer and the State Treasurer to be the amount necessary to market the Series 2025 Bonds of a Series, at interest rates comparable to that enjoyed by credits of the nature of Series 2025 Bonds, provided that any such Series 2025 Reserve Requirement shall be funded only at a level which will not result in a requirement to yield restrict any invested funds in the Series 2025 Debt Service Reserve Fund to the applicable yield on the Series 2025 Bonds.

**“Sinking Fund Date”** has the meaning given that term in Section 3.06 hereof.

**“State Treasurer”** means the Treasurer of the State of South Carolina or the Office of the State Treasurer of South Carolina.

**“Taxable Series”** means a Series of Series 2025 Bonds so designated by the Chief Financial Officer, the interest upon which is not excludable from income for federal income tax purposes.

Section 2.02 Authority for this Series Resolution.

This Series Resolution is adopted pursuant to the provisions of the Enabling Act and the Bond Resolution.

\* \* \*



## ARTICLE III

### AUTHORIZATION AND TERMS OF THE SERIES 2025 BONDS

#### Section 3.01 Principal Amount and Designation of Series.

(A) Pursuant to the provisions of the Bond Resolution, there is hereby authorized, in one or more Series, Bonds of the University entitled to the benefits, protection and security of the provisions thereof in the aggregate principal amount not exceeding \$10,000,000. Subject to the provisions of paragraph (B) of this Section, the Series 2025 Bonds shall be designated “Winthrop University Higher Education Revenue Bonds, Series 2025” or such other Series designation as may be determined by the Chief Financial Officer.

(B) Notwithstanding anything in this Series Resolution to the contrary, the Series designation of the Bonds authorized herein may, prior to the sale thereof, be changed from “Series 2025” to any other designation, including a designation reflecting the year of issuance or alphanumeric designation to distinguish between or among Series 2025 Bonds issued as separate Series in the same year, as may be determined by the Chief Financial Officer in his sole discretion.

#### Section 3.02 Purposes.

The Series 2025 Bonds are authorized for the purposes of:

- (1) paying the costs of, and reimbursing the University for any capital expenditures previously made in connection with, the Project; and
- (2) paying the costs of issuance of the Series 2025 Bonds, including any credit enhancement therefor.

#### Section 3.03 Direction to Chief Financial Officer and State Treasurer.

The Chief Financial Officer and the State Treasurer are hereby authorized to effect the issuance of the Series 2025 Bonds upon the terms and conditions set forth herein in an amount necessary to meet the purposes set forth in Section 3.02 hereof, not exceeding \$10,000,000.

#### Section 3.04 Maturity Schedule; Interest Payment Dates.

The Series 2025 Bonds shall mature in the principal amounts and on the dates and the years as shall be determined by the Chief Financial Officer and the State Treasurer; provided, that final maturity of the Series 2025 Bonds shall occur not later than that date permitted by the Enabling Act. The Series 2025 Bonds shall bear interest at rates determined in the manner prescribed by Section 3.08 and Article VII hereof on the basis of a 360-day year of twelve 30-day months or any other interest rate convention as determined by the Chief Financial Officer and the State Treasurer. Each Series of Series 2025 Bonds shall be dated its Date of Issue as shall be determined by the Chief Financial Officer and the State Treasurer, and interest on the Series

2025 Bonds shall be payable on such days as shall be determined by the Chief Financial Officer and the State Treasurer.

Section 3.05 Optional Redemption.

(A) The Chief Financial Officer and the State Treasurer, in their discretion upon advice received, shall determine whether Series 2025 Bonds shall be subject to redemption prior to maturity at the option of the University, including applicable redemption dates and prices.

(B) In the event that the University shall from time to time, in accordance with the provisions of Section 3.05(A) hereof, elect to redeem Series 2025 Bonds, it shall give notice to the Trustee, Registrar and Paying Agent of each optional redemption. Such notice shall specify the date fixed for redemption and the amount and maturities of the Series 2025 Bonds which are to be redeemed. Such notice may be conditional upon any event or occurrence set forth in such notice, and the obligation of the Registrar to provide the notice of redemption shall not be conditioned on the prior deposit of the amount due at the redemption date.

Section 3.06 Mandatory Sinking Fund Redemption.

(A) Certain of the Series 2025 Bonds, as determined by the Chief Financial Officer and the State Treasurer in connection with the sale of such Series 2025 Bonds, may be subject to mandatory redemption on such dates (hereinafter, the “*Sinking Fund Dates*”) and under the terms and conditions determined by the Chief Financial Officer and the State Treasurer, through the operation of sinking fund provisions, at the principal amount thereof, plus interest thereon to the redemption date.

(B) If a portion of the Series 2025 Bonds of a Series is subject to mandatory sinking fund redemption as provided in Paragraph (A) above, there shall be deposited with the Paying Agent on or before each Sinking Fund Date an amount sufficient to redeem or to pay (after credit as provided below) those principal amounts of Series 2025 Bonds so designated for mandatory redemption on the applicable Sinking Fund Date.

(C) The University, at its option, to be exercised prior to the 45th day immediately preceding any Sinking Fund Date, may:

- (1) cause to be paid to the Paying Agent as a prepayment of sums then to become due, such amount of funds as the University may determine, with written instructions to the Paying Agent, signed in the name of the University, to be applied prior to said 45th day to the purchase of Series 2025 Bonds which are subject to mandatory redemption, or
- (2) deliver any principal amount of Series 2025 Bonds which are subject to mandatory sinking fund redemption to the Registrar for cancellation, and shall receive a credit in respect of its next ensuing mandatory sinking fund payment for any such Series 2025 Bond; which prior to said Sinking Fund Date have been purchased or redeemed (otherwise than through the

operation of the sinking fund) and cancelled by the Registrar and not theretofore applied as a credit against any sinking fund payment.

(D) Upon receipt of the funds and instructions specified in paragraph (C)(1) above, the Paying Agent shall use all reasonable efforts to expend such funds in the purchase of such Series 2025 Bonds, at a price not exceeding the principal amount thereof plus interest accrued to such Sinking Fund Date. Any such funds not so expended by the Paying Agent shall be applied to the payment of the Series 2025 Bonds maturing on such Sinking Fund Date or returned to the Trustee for the benefit of the University. The Series 2025 Bonds so purchased or presented for cancellation as provided above shall be canceled by the Registrar as provided in Section 4.14 of the Bond Resolution and shall be credited, at their principal amount, until the full amount thereof has been so credited against the next ensuing and future sinking fund payments in chronological order to the extent otherwise payable to the University.

(E) The amount of any such mandatory sinking fund redemptions shall be reduced to the extent Series 2025 Bonds of the applicable Series and maturity have been purchased by the University or redeemed by the University pursuant to any optional redemption provisions, in such manner as the University shall direct, or, absent such direction, on a pro rata basis.

#### Section 3.07 Partial Redemption.

If less than all of the Series 2025 Bonds are to be redeemed pursuant to any section of this Series Resolution, the Series and maturities of the Series 2025 Bonds to be redeemed shall be as determined by the University. If less than all of a maturity of a Series of Series 2025 Bonds is to be redeemed, the particular Series 2025 Bonds or portions of Series 2025 Bonds of the applicable maturity and Series to be redeemed shall be selected not less than 45 days prior to the date fixed for redemption in the manner provided by Section 4.15 of the Bond Resolution.

#### Section 3.08 Conditions Relating to Naming Interest Rates.

The Series 2025 Bonds shall bear such rate or rates of interest as shall at the sale of Series 2025 Bonds referred to in Section 7.01 hereof be determined by the Chief Financial Officer and the State Treasurer to be in the best interest of the University; provided, however, that:

- (1) all Series 2025 Bonds of the same maturity and Series shall bear the same rate of interest;
- (2) no interest rate shall exceed 6%;
- (3) each interest rate named shall be a multiple of 1/1000th of one percentage point; and
- (4) all other restrictions as may be imposed by the State Treasurer and the Chief Financial Officer (including any modifications of any of Paragraphs (1) and (2) above that are deemed to be in the best interest of the University) prior to the sale of the Series 2025 Bonds shall apply.

Section 3.09 Purchase of Municipal Bond Insurance Policy; Series 2025 Reserve Requirement.

If in the judgment of the Chief Financial Officer and the State Treasurer the purchasing of a Municipal Bond Insurance Policy, and/or a debt service reserve fund funding substitute as permitted by Section 7.05(D) of the Bond Resolution and Section 5.04 hereof to satisfy the Series 2025 Reserve Requirement for Series 2025 Bonds, will enhance the marketing of the Series 2025 Bonds such that a savings to the University would otherwise be realized, the Chief Financial Officer is hereby authorized to effect the purchase of such Municipal Bond Insurance Policy and/or funding substitute. In this respect, the Chairman and the Chief Financial Officer, or either one of them acting alone, are hereby authorized to execute and deliver, upon advice of Bond Counsel, any necessary reimbursement agreements or other insurance agreements with the provider of any Municipal Bond Insurance Policy or debt service reserve fund funding substitute. The University hereby covenants to comply with the covenants and agreements as shall be contained in any such reimbursement or insurance agreement, as if such covenants and agreements were set forth verbatim herein and in the Bond Resolution. Such covenants and agreement shall be deemed to be supplemental and amendatory to the Bond Resolution.

Section 3.10 Authentication; Payment of Interest.

(A) Each of the Series 2025 Bonds shall be authenticated on such date as it shall be delivered and shall bear interest from its Date of Issue, if no interest has yet been paid; otherwise from the last Bond Payment Date to which interest has been paid and which Bond Payment Date is on or prior to the authentication date thereof.

(B) The interest on all Series 2025 Bonds shall be paid by check or draft mailed from the Corporate Trust Office of the Paying Agent to the person in whose name the Series 2025 Bond is registered at the close of business on the applicable Record Date. Any Holder of \$1,000,000 or more in principal amount of Series 2025 Bonds shall be entitled by written request to the Paying Agent (which notice shall be valid for all future payments until rescinded) to direct that any payments of interest on such Series 2025 Bonds be transmitted to such Holder by wire transfer. Such request shall provide the Paying Agent with specific direction as to the manner of making such payment.

Section 3.11 Denomination; Numbering.

The Series 2025 Bonds shall be issued in the denomination of \$5,000 or any multiple thereof, not exceeding the principal amount of the Series 2025 Bonds maturing in such year. Each Series 2025 Bond shall be numbered by the Registrar in such a fashion as to reflect the fact that it is one of the Series 2025 Bonds, and to identify the Holder thereof on the books kept by the Registrar.

Section 3.12 Appointment of Trustee; Maintenance of Paying Agent and Registrar.

(A) The State Treasurer is hereby appointed as Trustee under this Series Resolution. The State Treasurer shall signify its acceptance of the duties of the Trustee under this Series Resolution and the Bond Resolution upon delivery of the Series 2025 Bonds.

(B) As long as any Series 2025 Bonds remain Outstanding, the University shall maintain a Paying Agent and a Registrar therefor, which may be the Trustee. The Series 2025 Bonds shall be presented for payment, and notices and demands to or upon the Trustee and the University in respect to the Series 2025 Bonds may be served, at the Corporate Trust Office of the Paying Agent. The Series 2025 Bonds shall be presented for registration of transfers and exchanges in accordance with the provisions of the Bond Resolution at the Corporate Trust Office of the Registrar.

### Section 3.13 Form of Bonds.

The Series 2025 Bonds shall be substantially in the form attached hereto as Exhibit A, with such changes, modifications, or amendments to the form attached hereto as Exhibit A as shall, upon advice of Bond Counsel, be approved by the Chief Financial Officer and the State Treasurer.

### Section 3.14 Book-Entry System.

If determined to be advantageous to the University by the Chief Financial Officer and the State Treasurer prior to the sale of any Series of Series 2025 Bonds, the Series 2025 Bonds will be eligible securities for the purpose of the Book-Entry System of transfer maintained by the Depository, and transfers of beneficial ownership of the Series 2025 Bonds shall be made only through the Depository and its Participants in accordance with rules specified by the Depository. Such beneficial ownership must be of a \$5,000 principal amount of the Series 2025 Bonds of the same maturity and Series or any integral multiple of \$5,000, with each increment of \$5,000 being separately of a single maturity.

The Series 2025 Bonds shall be issued in fully registered form, and, if issued as book entry-only securities, shall be issued in one certificate for each of the maturities and Series of the Series 2025 Bonds, in the name of Cede & Co., as Depository Nominee. When any principal of, premium, if any, or interest on the Series 2025 Bonds becomes due, the Trustee shall cause the Paying Agent to transmit to the Depository an amount equal to such installment of principal, premium, if any, and interest. Such payments will be made to the Depository Nominee as long as it is owner of record on the applicable Record Date. The Depository Nominee shall be considered to be the owner of the Series 2025 Bonds so registered for all purposes of this Series Resolution, including, without limitation, payments as aforesaid and receipt of notices and exercise of rights of Series 2025 Bond owners.

The Trustee shall notify the Depository of any notice of redemption required to be given pursuant to this Series Resolution not less than 30 nor more than 60 days prior to the date fixed for redemption.

The Depository is expected to maintain records of the positions of Participants in the Series 2025 Bonds, and the Participants and persons acting through Participants are expected to maintain records of the Beneficial Owners in the Series 2025 Bonds. The University makes no assurances that the Depository and its Participants will act in accordance with such rules or expectations on a timely basis, and the University shall have no responsibility for any such

maintenance of records of transfer or payments by the Depository to its Participants, or by the Participants or persons acting through Participants to the Beneficial Owners.

If (a) the Depository determines not to continue to act as Depository for the Series 2025 Bonds, or (b) the University has advised the Depository of the University's determination that the Depository is incapable of discharging its duties, the University shall attempt to retain another qualified securities depository to replace the Depository. Upon receipt by the University of the Series 2025 Bonds together with an assignment duly executed by the Depository, the University shall execute and deliver to the successor depository, Series 2025 Bonds of the same Series, principal amount, interest rate and maturity.

If the University is unable to retain a qualified successor to the Depository or the University has determined that it is in the best interest of the University not to continue the Book-Entry System of transfer or that the interest of the Beneficial Owners of the Series 2025 Bonds might be adversely affected if the Book-Entry System of transfer is continued (the University undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the Series 2025 Bonds by mailing an appropriate notice to the Depository, upon receipt by the University of the Series 2025 Bonds together with an assignment duly executed by the Depository, the University shall execute, and cause to be authenticated and delivered pursuant to the instructions of the Depository, Series 2025 Bonds in fully registered form, in substantially the form set forth in this Series Resolution, and in denominations of \$5,000 or any integral multiple thereof.

The Chief Financial Officer and the State Treasurer shall determine the Paying Agent and Registrar for each Series of the Series 2025 Bonds, prior to the sale thereof.

Section 3.15 The Project will Constitute Facilities Upon Acquisition.

The entirety of the Project will become part of the Facilities pursuant to clause (i) of the definition of Facilities upon acquisition with proceeds of the Series 2025 Bonds.

Section 3.16 Designation of Source or Sources of Revenue for Repayment of Bonds.

The Board of Trustees hereby designates the Net Revenues and Additional Funds as the sources of revenue designated for the repayment of the Series 2025 Bonds in accordance with Section 59-147-110 of the Enabling Act. The Board of Trustees has not designated any revenues of the University as Additional Funds.

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## ARTICLE IV

### EXECUTION; NO RECOURSE

#### Section 4.01 Execution.

The Series 2025 Bonds shall be executed and authenticated in accordance with the applicable provisions of the Bond Resolution.

#### Section 4.02 No Recourse.

All covenants, stipulations, promises, agreements, and obligations of the University contained in the Bond Resolution or in this Series Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the University and not those of any officer or employee of the University in his or her individual capacity, and no recourse shall be had for the payment of the principal or redemption price of or interest on the Series 2025 Bonds or for any claim based thereon or on the Bond Resolution or on this Series Resolution, either jointly or severally, against any officer or employee of the University or any person executing the Series 2025 Bonds.

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## ARTICLE V

### ESTABLISHMENT OF FUNDS

#### Section 5.01 Establishment of Series 2025 Construction Fund.

(A) There may be established, in accordance with Section 7.07 of the Bond Resolution, a Series 2025 Construction Fund which shall be maintained by the Trustee for the benefit of the University. All earnings on moneys in the Series 2025 Construction Fund shall accrue to the benefit of the Series 2025 Construction Fund and shall be available to pay costs of the Project.

(B) The Trustee may provide from time to time for the investment of moneys in the Series 2025 Construction Fund in Authorized Investments having suitable maturities consonant with the need for application of the moneys in the Series 2025 Construction Fund; provided, however, that the State Treasurer shall have the discretion, with due regard for the rebate compliance provisions set forth in Section 10.02 hereof, to invest moneys in the Series 2025 Construction Fund in Authorized Investments having suitable maturities consonant with the need for the application of such moneys. Upon the acquisition and construction of the Project, and the expenditure of all sums necessary therefor, any moneys remaining in the Series 2025 Construction Fund at such time shall, at the discretion of the Chief Financial Officer, be used to acquire, construct, renovate, repair, equip, or improve additional Facilities as may be approved by the Board of Trustees, or be used to fund any amounts required to be paid into the Rebate Fund described in Section 10.02 hereof, or be used to pay interest or principal on the Series 2025 Bonds.

#### Section 5.02 Establishment of Series 2025 Costs of Issuance Fund.

There is hereby established, in accordance with Section 7.08(B) of the Bond Resolution, the Series 2025 Costs of Issuance Fund, to be held, maintained, and controlled by the Trustee. The costs of issuance of the Series 2025 Bonds, including any credit enhancement therefor, shall be paid therefrom. Ninety days following the date of delivery of the Series 2025 Bonds, or on such earlier date as all applicable costs of issuance have been paid, all remaining sums shall be transferred to the Series 2025 Debt Service Fund or otherwise applied in a manner consistent with the disposition of surplus moneys in the Series 2025 Construction Fund.

#### Section 5.03 Establishment of Series 2025 Debt Service Fund.

The Board of Trustees hereby establishes, pursuant to Section 7.04 of the Bond Resolution, the Series 2025 Debt Service Fund. If proceeds of Series 2025 Bonds are used to pay capitalized interest on the Series 2025 Bonds, a Capitalized Interest Account of the Series 2025 Debt Service Fund may be established.



Section 5.04 Establishment and Funding of Series 2025 Debt Service Reserve Fund.

(A) The Chief Financial Officer shall determine the necessity of establishing a Series 2025 Debt Service Reserve Fund, to be funded in the amount of the Series 2025 Reserve Requirement, which may be satisfied, at the discretion of the Chief Financial Officer, by the deposit in the Series 2025 Debt Service Reserve Fund of proceeds of the Series 2025 Bonds or, as provided in Section 3.09 hereof, through the purchase of a debt service reserve fund funding substitute as permitted by Section 7.05(D) of the Bond Resolution; such funding substitute to be purchased, at the discretion of the Chief Financial Officer, with proceeds of the Series 2025 Bonds or with available monies of the University.

(B) The provisions of Sections 5.04 (C) through (G) below shall govern in the event it is determined, pursuant to Paragraph (A) above and Section 3.09 hereof, to purchase a debt service reserve fund funding instrument contemplated by Section 7.05(D) of the Bond Resolution to satisfy the Series 2025 Reserve Requirement, either in whole or in part.

(C) In the event the Series 2025 Debt Service Reserve Fund is funded with both moneys and a surety bond, letter of credit, line of credit, insurance policy or similar instrument, any withdrawals from such Series 2025 Debt Service Reserve Fund pursuant to the provisions of this Series Resolution shall be made first from such moneys (or the liquidation of investments made therewith) and second from such surety bond, letter of credit, line of credit, insurance policy or similar instrument. The surety bond, letter of credit, line of credit, insurance policy or similar instrument shall be payable (upon the giving of notice as required thereunder) on any Bond Payment Date on which moneys will be required to be withdrawn from such Series 2025 Debt Service Reserve Fund and applied to the payment of the principal of or interest on the Series 2025 Bonds and such payments cannot be made by amounts credited to the Series 2025 Debt Service Fund.

(D) The provider of any such surety bond or insurance policy shall be an insurer whose insurance policies or guarantees insuring the payment of the principal of and interest on municipal bond issues results in such issues being rated at the Date of Issue in one of the two highest rating categories by any two of S&P or Moody's or Fitch or their respective successors. The surety bond or insurance policy, or similar instrument, must extend for the life of the Series 2025 Bonds and must be unconditional and irrevocable. The provider of a letter of credit, line of credit or similar instrument shall be a bank or trust company, acceptable to the Insurer, if any, and which is rated at the Date of Issue not lower than the second highest rating category by either S&P or Moody's or Fitch or their respective successors, and the letter of credit or line of credit itself shall be rated in the highest category of either of such rating agencies. If a letter of credit or similar instrument is provided under the provisions of this Section, then within 60 days of the expiration date of any said letter of credit or similar instrument, (1) the University shall, after giving written notice to the Trustee, obtain another letter of credit or similar instrument; or (2) the Trustee shall, at the written direction of the University, draw upon the letter of credit or similar instrument, in order to fund the Series 2025 Debt Service Reserve Fund with cash; or (3) the University shall, after giving written notice to the Trustee, fully fund the Series 2025 Debt Service Reserve Fund with cash. The Trustee shall be entitled to receive such opinions, including legal opinions, certificates and other documentation, as the Trustee shall request, prior to receipt

of such surety bond, insurance policy, letter of credit, line of credit or similar instrument, by the Trustee.

(E) If a disbursement is made pursuant to a surety bond, insurance policy, letter of credit or line of credit provided pursuant to this Section, the University shall be obligated either (a) to reinstate the maximum limits of such instrument, or (b) to deposit into the Series 2025 Debt Service Reserve Fund cash in the amount of the disbursement made under any such instrument, or a combination of such alternatives, as shall provide that the amount credited equals the Series 2025 Reserve Requirement within a time period not longer than one year following the date of such disbursement.

(F) If the provider of a letter of credit, line of credit or similar instrument on deposit in the Series 2025 Debt Service Reserve Fund shall cease to have a rating described in Paragraph (D) above, the University shall either (i) replace such letter of credit or line of credit or similar instrument, with one issued by a provider having a rating so described within 90 days and shall pay, or commit to pay, any increased fees, expenses or interest in connection with such replacement or (ii) shall deposit Gross Revenues, in the priority established by Article VIII of the Bond Resolution, in the Series 2025 Debt Service Reserve Fund in two equal semi-annual payments that will, at the end of one year, equal the Series 2025 Reserve Requirement.

(G) In the event the Series 2025 Debt Service Reserve Fund is funded with both moneys and a surety bond, insurance policy, letter of credit or line of credit or similar instrument, as the latter are contemplated herein and by Section 7.05(D) of the Bond Resolution, any available revenues to replenish the Series 2025 Debt Service Reserve Fund shall be used, first, to reimburse the provider of such surety bond, insurance policy, letter of credit or line of credit or similar instrument, for any amounts advanced, and, second, to replenish said moneys.

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## ARTICLE VI

### DISPOSITION OF PROCEEDS

#### Section 6.01 Disposition of Proceeds of Series 2025 Bonds.

(A) Upon the delivery of the Series 2025 Bonds, the net proceeds thereof shall be applied as follows:

- (1) the amount determined necessary by the Chief Financial Officer to defray or reimburse Project costs shall be deposited in the Series 2025 Construction Fund or disbursed at closing to acquire the Project at the discretion of the Chief Financial Officer and the State Treasurer;
- (2) if a Municipal Bond Insurance Policy is to be purchased, as determined pursuant to Section 5.04 hereof, the amount payable as premium for purchase of the same shall be paid to the Insurer;
- (3) for deposit in the Series 2025 Debt Service Reserve Fund, in the event such sums are required and borrowed (as provided in Section 5.04 hereof), so much as shall be required to fully fund such fund at the Series 2025 Reserve Requirement; and
- (4) all remaining amounts shall be deposited to the Series 2025 Costs of Issuance Fund to defray the costs of issuance of the Series 2025 Bonds.

(B) Neither the purchaser of the Series 2025 Bonds nor any Holder of the Series 2025 Bonds shall be liable for the proper application of the proceeds of the Series 2025 Bonds.

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## ARTICLE VII

### AUTHORIZATION FOR THE SALE AND AWARD OF THE SERIES 2025 BONDS

#### Section 7.01 Manner of Sale.

(A) The Series 2025 Bonds may be sold at public or private sale, including a negotiated sale for public reoffering or private placement, on such terms as the Chief Financial Officer and the State Treasurer shall determine to be in the best interest of the University. If sold pursuant to a public sale, the Series 2025 Bonds shall be advertised by publication of a notice, which may be abbreviated from the Official Notice of Sale, in a financial journal published in the City of New York, New York. The Official Notice of Sale shall be in the form determined by the Chief Financial Officer and the State Treasurer.

(B) If the Series 2025 Bonds are to be sold pursuant to negotiation, such Series 2025 Bonds shall be sold to either (i) a financial institution or (ii) a financial underwriter or underwriters selected by the Chief Financial Officer and the State Treasurer. If sold to an underwriter for public reoffering, any bond purchase agreement shall be approved by the Chief Financial Officer and the State Treasurer, and executed on behalf of the University by the Chief Financial Officer, upon advice of Bond Counsel.

#### Section 7.02 Distribution of Official Statement.

If sold pursuant to a public sale or a private sale for public reoffering, the Chief Financial Officer is hereby authorized to cause to be prepared a Preliminary Official Statement with respect to the offering and sale of the Series 2025 Bonds and, subsequent to the sale of the Series 2025 Bonds, a final Official Statement. The Chief Financial Officer is hereby authorized to deem final the Preliminary Official Statement pursuant to United States Securities and Exchange Commission Rule 15c2-12.

#### Section 7.03 Award of the Series 2025 Bonds.

If sold pursuant to a public sale, the Chief Financial Officer and the State Treasurer are hereby authorized and empowered to award the sale of the Series 2025 Bonds in accordance with the provisions of this Article to the bidder submitting the bid most advantageous to the University. The Chief Financial Officer and the State Treasurer will apply their discretion in determining the bid most advantageous to the University.

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## ARTICLE VIII

### CONTINUING DISCLOSURE

#### Section 8.01 Continuing Disclosure.

(A) Pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended (“**Section 11-1-85**”), the University will file with a central repository for availability in the secondary bond market when requested:

- (1) An annual independent audit, within 30 days of the University’s receipt of the audit; and
- (2) Event specific information within thirty days of an event adversely affecting more than five percent of the Gross Revenues plus Additional Funds of the University.

The only remedy for failure by the University to comply with the covenant in the above paragraph shall be an action for specific performance of such covenant. The University specifically reserves the right to amend or delete such covenant to reflect any change in or repeal of Section 11-1-85, without the consent of any Bondholder.

(B) In addition, the University hereby authorizes the execution and delivery by the Chief Financial Officer, if he determines necessary in his sole discretion, of a Continuing Disclosure Undertaking, in substantially the form attached hereto as Exhibit B. Notwithstanding any other provision of this Series Resolution, failure of the University to comply with the Continuing Disclosure Undertaking shall not be considered an event of default under the Bond Resolution or this Series Resolution, and no liability for damages shall attach therefor. The sole remedy for such failure to comply shall be that any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the University to comply with its obligations under this paragraph.

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**ARTICLE IX**  
**SERIES 2025 NOTES**

Section 9.01 Authority to Issue Series 2025 Notes; Board of Trustees Approval of Amount.

If the Chief Financial Officer and the State Treasurer should determine that issuance of Series 2025 Notes, in one or more series, pursuant to the Note Enabling Act would be in the best interest of the University, the Chief Financial Officer and the State Treasurer are hereby further requested and authorized to effect the issuance of Series 2025 Notes pursuant to the Note Enabling Act. If Series 2025 Notes are issued and if, upon the maturity thereof the Chief Financial Officer and the State Treasurer should determine that renewal or refunding Series 2025 Notes would be in the best interest of the University, they are authorized to continue the issuance of Series 2025 Notes until the Chief Financial Officer and the State Treasurer determine to issue Series 2025 Bonds on the basis as aforesaid, and such Series 2025 Bonds are issued. The aggregate stated principal amount of all Series 2025 Notes outstanding from time to time shall not exceed \$10,000,000.

The proceeds of any Series 2025 Notes issued hereunder shall be applied for the purpose for which proceeds of the Series 2025 Bonds may be applied, to provide for the renewal or refunding of any Series 2025 Notes, or to provide for the costs of issuance thereof, or any combination thereof.

Section 9.02 Details of Series 2025 Notes.

Subject to changes in terms required for any particular issue of Series 2025 Notes, the Series 2025 Notes and additional series of Notes, if any, shall be subject to the following particulars:

(A) The Series 2025 Notes shall be dated and bear interest either from the Date of Issue, or in such manner as shall be determined by the Chief Financial Officer and the State Treasurer; shall be payable upon the stated maturity thereof at the rate or rates determined by the Chief Financial Officer and the State Treasurer determined in the manner prescribed by Sections 9.02(C) or 9.02(D) below on the basis of a 360-day year of twelve 30-day months or any other interest rate convention as determined by the Chief Financial Officer and the State Treasurer; and shall mature on such date, not to exceed one year from the Date of Issue thereof. The Series 2025 Notes may be issued as draw down obligations, in which event interest shall accrue and be payable thereon based on the dates of and principal amounts advanced.

(B) The Series 2025 Notes shall be numbered from R-1 upwards for each issue and shall be in the denomination of \$1,000 or any integral multiple thereof requested by the purchaser thereof or as may be specified by the Chief Financial Officer and the State Treasurer. The Chief Financial Officer and the State Treasurer shall determine the Paying Agent and Registrar for the Series 2025 Notes, prior to the sale thereof. The Series 2025 Notes shall be payable, both as to principal and interest, in legal tender upon maturity, at the Corporate Trust Office of such Paying Agent.

(C) The Series 2025 Notes shall bear such rate or rates of interest as shall at the sale of Series 2025 Notes referred to in Section 9.02(D) hereof be determined by the Chief Financial Officer and the State Treasurer to be in the best interest of the University; provided, however, that:

- (i) the interest rate named shall be expressed as 1/1000 of one percent;
- (ii) all other restrictions as may be imposed by the State Treasurer and the Chief Financial Officer (including any modifications to Paragraph (1) above that are deemed to be in the best interest of the University) prior to the sale of the Series 2025 Notes shall apply; and
- (iii) no rate of interest shall exceed 6% per annum.

(D) (i) The Series 2025 Notes may be sold at public or negotiated sale, on such terms as the Chief Financial Officer and the State Treasurer shall determine to be in the best interest of the University. If sold pursuant to a public sale, the Series 2025 Notes shall be advertised by publication of a notice, which may be abbreviated from the Official Notice of Sale, in a financial journal published in the City of New York, New York. The Official Notice of Sale as a part of any such public sale shall be in substantially the form used by the University with respect to its other issues of revenue bonds.

(ii) The Chief Financial Officer is hereby authorized to cause to be prepared a Preliminary Official Statement with respect to the offering and sale of the Series 2025 Notes and, subsequent to the sale of the Series 2025 Notes, a final Official Statement. The Chief Financial Officer is hereby authorized to deem final the Preliminary Official Statement pursuant to United States Securities and Exchange Commission Rule 15c2-12.

(iii) If sold pursuant to a public sale, the Chief Financial Officer and the State Treasurer are hereby authorized and empowered to award the sale of the Series 2025 Notes in accordance with the provisions of this Article to the bidder submitting the bid most advantageous to the University. The Chief Financial Officer and the State Treasurer will apply their discretion in determining the bid most advantageous to the University.

(E) The Series 2025 Notes shall be in substantially the form attached hereto as Exhibit C, provided, however, that such form may be substantially revised upon advice of Bond Counsel to achieve the objectives of the University as determined by the Chief Financial Officer and the State Treasurer, including any modification to accommodate a draw-down structure. The Series 2025 Notes shall state on their face that they are issued in anticipation of the issuance of the Series 2025 Bonds and are payable, both as to principal and interest, from the proceeds thereof.

(F) The Series 2025 Notes shall be issued in fully registered form or a book-entry eligible form as specified by the Chief Financial Officer and the State Treasurer, who may permit the purchaser to make such determination.

(G) In the event any Series 2025 Note is mutilated, lost, stolen or destroyed, the University may execute a new Series 2025 Note of like date and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Series 2025 Notes, such mutilated Series 2025 Note shall first be surrendered to the University or to its designated agent, and in the case of any lost, stolen or destroyed Series 2025 Note, there shall be first furnished to the University or its agent evidence of such loss, theft or destruction satisfactory to the University or its agent, together with indemnity satisfactory to it; provided that, in the case of a holder which is a bank or insurance company, the agreement of such bank or insurance company to indemnify shall be sufficient. In the event any such Series 2025 Note shall have matured, instead of issuing a duplicate Series 2025 Note, the University may pay the same without surrender thereof. The University or its agent may charge the holder of such Series 2025 Note with its reasonable fees and expenses in this connection.

(H) Any Series 2025 Note issued in fully registered form shall be transferable only upon the books of registry of the University, which shall be kept for that purpose at the office of the registrar (the "**Note Registrar**"), by the registered owner thereof or by his attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Note Registrar, duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any Series 2025 Note, the Note Registrar shall issue, subject to the provisions of Paragraph (I) below, in the name of the transferee, a new Series 2025 Note or Series 2025 Notes of the same aggregate principal amount as the unpaid principal amount of the surrendered Series 2025 Note or Series 2025 Notes. Any holder of a Series 2025 Note in fully registered form requesting any transfer shall pay any tax or other governmental charge required to be paid with respect thereto. As to any Series 2025 Note in fully registered form, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal and interest of any Series 2025 Note in fully-registered form shall be made only to or upon the order of the registered holder thereof, or his duly authorized attorney, and the University, the Note Registrar shall not be affected by any notice to the contrary, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2025 Note to the extent of the sum or sums so paid.

(I) Series 2025 Notes issued in fully registered form, upon surrender thereof at the office of the Note Registrar, with a written instrument of transfer satisfactory to the Note Registrar, duly executed by the holder of the Series 2025 Note or his duly authorized attorney, may, at the option of the holder of the Series 2025 Note, and upon payment by such holder of any charges which the University or the Note Registrar may make as provided in Paragraph (J) below, be exchanged for a principal amount of Series 2025 Notes in fully registered form of any other authorized denomination equal to the unpaid principal amount of surrendered Series 2025 Notes.

(J) In all cases in which the privilege of exchanging or transferring Series 2025 Notes in fully registered form is exercised, the University shall execute and deliver Series 2025 Notes in accordance with the provisions hereof. All Series 2025 Notes in fully registered form surrendered in any such exchanges or transfers shall forthwith be cancelled by the University. There shall be no charge to the holder of such Series 2025 Note for such exchange or transfer of



Series 2025 Notes in fully registered form except that the University and Note Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer.

(K) The Chief Financial Officer, in his discretion and on advice received, shall determine whether the Series 2025 Notes shall be subject to redemption prior to maturity at the option of the University, including applicable redemption dates and prices. In the event that the University shall elect to redeem Series 2025 Notes, it shall give notice to the Trustee, Note Registrar and Paying Agent of such optional redemption. Such notice shall specify the date fixed for redemption.

Section 9.03 Security for Series 2025 Notes.

For the payment of the Series 2025 Notes, there are hereby pledged the proceeds derived from the sale of the Series 2025 Bonds issued pursuant to this Series Resolution or if such Series 2025 Bonds are not issued prior to the maturity of the Series 2025 Notes, from the sale, issuance and delivery of renewal or refunding Series 2025 Notes. The proceeds of such Series 2025 Bonds, when received by the University, shall be applied first to the payment of principal of and interest on the Series 2025 Notes. The University shall either issue such Series 2025 Bonds and apply the proceeds to the redemption of the Series 2025 Notes or shall provide funds therefor from other sources, including the issuance of renewal or refunding Series 2025 Notes.

\* \* \*

**ARTICLE X**  
**TAX COVENANTS**

Section 10.01 Compliance with the Code Generally.

The Board of Trustees hereby represents and covenants that it will comply with all requirements of the Code, and that they will not take any action which will, or fail to take any action (including, without limitation, filing the required information report with the Internal Revenue Service) which failure will, cause interest on the Series 2025 Bonds or Series 2025 Notes to become includable in the gross income of the Holder thereof for federal income tax purposes pursuant to the provisions of the Code. Without limiting the generality of the foregoing, the Board of Trustees represents and covenants that:

(A) All property financed or refinanced by the net proceeds of the Series 2025 Bonds or the Series 2025 Notes will be owned by the University in accordance with the rules governing the ownership of property for federal income tax purposes.

(B) The Board of Trustees shall not permit the proceeds of a Series of the Series 2025 Bonds, the Series 2025 Notes or any Facilities financed with the proceeds of the Series 2025 Bonds or the Series 2025 Notes to be used in any manner that would result in (a) 10% or more of such proceeds being considered as having been used directly or indirectly in any trade or business carried on by any natural person or in any activity carried on by a person other than a natural person other than a governmental unit as provided in Section 141(b) of the Code, or (b) 5% or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code.

(C) The University is not and will not become a party to any contracts with any person for the use or management of any facility provided with the proceeds of the Series 2025 Bonds or the Series 2025 Notes that do not conform to the guidelines set forth in Revenue Procedure 2017-13 (or the successor provisions of any subsequent official guidance).

(D) The University will not sell or lease the Project or any leasehold interest in the Project site, or any property the acquisition of which was funded in whole or in part, with proceeds from the sale of the Series 2025 Bonds or the Series 2025 Notes to any person unless it obtains the opinion of Bond Counsel that such lease or sale will not affect the tax exemption of the Series 2025 Bonds or the Series 2025 Notes.

(E) The Series 2025 Bonds or the Series 2025 Notes will not be federally guaranteed within the meaning of Section 149(b) of the Code. The University shall not enter into any leases or sales or service contracts with any federal government agency and will not enter into any such leases or contracts unless it obtains the opinion of Bond Counsel that such action will not affect the tax exemption of the Series 2025 Bonds or the Series 2025 Notes.

Section 10.02 Rebate.

(A) In addition to the covenants contained in Section 10.01 hereof, the Board of Trustees covenants that it will comply with the provisions of Section 148(f) of the Code pertaining to the rebate of certain investment earnings on the proceeds of the Series 2025 Bonds or the Series 2025 Notes to the United States Government. In this connection, the Board of Trustees covenants to compute, on or before the dates required of them in Section 148(f) of the Code, the rebatable amounts, if any, pertaining to the Series 2025 Bonds or the Series 2025 Notes and to establish a Rebate Fund pursuant to the Rebate Certificate referred to in Paragraph (B) of this Section wherein shall be deposited in a timely fashion all amounts required under said Section 148(f) with respect to the Series 2025 Bonds or the Series 2025 Notes and to pay to the United States Government from the Rebate Fund in the manner and the amounts prescribed in Section 148(f) of the Code.

(B) In order to comply with the requirements of Paragraph (A) of this Section, the Board of Trustees further agrees to execute a Rebate Certificate on or before the delivery of a Series of the Series 2025 Bonds or the Series 2025 Notes pursuant to which the Rebate Fund will be established, and from which Rebate Fund the University will pay the necessary amounts to the United States Government.

(C) Notwithstanding anything in this Section to the contrary, the University will not be obligated to comply with any or all of the provisions set forth above in this Section if the University and the Trustee shall receive a written opinion of Bond Counsel to the effect that such non-compliance will not adversely affect the federal tax-exempt status of the Series 2025 Bonds or the Series 2025 Notes.

(D) Notwithstanding the prior provisions of this Section, the Chief Financial Officer, if applicable, is hereby authorized to make the necessary findings and elections to enable the University to proceed under the spending exceptions contained in Section 148(f)(4)(C) of the Code and Section 1.148-7 of the regulations promulgated under the Code, should he determine in his discretion the same to be in the best interests of the University.

Section 10.03 Reimbursement Declaration.

The University hereby declares its intention to reimburse itself for a portion of the costs of the Project with the proceeds of Series 2025 Bonds. To that end, the Board of Trustees determines and declares as follows:

(a) no funds from any sources other than the Series 2025 Bonds are or are reasonably expected to be, reserved, allocated on a long-term basis or otherwise set aside by the University pursuant to the budget or financial policies of the University for the financing of the portion of the costs of acquisition, construction, and equipping of the Project to be funded with the Series 2025 Bonds;

(b) the University reasonably expects that all or a portion of the expenditures incurred for the Project and the issuance of the Series 2025 Bonds will be paid prior to the issuance of the Series 2025 Bonds;

(c) the University intends and reasonably expects to reimburse itself for all such expenditures paid by it with respect to the Project prior to the issuance of the Series 2025 Bonds from the proceeds of the Series 2025 Bonds, and such intention is consistent with the budgetary and financial circumstances of the University;

(d) all of the costs to be paid or reimbursed from the proceeds of the Series 2025 Bonds will be for costs incurred in connection with the issuance of the Series 2025 Bonds, or will, at the time of payment thereof, be properly chargeable to the capital account of the Project (or would be so chargeable with a proper election) under general federal income tax principles; and

(e) this Series Resolution shall constitute a declaration of official intent under United States Department of the Treasury Regulation Section 1.150-2.

Section 10.04 Taxable Series.

In accordance with Section 4.19 of the Bond Resolution, the Chief Financial Officer is hereby authorized to designate any Series of the Series 2025 Bonds as a Taxable Series. In such event, the above Sections 10.01 and 10.02 shall not apply to such Taxable Series.

\* \* \*

## ARTICLE XI

### MISCELLANEOUS

#### Section 11.01 Combining of Series 2025 Bonds and Previously Authorized Bonds.

Notwithstanding anything contained in this Series Resolution to the contrary, if so determined by the Chief Financial Officer and the State Treasurer, in their discretion and upon the determination that it would be in the best interest of the University, the Series 2025 Bonds may be combined with any other Bonds of the University for sale. If the Chief Financial Officer and the State Treasurer deem it prudent, Series 2025 Bonds may be sold with other Bonds as a single Series of Bonds.

#### Section 11.02 Severability.

If any one or more of the covenants or agreements provided in this Series Resolution on the part of the Board of Trustees, the Chief Financial Officer, the University, the State Treasurer, the Trustee, the Paying Agent or the Registrar to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Series Resolution.

#### Section 11.03 Table of Contents and Section Headings Not Controlling.

The Table of Contents and the Headings of the several Articles and Sections of this Series Resolution have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Series Resolution.

#### Section 11.04 Repealing Clauses.

All resolutions, or parts thereof, inconsistent herewith, be and the same are hereby rescinded and repealed to the extent of such inconsistencies.

#### Section 11.05 Series 2025 Bonds Issued as Multiple Series.

In the event Series 2025 Bonds are sold in more than one Series, separate funds and accounts shall be created and maintained for each Series of Series 2025 Bonds and appropriate numeric or alphanumeric designations shall be established so as to appropriately account for the funds established pursuant to Articles V and VI hereof, as contemplated by Article VII of the Bond Resolution. Notwithstanding anything in the Series Resolution to the contrary, in the event that Series 2025 Bonds are sold in more than one Series, all references in this Series Resolution to Series 2025 Bonds shall, as the context may require, be read as referring to the applicable Series of Series 2025 Bonds.

\* \* \*

DONE IN MEETING DULY ASSEMBLED this 17th day of December 2024.

**WINTHROP UNIVERSITY**

(SEAL)

  
Chairman, Board of Trustees

Attest:

  
Acting Secretary, Board of Trustees

(FORM OF BOND)

WINTHROP UNIVERSITY  
HIGHER EDUCATION REVENUE BOND, SERIES 2025

No. \_\_\_\_\_

Interest Rate

Maturity Date

Original Issue Date

CUSIP

**Registered Holder:**

**Principal Amount:** \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_)

WINTHROP UNIVERSITY (the “*University*”), acknowledges itself indebted and for value received hereby promises to pay, solely as hereinafter provided, to the Registered Holder named above, or registered assigns, the Principal Amount stated above, on the Maturity Date set forth above, unless this Series 2025 Bond be subject to redemption and shall have been redeemed prior thereto as hereinafter provided, upon presentation and surrender of this Series 2025 Bond at the Corporate Trust Office of \_\_\_\_\_ in the City of \_\_\_\_\_, State of \_\_\_\_\_ (the “*Paying Agent*”), and to pay interest on such principal sum at the Interest Rate set forth above (calculated on the basis of a 360-day year of twelve 30-day months), until the obligation of the University with respect to the payment of such principal sum shall be discharged.

This Series 2025 Bond bears interest from the \_\_\_\_\_ 1 or the \_\_\_\_\_ 1 to which interest has been paid next preceding the authentication date hereof, unless the authentication date hereof is a \_\_\_\_\_ 1 or a \_\_\_\_\_ 1, in which event this Series 2025 Bond will bear interest from the earlier of such authentication date or the date to which interest has last been paid; provided that if the authentication date hereof precedes \_\_\_\_\_ 1, 200\_\_, or if the University shall fail to pay interest on \_\_\_\_\_ 1, 200\_\_, then this Series 2025 Bond will bear interest from \_\_\_\_\_ 1, 200\_\_. Interest on this Series 2025 Bond is payable on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year beginning \_\_\_\_\_ 1, 200\_\_. The interest so payable on any \_\_\_\_\_ 1 or \_\_\_\_\_ 1 will be paid to the person in whose name this Series 2025 Bond is registered at the close of business on the 15th day of the \_\_\_\_\_ or \_\_\_\_\_ as the case may be next preceding such \_\_\_\_\_ 1 or \_\_\_\_\_ 1.

Interest hereon is payable by check or draft mailed at the times provided herein from the Corporate Trust Office of the Paying Agent to the person in whose name this Series 2025 Bond is registered on the Record Date at the address shown on the registration books kept by \_\_\_\_\_, in the City of \_\_\_\_\_, State of \_\_\_\_\_ (the “*Registrar*”). The principal of, redemption

premium, if any, and interest on this Series 2025 Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Series 2025 Bond is one of an issue of Bonds in the aggregate principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) (the “**Series 2025 Bonds**”) of like tenor, except as to numbering, rate of interest, date of maturity and redemption provisions, issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina (the “**State**”), and Title 59, Chapter 147 of the Code of Laws of South Carolina 1976, as the same may be further amended from time to time (collectively, the “**Enabling Act**”), and a resolution entitled “A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WINTHROP UNIVERSITY HIGHER EDUCATION REVENUE BONDS AND OTHER MATTERS RELATING THERETO,” duly adopted by The Trustees of Winthrop University (the “**Board of Trustees**”) on December 17, 2024 (the “**Bond Resolution**”), and a resolution entitled “A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE, IN ONE OR MORE SERIES, OF HIGHER EDUCATION REVENUE BONDS OF THE WINTHROP UNIVERSITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$10,000,000; AUTHORIZING THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES PENDING THE ISSUANCE OF THE BONDS; AND OTHER MATTERS RELATING THERETO” duly adopted by the Board of Trustees on December 17, 2024 (the “**Series 2025 Resolution**,” and together with the Bond Resolution, the “**Resolution**”), for the purpose of (1) reimbursing the University for capital expenditures previously made in connection with, and paying the costs of, the Project (as defined in the Series 2025 Resolution), including capitalized interest on the Series 2025 Bonds, if any; (2) paying certain costs and expenses related to the issuance of the Series 2025 Bonds; (3) providing for the Series 2025 Reserve Requirement (as defined in the Series 2025 Resolution), if any; and (4) providing for credit enhancement with respect to the Series 2025 Bonds, if any.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution. Certified copies of the Resolution are on file at the Corporate Trust Office of the Paying Agent and at the office of the Secretary of State of the State of South Carolina.

Both the principal of and interest on this Series 2025 Bond, as the same shall become due, are payable solely from and are secured by a pledge of the Net Revenues and Additional Funds. Such pledge of Net Revenues and Additional Funds is on a parity in all respects with each pledge previously given by the University to secure certain outstanding bonds issued pursuant to the Bond Resolution (the “**Outstanding Bonds**”).

The Bond Resolution authorizes the issuance of additional bonds (“**Additional Bonds**”) on a parity with the Series 2025 Bonds and the Outstanding Bonds which, when issued in accordance with the provisions of the Bond Resolution, will rank equally and be on a parity therewith (the Series 2025 Bonds, the Outstanding Bonds and any Additional Bonds, collectively, the “**Bonds**”). In addition, upon certain circumstances prescribed in the Bond Resolution, the University has issued, and may hereafter issue, additional obligations secured by



any of the Additional Funds, which pledge may be on a parity with the pledge of Additional Funds given to secure the Bonds.

No member of the Board of Trustees, nor any person required by the provisions of the Resolution to sign the Bonds, shall be liable thereon. THIS SERIES 2025 BOND SHALL NOT IN ANY EVENT CONSTITUTE AN INDEBTEDNESS OF THE STATE WITHIN THE MEANING OF ANY PROVISION, LIMITATION OR RESTRICTION OF THE CONSTITUTION OR STATUTES OF THE STATE. THE FAITH AND CREDIT OF THE STATE ARE NOT PLEDGED FOR THE PAYMENT OF PRINCIPAL OR INTEREST ON THE SERIES 2025 BONDS. THE UNIVERSITY IS NOT OBLIGATED TO PAY THIS SERIES 2025 BOND, OR THE INTEREST HEREON, SAVE AND EXCEPT FROM NET REVENUES AND ADDITIONAL FUNDS.

The University has covenanted in the Bond Resolution to prescribe and maintain rates and charges and thereafter collect charges in accordance with such rates for the Facilities or the use thereof which are reasonably expected to yield annual Net Revenues in the current Fiscal Year which, together with any Subsidies for operation of the Facilities or debt service of the Bonds which are otherwise excluded from the definition of "Net Revenues", equal to at least 100% of the Combined Annual Principal and Interest Requirement for all Bonds Outstanding in such Fiscal Year and, promptly upon any material change in the circumstances which were contemplated at the time such rates and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, shall review the rates and charges for such use and shall promptly revise such rates and charges as necessary to comply with the foregoing requirement. For each Fiscal Year, the Board of Trustees shall adopt an Annual Budget including amended rate schedules for such Fiscal Year which shall set forth in reasonable detail the estimated revenues and operating expenses of the Facilities and any Subsidies for each Fiscal Year and which shall include appropriations, if any, for the estimated operating expenses of the Facilities for such period and the amount to be deposited during such Fiscal Year in the Maintenance Reserve Fund. The Board of Trustees may at any time adopt an amended Annual Budget for the remainder of the then current Fiscal Year, or may delegate to the Chief Financial Officer the authority to revise rates and charges as may be necessary, in such a manner as may be consistent with State law.

The Series 2025 Bonds are issuable only as fully registered bonds without coupons in denominations of \$5,000 or any multiple thereof not exceeding the principal amount of the Bonds maturing in each year.

This Series 2025 Bond is transferable, at the times and as otherwise provided in the Resolution, only upon the registration books kept for that purpose at the office of the Registrar by the Holder in person or by his duly authorized attorney, upon (i) surrender of this Series 2025 Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Holder or his duly authorized attorney and (ii) payment of the charges, if any, prescribed in the Resolution. Thereupon a new fully registered Series 2025 Bond or Series 2025 Bonds of like maturity, interest rate, and redemption provisions and in a like aggregate principal amount will be issued to the transferee in exchange therefor as provided in the Resolution. The University and the Paying Agent may deem and treat the person in whose name this Series 2025 Bond is

registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or redemption price hereof and interest due hereon and for all other purposes.

For every exchange or transfer of the Series 2025 Bonds, the University, the Paying Agent and the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

The Series 2025 Bonds are not callable for redemption prior to \_\_\_\_\_ 1, \_\_\_\_.

The Series 2025 Bonds maturing after \_\_\_\_\_ 1, \_\_\_\_ may be redeemed prior to their respective maturities at the option of the University on and after \_\_\_\_\_ 1, \_\_\_\_, in whole or in part at any time at the following redemption prices (expressed as percentages of the principal amount to be redeemed) plus interest accrued to the date fixed for redemption:

<u>Period During Which Redeemed</u> <u>(both Dates Inclusive)</u>	<u>Redemption Price</u>
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The Series 2025 Bonds maturing in the year \_\_\_ are subject to mandatory redemption in part (to be selected by lot by the Registrar in the manner provided in the Resolution), at the principal amount thereof plus interest accrued to the redemption date, on the dates and in the principal amounts set forth below:

<u>_____ 1</u> <u>of the Year</u>	<u>Requirement</u>	<u>_____ 1</u> <u>of the Year</u>	<u>Requirement</u>
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**\*Final Maturity**

The amount of the mandatory sinking fund redemptions prescribed above shall be reduced to the extent Series 2025 Bonds of the applicable maturity have been purchased by the University or redeemed by the University pursuant to the optional redemption provisions set forth above, in such manner as the University shall direct, or, absent such direction, on a pro rata basis.

If less than all of the Series 2025 Bonds are to be redeemed, the particular Series 2025 Bonds or portions of Series 2025 Bonds to be redeemed will be selected by the Trustee. Series 2025 Bonds in denomination of more than \$5,000 may be redeemed in part from time to time in one or more units of \$5,000 in the manner provided in the Resolution.

If any of the Series 2025 Bonds, or portions thereof, are called for redemption, the Registrar will give notice to the Holders of any such Series 2025 Bonds to be redeemed, in the name of the University, of the redemption of such Series 2025 Bonds, or portions thereof, which notice will specify the Series 2025 Bonds and maturities to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2025 Bonds are to be redeemed, the numbers of such Series 2025 Bonds so to be redeemed, and, in the case of Series 2025 Bonds to be redeemed in part only, such notice will also specify the respective portions of the principal amount thereof to be redeemed. Such notice will be given by mailing a copy of the redemption notice by first class mail at least 30 days but no more than 60 days prior to the date fixed for redemption to any Paying Agent or Agents and the Holder of each Series 2025 Bond to be redeemed, at the address shown on the registration books; provided, however, that failure to give such notice by mail, or any defect in the notice mailed to the Holder of any Series 2025 Bond, shall not affect the validity of the proceedings for the redemption of any other Series 2025 Bond. Provided funds for their redemption are on deposit with the Trustee or any Paying Agent, all Series 2025 Bonds so called for redemption will cease to bear interest on the specified redemption date and shall no longer be deemed to be Outstanding. Such notice may be conditional upon any event or occurrence set forth in such notice, and the obligation of the Registrar to provide the notice of redemption shall not be conditioned on the prior deposit of the amount due at the redemption date.

This Series 2025 Bond and the interest hereon are exempt from all State, county, municipal, school taxes and franchise and license fees and all other taxes or assessments, except estate or transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State to exist, be performed or happen precedent to or in the issuance of this Series 2025 Bond, exist, have been performed and have happened, that the amount of this Series 2025 Bond, together with all other indebtedness of the University, does not exceed any limit prescribed by such Constitution or laws.

This Series 2025 Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

**IN WITNESS WHEREOF**, the University has caused this Series 2025 Bond to be signed by the manual or facsimile signature of the Chairman of the Board of Trustees, its corporate seal to be impressed hereon, and the same to be attested by the manual signature of the Secretary of the Board of Trustees.

**WINTHROP UNIVERSITY**

(SEAL)

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Chairman, Board of Trustees

Attest:

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Secretary, Board of Trustees

CERTIFICATE OF AUTHENTICATION

This Series 2025 Bond is one of the Series 2025 Bonds of the issue described in the within mentioned Resolution.

\_\_\_\_\_  
REGISTRAR

Authentication Date: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Officer

PROVISIONS FOR REGISTRATION

The following abbreviations, when used in the inscription on the face of the within Series 2025 Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -as tenants in common	UNIF GIFT MIN ACT - _____ Custodian _____
TEN ENT -as tenants by the entireties	(Cust) (Minor)
JT TEN -as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in list above.

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

\_\_\_\_\_  
(Please print or typewrite Name, Social Security or Taxpayer Identification Number and address of Transferee)

the within Series 2025 Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the within Series 2025 Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guarantee:

\_\_\_\_\_  
Signature(s) must be guaranteed by a member firm of the New York stock Exchange or a commercial bank or trust company

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name of the registered holder as it appear upon the face of the within Series 2025 Bond in every particular, without alteration or enlargement or any change whatever.

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “*Disclosure Undertaking*”) is executed and delivered this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by Winthrop University (the “*Issuer*”) in connection with the issuance of the Issuer’s \$ \_\_\_\_\_ Higher Education Revenue Bonds, Series 2025 (the “*Series 2025 Bonds*”). The Series 2025 Bonds are being issued pursuant to a Bond Resolution adopted by The Trustees of Winthrop University (the “*Board of Trustees*”), the governing body of the Issuer on December 17, 2024 (the “*Bond Resolution*”), and a resolution adopted by the Board of Trustees on December 17, 2024 (the “*Series 2025 Resolution*” and, together with the Bond Resolution, as amended and supplemented, the “*Resolution*”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Series 2025 Bonds and in order to assist the Participating Underwriters in complying with the U.S. Securities and Exchange Commission (the “*SEC*”) Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Bond Resolution or elsewhere in this Disclosure Undertaking, which apply to any capitalized terms used in this Disclosure Undertaking, the following capitalized terms shall have the following meanings:

“*Annual Report*” means the annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

“*Beneficial Owner*” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Bonds (including persons holding Series 2025 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2025 Bonds for federal income tax purposes.

“*Dissemination Agent*” means any person designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“*EMMA*” means the Electronic Municipal Market Access system described in SEC Release No. 34-59062 (or any successor electronic information system) and maintained by MSRB as the sole repository for the central filing of electronic disclosure pursuant to the Rule.

“*Financial Obligation*” as used in this Disclosure Undertaking is defined in the Rule, as may be amended, as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“**Listed Events**” means any of the events listed in Section 5(a) of this Disclosure Undertaking.

“**MSRB**” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Unless otherwise designated by MSRB or the SEC, filings with the MSRB are to be made through EMMA.

“**Official Statement**” means the Official Statement dated \_\_\_\_\_, \_\_\_\_\_, prepared in connection with the Series 2025 Bonds.

“**Participating Underwriter**” means any of the original underwriters of the Series 2025 Bonds required to comply with the Rule in connection with the offering of the Series 2025 Bonds.

“**Rule**” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**State**” means the State of South Carolina.

Section 3. Provision of Annual Reports. (a) The Issuer shall, not later than **February 1** of each year, commencing with the report for the fiscal year ended June 30, \_\_\_\_\_, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Not later than 15 business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent, if other than the Issuer. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Undertaking; provided, however, that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a) hereof.

(b) The Annual Report shall be submitted to the MSRB either through a web-based electronic submission interface or through electronic computer-to-computer data connections with EMMA in accordance with the submission process, document format and configuration requirements established by the MSRB. The Annual Report shall also include all related information required by the MSRB to accurately identify: (i) the category of information being provided; (ii) the period covered by the Annual Report; (iii) the issues or specific securities to which the Annual Report is related (including CUSIP number, Issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the Issuer; (v) the name and date of the document; and (vi) contact information for the Dissemination Agent or the Issuer’s submitter.

(c) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a) above, the Issuer shall, in a timely manner, send or cause to be sent to the MSRB, a notice in substantially the form attached hereto as Exhibit A.

(d) In the event that there is a Dissemination Agent, then not later than fifteen (15) business days prior to each due date, the Issuer shall provide the Annual Report to the



Dissemination Agent for distribution to the MSRB. In connection with this distribution of the Annual Report, the Dissemination Agent, if any, shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, and stating the date it was provided to the MSRB.

Section 4. Contents of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The Issuer's complete audited financial statements for the preceding fiscal year prepared in accordance with accounting principles generally accepted within the United States of America as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available;

(b) Updates of the financial information and operating data as of a date not earlier than the end of the preceding fiscal year for the type of information included under the headings in the Official Statement:

[INSERT RELEVANT SECTIONS]

The Annual Report may consist of one or more documents. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer, which have been made available to the public on EMMA. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. (a) The Issuer shall give or cause to be given notice of the occurrence of any of the following events with respect to the Series 2025 Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Series 2025 Bonds, or other material events affecting the tax status of the Series 2025 Bonds;

- (vii) modifications to rights of security holders, if material;
- (viii) Bond calls, if material and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Series 2025 Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of any obligated person, which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;
- (xiii) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of trustee, if material;
- (xv) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the obligated person, any of which reflect financial difficulties.

Section 6. Format for Filing With the MSRB. All documents provided to the MSRB pursuant to this Disclosure Undertaking shall be submitted in electronic format and shall identify the Series 2025 Bonds by name and CUSIP number or shall be accompanied by such identifying information as described from time to time by the MSRB.

Section 7. Termination of Reporting Obligation. This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Series 2025 Bonds shall have been paid in full or the Series 2025 Bonds shall have otherwise been paid or legally defeased; provided, however, that if the Rule (or any successor provision) shall be amended, modified, or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided further that if and to the extent the Rule (or any successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Series 2025 Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of the Rule so declared, shall no longer be required to be provided hereunder. Upon any legal defeasance, the Issuer shall electronically file notice of such defeasance with the MSRB, and such notice shall state whether the Series 2025 Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist in its carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Undertaking.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements or change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2025 Bonds, or the type of business conducted;

(b) This Disclosure Undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2025 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Series 2025 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change

shall be given by filing with the MSRB and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Undertaking, any holder or Beneficial Owner of the Series 2025 Bonds may take such actions as may be necessary and appropriate, including seeking *mandamus* or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Undertaking; provided, however, that any such action may be instituted only in the federal or State courts located in Columbia, South Carolina. A default under this Disclosure Undertaking shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking, and in any separate written agreement between the Issuer and the Dissemination Agent.

Section 13. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders and Beneficial Owners from time to time of the Series 2025 Bonds, and shall create no rights in any other person or entity. This Disclosure Undertaking is not intended to create any monetary rights on behalf of any person.

**WINTHROP UNIVERSITY**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT

Issuer: Winthrop University

Obligations: \$\_\_\_\_\_ Higher Education Revenue Bonds, Series 2025 (the “Series 2025 Bonds”)

Date of  
Issuance: \_\_\_\_\_, \_\_\_\_\_

CUSIP(s):

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Series 2025 Bonds as required by the Bond Resolution adopted on \_\_\_\_\_, \_\_\_\_\_. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

**WINTHROP UNIVERSITY**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Date: \_\_\_\_\_, \_\_\_\_\_

## [FORM OF NOTE]

UNITED STATES OF AMERICA  
 STATE OF SOUTH CAROLINA  
 WINTHROP UNIVERSITY  
 HIGHER EDUCATION REVENUE  
 BOND ANTICIPATION NOTE  
 SERIES 2025

No. \_\_\_\_\_

CUSIP \_\_\_\_\_

REGISTERED HOLDER: \_\_\_\_\_

PRINCIPAL SUM: \_\_\_\_\_ \$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS, that **WINTHROP UNIVERSITY**, an institution of higher learning of the State of South Carolina (the “*University*”), for value received promises to pay, but only from the sources as hereinafter described, to the Registered Holder named above the principal sum of \_\_\_\_\_ and No/100 Dollars [or so much of such sum as is advanced] on \_\_\_\_\_, 20\_\_, [unless sooner redeemed as provided for herein,] together with interest [on such principal sum or so much thereof as is advanced][from the date hereof][from the date of each such advance] at the rate of \_\_\_\_\_ and \_\_\_\_\_/100 per centum (\_\_\_\_\_% ) per annum, payable (on the basis of a 360-day year consisting of twelve 30-day months) at maturity.

This Series 2025 Note, which is one of an issue of \$ \_\_\_\_\_ aggregate principal amount of Higher Education Revenue Bond Anticipation Notes, Series 2025, of the University (the “*Series 2025 Notes*”), is being issued pursuant to and in accordance with Article X, Section 13 of the Constitution of the State of South Carolina, 1895, as amended, Title 11, Chapter 17 of the Code of Laws of South Carolina 1976, as amended (the “*Note Enabling Act*”), and Title 59, Chapter 147 of the Code of Laws of South Carolina 1976, as the same may be further amended from time to time (the “*Bond Enabling Act*”); a resolution entitled “A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WINTHROP UNIVERSITY HIGHER EDUCATION REVENUE BONDS AND OTHER MATTERS RELATING THERETO,” duly adopted by the Board of Trustees of the University (the “Board of Trustees”) on December 17, 2024 (the “*Bond Resolution*”), and a resolution entitled “A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE, IN ONE OR MORE SERIES, OF HIGHER EDUCATION REVENUE BONDS OF THE WINTHROP UNIVERSITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$10,000,000; AUTHORIZING THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES PENDING THE ISSUANCE OF THE BONDS; AND OTHER MATTERS RELATING THERETO” duly adopted by the Board of Trustees on December 17, 2024 (the “*Series 2025 Resolution*”), and together with the Bond Resolution, the “*Resolution*”). This Series 2025 Note is payable, both as to principal and interest, from the proceeds of the Series 2025 Bonds authorized to be issued under the Resolution, or if

said Series 2025 Bonds are not issued prior to the maturity of the Series 2025 Notes, from the sale, issuance and delivery of an issue of renewal or refunding bond anticipation notes.

This Series 2025 Note has been issued in fully-registered form, and all principal, interest or other amounts due hereunder shall be payable only to the registered owner hereof. The principal of and interest on this Series 2025 Note, when due, shall be payable upon presentation and surrender of this Series 2025 Note at the principal office of \_\_\_\_\_, in the City of \_\_\_\_\_, State of \_\_\_\_\_, as Paying Agent.

This Series 2025 Note may be transferred only upon assignment duly executed by the registered owner and validated by \_\_\_\_\_, as registrar (the “*Registrar*”) by both endorsement upon this Series 2025 Note and entry of the assignee’s name and address upon the registration records to be maintained by the Registrar. So long as any amount remains outstanding hereunder, there may be only one registered owner of this Series 2025 Note at any time. Any purported assignment in contravention of the foregoing requirements shall be, as to the University, absolutely null and void. The person in whose name this Series 2025 Note shall be registered shall be deemed and regarded as the absolute owner hereof for all purposes; and payment of the principal of and interest on this Series 2025 Note shall be made only to or upon the order of the registered owner or his legal representative. All payments made in this manner shall be valid and effective to satisfy and discharge the liability of the University upon this Series 2025 Note to the extent of the sum or sums paid. No person other than the registered owner shall have any other rights under this Series 2025 Note against the University. Notwithstanding the foregoing, nothing herein shall limit the rights of a person having a beneficial interest in this Series 2025 Note as against a person (including the registered owner) other than the University, as in the case where the registered owner is a trustee or nominee for two or more beneficial owners of an interest in this Series 2025 Note.

**[This Series 2025 Note is not subject to redemption prior to maturity.]**

This Series 2025 Note is a special obligation of the University and there are hereby pledged to the payment of this Series 2025 Note, both principal and interest, when due, the proceeds of the Series 2025 Bonds or if the Series 2025 Bonds are not issued prior to the maturity of the Series 2025 Notes, from the sale, issuance and delivery of an issue of renewal or refunding bond anticipation notes. The University at its option may also utilize any other funds available therefor for the payment of the principal of and interest on this Series 2025 Note. The full faith, credit, and taxing power of the State of South Carolina are not pledged for the payment of principal of and interest on this Series 2025 Note. The Board of Trustees agree that the University will issue no further bond anticipation notes in anticipation of the issuance of the Series 2025 Bonds.

This Series 2025 Note and the interest hereon are exempt from all state, county, municipal, school district and all other taxes or assessments, direct or indirect, general or special, and whether imposed for the purpose of general revenue or otherwise, except estate or other transfer taxes and certain fees or franchise fees or taxes.

This Series 2025 Note shall not be entitled to any benefit under the Resolution nor become valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Registrar specified below.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of South Carolina to exist, to happen, or to be performed precedent to or in the issuance of this Series 2025 Note, do exist, have happened, and have been performed in regular and due time, form, and manner; that the amount of this Series 2025 Note and the issue of which it is a part does not exceed any constitutional or statutory limitation thereon; and that the Board of Trustees has irrevocably obligated the University to issue and sell, prior to the stated maturity hereof, in the manner prescribed by law, the Series 2025 Bonds in anticipation of which this Series 2025 Note is issued.

**IN WITNESS WHEREOF**, the University has caused this Series 2025 Note to be executed in its name by the manual or facsimile signature of the Chairman of the Board of Trustees, under the Seal of the University impressed hereon, and attested by the manual signature of the Secretary of the Board of Trustees this \_\_\_ day of \_\_\_\_\_, 20\_\_.

**WINTHROP UNIVERSITY**

(SEAL)

\_\_\_\_\_  
Chairman, Board of Trustees

Attest:

\_\_\_\_\_  
Secretary, Board of Trustees



CERTIFICATE OF AUTHENTICATION

This Series 2025 Note is one of the Series 2025 Notes of the issue described in the within-mentioned Resolution.

\_\_\_\_\_  
REGISTRAR

By: \_\_\_\_\_  
Authorized Officer

Date of Authentication: \_\_\_\_\_, 20\_\_

PROVISIONS FOR REGISTRATION

The following abbreviations, when used in the inscription on the face of the within Series 2025 Note, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -as tenants in common	UNIF GIFT MIN ACT - _____ Custodian _____
TEN ENT -as tenants by the entireties	(Cust) (Minor)
JT TEN -as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in list above.

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

\_\_\_\_\_  
(Please print or typewrite Name, Social Security or Taxpayer  
Identification Number and address of Transferee)

the within Series 2025 Note and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the within Series 2025 Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guarantee:

\_\_\_\_\_  
Signature(s) must be guaranteed by a member firm of the New York stock Exchange or a commercial bank or trust company

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name of the registered holder as it appear upon the face of the within Series 2025 Note in every particular, without alteration or enlargement or any change whatever.

## A RESOLUTION

APPROVING THE ISSUANCE AND SALE, IN ONE OR MORE SERIES, OF HIGHER EDUCATION REVENUE BONDS OF WINTHROP UNIVERSITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$10,000,000; AUTHORIZING THE ISSUANCE AND SALE OF BOND ANTICIPATION NOTES PENDING THE ISSUANCE OF THE BONDS; AND OTHER MATTERS RELATING THERETO

As an incident to the adoption of this resolution (this “Resolution”), the South Carolina State Fiscal Accountability Authority (the “Authority”) recites the following:

WHEREAS, The Trustees of Winthrop University (the “Board of Trustees”), the governing body of Winthrop University, South Carolina (the “University”), is authorized by Title 59, Chapter 147 of the Code of Laws of South Carolina 1976, as amended (the “Enabling Act”) to make provision for the issuance of higher education revenue bonds (“Higher Education Revenue Bonds”) to financing or refinancing in whole or in part the cost of the acquisition, construction, reconstruction, renovation and improvement of land, buildings and other improvements to real property and equipment for the purpose of providing facilities serving the needs of the University including, but not limited to, dormitories, apartment buildings, dwelling houses, bookstores and other stores operated by the University, laundry, dining halls, cafeterias, parking facilities, student recreational, entertainment and fitness related facilities, inns, conference and other nondegree educational facilities and similar auxiliary facilities of the University and other facilities which are auxiliary to any of the foregoing, excluding, however, athletic department projects which primarily serve varsity athletic teams of the University and to issue bonds payable from the operation, sale, lease, or other disposition thereof in order to finance such construction and improvements.

WHEREAS, on December 17, 2024, the Board of Trustees adopted a resolution entitled “A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WINTHROP UNIVERSITY HIGHER EDUCATION REVENUE BONDS AND OTHER MATTERS RELATED THERETO” (the “Bond Resolution”), as a means of providing for the issuance from time to time of Higher Education Revenue Bonds of a particular series pursuant to the provisions of a series resolution of the Board of Trustees, provided all conditions required by the Bond Resolution are met. There are no presently outstanding Higher Education Revenue Bonds of the University.

WHEREAS, on December 17, 2024, the Board of Trustees adopted a series resolution entitled “A SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE, IN ONE OR MORE SERIES, OF HIGHER EDUCATION REVENUE BONDS OF WINTHROP UNIVERSITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$10,000,000; DESIGNATING CERTAIN ADDITIONAL FACILITIES UNDER THE BOND RESOLUTION; AND OTHER MATTERS RELATING THERETO” (the “Series Resolution”) authorizing the issuance of Higher Education Revenue Bonds, Series 2025 (the “Series 2025 Bonds”) to defray the costs of acquiring an approximately 406-bed student housing facility known as “The Courtyard at Winthrop” from the Winthrop University Real Estate Foundation, Inc. (the “Project”).

WHEREAS, the Series Resolution authorized the use of proceeds of the Series 2025 Bonds (i) to pay the costs of, and reimburse the University for capital expenditures made in connection with, the Project, and (ii) to pay the costs of issuance thereof.

WHEREAS, the Series Resolution also authorizes the issuance of notes (the “Series 2025 Notes”) pursuant to Title 11, Chapter 17 of the Code of Laws of South Carolina 1976, as amended (the “Note Enabling Act”) in anticipation of the issuance of the Series 2025 Bonds for the purpose for which the Series 2025 Bonds may be issued, and further authorizes the renewal or refunding of Series 2025 Notes until such time as officials of the University and the State Treasurer determine to issue the Series 2025 Bonds. The proceeds of any Series 2025 Notes issued pursuant to the Series Resolution shall be applied for the purpose for which proceeds of the Series 2025 Bonds may be applied, to provide for the renewal or refunding of any Series 2025 Notes, or to provide for the costs of issuance thereof, or any combination thereof. Article IX of the Series Resolution provides that the Chief Financial Officer and the State Treasurer must determine that the issuance of Series 2025 Notes, including any refunding or renewal Series 2025 Notes, is in the best interest of the University prior to the issuance of Series 2025 Notes.

WHEREAS, the Board of Trustees has determined that a current need exists for the Project and the University has requested the Authority approve at this time the issuance by the University of the Series 2025 Bonds and the Series 2025 Notes, and other matters related thereto, as set forth in the Series Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH CAROLINA STATE FISCAL ACCOUNTABILITY AUTHORITY, IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

Section 1.01

The Bond Resolution and the Series Resolution, each in the form adopted by the Board of Trustees, have been presented to the Authority.

Section 1.02

Any capitalized term used in this Resolution, but not defined herein, shall have the meaning ascribed to such term in the Bond Resolution or the Series Resolution.

## ARTICLE II

### AUTHORIZATION FOR THE ISSUANCE AND SALE OF THE SERIES 2025 BONDS AND THE SERIES 2025 NOTES

#### Section 2.01

The Authority hereby approves and authorizes the issuance and sale of the Series 2025 Bonds in an aggregate principal amount not to exceed \$10,000,000 at public or private sale in accordance with and subject to the terms of the Series Resolution, including a negotiated sale as authorized in Article VII thereof.

#### Section 2.02

The Authority hereby approves and authorizes the issuance and sale of the Series 2025 Notes in an aggregate principal amount not to exceed \$10,000,000 at public or private sale in accordance with and subject to the terms of the Series Resolution, including a negotiated sale as authorized by Article IX thereof, should the Chief Financial Officer and the State Treasurer determine that it would be in the best interest of the University to issue Series 2025 Notes in anticipation of the Series 2025 Bonds. This approval to issue and sell Series 2025 Notes includes the approval to issue refunding or renewal Series 2025 Notes without further action of the Authority, as described at Section 11-17-60 of the Note Enabling Act.

#### Section 2.03

On the basis of the foregoing and after due consideration of the facts above recited and other matters appurtenant thereto, this Resolution has been adopted.

Dated: February 4, 2025.



Pope Flynn, LLC  
1411 Gervais Street, Suite 300  
Post Office Box 11509 (29211)  
Columbia, SC 29201  
MAIN 803.354.4900  
FAX 803.354.4899  
www.popeflynn.com

\_\_\_\_\_, 2025

The Trustees of Winthrop University  
Rock Hill, South Carolina

Re: \$\_\_\_\_\_ Winthrop University Higher Education Revenue Bonds, Series 2025

Ladies and Gentlemen:

We have acted as bond counsel to Winthrop University (the “University”) in connection with the issuance by the University of its \$\_\_\_\_\_ Higher Education Revenue Bonds, Series 2025 (the “Series 2025 Bonds”). The Series 2025 Bonds are issued by the University pursuant to a bond resolution adopted by The Trustees of Winthrop University (the “Board of Trustees”) on December 17, 2024 (the “Bond Resolution”); a series resolution adopted by the Board of Trustees on December 17, 2024 (the “2024 Series Resolution,” and together with the Bond Resolution, the “Resolution”); an approving resolution adopted by the State Fiscal Accountability Authority on February 4, 2025; and the Constitution and statutes of the State of South Carolina, including particularly Title 59, Chapter 147 of the Code of Laws of South Carolina 1976, as amended (the “Enabling Act”). Each capitalized term used herein and not otherwise defined has the meaning given such term in the Resolution. Under the Resolution, both the principal of and interest on the Series 2025 Bonds, as the same shall become due, are payable solely from the Net Revenues and Additional Funds.

Regarding questions of fact material to our opinion, we have relied on the representations of the University contained in the Resolution, and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The University is validly existing as a body politic and corporate and an institution of higher learning of the State of South Carolina, with the power to adopt the Resolution, perform the agreements on its part contained therein, and issue the Series 2025 Bonds.
2. The Resolution has been duly adopted by the Board of Trustees, and constitutes a valid and binding agreement of the University enforceable against the University.
3. The Resolution creates a valid lien on the Net Revenues, and the Additional Funds if and when designated, pledged by the Resolution for the security of the Series 2025 Bonds on a parity with other Bonds issued or to be issued under the Resolution.
4. The Series 2025 Bonds have been duly authorized and executed by the University and are valid and binding limited obligations of the University, payable solely from the Net Revenues and the Additional Funds, if and when designated, as provided in the Resolution. The purposes to which the proceeds of the Series 2025 Bonds will be applied are authorized by the Enabling Act. The Series 2025 Bonds do not constitute a general indebtedness of the University or an indebtedness of any kind of the State of South Carolina.

5. Under existing law, assuming continuing compliance with certain covenants made by the University to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and the applicable regulations promulgated thereunder, and the accuracy of certain representations of the University, interest on the Series 2025 Bonds (i) is excluded from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code. Such interest is, however, taken into account in determining the annual adjusted financial statement income of certain applicable corporations (as defined in Section 59(k) of the Code) for the purpose of determining the application of the 15-percent alternative minimum tax imposed on the adjusted financial statement income of such corporations.

6. Under existing law, both the Series 2025 Bonds and the interest thereon are exempt from all taxation by the State of South Carolina, its counties, municipalities, and school districts, except estate, transfer, and certain franchise taxes. Interest on the Series 2025 Bonds is currently subject to the tax imposed on banks by Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue as a franchise tax.

The rights of the holders of the Series 2025 Bonds and the enforceability of the Series 2025 Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally, whether considered at law or in equity, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the official statement with respect to the Series 2025 Bonds, or regarding the perfection or priority of the lien on the Net Revenues and the Additional Funds created under the Resolution (or any other document or instrument mentioned herein). Further, we express no opinion regarding tax consequences arising with respect to the Series 2025 Bonds other than expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

Pope Flynn, LLC



Pope Flynn, LLC  
1411 Gervais Street, Suite 300  
Post Office Box 11509 (29211)  
Columbia, SC 29201  
MAIN 803.354.4900  
FAX 803.354.4899  
www.popeflynn.com

February 4, 2025

South Carolina State Fiscal Accountability Authority  
Columbia, South Carolina

Re: Not Exceeding \$10,000,000 Winthrop University Higher Education Revenue Bonds,  
Series 2025

Ladies and Gentlemen:

We are acting as bond counsel to Winthrop University (the “University”) in connection with the proposed issuance by the University of the above-referenced bonds (the “Bonds”). At your request, we are delivering this opinion in connection with the University’s request<sup>1</sup> to the South Carolina State Fiscal Accountability Authority (the “SFAA”) dated January 2, 2025 (the “Petition”), to approve the issuance of the Bonds pursuant to the South Carolina Constitution and Acts of the General Assembly of the State of South Carolina, including particularly Title 59, Chapter 147 of the Code of Laws of South Carolina 1976, as amended (the “Act”) for the purpose of acquiring an approximately 406-bed student housing facility known as “The Courtyard at Winthrop” from the Winthrop University Real Estate Foundation, Inc.

In that capacity, we have examined originals or copies of the Petition, the Bond Resolution duly adopted on December 17, 2024, by The Trustees of Winthrop University (the “Board of Trustees”), a Series Resolution duly adopted by the Board of Trustees on December 17, 2024 (together, the “Bond Resolution”), and a proposed resolution of the SFAA in the form submitted as part of the Petition (the “SFAA Resolution,” and together with the Petition, and the Bond Resolution, the “Transaction Documents”).

In rendering the opinion expressed below, we have relied solely on our examination of the Transaction Documents. We have not made any investigation as to any factual matter or as to the accuracy or completeness of any representation, warranty, data, or any other information, whether written or oral, that may have been made by or on behalf of the University, the SFAA or the parties to any of the documents related to the Bonds. Further, in rendering the opinion expressed below, we do not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State of South Carolina, and the opinion is limited to the federal laws of the United States of America and the laws of the State of South Carolina. Nothing herein should be understood to render or express a credit or business judgement regarding the issuance of the Bonds.

Based upon the stated examination and assumptions, and subject to the stated qualifications and limitations, we are of the opinion, under existing law, that the Transaction Documents comply with all requirements of the Act, contain all required facts, information, and findings by the respective authorities, and are legally sufficient to allow the SFAA to approve the issuance of the Bonds through the adoption of the SFAA Resolution.

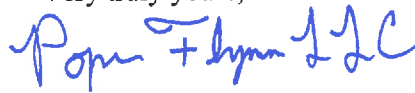
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<sup>1</sup> Transmitted by Pope Flynn, LLC to Delbert H. Singleton, Jr., as SFAA Secretary by transmittal letter dated January 2, 2025.



Except as set forth above, we express no opinion in connection with the issuance and sale of the Bonds. The opinion expressed above is rendered solely for your benefit in considering the approval of the issuance of the Bonds under the Act. The opinion may neither be relied on by you for any other purpose nor be furnished to, used, circulated, quoted, or relied on by any other person or entity for any other purpose, without our prior written consent in each instance. This opinion speaks only as of the date hereof and we disclaim any obligation to update the opinion expressed above for events occurring or coming to our attention after the date of this letter.

Very truly yours,



Pope Flynn, LLC

Rationale and Background

Acquisition of The Courtyard

Not Exceeding \$10,000,000 Winthrop University Higher Education Revenue Bond, Series 2025

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I. Background

In 2002, WUREF Development, LLC (the “Company”) developed student housing, comprising 406 beds, on land adjacent to the campus of Winthrop University (the “University”). The Company is a single member LLC, whose sole member is the Winthrop University Real Estate Foundation (the “Foundation”), which is a component unit of the University. The student housing facility is known as “The Courtyard” and was initially financed with proceeds of bonds issued by the South Carolina Jobs-Economic Development Authority (“JEDA”) in 2002 in the principal amount of \$18,875,000 (the “Loan”). The University manages The Courtyard pursuant to the terms of a management agreement, under which it refers students to The Courtyard and is reimbursed for operational expenses. For all practical purposes, The Courtyard is integrated into the housing stock of the University.

Wells Fargo Bank, National Association (“Wells Fargo”) currently holds the Loan, which will mature on August 27, 2025 with an approximate loan balance of \$9.5 million outstanding. Wells Fargo has communicated its intention not to extend or refinance the Loan as part of a change in business practices. The appraised value of The Courtyard at Winthrop is \$29.6 million and the current loan balance is \$9.5 million. The two options considered by the Company, Foundation, and University are (i) to find a new lender before August 27, 2025 through which the Company may refinance the Wells Fargo Loan and continue the current arrangement among the parties, or (ii) to sell The Courtyard to the University at an acquisition price equal to the then existing Loan balance plus transaction costs.

II. Proposed Action

The Company and Foundation have proposed to transfer a \$29.6 million asset in exchange for the University retiring the \$9.5 million Loan balance and paying associated transaction costs. The University views this proposal very favorably on the basis that it currently maintains sole use of The Courtyard, sourcing a new financing is imminent, and the University may access capital on a less expensive basis and on more favorable terms than a single-member, single-asset LLC. Acquiring The Courtyard would also allow for its legal incorporation into its housing stock and reduce complexity.

The University seeks to use the Higher Education Revenue Bond Act to issue a bank-placed tax-exempt municipal bond following a competitive process overseen by the Office of State Treasurer. The University anticipates a fixed-rate, fully amortized borrowing should the Joint Bond Review Committee favorably review, and the State Fiscal Accountability Authority approve, the acquisition and the financing at their meetings on January 29 and February 4, respectively. In summary, the University would like to acquire The Courtyard in order (i) to ensure its continued availability for students, and (ii) to secure long-term financing on more favorable terms and less complexity than the expiring Loan.



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January 15, 2025

Mr. Delbert H. Singleton, Jr.  
Assistant Executive Director and Authority Secretary  
South Carolina State Fiscal Accountability Authority  
1200 Senate Street, Suite 600  
Columbia, South Carolina 29201

Re: Not Exceeding \$10,000,000 Winthrop University Higher Education Revenue Bonds, Series 2025

Dear Delbert:

Winthrop University (the "University") plans to request project review and approval of the proposed acquisition of The Courtyard at Winthrop property project at the January 29, 2025 Joint Bond Review Committee and February 4, 2025 State Fiscal Accountability Authority (the "Authority") meetings, and in connection with such request will propose that a portion of the budget for such project include proceeds of the above-referenced bonds (the "Bonds"). The University prepared the enclosed report in accordance with the policy adopted by the Joint Bond Review Committee on October 7, 2014, as amended on September 13, 2016, regarding any agency or institution request for a project approval that results in the addition of bond funds to the project budget, and is providing it to the Authority as requested. Please let us know should you require anything further or if you have any questions regarding the enclosed.

Very truly yours,

A handwritten signature in blue ink that reads 'Gary T. Pope, Jr.' with a stylized flourish at the end.

Gary T. Pope, Jr.

Enclosure

## Winthrop University Bond Information Report

Prepared in Connection with the Proposed Authorization of  
Not Exceeding \$10,000,000 of Winthrop University  
Higher Education Revenue Bonds, Series 2025

February 2025 State Fiscal Accountability Authority Meeting

*Amount and Type of Bond.* Winthrop University (the “University” or “Winthrop”) is seeking review by the Joint Bond Review Committee and approval by the South Carolina State Fiscal Accountability Authority for the issuance of not exceeding \$10,000,000 of Winthrop University Higher Education Revenue Bonds, Series 2025 (the “Series 2025 Bonds”), the proceeds of which may be applied for the purposes of: (1) paying the costs of, and reimbursing the University for any capital expenditures previously made in connection with, the Project (as defined below); and (2) paying the costs of issuance of the Series 2025 Bonds, including any credit enhancement therefor. The Project is defined to include the costs to acquire an approximately 406-bed student housing facility known as “The Courtyard at Winthrop” from the Winthrop University Real Estate Foundation, Inc. (the “Foundation”).

*Revenues Pledged to Pay the Bonds.* The University’s Higher Education Revenue Bonds are payable from, and are secured by a pledge of, the Net Revenues and Additional Funds (“Pledged Revenues”). Under the bond resolution governing the issuance of the University’s Higher Education Revenue Bonds the University must maintain Net Revenues at least equal to 120% of composite debt service on all outstanding Higher Education Revenue Bonds. The Net Revenues for the fiscal year ended June 30, 2024, totaled \$1,774,231. The estimated debt service requirements on all existing, authorized, and proposed Higher Education Revenue Bonds are attached as Exhibit A. Exhibit B reflects estimated maximum annual debt service of \$1,463,554 in the fiscal year ending June 30, 2031, and debt service coverage ranging from 2.85 to 23.61 times annual debt service.

*New Revenue Generation.* The acquisition of the Project will result in additional Net Revenues sufficient to pay debt service on the Series 2025 Bonds and meet all covenants under the Bond Resolution.

*Other Funds Available to Pay Bonds.* While the University intends to pay debt service on the Bonds from the Net Revenues, both the Net Revenues and the Additional Funds comprise the Pledged Revenues that secure the Bonds. Presently, the University has not designated any funds of the University as Additional Funds, but maintains the flexibility to designate otherwise unrestricted revenues of the University to bolster Net Revenues. State appropriations and student tuition and fees pledged to the payment of State Institutions Bonds are not available to be designated as Additional Funds.

*No Special Student Fees. No Credit of the State. No Mortgage.* The University does not currently impose a Special Student Fee, and no such fee is currently contemplated, in connection with the payment of the Bonds. Neither the full faith and credit of Winthrop University nor the State of South Carolina has been pledged to the payment of Higher Education Revenue Bonds. Further, no mortgage or lien has been or will be given on any real property of Winthrop University.

Prepared January 15, 2025

## Exhibit A

### Higher Education Revenue Bonds - Debt Service

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Fiscal Year	Debt Service on Proposed Bond Issue				Total Composite Debt Service
	Existing Debt Service	Debt Service On Authorized but Unissued Bonds	Principal	Interest	
6/30/2025	\$ -	\$ -	\$ -	\$ 75,163	\$ 75,163
6/30/2026	-	-	1,050,000	408,850	1,458,850
6/30/2027	-	-	1,095,000	363,906	1,458,906
6/30/2028	-	-	1,145,000	317,015	1,462,015
6/30/2029	-	-	1,195,000	267,998	1,462,998
6/30/2030	-	-	1,245,000	216,856	1,461,856
6/30/2031	-	-	1,300,000	163,554	1,463,554
6/30/2032	-	-	1,355,000	107,915	1,462,915
6/30/2033	-	-	1,410,000	49,938	1,459,938
Totals	\$ -	\$ -	\$ 9,795,000	\$ 1,971,194	\$ 11,766,194

## Exhibit B

### Higher Education Revenue Bonds - Coverage

Fiscal Year	Composite Debt Service	FY24 Net Revenues	Coverage Ratio Based on FY24 Pledged Revenues	Pro Forma Net Revenues	Total Pro Forma Pledged Revenues	Pro Forma Coverage Ratio
6/30/2025	\$ 75,163	\$ 1,774,231	23.61	\$ -	\$ 1,774,231	23.61
6/30/2026	1,458,850	1,774,231	1.22	2,400,000	4,174,231	2.86
6/30/2027	1,458,906	1,774,231	1.22	2,400,000	4,174,231	2.86
6/30/2028	1,462,015	1,774,231	1.21	2,400,000	4,174,231	2.86
6/30/2029	1,462,998	1,774,231	1.21	2,400,000	4,174,231	2.85
6/30/2030	1,461,856	1,774,231	1.21	2,400,000	4,174,231	2.86
6/30/2031	1,463,554	1,774,231	1.21	2,400,000	4,174,231	2.85
6/30/2032	1,462,915	1,774,231	1.21	2,400,000	4,174,231	2.85
6/30/2033	1,459,938	1,774,231	1.22	2,400,000	4,174,231	2.86

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AGENCY: Executive Director

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SUBJECT: Revenue Bonds (State Housing Finance and Development Authority)

The required reviews on the following proposals to issue revenue bonds has been completed with satisfactory results. The projects require approval under State law.

- a. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: N/E \$7,700,000 Multifamily Housing Revenue Bonds, Series 2025  
Allocation Needed: \$7,700,000 of 2022 ceiling allocation carry forward to be used  
Name of Project: A.C.T.S. Community Apartments  
Employment Impact: n/a  
Project Description: a portion of the costs of the acquisition and construction of a 40-unit apartment development located in the City of Abbeville, South Carolina, to be known as A.C.T.S. Community Apartments.  
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
  
- b. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: N/E \$13,200,000 Multifamily Housing Revenue Bonds or Notes, Series 2025  
Allocation Needed: \$13,200,000 of 2022 ceiling allocation carry forward to be used  
Name of Project: Edgewood School Apartments  
Employment Impact: n/a  
Project Description: a portion of the costs of the acquisition, construction and equipping of a 75-unit multifamily development located in Greenwood County, South Carolina, to be known as Edgewood School Apartments.  
Bond Counsel: Emily W. Zackon, Parker Poe Adams & Bernstein LLP
  
- c. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: N/E \$20,220,000 Multifamily Housing Revenue Bonds, Series 2025  
Allocation Needed: \$20,220,000 of 2022 ceiling allocation carry forward to be used  
Name of Project: Livewell Terrace  
Employment Impact: n/a  
Project Description: a portion of the costs of the acquisition and construction of a 120-unit apartment development located in the Town of Bluffton, South Carolina, to be known as Livewell Terrace.  
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC

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AGENCY: Executive Director

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SUBJECT: Revenue Bonds (State Housing Finance and Development Authority)

- d. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: N/E \$17,000,000 Multifamily Housing Revenue Bonds, Series 2025  
Allocation Needed: \$17,000,000 of 2022 ceiling allocation carry forward to be used  
Name of Project: Oak Grove Apartments  
Employment Impact: n/a  
Project Description: a portion of the costs of the acquisition and construction of a 96-unit apartment development located in Richland County, South Carolina, to be known as Oak Grove Apartments.  
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
- e. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: N/E \$14,500,000 Multifamily Housing Revenue Bonds, Series 2025  
Allocation Needed: \$14,500,000 of 2022 ceiling allocation carry forward to be used  
Name of Project: Pinehaven Villas  
Employment Impact: n/a  
Project Description: a portion of the costs of the acquisition, renovation and construction of an 80-unit apartment development located in the city of Columbia, South Carolina, to be known as Pinehaven Villas.  
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
- f. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: N/E \$17,000,000 Multifamily Housing Revenue Bonds, Series 2025  
Allocation Needed: \$17,000,000 of 2022 ceiling allocation carry forward to be used  
Name of Project: Willowbrook at Wateree  
Employment Impact: n/a  
Project Description: a portion of the costs of the acquisition and construction of a 102-unit apartment development located in Richland County, South Carolina, to be known as Willowbrook at Wateree.  
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC



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AGENCY: Executive Director

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SUBJECT: Revenue Bonds (State Housing Finance and Development Authority)

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AUTHORITY ACTION REQUESTED:

Adopt the resolutions approving the referenced proposals to issue revenue bonds for the State Housing Finance and Development Authority.

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ATTACHMENTS:

Resolutions



## SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

300-C Outlet Pointe Boulevard Columbia, South Carolina 29210 P: 803.896.9001 SCHousing.com

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# M E M O R A N D U M

**Date:** January 2, 2025

**To:** Grant Gillespie, Executive Director  
State Fiscal Accountability Authority

**From:** Richard Hutto, Executive Director  
SC Housing

**Subject:** Multifamily Tax Exempt Bond rankings for 2023 Qualified Allocation Plan

Pursuant to the requirements of the 2024 South Carolina State Ceiling Allocation Plan, attached please find the required report from SC Housing identifying the rankings and scores for the recently preliminarily approved Tax Exempt Bond (TEB) projects submitted pursuant to the 2023 Qualified Allocation Plan (QAP). Oak Grove Apartments, Livewell Terrace Apartments, Edgewood School Apartments, Willowbrook at Wateree, Pinehaven Villas, and A.C.T.S. Community Apartments (which are included on the attached list), have received preliminary approval from the South Carolina Housing Board's Bond Committee and are being submitted to the Authority in February 2025 for consideration of tax exempt bond issuance. Previously, in August 2024, the Authority granted approval for 2 projects contained on the list attached, which include Poplar Square and Avery Landing.

For projects seeking an allocation of state ceiling or carryforward for a multifamily project intending to utilize 4% federal low-income housing tax credits (herein referenced as QAP TEB projects), SC Housing requires certain threshold criteria as detailed in the applicable QAP.

This threshold criteria includes items such as financial feasibility, minimum applicant experience, site control, financial capacity of the applicant, and readiness to proceed (i.e., without limitation, establishment of the bond working group, existence of letters of interest or letters of intent from lenders, syndicators, and other parties). Additionally, SC Housing requires projects to meet the requirements outlined in SC Housing's Multifamily Tax-Exempt Bond Finance Program manual.

Projects meeting the threshold criteria described above are ranked for state ceiling utilizing the following criteria that evidence the highest value and greatest public benefit as required by Act 202 of 2022 and the State Ceiling Allocation Plan. The following criteria are considered during the preliminary approval process:

- State resources per heated residential square foot
  - o This criterion ranks projects from lowest to highest, based on a calculation of state

resources (bond ceiling and state tax credit) per heated residential square foot (excluding common areas), to demonstrate the most efficient use of state resources for the portion of total project costs applicable to actual tenant housing.

- State resources per bedroom
  - o This criterion ranks projects from lowest to highest, based on a calculation of state resources per bedroom, to demonstrate the most efficient use of state resources for the number of families the project will house.
- State resources per dollar of total project costs
  - o This criterion ranks projects from lowest to highest, based on a calculation of state resources to total project costs to demonstrate the most efficient investment of state resources in the project overall.
- State resources per potential tenant
  - o This criterion will rank projects from lowest to highest, based on a calculation of state resources per potential tenant to demonstrate the most efficient use of state resources for the number of potential residents the project will house.

A 30% adjustment to state resources is made as a ranking consideration for projects located in USDA designated rural areas. A 10% adjustment to state resources will be made for new construction units, as a ranking consideration for projects providing an overall increase in affordable housing. These adjustments apply for the sole purpose of establishing project rankings.

During the 2023 QAP TEB preliminary approval process, SC Housing received 33 applications for affordable housing projects. <sup>1</sup> Of those applications, 4 were disqualified at the preliminary review, and another 21 applications were disqualified because they did not meet the threshold underwriting criteria related to financial feasibility. The remaining 8 applications were scored and ranked as reflected on the attached ranking sheet. Given the advertised state ceiling of approximately \$120,000,000 made available for allocation in this round, a total of 8 preliminary approvals were made totaling just over \$124,330,000 in combined ceiling allocation, and \$7,984,400 in associated annual state tax credits. Those 8 projects received their notification of final ranking on June 11, 2024, by way of a public notice on SC Housing's website and direct email communication.

For purposes of the preliminary approvals contemplated for all 2023 QAP projects, the following deadlines have been established:

- July 11, 2024, or September 4, 2024 – Preliminary Resolution brought before the SC Housing Bond Committee Meeting. SC Housing forwards the 42M Letter and the STC Preliminary Determination Letter thereafter.
- August 27, 2024, or February 4, 2025 – Approval sought from SFAA. Members from the development team and bond counsel will need to be in attendance.
- September 18, 2024, or February 17, 2025 – Final Resolution drafts submitted to SC Housing.

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<sup>1</sup> SC Housing solicited applications pursuant to the 2023 QAP between October 2023 and December 2023. Following meticulous review, SC Housing publicized preliminary approval of the 2023 QAP TEB applicants in June 2024.

- October 3, 2024, or March 5, 2025– Recommendation sought from SC Housing Commission’s Bond Committee to receive Final Resolution from SC Housing Board. Members from the development team and bond counsel will need to be in attendance.
- October 16, 2024, or March 19, 2025 – Request Final Resolution from SC Housing Board. Members from the development team and bond counsel will need to be in attendance.
- May 2025, or November 2025 - Bond Closing must be complete.



A.

State Housing Finance and Development  
Authority

A.C.T.S. Community Apartments



# OFFICE OF STATE TREASURER

## New Debt Information Form (NDIF) / Multifamily Housing

SFAA Approval Date:

02/04/25

### 1. ISSUER & FINANCING INFORMATION

Issuer: SC State Housing Finance and Development Authority Series: 2025  
 Borrower (if not Issuer): A.C.T.S. Community Apartments, LP  
 Bond Caption: South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (A.C.T.S. Community) Series 2025  
 Bond Resolution Amount: \$ 7,700,000 Tax Exempt/Par Amt: \$ 7,700,000

#### Submitted By:

ENTITY: A.C.T.S. Community Apartments, LP  
 BY: A.C.T.S. Community Apartments of Abbeville, LLC  
 ITS: Lauren Rodriguez, President and CEO  
 Tel: (317) 833-8733  
 Email: [lrodriguez@rdoor.org](mailto:lrodriguez@rdoor.org)

#### Transaction Type/Method of Sale:

Public Offering: Comp:      Neg: X  
 Direct Placement: Comp:      Neg:       
 Govt Loan/Purchaser:       
 Other:     

### 2. FINANCING (NEW PORTION)

Project Name: A.C.T.S. Community  
 Developer Name: RDOOR Housing Corporation  
 Project Address/Location: 410 Branch Street, Abbeville, SC 29620  
 Project Type: Multifamily Housing  
 Projected Avg Interest Rate: TBD  
 Number of Units: 40  
 Projected Cost per Unit: \$ 363,590  
 Ceiling Allocation Year: 2022

Amount: \$ 7,700,000  
 County: Abbeville  
 Final Maturity: estimated 7/1/2055

ST TAX CRED (1-YR):	\$ 350,000
ST TAX CRED (10-YR):	\$ 3,500,000
ST TAX CRED (SYND):	\$ 1,750,000
FED LIHTC (GROSS 1-YR):	\$ 594,919
FED LIHTC (GROSS 10-YR):	\$ 5,949,190
FED LIHTC (SYND):	\$ 4,996,820

### 3. FINANCING WORKING GROUP

Financial Advisor: None  
 Bond Counsel: Howell Linkous & Nettles, LLC  
 Underwriter: Stifel Nicolaus & Co.  
 Paying Agent: U.S. Bank Trust Company

Underwriters Counsel: Tiber Hudson  
 Issuer's Counsel: Lee Ann Watson (General Counsel)  
 Trustee: U.S. Bank Trust Company  
 Borrower Counsel:     

### 4. FINANCING/PROJECT DESCRIPTION: (Explain the multifamily development project, the justification for the SC Housing Tax Credit, the anticipated costs. & the basis for these cost estimates)

A.C.T.S. Community Apartments (the "Project") is a 40-unit residential community for seniors ages 62 and older located in Abbeville South Carolina. The Project will rehab a former Rosenwald School, a historically significant building. Julius Rosenwald, president of Sears Roebuck established a foundation that funded such schools for African Americans throughout the south from 1912 to 1932. Abbeville County Training School ("A.C.T.S."), circa 1925, has been documented as a Rosenwald School according to the Fisk University Rosenwald Fund Card File Database, Nashville, Tennessee and the SC Preservation Office, History and Archives Records, Rosenwald Schools statewide. It is one of five Rosenwald Schools built in Abbeville County, and the only one still standing today. It is also one of 59 schools constructed in SC for vocational training and high school education.

The Project received a HUD 202 PRAC providing rental subsidy to all units. All 40 units are income restricted to 50% of AMI and rents are limited to HUD rent limits for Abbeville County.

According to the market and feasibility study completed for the Project by Bowen National Research, senior renter households age 62 and older are projected to increase by 2.5%, between 2023 and 2025, illustrating that there is an increasing need for age-restricted rental housing within Abbeville. Further, approximately half (50.0%) of senior renters in the area are projected to earn less than \$25,000 per year in 2025. Senior rental communities in the Abbeville area are in demand with most at 100.0% occupancy and with waiting lists. This indicates that pent-up demand exists for such housing and illustrating justification for use of SC Housing Tax Credits and the continuing need for additional affordable housing options within the Abbeville area, particularly when factoring in rent overburdened households or those living in substandard housing.

### 5. FINANCING/PROJECT APPROVAL DATES

Financing Approvals		Notes:
Authority Approval:	10/03/24	Preliminary Resolution
JBRC Approval:	00/00/00	N/A
SFAA Approval:	02/04/25	Proposed

**6. TAX AND ARBITRAGE MATTERS**

Yes No

a. Is any portion of the project, once completed, to be managed by a third-party pursuant to a management contract? (if yes, please attach copy)

	X
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b. Will third-party payments (from support organizations, private entities or the federal government) related to the facility, however indirectly, be used to pay debt service on the bonds?

	X
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c. If yes to any of the above, please provide a square footage and cost estimate of the portion affected.

Sq. Footage	-
Cost Estimate	\$ -

**7. ESTIMATED/ACTUAL PROJECT SOURCES AND USES: A Construction Financing / B. Permanent Financing**

Sources	A. Project Budget Construction (Sources)	B. Project Budget Permanent (Sources)
(1) Bond Proceeds: (a) Par	\$ 7,700,000	\$ -
(b) Premium/Accr. Int.	-	-
(2) Issuer/Borrower Contr.	-	-
	-	-
(3) Debt Service Fund Trans.	-	3,105,091
(4) Debt Service Reserve Fund Contribution	-	-
(5) Other MFHRB Sources		
(a) LIHTC	-	4,996,820
(b) State Housing TC	-	1,750,000
(c) Owner's Equity/Other	3,990,949	4,691,702
(d) SC Housing Trust Fund	-	-
<b>Total Project Sources</b>	<b>\$ 11,690,949</b>	<b>\$ 14,543,613</b>
	Surplus/Deficit	\$ (0)

Project Budget (Uses)	Uses
\$ 10,235,864	Project Fund
305,000	Acquisition
-	
-	
853,585	Other (Contingency)
296,500	Cost of Issuance (Incl. UW Disc.)
<b>11,690,949</b>	<b>Construction Uses Total</b>
360,000	Capitalized Interest Fund
1,000,000	Developer Fee
133,628	Reserves
1,347,435	Project Financing Costs
11,601	Third party reports/soft costs
-	
<b>\$ 14,543,613</b>	<b>Total Project Uses</b>

**8. TOTAL ESTIMATED BOND COI EXPENDITURES**

COI Description	Cost Of Issuance Vendor Name	Est. Fee For Services
Financial Advisor	None	\$ -
Bond Counsel	Howell Linkous & Nettles	100,000
Underwriter's Counsel	Tiber Hudson	60,000
Issuer's Counsel	Lee Ann Watson	
Lender's Counsel		-
Transaction Counsel		-
Legal Expenses		-
Rating Agency - S&P		-
Rating Agency - Moody's	Moody's Investor Service, Inc.	5,500
Rating Agency - Fitch		-
Underwriter's Compensation	Stifel Nicolaus & Co.	57,750
Registrar / Paying Agent		-
Escrow Agent	Trustee TBD	8,000
Verification Agent	Causey	2,500
Printing/Publishing/Advertising		-
Other	Stifel- UW Expenses	5,000
Issuer's Fee	Authority Fees	57,750
		<b>\$ 296,500</b>

*Est. COI Fees (% of Production):*

Financial Advisor: % of Transaction  
 Bond Counsel: % of Transaction  
 Total Legal Costs: % of Transaction  
 Rating Agencies: % of Transaction

0.00%
1.30%
2.08%
0.07%

UW Comp: % of Transaction  
 Other COI: % of Transaction  
 Total COI: % of Transaction

0.75%
0.95%
<b>3.85%</b>



HOWELL LINKOUS & NETTLES, LLC  
Bond Attorneys & Counsellors at Law

The Lining House  
106 Broad Street  
Charleston, South Carolina 29401

Post Office Box 1768  
Charleston, South Carolina 29402

Telephone 843.266.3800  
Fax 843.266.3805

Concentrating in Municipal Bonds,  
Local Government Law, Economic  
Development Incentives,  
Affordable Housing Development

23 December 2024

Delbert H. Singleton, Esq.  
Assistant Executive Director and Board Secretary  
State Fiscal Accountability Authority  
Wade Hampton Office Building  
1200 Senate Street, 6<sup>th</sup> Floor  
Columbia, South Carolina 29201

Not to exceed \$7,700,000  
South Carolina State Housing Finance and Development Authority  
Multifamily Housing Revenue Bonds  
(A.C.T.S. Community Apartments), Series 2025

Dear Delbert:

My firm serves as bond counsel to A.C.T.S. Community Apartments, LP (the "Housing Sponsor"), with respect to the issuance of multifamily housing revenue bonds by the South Carolina State Housing Finance and Development Authority (the "Housing Authority") to provide a portion of the financing for the acquisition of the former Rosenwald School facility, and the construction, and adaptive reuse of it as an affordable housing development for seniors. The project site is located at 410 Branch Street in the City of Abbeville, South Carolina, and will be known as A.C.T.S. Community Apartments.

The proceeds of the Bonds will be loaned to the Housing Sponsor to provide a portion of the construction financing for this project. Total project costs are at approximately \$14.55 million. A HUD 202 loan (forgivable loan) and Federal and State low-income housing tax credit equity, federal and State historic tax credits and State abandoned building credits are also part of the plan of finance. The result of these credits will be that upon completion of construction, the Bonds will be paid in full and no debt financing or mortgage will be on the project. This will enable the Housing Sponsor to decrease rents to very affordable rates for the senior citizens who will reside there.

Delbert H. Singleton, Esq.  
23 December 2024  
Page 2

Enclosed is the agenda package for the February meeting of the State Fiscal Accountability Authority (or any other date to which this request may be deferred, continued, rescheduled, or carried over) requesting State law approval for the issuance of the bonds. I have enclosed the following documents:

1. Completed SFAA transmittal form;
2. Preliminary Bond Resolution of the Housing Authority;
3. Petition of the Housing Authority to the SFAA;
4. A form of the approving Resolution to be considered for adoption by the SFAA at its February meeting;
5. Bond Counsel opinion letter to SFAA;
6. Form of the Authority's final Bond Resolution;
7. A form of bond counsel's bond opinion letter; and
8. Private Participant Disclosure forms.

Enclosed are schedules showing the debt service schedule for the Bonds and the revenue for payment of debt service on the Bonds from the cash collateral described below. At pricing of the Bonds, a CPA certification on the accuracy of these cash flows to timely pay debt service in full on the Bonds will be provided to the Housing Authority.

It is anticipated that the bonds will receive a "Aaa" investment grade rating based on the cash collateralization of the bonds during construction. The bonds will be cash collateralized from bond proceeds and all debt service due thereon will be paid from such cash. The Housing Authority will sell the Bonds to Stifel Nicolaus & Company, as underwriter for the Bonds, for a public distribution of the Bonds.

The Bonds are intended to be issued as exempt facility bonds for qualified residential rental projects under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended. Volume cap for this financing is expected to be provided by the Housing Authority from carryforward volume cap that has been allocated to the Housing Authority.

I will attend the SFAA's meeting to answer any questions which may arise at the meeting. In the meantime, should you have any questions or need any additional information, please give me a call. With kindest personal regards, I remain,

Very truly yours,



Samuel W. Howell

SWH,IV/sls  
Enclosures

cc: Mr Robert MacDonald  
Tasha Thompson, Esq.  
Ms Jackie Hipes  
Mr Kevin O'Brian

**BOND TRANSMITTAL FORM**

**TO:** Delbert H. Singleton, Jr., Authority Secretary  
State Fiscal Accountability Authority  
600 Wade Hampton Building (29201)  
P.O. Box 12444  
Columbia, SC 29211

**DATE:** 12/23/2024

**Submitted for SFAA Meeting on:**  
2/4/2024

**FROM:** Howell Linkous & Nettles, LLC

106 Broad Street  
Charleston, SC 29401

**RE:** Not to exceed \$7,700,000 South Carolina State Housing Finance and Development Authority, Multifamily Housing Revenue Bonds (A.C.T.S Community Apartments), Series 2025

**Project Issue Date:** 5/30/2025

**Project Name:** A.C.T.S Community Apartments

**Project Description:** to provide construction financing for a portion of the costs of acquisition and construction of multifamily housing to be known as A.C.T.S Community Apartments, in the City of Abbeville, South Carolina.

**Employment as a result of the project:** Click or tap here to enter text.

	YES	NO	AMOUNT
<b>Ceiling Allocation</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ _____
<b>Refunding Involved</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ Click or tap here to enter text.
<b>Project Approved Previously</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ Click or tap here to enter text.

Documents enclosed (executed original and two copies of each):

*(ALL documents required for state law approval; A and C only for ceiling allocation only.)*

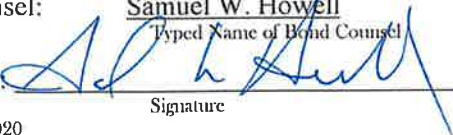
- A.  Petition
- B.  Resolution or Ordinance
- C.  Inducement Resolution or comparable preliminary approval
- D.  Department of Health and Environmental Control Certificate *if required*
- E.  State Fiscal Accountability Authority Resolution and Public Notice *(original)*  
*Plus 4 copies for certification and return to bond counsel*
- F.  Draft bond counsel opinion letter
- G.  Processing Fee

**Amount:** Click or tap here to enter text.      **Check No:** Click or tap here to enter text.

**Payor:** Click or tap here to enter text.

- H.  No Private Participant will be known at the time the Authority considers this agenda item.
- J.  This agenda item is accompanied by the applicable Private Party Disclosure form for each private participant.
- K.  All documents have been uploaded to the SFAA Authority File Drop.

Bond Counsel: Samuel W. Howell  
Typed Name of Bond Counsel

By:   
Signature

SFAA 06/19/2020

PETITION FOR APPROVAL

TO: THE STATE FISCAL ACCOUNTABILITY )  
AUTHORITY ) A.C.T.S. COMMUNITY APARTMENTS

This Petition of the South Carolina State Housing Finance and Development Authority (the "Authority"), is submitted to the State Fiscal Accountability Authority (the "SFAA") pursuant to the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the "Act"), and respectfully shows:

1. The Act, among other things, provides that whenever the Authority shall have determined by resolution that sufficient persons or families of either beneficiary class (as defined in the Act) (the "Beneficiary Classes") are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing and that through the exercise of one or more of the programs authorized by the Act, decent, safe, and sanitary housing will become available to members of the class in need therefor, then, upon obtaining the approval of the SFAA pursuant to the Act, and in order to provide funds for its corporate purposes, the Authority is authorized to issue from time to time its bonds or notes for the purpose of obtaining funds with which to make construction and permanent mortgage loans to housing sponsors who agree to and are required to provide for construction of residential housing (as defined in the Act) for rental by persons or families of either Beneficiary Class; provided, however, that with respect to any particular issue of bonds or notes, one of the following conditions must be met: (a) if there is a public distribution of the bonds or notes, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of the loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorized to do business in the State of South Carolina; or (iii) the payment of the bonds or notes to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds or notes are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional investors, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, and the documents pursuant to which the bonds or notes are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds or notes.

2. A.C.T.S. Community Apartments, LP (the "Housing Sponsor"), a South Carolina limited partnership, has requested that the Authority provide a mortgage loan (the "Mortgage Loan") to provide construction and permanent financing for the acquisition, construction, and adaptive reuse of a 40-unit apartment development to be located in the City of Abbeville, State

of South Carolina, to be known as A.C.T.S. Community Apartments (the "Project") by the funding of a mortgage loan (the "Mortgage Loan") through the issuance of its revenue bonds.

3. The Authority proposes to fund the Mortgage Loan to the Housing Sponsor by issuing its bonds pursuant to a Bond Resolution to be adopted by the Authority (the "Resolution"), such bonds to be known as "South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (A.C.T.S. Community Apartments)" (the "Bonds"), the proceeds of which will be used to fund the Mortgage Loan to the Housing Sponsor to provide construction financing for a portion of the costs of the Project and to qualify the Project for federal and South Carolina Low Income Housing Tax Credits (the "Tax Credits"). The Bonds are to be issued in the aggregate principal amount not to exceed \$7,700,000.

4. The Authority requested of the SFAA, and was granted, a carry-forward allocation of private activity bond volume cap under Section 146(f)(2) of the Code, a portion of which shall be allocated to the Bonds.

5. The Authority has determined that:

(a) (i) Sufficient persons or families of the Beneficiary Classes are unable to pay rent in the amounts at which private enterprise is providing decent, safe, and sanitary housing; (ii) through the exercise of one or more of the loan programs authorized by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need thereof; and (iii) a series of bonds or notes must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to individuals of the Beneficiary Classes.

(b) In order to provide the moneys necessary to continue to implement the Authority's program, the Bonds must be issued.

(c) The Bonds will be secured by cash collateral reserves, which arrangement is expected to result in an acceptable investment grade rating from a national rating agency, which arrangement has been determined by the Authority to be sufficient for purposes of the Act, and that the revenues or other funds estimated to be available for the payment of debt service will provide moneys required for the repayment of the principal and interest on the bonds and notes of the Authority, including the Bonds.

6. The Authority will adopt the Resolution authorizing the issuance and delivery of the specific maximum amount of the Bonds and establishing the definitive terms thereof, including those revenues and assets to be pledged to the payment of the Bonds as described above. The Authority will take steps necessary to comply with the requirements of Sections 103 and 141-150 of the Code.

7. It is expected that the Bonds will be issued pursuant to a Trust Indenture (the "Indenture") between the Authority and a corporate trustee to be approved by the Authority pursuant to which the proceeds of the Bonds will be paid to the Trustee for deposit as provided in

the Indenture and] used to finance a portion of the costs of acquisition, construction and adaptive reuse of the Project and the costs of issuance of the Bonds. The net interest rate to be borne by the Bonds has not been determined. It is expected that the interest rate on the Bonds will be approximately three and 50/100 per centum (3.50%) per annum.

8. The size, date, maturity schedule, payment dates, and repayment provisions with respect to the Bonds shall be finally determined prior to the date the Bonds are issued. As soon as these matters are finally determined, a precise schedule thereof shall be presented to the SFAA or its designee as provided by the Act. There are hereby filed with the SFAA pro forma schedules with respect to the Bonds based on current estimates and market conditions.

9. The Authority requests that the SFAA delegate to the State Treasurer the ability to approve the interest rates on the Bonds, and upon making determination that the funds anticipated to be available for the payment of the Authority's notes and bonds, including the Bonds, will be sufficient to provide for the payment of principal and interest thereon, to grant on behalf of the SFAA final approval for the issuance of the Bonds. Prior to the issuance of the Bonds, the Authority shall have provided to the State Treasurer, to the extent not previously provided herein or otherwise, the information required to be submitted to the SFAA by the provisions of Section 31-13-220, to wit:

- (a) the principal amount of the Bonds to be issued;
- (b) the maturity schedule of the Bonds to be issued;
- (c) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority;
- (d) schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedules referenced in item (c); and
- (e) the method to be employed in selling the Bonds.

Attached hereto in response to the requirements of Section 31-13-220 are the following schedules, certain of which are pro forma schedules because the Bonds have not been priced or sold as of the date of this Petition, to wit:

- (i) a pro forma (in lieu of final schedules) of the principal amount of the Bonds to be issued;
- (ii) a pro forma (in lieu of final schedules) of the maturity schedule of the Bonds to be issued;
- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority have previously been provided to the Office of the State Treasurer;
- (iv) schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedules referenced in item (iii) have previously been provided to the Office of the State Treasurer; and
- (v) the method to be employed in selling the Bonds;

10. The Bonds are special obligations of the Authority secured by and payable solely from moneys, income, and receipts of the Authority pledged under the Resolution and the Indenture with respect thereto.

11. Schedules showing the annual debt service requirements of all outstanding bonds and notes of the Authority and the sources of revenues available for the payment of such debt service requirements have previously been provided to the Office of the State Treasurer by Authority.

WHEREFORE, on the basis of the foregoing, the Authority prays the SFAA (i) to accept the filing of this Petition and the documents submitted herewith; (ii) to undertake such review as its deems necessary; and (iii) to give conditional approval of the issuance of the Bonds, in the aggregate principal amount of not to exceed \$7,700,000 for the purpose of financing the Mortgage Loan to pay a portion of the cost of the acquisition, construction, and adaptive reuse of the Project, as set forth above, and for paying the costs of issuance in connection therewith.

Respectfully submitted,

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

By: Lee Ann Watson  
General Counsel

December 28, 2024



## A RESOLUTION

### MAKING PRELIMINARY PROVISION FOR THE ISSUANCE OF NOT TO EXCEED \$7,700,000 AGGREGATE PRINCIPAL AMOUNT OF MULTIFAMILY HOUSING REVENUE BONDS (A.C.T.S. COMMUNITY APARTMENTS) OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY AND OTHER MATTERS RELATED THERETO.

**WHEREAS**, the South Carolina State Housing Finance and Development Authority Act of 1977, Act No. 76 of the Acts and Joint Resolutions of the General Assembly of 1977, as amended, (the "Act"), provides that the South Carolina State Housing Finance and Development Authority (the "Authority"), upon making a determination that sufficient persons or families of either beneficiary class (as defined by the Act) (the "Beneficiary Classes") are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing, that through the exercise of one or more of the programs authorized by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need therefor, and that a series of bonds or notes must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to members of the Beneficiary Classes; and

**WHEREAS**, upon making such determination and upon the approval of the State Fiscal Accountability Authority (the "SFAA"), the Authority may issue from time to time notes and bonds for the purpose of obtaining funds with which to make (1) construction and/or rehabilitation loans secured by mortgages of housing sponsors; and (2) permanent mortgage loans to housing sponsors who agree to and shall be required to provide construction and/or rehabilitation of residential housing for rental by persons or families of either beneficiary class as defined by the Act, provided, however, with respect to any particular issue of notes or bonds one of the following conditions must be met: (a) if there is a public distribution of the notes or bonds, the issue must be rated by one or more of the national rating agencies and one or more of the following conditions must be met: (i) that there is in effect a federal program providing assistance in the payment of such loans made by the Authority; (ii) the proceeds must be used to acquire either federally insured mortgages or mortgages insured by a private mortgage insurance company authorized to do business in the State of South Carolina; or (iii) the payment of the notes or bonds to the purchasers of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the notes or bonds are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgages or other security agreement in transactions with banks, institutional investors, or other non-registered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina, 1976, as amended, and the documents pursuant to which the notes or bonds are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the notes or bonds; and

**WHEREAS**, A.C.T.S. Community Apartments, LP, a limited partnership duly organized under the laws of the State of South Carolina (the "Sponsor") intends, with the assistance of the Authority, to acquire and construct (i) a 40-unit apartment development located in the City of



Abbeville, Abbeville County, South Carolina, to be known as A.C.T.S. Community Apartments, at an expected cost of approximately \$14,550,000; and

WHEREAS, the Sponsor has requested the assistance of the Authority by funding a mortgage loan (the "Mortgage Loan") through the issuance of its multifamily housing revenue bonds in the expected maximum principal amount of \$7,700,000 (the "Bonds") to finance a portion of the costs of the Project;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOND COMMITTEE OF THE BOARD OF COMMISSIONERS OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY IN MEETING DULY ASSEMBLED:**

Section 1. Adoption of Premises. Each statement of fact set forth in the preamble hereto has been carefully examined and has been found to be in all respects true and correct.

Section 2. Undertakings of the Authority. In the event the Sponsor meets the requirements set forth herein and in order to provide the moneys required to finance the Mortgage Loan, to establish the necessary reserve funds, and to pay the costs and expenses of the Authority in connection therewith, the Authority will undertake to issue a series of bonds to be designated as "South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (A.C.T.S. Community Apartments)" (with any appropriate series or subseries designation) in the aggregate principal amount of not to exceed \$7,700,000, on a tax-exempt basis. No taxable bonds are anticipated to be issued.

Any obligation of the Authority hereunder is subject to (a) the requirements that (i) the Project shall have received such local approval, if any, as is required under the Act, (ii) the Authority approve the items which may be included in any required charges (rent plus any other mandatory payments) to occupants of the Project, and (iii) the issuance of the Bonds being approved by the SFAA and (b) the right of the Authority in its sole discretion, to rescind this resolution and to elect not to issue such Bonds at some future date.

Section 3. Obligation of Sponsor. If the plan proceeds as contemplated, the Sponsor agrees as follows:

(a) to make the Project available for occupancy by persons in the Beneficiary Classes for such period and subject to such conditions as the Authority may determine;

(b) to provide such security for any of its obligations or mortgages to the Authority, or of the obligations of any other person to the Authority, as the Authority may, in its sole discretion request which such security may include federal mortgage insurance or federal agreements to make payments adequate to pay amounts due by such Sponsor or such other person;

(c) to enter into a mortgage loan agreement with respect to the Project on such terms and conditions as the Authority may deem necessary or desirable;

(d) to pay all costs and expenses incurred by the Authority, including its reasonable counsel fees, in furtherance of the undertakings of the Authority hereunder, regardless of whether any bonds or notes are issued with respect to the Project;

(e) to provide the Authority with such information and material with respect to the Project, including financial statements and information, reports, tests, surveys, appraisals, plans, specifications, drawings, occupancy rates or rent rolls, studies or feasibility studies, legal opinions, descriptions, and access for inspection of the Project or any other such items as may be requested by the Authority; and

(f) to enter into such agreements including such disclosure agreements as may be required to meet the requirements of S.E.C. Rule 15c2-12(b)(5), execute such documents and provide such proofs or evidence as the Authority may, in its sole discretion, request in connection with its undertakings hereunder.

Section 4. Termination. The Authority or the Sponsor may elect not to proceed with the financing. The Authority shall not be obligated hereby to the Sponsor or any other person by virtue of the adoption of this resolution. Neither the Sponsor nor any other person shall have any rights hereunder and the Authority shall not be liable in any way to the Sponsor or any other person for any decision it makes not to proceed hereunder regardless of any action taken by the Sponsor or such other person whether known or unknown to the Authority.

Section 5. Sale of Bonds; Purchase Contract. The Chairman or Vice-Chairman and the Executive Director of the Authority are hereby authorized to sell any or all series of the Bonds to Stifel, Nicolaus & Company, Incorporated or such other investment bank or institutional purchaser as designated by the Sponsor and approved by the Executive Director (the "Purchaser") pursuant to the terms and conditions of a Purchase Contract in substantially the form heretofore employed by the Authority in connection with the sale of its bonds. The authority hereby conferred may be exercised as long as the interest rate of the Bonds does not exceed five and 50/100 per cent (5.50%) per annum and (a) if there is a public distribution of the Bonds, the issue must be rated by one or more of the national rating agencies and one or more of the following conditions must be met: (i) that there is in effect a federal program providing assistance in the payment of such loans made by the Authority; (ii) the proceeds must be used to acquire either federally insured mortgages or mortgages insured by a private mortgage insurance company authorized to do business in the State of South Carolina; or (iii) the payment of the Bonds to the purchasers of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) the Bonds are to be sold only to institutional investors for investment. The purchase price of the Bonds shall be determined by the Chairman or Vice-Chairman and the Executive Director but in no event shall be less than 99% of par plus accrued interest on the Bonds from their date to the date of delivery thereof.

Section 6. Mortgage Loan. The Executive Director of the Authority is hereby authorized to execute a Mortgage Purchase Agreement or a Loan Agreement in substantially the form employed previously for the purchase of mortgage loans as may be appropriate at such time as she deems desirable at or before the delivery of the Bonds. The Executive Director is hereby

authorized to alter any terms in such Agreement or Mortgage Loan to the extent necessary or desirable so long as such modification does not significantly alter the obligations of the Authority thereunder.

Section 7. Preliminary and Final Official Statements. There is hereby authorized the distribution of preliminary and final official statements or other offering documents in connection with the sale of the Bonds. Said official statements shall be in substantially the form heretofore used in connection with the distribution of the Authority's multifamily revenue bonds and such changes, additions, deletions, or modifications as are consistent with the details of the Bonds or as are recommended by the Purchaser and accepted by bond counsel and the staff of the Authority. The Chairman or Vice-Chairman and the Executive Director of the Authority are hereby authorized and directed to take such action as they deem appropriate or as is requested of either of them in connection with the distribution of preliminary or final official statements. The Authority hereby delegates to the Executive Director the power to deem any such Official Statement "Final" within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

Section 8. Petition to SFAA. The Executive Director and the General Counsel of the Authority are hereby authorized and directed to prepare and present to the SFAA (i) a petition under Section 1-11-530 of the Code of Laws of South Carolina, 1976, as amended (the "Allocation Act"), for an allocation of private activity bond volume cap under the Allocation Act and Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), if necessary for the issuance of the Bonds as tax-exempt and (ii) a petition requesting approval of the Bonds by the SFAA as prescribed in Section 6 of the Act, which petitions (together, the "Petition") shall, among other things, set forth the pertinent provisions relating to the Bonds required by the Act or the Allocation Act, as the case may be.

Section 9. Designation of Fiduciaries. The trustee, paying agent, and registrar under any trust indenture to be entered into with respect to the Bonds shall be a corporate trustee as requested by the Sponsor and approved by the Authority.

Section 10. General Authority. The Commissioners of the Authority and its appropriate officers, attorneys, agents, and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual, and complete performance of all the terms, covenants, and purposes contained in the Bonds and this Resolution, and each such Commissioner, officer, attorney, and employee is hereby authorized and directed to execute and deliver any and all papers and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated thereby.

Section 11. Expiration. This resolution, if not renewed, will expire on a date which is twelve (12) months from the date of its adoption by the Bond Committee of the Authority.

Section 12. Miscellaneous. All orders and resolutions or any parts thereof in conflict herewith are to the extent of such conflict hereby repealed. This resolution shall take effect and be in full force from and upon its adoption by the Bond Committee of the Authority.

Section 13. Non-Transferable. This resolution may not be transferred by the Sponsor except to a related party to the Sponsor. No other attempted sale or transfer of this resolution shall be valid or binding upon the Authority.

Section 14. Official Intent. The Sponsor has advised the Authority that it has advanced or will advance its own funds to pay Project costs on a temporary basis pending the issuance of the Bonds, and the Authority has been further advised that such funds do not consist of moneys that were otherwise earmarked or intended to be used by the Borrower to finance Project costs permanently. The Authority hereby declares its intent to reimburse expenditures for Project costs from the proceeds of the Bonds expected to be issued in the maximum principal amount of not to exceed \$7,700,000 to provide a portion of the financing for the Project. It is the intention of the Authority that this Resolution shall constitute an official intent on the part of the Authority within the meaning of Treasury Regulations Sections 1.142-4(b) and 1.150-2(d). The Authority's reasonable expectations to apply the proceeds of the Bonds to reimburse or directly fund a portion of the costs of the Project are based on the Sponsor's representations regarding the Project and the expected sources of funds for the costs of the Project.

**STATE OF SOUTH CAROLINA  
COUNTY OF LEXINGTON**

I, the undersigned secretary of the South Carolina State Housing Finance and Development Authority (the "Authority"), do hereby certify that I am the duly qualified and acting Secretary to the Authority and as such further certify that attached hereto is a true and correct copy of the Resolution adopted by the Bond Committee of the Board of Commissioners of the Authority at a meeting duly called and held on the 3<sup>rd</sup> day of October, 2024, at which meeting a quorum was present and acting throughout, and that said Resolution has not been modified, amended, or repealed and is in full force and effect on the date hereof.

I further certify that due notice of a meeting of the Bond Committee of the Board, called to be held in Columbia, South Carolina at the Authority's offices on October 3, 2024, was given to all members prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting was posted at the times and places required by law.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the Authority this 3<sup>rd</sup> day of October, 2024.

(SEAL)

**SOUTH CAROLINA STATE HOUSING  
FINANCE AND DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_



Richard A. Hutto  
Secretary

## **BOND RESOLUTION**

### **MAKING PROVISION FOR THE ISSUANCE OF NOT TO EXCEED \$7,700,000 AGGREGATE PRINCIPAL AMOUNT MULTIFAMILY HOUSING REVENUE BONDS (A.C.T.S. COMMUNITY APARTMENTS) OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY FOR THE PURPOSE OF PROVIDING CONSTRUCTION MORTGAGE LOAN FINANCING FOR A MULTIFAMILY RENTAL HOUSING FACILITY, AND OTHER MATTERS RELATED THERE TO.**

**WHEREAS**, the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the "Act"), provides that the South Carolina State Housing Finance and Development Authority (the "Authority"), upon making a determination that sufficient persons or families of either beneficiary class (as defined by the Act) (the "Beneficiary Classes") are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing, and that through the exercise of one or more of the programs authorized by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need thereof and that a series of bonds must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to members of the Beneficiary Class; and

**WHEREAS**, upon making such determination and the approval of the State Fiscal Accountability Authority (the "SFAA"), the Authority may issue from time to time bonds for the purpose of obtaining funds with which to make construction mortgage loans to housing sponsors (as defined in the Act) who agree to and are required to provide for construction or rehabilitation of residential housing (as defined in the Act) for rental by persons or families of either Beneficiary Class; provided, however, that with respect to any particular issue of bonds, one of the following conditions must be met: (a) if there is a public distribution of the bonds, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of the loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorized to do business in the State of South Carolina; or (iii) the payment of the bonds to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional investors, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, and the documents pursuant to which the bonds are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds; and

**WHEREAS**, A.C.T.S. Community Apartments, LP (the "Housing Sponsor"), being a limited partnership duly organized under the laws of the State of South Carolina, has requested the Authority to assist it through the issuance of bonds under the Act in the amount not to exceed

\$7,700,000 (the “Bonds”) to provide a construction mortgage loan (the “Loan”) to finance the costs of construction financing for a portion of the costs of acquisition, construction, and adaptive reuse of multifamily rental housing facilities to be known as “A.C.T.S. Community Apartments,” consisting of approximately 40 rental units and related facilities, located in the City of Abbeville, State of South Carolina (the “Project”); and

**WHEREAS**, the Authority has determined that assisting in the financing of the Project with the proceeds of the Bonds will promote and serve the intended purposes of and in all respects will conform to the provisions and requirements of the Act, and, in order to assist in the financing of the Project, the Authority will issue the Bonds; and

**WHEREAS**, the Authority hereby finds and determines that in order to alleviate the lack of decent, safe, and sanitary housing available to individuals of the Beneficiary Classes, the Bonds must be issued; and

**WHEREAS**, the Authority on October 3, 2024, adopted its Resolution making preliminary provision for the issuance of the Bonds and authorising a petition to the SFAA seeking its approval of the issuance of the Bonds, and the Authority hereby confirms the findings and determinations made regarding the Bonds, the Project, and the Housing Sponsor; and

**WHEREAS**, by resolution adopted on [\_\_\_\_], 2025 the SFAA gave its approval to the proposal of the Authority to issue the Bonds for the purpose of financing a portion of the costs of the Project; and

**WHEREAS**, the Authority has previously requested the SFAA, and was granted, an allocation of private activity bond volume cap under Section 146(f)(2) of the Code, a portion of which shall be allocated to the Bonds; and

**WHEREAS**, the Authority proposes to issue the Bonds pursuant to a Trust Indenture (the “Indenture”) between the Authority and U.S. Bank Trust Company, National Association (the “Trustee”), pursuant to which the proceeds of the Bonds will be paid to the Trustee for deposit as provided under the Indenture and used to finance a portion of the costs of the Project and the costs of issuance of the Bonds; and

**WHEREAS**, the Borrower has advised the Authority that the Bonds will be rated by one of the national rating agencies at a level satisfactory to the Authority, and the Indenture provides that payment of the Bonds will be assured through the maintenance of cash collateral reserves (or comparable arrangement) by which the Borrower will cause Eligible Funds (as defined in the Indenture) in an amount equal to the Bond proceeds to be deposited in the collateral fund for repayment of the Bonds, which maintenance of reserves the Authority has determined is sufficient under the Act for a public distribution of the Bonds by the Underwriter (as hereinafter defined); and

**WHEREAS**, the Bond proceeds will be used to provide the Loan to the Housing Sponsor pursuant to a Loan Agreement (the “Loan Agreement”) between the Authority and the Housing Sponsor; and

**WHEREAS**, the Loan Agreement will require the Housing Sponsor to operate the Project to ensure the availability of housing to members of the Beneficiary Classes; and

**WHEREAS**, the Authority will assign substantially all of its rights under the Loan Agreement to the Trustee pursuant to the terms of the Indenture; and

**WHEREAS**, the Authority hereby finds and confirms that (i) in order to provide the moneys necessary to implement its program, the Bonds must be issued as provided in this resolution, and (ii) the revenues or other moneys estimated to be available pursuant to the Loan Agreement will provide moneys required for the payment of the principal and interest on the Bonds:

**NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY IN MEETING DULY ASSEMBLED AS FOLLOWS:**

**Section 1. Adoption of Premises.** Each statement of fact, determination, and finding of the Authority set forth in the preamble hereto has been carefully examined and has been found to be in all respects true and correct as of the date hereof.

**Section 2. Issuance of Bonds.** In order to provide a portion of the moneys required to finance the costs of acquisition, construction, and adaptive reuse of the Project, there is hereby authorized and shall forthwith be issued an issue of bonds to be designated as “South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (A.C.T.S. Community Apartments), Series 2025,” with such series designation as approved by the Executive Director. The Bonds are intended to be issued as exempt facility bonds for qualified residential rental projects under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended. The Bonds shall be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, in substantially the form attached to the Indenture, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing such Bonds, such approval to be conclusively evidenced by such officers’ execution thereof.

**Section 3. Approval of Form of Indenture.** The Bonds shall be secured by the Indenture to be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, the form of which is presented at this meeting and filed with the minutes of this meeting, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing the Indenture, their approval to be conclusively evidenced by such officers’ execution thereof.

**Section 4. Approval of Form of Loan Agreement.** The transactions described in the recitals to this Resolution shall be consummated pursuant to the terms of the Loan Agreement to be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, the form of



which is presented at this meeting and filed with the minutes of this meeting, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing the Loan Agreement, their approval to be conclusively evidenced by such officers' execution thereof.

Section 5. Sale of Bonds; Bond Purchase Agreement. The Chairman or Vice Chairman of the Authority is hereby authorized to sell the Bonds to Stifel, Nicolaus & Company, Incorporated (or an affiliate thereof) (the "Purchaser"), pursuant to the terms and conditions of a Bond Purchase Agreement (the "Bond Purchase Agreement") to be executed on behalf of the Authority by the Chairman or Vice Chairman or Executive Director. The authority hereby conferred may be exercised so long as the initial interest rate on the Bonds does not exceed [\_\_\_\_\_] % per annum, and the final maturity of the Bonds is not later than 45 years after their date of issue. The purchase price of the Bonds shall be as approved by the Chairman or Vice Chairman or Executive Director.

Section 6. Approval of Form of Restrictive Covenants. The Project will be encumbered by restrictive covenants to ensure the Project continuously complies with the requirements of the Act and of the Code pursuant to the Agreement as to Restrictive Covenants between the Authority and the Housing Sponsor (the "Restrictive Covenants") to be executed on behalf of the Authority by the Chairman, the Vice Chairman, or the Executive Director of the Authority, in substantially the form as presented at this meeting with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing said document, their approval to be conclusively evidenced by such officer's execution thereof.

Section 7. General Authority. The Board of Commissioners of the Authority and its appropriate officers, attorneys, agents, and employees are hereby authorized to do all acts and things required of them by this Resolution, the Indenture, the Loan Agreement, the Restrictive Covenants, or the Bond Purchase Agreement, or desirable or consistent with the requirements hereof or thereof for the acquisition and construction of the Project or the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Bonds, this Resolution, the Indenture, the Loan Agreement, the Restrictive Covenants, and the Bond Purchase Agreement, and each such Commissioner, officer, attorney, and employee is hereby authorized and directed to execute and deliver any and all papers, financing statements, reports, forms, certificates, and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereby and thereby, including the execution and delivery of a Federal Tax Agreement and Non-Arbitrage Certificate between the Authority and the Housing Sponsor (the "Regulatory Agreement"), in such form as is approved by such officers or employees, execution by the said officers or employees being conclusive evidence of their approval.

Section 8. Limited Obligations; No Personal Liability.

(a) The Bonds are not a debt or grant or loan of credit of the State of South Carolina or any other political subdivision of the State. Neither the State nor any political subdivision of the State will be liable for the Bonds, nor shall the Bonds be payable out of any funds other than those revenues of the Authority pledged to the payment of the Bonds under the Indenture.

(b) No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Authority contained in this Resolution, the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, the Bond Purchase Agreement, or the Bonds, against any member of the Board of Commissioners, or any officer or employee of the Authority, as such, in his or her individual capacity, past, present, or future, either directly or through the Authority, whether by virtue of any constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that this Resolution, the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, the Bond Purchase Agreement, and the Bonds are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any member, officer, or employee as such, past, present, or future, either directly or by reason of any of the obligations, covenants, promises, or agreements, entered into between the Authority and the registered owners or to be implied therefrom as being supplemental hereto or thereto; and that all personal liability of that character against every such member, officer, and employee is, by the adoption of this Resolution and the execution of the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, the Bond Purchase Agreement, and the Bonds, and as a condition of, and as a part of the consideration for, the adoption of this Resolution and the execution of the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, the Bond Purchase Agreement, and the Bonds, expressly waived and released. The immunity of the members, officers, and employees, of the Authority under the provision contained in this Section shall survive the termination of this Resolution.

**ADOPTED IN MEETING DULY ASSEMBLED** this \_\_\_\_ day of \_\_\_\_\_, 2025.

**STATE OF SOUTH CAROLINA**

**COUNTY OF LEXINGTON**

I, the undersigned Secretary of the South Carolina State Housing Finance and Development Authority (the “**Authority**”), **DO HEREBY CERTIFY** that the foregoing is a true, correct, and verbatim copy of a Resolution duly adopted by the Authority at a duly called meeting held on \_\_\_\_\_, 2025.

**WITNESS MY HAND** this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_  
Secretary, South Carolina State Housing Finance and  
Development Authority

## A RESOLUTION

### **GRANTING APPROVAL TO THE ISSUANCE BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY OF ITS MULTIFAMILY HOUSING REVENUE BONDS (A.C.T.S. COMMUNITY APARTMENTS)**

WHEREAS, the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the "Act") provides that, upon the approval of the State Fiscal Accountability Authority (the "SFAA"), the South Carolina State Housing Finance and Development Authority (the "Authority") may issue from time to time bonds or notes for the purpose of obtaining funds with which to make construction and permanent mortgage loans to housing sponsors who agree to and shall be required to provide for construction of residential housing for rental by persons or families of either beneficiary class (as defined in the Act) (the "Beneficiary Class"); provided, however, that with respect to any particular issue of bonds or notes, one of the following conditions must be met: (a) if there is a public distribution of the bonds or notes, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of such loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorized to do business in the State of South Carolina; or (iii) the payment of the bonds or notes to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds or notes are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional buyers, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, the documents pursuant to which the bonds or notes are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds or notes; and

WHEREAS, the Authority has presented to the SFAA its Petition dated December 23, 2024 (the "Petition"), which, together with the schedules thereto attached, sets forth certain information with respect to the Authority's Multifamily Housing Revenue Bonds (A.C.T.S. Community Apartments) in the principal amount not to exceed \$7,700,000 (the "Bonds"); and

WHEREAS, the following have been submitted with the Petition in response to the requirements of Section 31-13-220 of the Act, certain of which are pro forma schedules because the Bonds have not been priced or sold as of the date of this Resolution, to wit:

- (i) a pro forma (in lieu of final schedules) of the principal amount of the Bonds to be issued;
- (ii) a pro forma (in lieu of final schedules) of the maturity schedule of the Bonds to be issued;
- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority have previously been provided to the Office of the State Treasurer;

- (iv) schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedule referenced in item (iii) have previously been provided to the Office of the State Treasurer;
- (v) the method to be employed in selling the Bonds.

**NOW, THEREFORE, BE IT RESOLVED BY THE STATE FISCAL ACCOUNTABILITY AUTHORITY IN MEETING DULY ASSEMBLED:**

Section 1. The SFAA hereby finds and determines that the funds estimated to be available for the repayment of the Authority's notes and bonds on a pro forma basis, including the Bonds, will be sufficient to provide for the payment of the principal and interest thereon. Conditional approval is hereby granted by the SFAA to the execution and delivery by the Authority of the Bonds in the principal amount not to exceed \$7,700,000.

Section 2. The approval of the SFAA is hereby conditioned on the following:

(a) Following the pricing or sale of the Bonds, but prior to closing and issuance of the Bonds, the approval of the State Treasurer of the interest rate or rates on the Bonds and of the form and substance of such documents as he deems necessary therefor;

(b) Following the pricing or sale of the Bonds, but prior to the closing and issuance of the Bonds, the Authority shall have provided to the State Treasurer, to the extent not previously provided, the information required to be submitted to the SFAA by the provisions of Section 31-13-220, to wit:

- (i) the final principal amount of the Bonds to be issued;
- (ii) the final maturity schedule of the Bonds to be issued;
- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority;
- (iv) schedules showing the final amount and source of revenues available for the payment of the debt service requirements established by the schedule referenced in item (iii);
- (v) the method to be employed in selling the Bonds.

(c) Following the pricing or sale of the Bonds, but prior to the closing and issuance of the Bonds, the State Treasurer shall find and determine, based solely on his review of the documents described in clauses (i) through (v) above, that the funds estimated to be available for the repayment of the Authority's notes and bonds, including the Bonds, will be sufficient to provide for the payment of the principal and interest thereon;

(d) The documents pursuant to which the Bonds are being issued shall provide that all expenses, costs, and fees of the Authority in connection with the issuance of the Bonds, including legal fees, printing, and all disbursements shall be paid by the Housing Sponsor (as defined in the Petition); and

(e) The final approval by the Governor as the elected official of the State of South Carolina for purposes of Section 142(f) of the Internal Revenue Code of 1986, as amended.

Section 3. This Resolution shall take effect immediately upon its adoption.

[FORM OF BOND COUNSEL OPINION]

\_\_\_\_\_, 2025

Board of Commissioners  
South Carolina State Housing  
Finance and Development Authority  
Columbia, South Carolina

Re: \$7,700,000 South Carolina State Housing Finance and Development Authority  
Multifamily Housing Revenue Note (A.C.T.S. Community Apartments), Series  
2025

Ladies and Gentlemen:

As bond counsel to A.C.T.S. Community Apartments, LP, a South Carolina limited partnership (the "Housing Sponsor"), we have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance by the South Carolina State Housing Finance and Development Authority (the "Issuer") of its \$7,700,000 Multifamily Housing Revenue Bonds (A.C.T.S. Community Apartments), Series 2025 (the "Bonds"). The Bonds are issued pursuant to the provisions of the South Carolina State Housing Finance and Development Authority Act of 1977, as amended (codified as Sections 31-13-160 through 31-13-330 of the Code of Laws of South Carolina 1976, as amended) (the "Act"), (ii) a Loan Agreement, dated as of [\_\_\_\_\_]1, 2025 (the "Loan Agreement"), between the Issuer and the Housing Sponsor, (iii) a Trust Indenture, dated as of [\_\_\_\_\_]1, 2025 (the "Indenture"), between the Issuer and [\_\_\_\_\_]1, as trustee (the "Trustee"), and (iv) a resolution (the "Resolution") adopted by the Board of Commissioners of the Issuer authorising the issuance and sale of the Bonds. Pursuant to the Loan Agreement, the Issuer will make a mortgage loan (the "Mortgage Loan") to the Housing Sponsor to be used to provide financing for the acquisition and renovation of a multifamily rental housing development (the "Project") described in the Loan Agreement. Pursuant to the Loan Agreement, the Housing Sponsor has agreed to make payments to or on behalf of the Issuer sufficient to pay, in the aggregate, the principal of, premium, if any, and interest on the Bonds, as well as other

payments, property, and revenues pledged to the payment thereof under the Indenture (the “Trust Estate”).

The Project is subject to an Agreement as to Restrictive Covenants, dated as of [\_\_\_\_\_] , 2025 (the “Regulatory Agreement”), between the Housing Sponsor and the Issuer, and the Federal Tax Agreement and Non-Arbitrage Certificate, dated the date hereof (the “Tax Agreement”), between the Housing Sponsor and the Issuer. The Loan Agreement, the Indenture, the Regulatory Agreement, and the Tax Agreement contain covenants that include requirements regarding the application and investment of the proceeds of the sale of the Bonds, the use and occupancy of the residential units of the Project, and the rebate of certain investment proceeds to the United States government.

With respect to the power of the Housing Sponsor to enter into and perform its obligations under the Loan Agreement and the other documents to which it is party, the due authorisation, execution, and delivery of the Loan Agreement and the other documents by the Housing Sponsor, and the validity and enforceability thereof against the Housing Sponsor, we refer you to the opinion of Ellinger Carr PLLC, as counsel to the Housing Sponsor of even date herewith addressed to you.

As to questions of fact material to our opinion, we have relied upon representations of and compliance with covenants by the Housing Sponsor and the Issuer contained in the Loan Agreement, the Indenture, the Regulatory Agreement, the Tax Agreement, certificates of public officials furnished to us, and certificates of representatives of the Housing Sponsor, the Issuer, and other parties, in each case, without undertaking any independent verification, although nothing has come to our attention to lead us to believe we are not justified in so relying. We have assumed that all signatures on documents, certificates, and instruments examined by us are genuine; all documents, certificates, and instruments submitted to us as originals are authentic; and all documents, certificates, and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates, and instruments relating to this financing have been duly authorised, executed, and delivered by all parties thereto other than the Issuer, and we have further assumed the due organisation, existence, and powers of such other parties other than the Issuer.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Preliminary Official Statement, the Official Statement, or any other offering material relating to the Bonds, and we express no opinion relating thereto.

Based on the foregoing, as of the date hereof we are of the opinion, under existing law, as follows:



1. The Issuer is validly existing as a body corporate and politic under the laws of the State of South Carolina with the corporate power to enter into and perform its obligations under the Loan Agreement and the Indenture and to issue the Bonds.

2. The Bonds, the Loan Agreement and the Indenture have been duly authorised, executed, and delivered by the Issuer, and (assuming due authorisation, execution, and delivery thereof by the other parties thereto) are the valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their respective terms.

3. The Resolution has been duly adopted and the Bonds have been duly authorised and executed by the Issuer, and are valid and binding limited obligations of the Issuer, payable solely from the Trust Estate. The Bonds are not general obligations or an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation, and do not constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit, but is payable solely from the Trust Estate.

4. Interest on the Bonds is exempt from South Carolina income taxation; and interest on the Bonds (a) is excludable from gross income for federal income tax purposes, except for interest on any Bonds for any period during which such Bonds are held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and (b) is not a preference item for purposes of the federal alternative minimum tax. Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed on the entire net income of such bank, which includes interest on the Bonds. The opinion set forth in this paragraph is subject to the condition that the Issuer and the Housing Sponsor comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and South Carolina income tax purposes. Failure to comply with certain of the requirements could cause the interest on the Bonds to be so included in gross income retroactively to the date of issuance of the Bonds. The Issuer and the Housing Sponsor have covenanted to comply with all such requirements.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, and the Loan Agreement are limited by bankruptcy, insolvency, reorganisation, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity. Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

We express no opinion regarding the perfection or priority of the lien on the Trust Estate.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as Bond Counsel have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to make the statements contained in this letter with respect to the validity of the Bonds and the tax-exempt status of the interest on the Bonds. We have not examined any documents or other information concerning the business or financial resources of the Issuer or the Housing Sponsor, and we express no opinion as to the accuracy or completeness of any information with respect to the Issuer or the Housing Sponsor that may have been relied upon by the purchasers of the Bonds in making their decision to purchase the Bonds.

We have examined executed Bond No. R-1 of the issue and, in our opinion, it is in due form of law.

Very truly yours,

HOWELL LINKOUS & NETTLES, LLC  
Bond Attorneys & Counsellors at Law

The Linking House  
106 Broad Street  
Charleston, South Carolina 29401

Post Office Box 1768  
Charleston, South Carolina 29402

Telephone 843.266.3800  
Fax 843.266.3805

Concentrating in Municipal Bonds,  
Local Government Law, Economic  
Development Incentives,  
Affordable Housing Development

February 4, 2025

State Fiscal Accountability Authority  
Columbia, South Carolina

Not to Exceed \$7,700,000  
South Carolina State Housing Finance and Development Authority  
Multifamily Housing Revenue Bonds (A.C.T.S. Community Apartments) Series 2025

Ladies and Gentlemen:

We are acting as bond counsel in connection with the proposed issuance by the South Carolina State Housing Finance and Development Authority (the "Issuer") of the referenced bonds (the "Bonds"). At your request, we are delivering this opinion in connection with the Issuer's Petition ("Petition") to the State Fiscal Accountability Authority ("SFAA") to receive the SFAA's approval of the issuance of the Bonds pursuant to Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended (the "Act"), to enable the Issuer to make a mortgage loan (the "Mortgage Loan") to A.C.T.S. Community Apartments, LP (the "Housing Sponsor") to be used to provide construction financing for a multifamily rental housing development (the "Project").

In that capacity, we have examined originals or copies of the Petition and the Preliminary Bond Resolution adopted by the Board of Commissioners of the Issuer (the "Preliminary Bond Resolution"), and the form of the Loan Agreement and the form of the Trust Indenture (collectively with the Preliminary Bond Resolution, and the Petition, the "Transaction Documents"), and other documents, certificates, and correspondence as we have deemed necessary for purposes of giving this opinion.

In rendering the opinion expressed below, we have relied solely on our examination of the Transaction Documents. We have not made any investigation as to any factual matter or as to the accuracy or completeness of any representation, warranty, data, or any other information, whether written or oral, that may have been made by or on behalf of the Issuer, the Housing Sponsor, the SFAA, or the other parties to the Transaction Documents. Further, in rendering the opinion expressed below, we do not purport to be experts in or generally familiar with or

qualified to express legal opinions based on the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State of South Carolina, and the opinions are limited to the federal laws of the United States of America and the laws of the State of South Carolina.

Based on the stated examination and assumptions, and subject to the stated qualifications and limitations, we are of the opinion, under existing law, that all findings and conclusions appearing in the SFAA Resolution are supported by representations or statements of fact appearing in the Transaction Documents and the Transaction Documents comply with all requirements of the Act, contain all required facts, information, and findings by the respective authorities, and are legally sufficient to allow the SFAA to approve the issuance of the Bonds through the adoption of the SFAA Resolution.

Except as set forth above, we express no opinion in connection with the issuance and sale of the Bonds. The opinion expressed above is rendered solely for your benefit in considering the approval of the issuance of the Bonds under the Act. The opinion may neither be relied on by you for any other purpose nor be furnished to, used, circulated, quoted, or relied on by any other person or entity for any other purpose, without our prior written consent in each instance. We disclaim any obligation to update the opinion expressed above for events occurring or coming to our attention after the date of this letter.

Very truly yours,

HOWELL LINKOUS & NETTLES, LLC

  
\_\_\_\_\_  
Samuel W. Howell

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**SOURCES AND USES OF FUNDS****A.C.T.S Community****Sources:**

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Bond Proceeds:	
Par Amount	7,700,000.00
	<hr/>
	7,700,000.00

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**Uses:**

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Escrow Deposits:	
Cash Deposit	0.30
SLGS Purchases	<hr/>
	7,567,781.00
	7,567,781.30
Other Uses of Funds:	
Additional Proceeds	132,218.70
	<hr/>
	7,700,000.00

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**BOND PRICING****A.C.T.S Community**

<i>Bond Component</i>	<i>Mandatory Tender Date</i>	<i>Amount</i>	<i>Rate</i>	<i>Yield</i>	<i>Price</i>
Term Bond due 2027:	10/01/2027	7,700,000	3.500%	3.500%	100.000
		7,700,000			

Dated Date	04/01/2025		
Delivery Date	04/01/2025		
First Coupon	10/01/2025		
Par Amount	7,700,000.00		
Original Issue Discount			
Production	7,700,000.00	100.000000%	
Underwriter's Discount			
Purchase Price	7,700,000.00	100.000000%	
Accrued Interest			
Net Proceeds	7,700,000.00		

**BOND DEBT SERVICE**

**A.C.T.S Community**

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
10/01/2025			134,750	134,750	134,750
04/01/2026			134,750	134,750	
10/01/2026			134,750	134,750	269,500
04/01/2027			134,750	134,750	
10/01/2027	7,700,000	3.500%	134,750	7,834,750	7,969,500
	7,700,000		673,750	8,373,750	8,373,750

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### ESCROW REQUIREMENTS

#### A.C.T.S Community

<i>Period Ending</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
10/01/2025		134,750.00	134,750.00
04/01/2026		134,750.00	134,750.00
10/01/2026		134,750.00	134,750.00
04/01/2027		134,750.00	134,750.00
10/01/2027	7,700,000	134,750.00	7,834,750.00
	7,700,000	673,750.00	8,373,750.00

---



**ESCROW COST**

**A.C.T.S Community**

<i>Type of Security</i>	<i>Maturity Date</i>	<i>Par Amount</i>	<i>Rate</i>	<i>Cost</i>	<i>Total Cost</i>
SLGS	10/01/2027	7,567,781	4.260%	7,567,781	7,567,781.00
		7,567,781		7,567,781	7,567,781.00

<i>Purchase Date</i>	<i>Cost of Securities</i>	<i>Cash Deposit</i>	<i>Total Escrow Cost</i>	<i>Yield</i>
04/01/2025	7,567,781	0.30	7,567,781.30	4.260000%
	7,567,781	0.30	7,567,781.30	

**ESCROW SUFFICIENCY****A.C.T.S Community**

<i>Date</i>	<i>Bond Debt Service</i>	<i>Receipts from Eligible Investments</i>	<i>Excess Receipts</i>	<i>Excess Balance</i>
04/01/2025		0.30	0.30	0.30
10/01/2025	134,750.00	161,193.74	26,443.74	26,444.04
04/01/2026	134,750.00	161,193.74	26,443.74	52,887.78
10/01/2026	134,750.00	161,193.74	26,443.74	79,331.52
04/01/2027	134,750.00	161,193.74	26,443.74	105,775.26
10/01/2027	7,834,750.00	7,728,974.74	-105,775.26	
	8,373,750.00	8,373,750.00	0.00	

B.

State Housing Finance and Development  
Authority

Edgewood School Apartments



**6. TAX AND ARBITRAGE MATTERS**

Yes No

a. Is any portion of the project, once completed, to be managed by a third-party pursuant to a management contract? (if yes, please attach copy)

Not yet r

b. Will third-party payments (from support organizations, private entities or the federal government) related to the facility, however indirectly, be used to pay debt service on the bonds?

c. If yes to any of the above, please provide a square footage and cost estimate of the portion affected.

Sq. Footage

Cost Estimate

**7. ESTIMATED/ACTUAL PROJECT SOURCES AND USES: A Construction Financing / B. Permanent Financing**

Sources	A. Project Budget Construction (Sources)	B. Project Budget Permanent (Sources)
(1) Bond Proceeds: (a) Par	\$ 13,200,000	\$ -
(b) Premium/Accr. Int.	-	-
(2) Issuer/Borrower Contr.	-	-
	-	-
(3) Debt Service Fund Trans.	-	6,505,570
(4) Debt Service Reserve Fund Contribution	-	-
(5) Other MFHRB Sources		
(a) LIHTC	-	9,368,037
(b) State Housing TC	-	2,685,770
(c) Owner's Equity/Other	6,430,492	6,478,440
(d) SC Housing Trust Fund		-
<b>Total Project Sources</b>	<b>\$ 19,630,492</b>	<b>\$ 25,037,817</b>
	Surplus/Deficit	\$ -

Project Budget (Uses)	Uses
\$ 17,615,992	Project Fund
110,000	Acquisition
-	
-	
1,552,000	Other (Contingency)
352,500	Cost of Issuance (Incl. UW Disc.)
<b>19,630,492</b>	<b>Construction Uses Total</b>
1,201,861	Capitalized Interest Fund
1,650,000	Developer Fee
276,371	Reserves
453,460	Project Financing Costs
1,825,633	Third party reports/soft costs
-	
<b>\$ 25,037,817</b>	<b>Total Project Uses</b>

**8. TOTAL ESTIMATED BOND COI EXPENDITURES**

COI Description	Cost Of Issuance Vendor Name	Est. Fee For Services
Financial Advisor	N/A	
Bond Counsel		75,000
Disclosure Counsel	N/A	-
Issuer's Counsel	Lee Ann Watson, Esq.	-
Lender's Counsel	Bank Counsel	65,000
Transaction Counsel	N/A	25,000
Legal Expenses	N/A	7,500
Rating Agency - S&P	N/A	-
Rating Agency - Moody's	N/A	-
Rating Agency - Fitch	N/A	-
Underwriter's Compensation	N/A	99,000
Registrar / Paying Agent	N/A	-
Escrow Agent	N/A	15,000
Verification Agent	N/A	-
Printing/Publishing/Advertising	N/A	-
Other	N/A	-
Issuer's Fee	Authority Fees	66,000
		<b>\$ 352,500</b>

**Est. COI Fees (% of Production):**

Financial Advisor: % of Transaction

Bond Counsel: % of Transaction

Total Legal Costs: % of Transaction

Rating Agencies: % of Transaction

UW Comp: % of Transaction

Other COI: % of Transaction

Total COI: % of Transaction



**Emily W. Zackon**

**Associate**

t: 803.253.6867

f: 803.255.8017

emilyzackon@parkerpoe.com

Atlanta, GA  
Charleston, SC  
Charlotte, NC  
Columbia, SC  
Greenville, SC  
Raleigh, NC  
Spartanburg, SC  
Washington, DC

January 28, 2025

**UPLOADED TO LIQUID FILES**

Delbert H. Singleton, Jr.

Assistant Executive Director and Authority Secretary

SC State Fiscal Accountability Authority

1200 Senate Street, Suite 600

Columbia, South Carolina 29201

***Re: Edgewood School Apartments  
SC State Housing - Request for Approval of Issuance  
of Multifamily Housing Revenue Bonds or Notes***

Dear Delbert:

In accordance with the 2025 South Carolina State Ceiling Allocation Plan (“**Plan**”) and Section 1-11-530 of the Code of Laws of South Carolina 1976, as amended (“**Act**”), we are making this submission for proposed inclusion on the February 4, 2025, meeting agenda of the State Fiscal Accountability Authority (“**State Authority**”).

**Project Summary**

This submission pertains to a proposed issuance of multifamily housing revenue bonds or notes (“**Bonds**”) by the South Carolina State Housing Finance and Development Authority (“**State Housing**”) to finance a portion of the costs of the acquisition and redevelopment of an abandoned building into a new multifamily affordable housing development located in Greenwood County, South Carolina (“**County**”) to be known as Edgewood School Apartments (“**Project**”). In addition to the proceeds of the Bonds, the balance of the cost of the Project is expected to be financed through the syndication of both federal and state low income tax credits and state abandoned building tax credits. The Project will consist of approximately 75 one-bedroom units, all of which will be reserved for qualifying low-income tenants and targeted for elderly residents.

**Approvals by State Housing**

Pursuant to the Plan, State Housing published its 2024 tax-exempt bond rankings using the competitive criteria (“**Rankings**”), which included the Project as the fifth ranked project. On October 3, 2024, State Housing adopted a preliminary bond resolution (“**Resolution**”), which provided preliminary approval of the issuance of Bonds in an amount not to exceed \$13,200,000. Pursuant to the Rankings, the Authority may issue tax-exempt Bonds in an amount not to exceed \$13,200,000 for the Project and will utilize State Housing’s carryforward allocation of State ceiling.

### **Compliance with the Plan**

Section P of the Plan enumerates the requirements of a submission for approval, each of which is addressed below:

1. Because the Bonds have been tentatively granted a portion of State Housing's carry-forward allocation, we are only submitting a request for approval of the issuance of the Bonds.
2. Not applicable to this request.
3. Not applicable to this request.
4. The Project has received a 42M Letter and a Preliminary Determination Letter from State Housing. Both items are included with this submission. We note that State Housing received no comments from Greenwood County following State Housing's publication and delivery of written notice and conduct of a public hearing in accordance with Section 12-6-3795(C)(3).
5. The petition of State Housing to the State Authority contains the required acknowledgement and representation.
6. Not applicable to this request.
7. The Project was listed as the fifth ranked project in the Rankings.
8. Not applicable to this request.
9. Not applicable to this request.
10. Not applicable to this request.
11. Not applicable to this request.
12. Completed (see no. 7 above).

### **Compliance with the Act**

In accordance with the Act, this submission includes State Housing's Petition ("***Petition***") and the Resolution.

### **Documents Provided**

In support of this request, and in compliance with the Plan, the Act and pre-Act 202 submission requirements, please find the following documents enclosed:

- A. a completed State Authority transmittal form;
- B. the Resolution;
- C. the Petition;
- D. a form of the approving Resolution to be considered for adoption by the State Authority on February 4, 2025;
- E. a form of a Notice of Action;

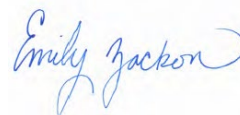
- F. a form of bond counsel's opinion letter;
- G. opinion letter to the State Authority;
- H. a 42M Letter relating to the Project;
- I. a Preliminary Determination Letter relating to the Project; and
- J. Private Participant Disclosure Forms.

In the Petition, State Housing has requested the State Authority delegate to the State Treasurer the power to grant, on behalf of the State Authority, the final approval for the issuance of the Bonds following receipt by the State Treasurer of information with respect to the final details of the Bonds (including the final size, date, maturity schedule, and repayment provisions), the annual debt service requirements of the Authority on all of its outstanding bonds and notes, and the method to be employed in selling the Bonds. Pursuant to Section 31-13-220 of the Code of Laws of South Carolina 1976, as amended, this information will be provided to the State Treasurer, as the designee of the State Authority, prior to the issuance of the Bonds.

Finally, a New Debt Information Form with respect to the Bonds will be submitted to the Office of the State Treasurer by State Housing, and we understand that State Housing will also remit a copy of the New Debt Information Form to you.

Thank you for your assistance. Please do not hesitate to contact us if you have any questions or need any additional information.

Sincerely,



Emily W. Zackon

Enclosures: stated

cc: Lee Ann Watson, General Counsel  
South Carolina State Housing Finance and Development Authority  
(via email: [LeeAnn.Watson@schousing.com](mailto:LeeAnn.Watson@schousing.com))



**BOND TRANSMITTAL FORM**

**TO:** Delbert H. Singleton, Jr., Authority Secretary  
State Fiscal Accountability Authority  
600 Wade Hampton Building (29201)  
P.O. Box 12444  
Columbia, SC 29211

**DATE:** 1/28/2025

**Submitted for SFAA Meeting on:**  
2/4/2025

**FROM: Parker Poe Adams & Bernstein LLP**

1221 Main Street, Suite 1100  
Columbia, SC 29201  
803-255-8000

**RE: SC State Housing - Request for Approval of Issuance of Multifamily Housing Revenue Bonds or Notes for Edgewood School Apartments**

**Project Name:** Edgewood School Apartments

**Documents enclosed (executed original and two copies of each):**

*(ALL documents required for state law approval; A and C only for ceiling allocation only; must check K or L)*

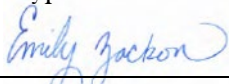
- A.  Petition
- B.  Resolution or Ordinance
- C.  Inducement Resolution or comparable preliminary approval
- D.  Department of Health and Environmental Control Certificate *if required*
- E.  State Fiscal Accountability Authority Resolution and Public Notice *(original)*  
*Plus \_\_\_\_\_ copies for certification and return to bond counsel*
- F.  Draft bond counsel opinion letter
- G.  Signed SFAA Reliance letter
- H.  DHEC Certificate of Need (C.O.N.)
- I.  Debt Questionnaire
- J.  Processing Fee

*Amount:* \$Click or tap here to enter text.    *Check No:* Click or tap here to enter text.

*Payor:* Click or tap here to enter text.

- K.  No Private Participant will be known at the time the Authority considers this agenda item.
- L.  This agenda item is accompanied by the applicable Private Party Disclosure form for each private participant

Bond Counsel: Parker Poe Adams & Bernstein LLP  
Typed Name of Bond Counsel

By:   
Signature

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF RICHLAND )

PETITION

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TO THE STATE FISCAL ACCOUNTABILITY )  
AUTHORITY OF SOUTH CAROLINA )  
 )

---

EDGEWOOD SCHOOL  
APARTMENTS PROJECT

The South Carolina State Housing Finance and Development Authority (the “*Authority*”) submits this petition to the State Fiscal Accountability Authority of South Carolina (the “*SFAA*”) pursuant to the South Carolina State Housing Finance and Development Authority Act of 1977, Act No. 76 of the Acts and Joint Resolutions of the General Assembly of 1977, as amended (the “*Act*”) and respectfully shows:

1. The Act, among other things, provides that whenever the Authority has determined by resolution that sufficient persons and families of either beneficiary class (as defined in the Act) (the “*Beneficiary Classes*”) are unable to pay the amounts at which private enterprise is providing decent, safe and sanitary housing and that through the exercise of one or more of the programs authorized by the Act, decent, safe and sanitary housing will become available to members of the Beneficiary Classes in need therefore, then, on receipt of approval from the SFAA, the Authority is authorized, subject to the conditions set forth in the Act, to issue from time to time its notes and bonds for the purpose of, among other things, obtaining funds with which to make (a) construction loans secured by mortgages of housing sponsors (as defined in the Act), or of persons or families of the Beneficiary Classes; and (b) permanent mortgage loans to housing sponsors who agree to and are required to provide for construction or rehabilitation of residential housing (as defined in the Act) for rental by persons or families the Beneficiary Classes;

2. Edgewood School Apartments, LP (the “*Sponsor*”), has applied to and requested the Authority to assist the Sponsor by issuing its bonds or notes, anticipated to be designated as Multifamily Housing Revenue Bonds or Notes (Edgewood School Apartments Project) (with an appropriate series or subseries designations) (“*Bonds*”), in the aggregate principal amount of not exceeding \$13,200,000, for the acquisition, construction and equipping of an approximately 75-unit multifamily development located in Greenwood County, South Carolina, to be known as Edgewood School Apartments (the “*Project*”).

3. The Authority has preliminarily approved the issuance of the Bonds pursuant to a resolution adopted by the bond committee of the Authority on September 11, 2024, to provide funds to make a mortgage loan to the Sponsor for the acquisition, construction and equipping of the Project, to establish the necessary reserve funds and to pay the costs and expenses incurred in connection with the issuance of the Bonds.

4. The Authority will adopt a final resolution (the “*Resolution*”) authorizing the issuance and sale of the Bonds and establishing the definitive terms thereof, including those revenues and assets to be pledged to the payment of the Bonds. The Authority will take steps necessary to comply with the requirements of Section 142 of the Internal Revenue Code of 1986, as amended.

5. The net interest rate to be borne by the Bonds has not been determined. The interest rate will not exceed the limitations or contravene the conditions described in the Act.

6. The trustee for the issue and the size, date, maturity schedule, payment dates and repayment provisions with respect to the Bonds shall be finally determined prior to the date the

Bonds are issued. As soon as these matters are finally determined, a precise schedule thereof shall be presented to the SFAA or its designee as provided by the Act.

7. The Authority requests that the SFAA delegate to the State Treasurer the ability to approve the interest rate on the Bonds and to grant on behalf of the SFAA final approval for the issuance of the Bonds. Prior to the issuance of the Bonds, the Authority shall have provided to the State Treasurer, to the extent not previously provided herein or otherwise, the information required to be submitted to the SFAA by the provisions of Section 31-13-220, to wit:

- (a) the principal amount of the Bonds to be issued;
- (b) the maturity schedule of the Bonds to be issued;
- (c) a schedule showing the annual debt service requirements of all outstanding notes and bonds of the Authority;
- (d) a schedule showing the amount and source of revenues available for the payment of debt service on said bonds and notes;
- (e) the method to be employed in selling the Bonds.

8. The Bonds will be a limited special obligation of the Authority secured by and payable solely from monies, income and receipts of the Authority pledged under the Resolution with respect thereto.

9. A schedule showing the annual debt service requirements of all outstanding bonds and notes of the Authority and source of revenues available for the payment of such debt service requirements has previously been provided to the SFAA.

10. The Authority will produce any further information with respect to the Bonds required by the SFAA.

11. Based on information provided by the Sponsor to the Authority, the Authority represents that the Bonds in the amount of not exceeding \$13,200,000, constitutes all of the private activity bond financing contemplated at the time for the Project and any other facilities located at or used as a part of an integrated operation with the Project. Any amount of volume cap allocation subsequently requested will constitute a new request.

12. Pursuant to the final tax-exempt bond rankings published by the Authority, the Authority may issue tax-exempt Bonds in an amount not to exceed \$13,200,000 for the Project and will utilize the Authority's carryforward allocation of State ceiling.

**WHEREFORE**, on the basis of the foregoing, the Authority prays preliminary approval by the SFAA of the issuance of the Bonds in the aggregate principal amount set forth above for the purpose of financing the acquisition, construction and equipping of the Project, establishing necessary reserve funds, and paying the costs and expenses incurred in connection with the issuance of the Bonds.

Respectfully submitted,

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**



---

Lee Ann Watson  
General Counsel

October 3, 2024

## A RESOLUTION

### **MAKING PRELIMINARY PROVISION FOR THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS OR NOTES OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY FOR THE EDGEWOOD SCHOOL APARTMENTS PROJECT AND OTHER MATTERS RELATED THERETO.**

**WHEREAS**, pursuant to the South Carolina State Housing Finance and Development Authority Act of 1977, Act No. 76 of the Acts and Joint Resolutions of the General Assembly of 1977 (codified at Sections 31-13-10 to 31-13-340, inclusive, of the Code of Laws of South Carolina 1976), as amended (the "**Act**"), the South Carolina State Housing Finance and Development Authority (the "**Authority**"), hereby determines that sufficient persons or families of either beneficiary class (as defined by the Act) (the "**Beneficiary Classes**") are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing and that through the exercise of one or more of the programs authorized by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need therefore;

**WHEREAS**, on the making of such determination, the Authority may issue bonds or notes, subject to the conditions set forth in the Act, for the purpose of, among other things, obtaining funds to make (1) construction or rehabilitation loans secured by mortgages of housing sponsors; and (2) permanent mortgage loans to housing sponsors who agree to and shall be required to provide construction or rehabilitation of residential housing for rental or purchase by the Beneficiary Classes;

**WHEREAS**, prior to issuing its bonds or notes, the Authority must obtain the approval of the South Carolina State Fiscal Accountability Authority (the "**SFAA**"); and

**WHEREAS**, Edgewood School Apartments, LP, a limited partnership duly organized under the laws of the State of South Carolina (the "**Sponsor**"), has applied to and requested the Authority to assist the Sponsor by issuing the Authority's revenue bonds or notes in the aggregate principal amount of not exceeding \$13,200,000, for the purpose of making a loan (the "**Mortgage Loan**") to the Sponsor for the acquisition, construction and equipping of an approximately 75-unit apartment development located in Greenwood County, South Carolina, to be known as Edgewood School Apartments (the "**Project**").

**NOW, THEREFORE, BE IT RESOLVED BY THE BOND COMMITTEE OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY IN MEETING DULY ASSEMBLED:**

**Section 1. Adoption of Premises.** Each statement of fact set forth in the preamble hereto has been carefully examined and has been found to be in all respects true and correct.

**Section 2. Undertakings of the Authority.** In the event the Sponsor meets the requirements set forth herein and in the Act and in order to provide the moneys required to finance the Mortgage Loan, to establish the necessary reserve funds and to pay the costs and expenses incurred in connection therewith, the Authority will undertake to issue revenue bonds or notes to be designated as "South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds or Notes (Edgewood School Apartments Project)" (with an appropriate series or subseries designations) in the aggregate principal amount of not exceeding \$13,200,000 (the "**Bonds**"). Pursuant to the final tax-exempt bond rankings published by the Authority, the Authority may issue tax-exempt Bonds in an amount not to exceed \$13,200,000 for the Project and will utilize the Authority's carryforward allocation of State ceiling.

Any obligation of the Authority hereunder is subject to (a) the requirements that (i) the Project shall have received such approvals as are required under the Act, if any, (ii) the Authority approve the items which may be included in any required charges (rent plus any other mandatory payments) to occupants of

the Project, and (iii) the Bonds be approved by the SFAA; and (b) the right of the Authority in its sole discretion, to rescind this Resolution and elect not to issue such Bonds at some future date.

Section 3. Obligations of Sponsor. If the Project proceeds as contemplated, the Sponsor agrees to:

(a) make its Project available for occupancy by persons in the Beneficiary Classes for such period and subject to such conditions as the Authority may determine;

(b) provide such security for any of its obligations or mortgages to the Authority, or of the obligations of any other person to the Authority, as the Authority may, in its sole discretion request which such security may include federal mortgage insurance or federal agreements to make payments adequate to pay amounts due by such Sponsor or such other person;

(c) enter into mortgage loan agreements with respect to its Project or amendments to its existing mortgage loan documents with respect to its Project, if any, on such terms and conditions as the Authority may deem necessary or desirable;

(d) pay all costs and expenses incurred by the Authority, including its reasonable counsel fees, in furtherance of the undertakings of the Authority hereunder, regardless of whether any bonds or notes are issued with respect to its Project;

(e) provide the Authority with such information and material with respect to its Project, including financial statements and information, reports, tests, surveys, appraisals, plans, specifications, drawings, occupancy rates or rent rolls, studies or feasibility studies, legal opinions, descriptions, and access for inspection of its Project or any other such items as may be requested by the Authority; and

(f) enter into such agreements, including such disclosure agreements as may be required to meet the requirements of Rule 15c2-12(b)(5) promulgated by the U.S. Securities and Exchange Commission, execute such documents and provide such proofs or evidence as the Authority may, in its sole discretion, request in connection with its undertakings hereunder.

Section 4. Termination. The Authority or the Sponsor may elect not to proceed with the issuance of the Bonds. The Authority shall not be obligated hereby to the Sponsor or any other person by virtue of the adoption of this Resolution. Neither the Sponsor nor any other person shall have any rights hereunder and the Authority shall not be liable in any way to the Sponsor or any other person for any decision it makes not to proceed hereunder regardless of any action taken by the Sponsor or such other person whether known or unknown to the Authority.

Section 5. Sale of Bonds; Purchase Contract. The Chairman and the Executive Director of the Authority are hereby authorized to sell the Bonds to a purchaser to be designated by the Sponsor and approved by the Executive Director (the "**Purchaser**") pursuant to the terms and conditions of a purchase contract or funding agreement which shall contain the terms and conditions employed by the Authority with respect to the Authority for the sale of its notes and bonds or as are approved by the Executive Director on receipt of advice from counsel to the Authority. The authority hereby conferred may be exercised as long as the interest rate of the Bonds does not exceed the limitations or contravene the conditions as described in the Act and (i) the Bonds are rated in one of the three highest rating categories (without regard to subcategories) by either Moody's Investors Services, Inc. or S&P Global Ratings or (ii) the Bonds are to be purchased directly for investment. The purchase price of the Bonds shall be determined by the Chairman and the Executive Director but in no event shall be less than 97.5% of par plus accrued interest on the Bonds from their dated date to the date of delivery thereof.

Section 6. No Waiver of Existing Rights of Authority. Notwithstanding anything herein to the contrary, nothing in this resolution shall be construed as a waiver of any default under an existing

mortgage loan or a modification of any rights of the Authority, and no such waiver or modification shall be effected except by the express written agreement of the Authority delivered subsequent to the date hereof.

Section 7. Petition to SFAA. The Chairman, the Executive Director, counsel to the Authority, or any of them, working with bond counsel are authorized and directed to prepare and present to the SFAA the request prescribed by Section 31-13-220 of the Act, the form of which has been provided to the Authority, that among other things, sets forth the pertinent terms and provisions relating to the Bonds, determined as provided in this Resolution, and the outstanding bonds and notes of the Authority.

Section 8. Designation of Fiduciaries. The Chairman and the Executive Director are hereby authorized and directed to designate the trustee and any paying agent and registrar under the financing documents to be entered into with respect to the Bonds.

Section 9. General Authority. The Commissioners of the Authority and the Authority's appropriate officers, attorneys, agents, and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual, and complete performance of all the terms, covenants, and purposes contained in the Bonds and this Resolution, and each such Commissioner, officer, attorney, and employee is hereby authorized and directed to execute and deliver any and all papers and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated thereby.

Section 10. Expiration. This Resolution, if not renewed, will expire on a date which is twelve (12) months from the date of its adoption by the Bond Committee.

Section 11. Miscellaneous. All orders and resolutions or any parts thereof in conflict herewith are to the extent of such conflict hereby repealed. This Resolution shall take effect and be in full force from and upon its adoption by the Bond Committee.

Section 12. Non-Transferable. This Resolution may not be transferred by the Sponsor. No attempted sale or other transfer of this Resolution shall be valid or binding upon the Authority.

Section 13. Reimbursement. It is the intention of the Authority that this resolution shall constitute an official action on the part of the Authority within the meaning of the applicable regulations of the Department of Treasury of the United States of America relating to the issuance of tax-exempt revenue bonds and the Authority hereby declares its official intent under section 1.150-2 of the Treasury Regulations, based on information provided by the Sponsor, for proceeds of the Bonds to be used to reimburse expenditures paid by the Authority or the Sponsor for the Project prior to the issue date of the Bonds. The maximum principal amount of the Bonds is set forth above.

**STATE OF SOUTH CAROLINA**

**COUNTY OF LEXINGTON**

I, the undersigned Secretary to the Board of Commissioners (the "**Board of Commissioners**") of the South Carolina State Housing Finance and Development Authority (the "**Authority**") do hereby certify that I am the duly qualified and acting Secretary to the Board of Commissioners and as such further certify that attached hereto is a true and correct copy of the Resolution adopted by the Bond Committee of the Board of Commissioners of the Authority at a meeting duly called and held on the \_\_\_\_\_ day of October 2024, at which meeting a quorum was present and acting throughout, and that said Resolution has not been modified, amended, or repealed and is in full force and effect on the date hereof.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the Authority this \_\_\_\_\_ day of October 2024.

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

**By:**



Richard A. Hutto, Secretary  
Board of Commissioners



**A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY OF ITS MULTIFAMILY HOUSING REVENUE BONDS OR NOTES (EDGEWOOD SCHOOL APARTMENTS PROJECT) SERIES 2025**

**WHEREAS**, it is provided by the South Carolina State Housing Finance and Development Authority Act of 1977, as amended (the “Act”), that, upon approval of the State Fiscal Accountability Authority of South Carolina (the “SFAA”), the South Carolina State Housing Finance and Development Authority (the “Authority”) may issue from time to time bonds or notes for the purpose of obtaining funds with which to make (1) construction or rehabilitation loans secured by mortgages of housing sponsors; and (2) permanent mortgage loans to housing sponsors who agree to and shall be required to provide construction or rehabilitation of residential housing for rental to persons or families of either Beneficiary Class, as defined in the Act; however, with respect to any particular issue of notes or bonds, one of the following conditions must be met: (a) if there is a public distribution of the notes or bonds, the issue must be rated by one or more of the national rating agencies, and one or more of the additional following conditions must be met: (i) there must be in effect a Federal program providing assistance in repayment of such loans; (ii) the proceeds must be used to acquire either Federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorized to do business in the State of South Carolina; (iii) the payment of the notes or bonds to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the SFAA; or (b) if the notes or bonds are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional investors, or to other non-registered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina, 1976, as amended (“SC Code”), the documents pursuant to which the notes or bonds are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its right with respect to any collateral or security pledged to secure the notes or bonds; and

**WHEREAS**, Edgewood School Apartments LP, a South Carolina limited partnership (the “Sponsor”), has requested the Authority to assist it in an undertaking to acquire, redevelop, construct and equip a multifamily affordable housing development for seniors, consisting of approximately 75 units, located in Greenwood County, South Carolina (the “Project”); and

**WHEREAS**, in order to provide money to acquire, redevelop, construct and equip the Project, the Authority proposes to issue its bonds or notes to be known as South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds or Notes (Edgewood School Apartments Project) Series 2025 in an aggregate principal amount of not exceeding \$13,200,000, taxable or tax-exempt (the “Bonds”); and

**WHEREAS**, the Authority has presented to the SFAA its Petition dated as of October 3, 2024 (the “Petition”), which sets forth certain information with respect to the Bonds.

**NOW, THEREFORE, BE IT RESOLVED BY THE STATE FISCAL ACCOUNTABILITY AUTHORITY IN MEETING DULY ASSEMBLED:**

Section 1. Approval is granted to the undertaking of the Authority as outlined in the Petition.

Section 2. Subject to the conditions set forth in Section 3, approval is hereby granted by the SFAA to the execution and delivery by the Authority of its bonds or notes to be designated as the South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds or Notes (Edgewood School Apartments Project) Series 2025, or such other designation as the Board of

Commissioners of the Authority may determine, in the principal amount of not exceeding \$13,200,000, taxable or tax-exempt. Pursuant to the final tax-exempt bond rankings published by the Authority, the Authority may issue tax-exempt Bonds in an amount not to exceed \$13,200,000 for the Project and will utilize the Authority's carryforward allocation of State ceiling.

Section 3. The approval of the SFAA is conditioned on the following:

(a) The Authority shall have provided to the State Treasurer, to the extent not previously provided herein or otherwise, the information required to be submitted to the SFAA by the provisions of Section 31-13-220 of the SC Code, to wit:

- (i) the principal amount of the bonds or notes to be issued;
- (ii) the maturity schedule of the bonds or notes to be issued;
- (iii) a schedule showing the annual debt service requirements of all outstanding notes and bonds of the Authority;
- (iv) a schedule showing the amount and source of revenues available for the payment of debt service on the notes and bonds referenced in item (iii); and
- (v) the method to be employed in selling the bonds or notes;

(b) The approval of the State Treasurer of the form and substance of the Bonds and of such documents as he deems necessary therefore;

(c) The State Treasurer shall find and determine that the funds estimated to be available for the repayment of the Authority's notes and bonds, including the Bonds, will be sufficient to provide for the payment of the principal and interest thereon;

(d) The documents pursuant to which the Bonds are being issued shall provide that all expenses, costs, and fees of the Authority in connection with the issuance of the Bonds, including legal fees, printing, and all disbursements shall be paid by the Sponsor; and

(e) To the extent required, the final approval by the Governor as the elected official of the State of South Carolina for purposes of Section 142(f) of the Internal Revenue Code of 1986, as amended.

Section 4. This Resolution shall take effect immediately upon its adoption.



Atlanta, GA  
Charleston, SC  
Charlotte, NC  
Columbia, SC  
Greenville, SC  
Raleigh, NC  
Spartanburg, SC  
Washington, DC

[Closing Date], 2025

Board of Commissioners [Trustee]  
South Carolina State Housing  
Finance and Development Authority [Lender]  
Columbia, South Carolina

**Re:**

*\$/[Par]*  
***South Carolina State Housing Finance and Development Authority  
Multifamily Housing Revenue Bonds  
(Edgewood School Apartments) Series 2025***

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the South Carolina State Housing Finance and Development Authority, as issuer and governmental lender (“**Issuer**”), of its \$[Par] Multifamily Housing Revenue Bonds (Edgewood School Apartments) Series 2025 (“**Bond**”).

The Bond is issued under and pursuant to Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended (“**Act**”) and Act 369 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina 1986. The Bond is being issued under Trust Indenture, dated as of [] 1, 2025 (“**Trust Indenture**”), by and between the Issuer, and [Trustee], as trustee (“**Trustee**”). Capitalized terms not defined herein shall have the same meaning as set forth in the Trust Indenture.

The Bond is issued as a single certificate registered in the name of the initial purchaser thereof, in the aggregate principal amount of \$[Par] and is dated [Closing Date], 2025. The Bond bears interest from the date thereof payable in accordance with terms provided therein. The Bond matures on [Maturity Date]. The Bond is subject to redemption upon the terms and conditions and at the price set forth therein. The Bond is also subject to mandatory tender upon the terms and conditions set forth therein.

The Bond is being issued for the primary purpose of providing funds for the making of a mortgage loan (“**Loan**”) from the Issuer to Edgewood School Apartments, LP (“**Borrower**”), pursuant to that certain Loan Agreement, dated as of [] 1, 2025 (“**Loan Agreement**”), by and between the Issuer and the Borrower, for the acquisition, redevelopment and construction of a residential rental apartment development and installation of related fixtures, equipment, furnishings and site improvements, known as the Edgewood School Apartments located in the Greenwood County, South Carolina.

In connection with the foregoing, we have examined (i) the Constitution, the Act and other relevant statutes of the State of South Carolina (“**State**”); (ii) certified copies of the proceedings of the Board of Commissioners of the Issuer authorizing the issuance of the Bond on [March 29, 2025] (“**Resolution**”); (iii) certified copies of the proceedings of the State Fiscal Accountability Authority (“**Authority**”) relating to the Bond, including a resolution adopted by the Authority on [February 4, 2025]; (iv) the Loan Agreement; (v) the Trust Indenture; (vi) a form of an Agreement as to Restrictive Covenants, dated [Closing Date], 2025 (“**Regulatory Agreement**”), between the Issuer and the Borrower; (vii) the Tax Certificate, dated [Closing Date], 2025 (“**Tax Agreement**”), among the Issuer, the Borrower and the Trustee (collectively, the Resolution, the Trust Indenture, the Loan Agreement, the Regulatory Agreement and the Tax Agreement are referred to herein as “**Bond Documents**”); and (viii) such other records and documents as we have considered necessary or appropriate in rendering the following opinions. We have also examined the fully executed Bond.

As to questions of fact material to the opinions hereinafter expressed, we have relied upon representations of the Issuer and the Borrower contained in the Bond Documents, the certified proceedings and other certifications of representatives of the Issuer and others furnished to us, including certifications furnished to us by or on behalf of the Issuer and the Borrower, without undertaking to verify the same by independent investigation. We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, and documents and proceedings.

In giving the opinions hereinafter expressed, we do not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State, and such opinions are limited to the federal laws of the United States of America and the laws of the State.

Based upon the foregoing, it is our opinion under existing law that:

1. The Issuer is a duly created and validly existing public body corporate and politic and an agency of the State with full power and authority to issue the Bond, to make the Loan with the proceeds of the Bond, and to perform all of its obligations under the Bond Documents.
2. The Issuer has the right, power and authority under the Act to adopt the Resolution and execute the Bond Documents and each has been duly and lawfully executed and delivered by the Issuer, is in full force and effect, and is a valid agreement of the Issuer and enforceable in accordance with its terms.
3. The Trust Indenture creates a valid pledge of the Trust Estate for payment of the Bond pursuant to the terms of the Trust Indenture.
4. The Bond has been duly authorized, executed and delivered and constitutes a legal valid and binding special obligation of the Issuer enforceable in accordance with its terms and the terms of the Trust Indenture. The Bond is secured in the manner and to the extent prescribed by the Trust Indenture.

5. The Bond is not a debt or grant or loan of credit of the State or any political subdivision thereof and neither the State nor any political subdivision thereof is liable thereon, nor shall the Bond be payable out of any funds other than those of the Issuer pledged therefor under the Trust Indenture.

6. Interest on the Bond is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (“*Code*”), except for interest on the Bond for any period during which such Bond is held by a “substantial user” of the facilities financed by the Bond or a “related person” within the meaning of Section 147(a) of the Code. Interest on the Bond is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer and the Borrower comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Issuer and the Borrower have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bond to be includable in gross income retroactively to the date of the issuance of the Bond. We express no opinion regarding other federal tax consequences related to the ownership, or the amount, accrual or receipt of interest with respect to the Bond.

7. The Bond and the interest thereon are presently exempt from all State of South Carolina, county, municipal, school district, and all other taxes or assessments, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except for inheritance, estate and transfer taxes, but the interest on the Bond may be includable for certain franchise fees or taxes.

8. The Bond is exempt from registration under the Securities Act of 1933, as amended, and the Trust Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended.

It is understood that the enforceability of the Trust Indenture and the Bond may be subject to judicial discretion, the exercise of the sovereign police powers of the State or the constitutional powers of the United States of America and valid bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors’ rights generally.

This opinion letter is delivered solely for your benefit in connection with the issuance of the Bond and consummation of the transaction contemplated thereby and may not be used or relied on by any other person or for any other purpose without our prior written consent in each instance. Our opinions expressed herein are given as of the date hereof, and we undertake no obligation to advise you of any changes of applicable law or any other matters that may come to our attention after the date hereof that may affect our opinions expressed herein.

Very truly yours,

**PARKER POE ADAMS & BERNSTEIN LLP**



Atlanta, GA  
Sumter, SC  
Charlotte, NC  
Columbia, SC  
Sumter, SC  
Raleigh, NC  
Spartanburg, SC  
Washington, DC

January 28, 2025

State Fiscal Accountability Authority  
Columbia, South Carolina

South Carolina Attorney General  
Columbia, South Carolina

**Re:   *Not Exceeding \$13,200,000***  
***South Carolina State Housing Finance and Development Authority***  
***Multifamily Housing Revenue Bonds or Notes (Edgewood School Apartments Project)***

Ladies and Gentlemen:

We are acting as bond counsel in connection with the issuance by the South Carolina State Housing Finance and Development Authority, as issuer and governmental lender (“*Issuer*”), of its not exceeding \$13,200,000 South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds or Notes (Edgewood School Apartments Project), tax-exempt or taxable (“*Bonds*”).

At the request of the State Fiscal Accountability Authority (“*SFAA*”), we are delivering this opinion in connection with the SFAA’s consideration of the issuance of the Bonds pursuant to Section 31-13-90 of the Code of Laws of South Carolina 1976, as amended (the “*Act*”).

The primary purpose of the issuance of the Bonds is to fund a portion of the acquisition, redevelopment, construction and equipping of a multifamily affordable housing development located in Greenwood County, South Carolina, to be known as the Edgewood School Apartments. The Bonds are expected to be issued pursuant to the terms of a trust indenture or funding loan agreement (“*Indenture*”), between the Issuer and a trustee (the “*Trustee*”), the proceeds of which will be used, in part, to fund the loan to Edgewood School Apartments, LP (“*Borrower*”), pursuant to the terms of the related loan agreement (“*Loan Agreement*”).

In our capacity as Bond Counsel, we have examined a form of the preliminary resolution adopted by the Issuer on October 3, 2024, a Petition of the Issuer to the SFAA requesting that the SFAA approve the issuance of the Bonds, and a form of the resolution of the SFAA approving the issuance of the Bonds (“*Resolution*”). We are familiar with the forms of the Indenture and the Loan Agreement (collectively, the “*Transaction Documents*”) used in connection with the issuance and loan of the proceeds of the Bonds. We have reviewed such other records and documents as we have considered necessary or appropriate in rendering the opinions set forth herein.

As to questions of fact material to the opinions hereinafter expressed, we have relied solely upon our experience with the forms of the Transaction Documents, and upon representations of the Issuer and the Borrower made in connection with the application by the Borrower to the Issuer, without undertaking to verify the same by independent investigation.

In giving the opinions hereinafter expressed, we do not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State, and such opinions are limited to the federal laws of the United States of America and the laws of the State.

Based upon the foregoing, it is our opinion, under existing law, that:

1. The Transaction Documents are in compliance with applicable provisions of State and federal law;
2. The Transaction Documents are legally sufficient to allow the SFAA to approve the issuance of the Bonds through the adoption of the Resolution; and
3. The findings and conclusions appearing in the Resolution are supported by representations or statements of fact appearing in the Transaction Documents.

This opinion letter is delivered solely for your benefit in connection with the approval of the Bonds and may not be used or relied on by any other person or for any other purpose without our prior written consent in each instance. We express no opinion in connection with the issuance of the Bonds or the sale of the Bonds. Our opinions expressed herein are as of the date hereof, and we undertake no obligation to advise you of any changes of applicable law or any other matters that may come to our attention after the date hereof that may affect our opinions expressed herein.

Very truly yours,

*Parker Poe Adams & Bernstein LLP*

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**PARKER POE ADAMS & BERNSTEIN LLP**

**NOTICE OF ACTION OF THE  
STATE FISCAL ACCOUNTABILITY AUTHORITY**

Notice is given that following the filing of a Petition by the South Carolina State Housing Finance and Development Authority (“Housing Authority”) to the State Fiscal Accountability Authority of South Carolina (“State Authority”), approval has been given by the State Authority to the following undertaking (“Undertaking”) (including changes in any details of the Undertaking as finally consummated that do not materially affect the Undertaking), viz.:

The Housing Authority will issue its not exceeding \$13,200,000, taxable or tax-exempt, Multifamily Housing Revenue Bonds or Notes (Edgewood School Apartments Project) Series 2025, in one or more series (“Bonds”), pursuant to Act No. 76 of the Acts and Joint Resolutions of the General Assembly of 1977, as amended (“Act”). The Housing Authority will use the proceeds of the Bonds to fund a mortgage loan to Edgewood School Apartments, LP, a South Carolina limited partnership (“Borrower”), to (i) finance the costs of acquiring, redeveloping, constructing and equipping an approximately 75-unit multifamily housing development to be known as Edgewood School Apartments located in Greenwood County, South Carolina, (ii) establish necessary reserve funds and (iii) provide for certain fees and expenses which may be incurred in connection with the issuance of the Bonds.

The Bonds will be payable solely from the amounts to be paid to the Housing Authority by the Borrower pursuant to a loan agreement between the Housing Authority and the Borrower. The Bonds are not an indebtedness of the State of South Carolina (“State”).

The Bonds will be issued pursuant to the Act and a Resolution to be adopted by the Board of Commissioners of the Housing Authority at a meeting of the Board of Commissioners which is expected to be held on or around March 19, 2025. The Bonds will not be (i) secured by, or in any way entitled to, a pledge of the full faith, credit, or taxing power of the Housing Authority or the State, (ii) an indebtedness of the Housing Authority or the State within the meaning of any State constitutional provision or statutory limitation, other than indebtedness payable solely from a revenue-producing project or special source that does not include revenues from any tax or license, (iii) a pecuniary liability of the Housing Authority or the State or (iv) a charge against the general credit or taxing power of the Housing Authority or the State.

Notice is further given that any interested party may, within 20 days after the date of publication of this Notice, but not after, challenge the validity of the State Authority’s action in approving the Undertaking by action *de novo* instituted in the Court of Common Pleas for Greenwood County.

STATE FISCAL ACCOUNTABILITY AUTHORITY  
OF SOUTH CAROLINA  
By: Delbert H. Singleton, Jr., Secretary



**CERTIFICATE OF THE ALLOCATING AGENCY**

**EDGEWOOD SCHOOL APARTMENTS, LP**

I, the undersigned, Richard Hutto, the duly qualified Executive Director of the South Carolina State Housing Finance and Development Authority (the "Authority") DO HEREBY CERTIFY that:

As provided in the 2023 South Carolina Qualified Allocation Plan (the "2023 QAP") pursuant to which the Authority administers its Low Income Housing Tax Credit Program, Low Income Housing Tax Credits (the "Tax Credits") are not allocated to developments financed through the issuance and sale of private activity bonds until each such development is placed in service;

As of the date hereof, the Authority is of the belief that should the construction of Edgewood School Apartments (the "Project") be carried out in the manner described in the Project's application, the Project will be a project described by the 2023 QAP as required by the provisions of Section 42(m)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code"). The above statement is predicated upon the assumption contained therein. A final determination as to whether or not the Project will be a project described in the 2023 QAP cannot be made until such time as the Project has been completed, placed in service, and has submitted an application to receive an allocation of Tax Credits; and

As of the date hereof, the Authority cannot make a final determination as to whether or not the Project will meet all of the requirements that will render it eligible to receive an allocation of Tax Credits, if any, for which the Project will qualify. The Authority's policy is not to make written determinations pursuant to Section 42(m)(2)(D) of the Code until the Project is placed in service. In the event that the Project is placed in service in accordance with the Code and the policies and procedures of the Authority and the Authority determines the Project to be eligible to receive an allocation of Tax Credits, the amount of such allocation will not be greater than that required for the basic financial feasibility of the Project and any determinations required by Section 42(m)(1)(D) and Section 42(m)(2)(D) will be done at that time.

IN WITNESS WHEREOF I have set my hand this 31st day of December, 2024.

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

By: Richard Hutto  
Richard Hutto, Executive Director



South Carolina State Housing Finance and Development Authority  
300-C Outlet Pointe Blvd., Columbia, South Carolina 29210  
Telephone: 803.896.9001 TTY: 803.896.8831  
SCHousing.com

July 12, 2024

**RE: Preliminary Determination of State Tax Credit**  
Edgewood School Apartments - 52321

Dear Mr. Walker:

The South Carolina State Housing Finance and Development Authority (SC Housing) has made a preliminary determination that the above-referenced Property may be eligible for an allocation of South Carolina state housing tax credits (STC) under SC Code Ann. §12-6-3795 in an annual allocation amount not to exceed \$537,154.00, and a total allocation amount for the ten-year credit period not to exceed \$5,371,540.00. This allocation amount is not a final determination and is subject to reduction at the time the STC is finalized with an Eligibility Statement.

This preliminary determination is subject to the limitations and other provisions set forth by SC Code Ann. § 12-6-3795. In addition to the foregoing, the Property must meet the requirements below in order for the STC amount to be finalized with an Eligibility Statement issued in conjunction with the issuance of any Form 8609 for the federal housing tax credit.

The Property must, without limitation:

1. Place in service after January 1, 2020 and before December 31, 2030;
2. Have restricted rents that do not exceed 30% of income for at least:
  - 40% of units occupied by households with incomes of 60% or less of the median income, or
  - 20% of units occupied by households with incomes of 50% or less of the median income; and
3. Comply with the applicable Qualified Allocation Plan, STC Implementation Policies, STC SC Housing Bulletin(s), and decisions made during application review; and
4. Comply with applicable guidance and policies as may be established by the South Carolina Department of Revenue, including, but not limited to, any filing requirements.

Sincerely,

*Kim Wilbourne*

Kim Wilbourne

Low-Income Housing Tax Credit Manager

C.

State Housing Finance and Development  
Authority

Livewell Terrace



**6. TAX AND ARBITRAGE MATTERS**

Yes No

a. Is any portion of the project, once completed, to be managed by a third-party pursuant to a management contract? (if yes, please attach copy)

	X
--	---

b. Will third-party payments (from support organizations, private entities or the federal government) related to the facility, however indirectly, be used to pay debt service on the bonds?

	X
--	---

c. If yes to any of the above, please provide a square footage and cost estimate of the portion affected.

Sq. Footage

--

Cost Estimate

\$	-
----	---

**7. ESTIMATED/ACTUAL PROJECT SOURCES AND USES: A Construction Financing / B. Permanent Financing**

Sources	A. Project Budget Construction (Sources)	B. Project Budget Permanent (Sources)
(1) Bond Proceeds: (a) Par	\$ 20,220,000	\$ -
(b) Premium/Accr. Int.	-	-
(2) Issuer/Borrower Contr.	-	-
	-	-
(3) Debt Service Fund Trans.	-	10,000,000
(4) Debt Service Reserve Fund Contribution	-	-
(5) Other MFHRB Sources		
(a) LIHTC	-	16,441,642
(b) State Housing TC	-	9,560,050
(c) Owner's Equity/Other	8,873,376	2,666,286
(d) SC Housing Trust Fund	-	-
<b>Total Project Sources</b>	<b>\$ 29,093,376</b>	<b>\$ 38,667,978</b>
	Surplus/Deficit	\$ (0)

Project Budget (Uses)	Uses
\$ 27,395,143	Project Fund
1	Acquisition
-	
-	
1,154,232	Other (Contingency)
544,000	Cost of Issuance (Incl. UW Disc.)
<b>29,093,376</b>	<b>Construction Uses Total</b>
2,247,205	Capitalized Interest Fund
3,000,000	Developer Fee
663,116	Reserves
926,301	Project Financing Costs
2,737,980	Third party reports/soft costs
-	
<b>\$ 38,667,978</b>	<b>Total Project Uses</b>

**8. TOTAL ESTIMATED BOND COI EXPENDITURES**

COI Description	Cost Of Issuance Vendor Name	Est. Fee For Services
Financial Advisor		\$ -
Bond Counsel	Howell Linkous & Nettles	120,000
Disclosure Counsel		-
Issuer's Counsel	Lee Ann Watson	-
Underwriter's Counsel		-
Transaction Counsel	Reno & Cavanaugh	95,000
Legal Expenses	Parker Poe, Applegate & Thorne-Thomsen, and Kutak Rock	125,000
Rating Agency - S&P	S&P Global Ratings	-
Rating Agency - Moody's	Moody's Investor Service, Inc.	-
Rating Agency - Fitch	Fitch Ratings, Inc.	-
Underwriter's Compensation		-
Registrar / Paying Agent		-
Escrow Agent		-
Verification Agent		-
Printing/Publishing/Advertising		1,800
Other		-
Issuer's Fee	Authority Fees	202,200
		<b>\$ 544,000</b>

*Est. COI Fees (% of Production):*

Financial Advisor: % of Transaction

0.00%
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Bond Counsel: % of Transaction

0.59%
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Total Legal Costs: % of Transaction

1.68%
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Rating Agencies: % of Transaction

0.00%
-------

UW Comp: % of Transaction

0.00%
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Other COI: % of Transaction

1.01%
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Total COI: % of Transaction

<b>2.69%</b>
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HOWELL LINKOUS & NETTLES, LLC  
Bond Attorneys & Counsellors at Law

The Lining House  
106 Broad Street  
Charleston, South Carolina 29401

Post Office Box 1768  
Charleston, South Carolina 29402

Telephone 843.266.3800  
Fax 843.266.3805

Concentrating in Municipal Bonds,  
Local Government Law, Economic  
Development Incentives,  
Affordable Housing Development

31 December 2024

Delbert H. Singleton, Esq.  
Assistant Executive Director and Authority Secretary  
State Fiscal Accountability Authority  
Wade Hampton Office Building  
1200 Senate Street, 6<sup>th</sup> Floor  
Columbia, South Carolina 29201

Not to exceed \$20,220,000  
South Carolina State Housing Finance and Development Authority  
Multifamily Housing Revenue Bonds  
(Livewell Terrace), Series 2025

Dear Delbert:

My firm serves as bond counsel to Livewell Terrace Limited Partnership (the "Housing Sponsor"), with respect to the issuance of a multifamily housing revenue bonds (the "Bonds") by the South Carolina State Housing Finance and Development Authority (the "Housing Authority") to provide a portion of the financing for the acquisition and construction of an affordable housing development to be known as Livewell Terrace. The proceeds of the Bonds will be loaned to the Housing Sponsor to provide a portion of the construction and permanent financing for this project. Total project costs are at approximately \$38.7 million. The project consists of approximately 120 apartments to be located at 335 Buckwalter Parkway, Bluffton, South Carolina.

Delbert H. Singleton, Esq.

31 December 2024

Page 2

Enclosed is the agenda package for the February meeting of the State Fiscal Accountability Authority (or any other date to which this request may be deferred, continued, rescheduled, or carried over) requesting State law approval for the issuance of the Bonds. I have enclosed the following documents:

1. Completed SFAA transmittal form;
2. Preliminary Bond Resolution of the Housing Authority;
3. Petition of the Housing Authority to the SFAA;
4. A form of the approving Resolution to be considered for adoption by the SFAA at its February meeting;
5. Bond Counsel opinion letter to SFAA;
6. Form of the Authority's final Bond Resolution;
7. A form of bond counsel's bond opinion letter; and
8. Private Participant Disclosure forms.

The Bond transaction will be structured as a tax-exempt construction bank loan from T.D. Bank, N.A., an institutional lender. Upon completion of construction, the permanent tax-exempt Bonds in the form of a permanent loan to be provided by Berkadia Commercial Mortgage, LLC, and tax credit equity will be applied to pay off the construction Bonds in full. Enclosed is a pro forma Cash Flow Forecast which sets forth available revenues with which to repay the permanent Bonds on an annual basis, with annual debt service coverage ratios, together with a summary of Sources and Uses of Funds, a draw schedule, and related schedules.

The Bonds are intended to be issued as exempt facility bonds for qualified residential rental projects under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended. Volume cap for this financing is expected to be provided by the Housing Authority from carry-forward volume cap that has previously been allocated to the Housing Authority.

I will attend the SFAA's meeting to answer any questions which may arise at the meeting. In the meantime, should you have any questions or need any additional information, please give me a call. With kindest personal regards, I remain,

Very truly yours,



Samuel W. Howell

SWH,IV/sls

Enclosures

cc: Mr Robert MacDonald  
Tasha Thompson, Esq.  
Ms Jackie Hipes  
Mr Kevin O'Brian



**BOND TRANSMITTAL FORM**

**TO:** Delbert H. Singleton, Jr., Authority Secretary  
State Fiscal Accountability Authority  
600 Wade Hampton Building (29201)  
P.O. Box 12444  
Columbia, SC 29211

**DATE:** 12/31/2024

**Submitted for SFAA Meeting on:**  
2/4/2025

**FROM:** Howell Linkous & Nettles, LLC

106 Broad Street  
Charleston, SC 29401

**RE: Not to exceed \$20,220,000 South Carolina State Housing Finance and Development Authority, Multifamily Housing Revenue Bonds (Livewell Terrace), Series 2025**

**Project Issue Date:** 09/01/2025

**Project Name:** Livewell Terrace

**Project Description:** to provide construction and permanent financing for a portion of the costs of acquisition and construction of multifamily housing to be known as Livewell Terrace, in the Town of Bluffton, South Carolina.

**Employment as a result of the project:** Click or tap here to enter text.

	YES	NO	AMOUNT
<b>Ceiling Allocation</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ _____
<b>Refunding Involved</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ Click or tap here to enter text.
<b>Project Approved Previously</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ Click or tap here to enter text.

**Documents enclosed (executed original and two copies of each):**

*(ALL documents required for state law approval; A and C only for ceiling allocation only.)*

- A.  Petition
- B.  Resolution or Ordinance
- C.  Inducement Resolution or comparable preliminary approval
- D.  Department of Health and Environmental Control Certificate *if required*
- E.  State Fiscal Accountability Authority Resolution and Public Notice *(original)*  
*Plus 4 copies for certification and return to bond counsel*
- F.  Draft bond counsel opinion letter
- G.  Processing Fee

*Amount:* \$Click or tap here to enter text.

*Check No:* Click or tap here to enter text.

*Payor:* Click or tap here to enter text.

- H.  No Private Participant will be known at the time the Authority considers this agenda item.
- J.  This agenda item is accompanied by the applicable Private Party Disclosure form for each private participant.
- K.  All documents have been uploaded to the SFAA Authority File Drop.

Bond Counsel: Samuel W. Howell  
Typed Name of Bond Counsel

By:   
Signature

SFAA 06/19/2020



PETITION FOR APPROVAL

TO: THE STATE FISCAL ACCOUNTABILITY  
AUTHORITY

LIVEWELL TERRACE

This Petition of the South Carolina State Housing Finance and Development Authority (the "Authority"), is submitted to the State Fiscal Accountability Authority (the "SFAA") pursuant to the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the "Act"), and respectfully shows:

1. The Act, among other things, provides that whenever the Authority shall have determined by resolution that sufficient persons or families of either beneficiary class (as defined in the Act) (the "Beneficiary Classes") are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing and that through the exercise of one or more of the programs authorized by the Act, decent, safe, and sanitary housing will become available to members of the class in need therefor, then, upon obtaining the approval of the SFAA pursuant to the Act, and in order to provide funds for its corporate purposes, the Authority is authorized to issue from time to time its bonds or notes for the purpose of obtaining funds with which to make construction and permanent mortgage loans to housing sponsors who agree to and are required to provide for construction of residential housing (as defined in the Act) for rental by persons or families of either Beneficiary Class; provided, however, that with respect to any particular issue of bonds or notes, one of the following conditions must be met: (a) if there is a public distribution of the bonds or notes, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of the loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorized to do business in the State of South Carolina; or (iii) the payment of the bonds or notes to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds or notes are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional investors, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, and the documents pursuant to which the bonds or notes are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds or notes.

2. Livewell Terrace Limited Partnership (the "Housing Sponsor"), a South Carolina limited partnership, has requested that the Authority assist it with the construction financing for the acquisition and construction of a 120-unit apartment development to be located in the Town

of Bluffton, South Carolina, and to be known as Livewell Terrace (the "Project") by the funding of one or more mortgage loans (the "Mortgage Loan") through the issuance of its revenue bonds.

3. The Authority proposes to fund the Mortgage Loan to the Housing Sponsor by issuing its bonds pursuant to a Bond Resolution to be adopted by the Authority (the "Resolution"), such bonds to be known as "South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Livewell Terrace)" (the "Bonds"), the proceeds of which will be used to fund the Mortgage Loan to the Housing Sponsor to provide construction and permanent financing for a portion of the costs of the Project and to qualify the Project for federal and South Carolina Low Income Housing Tax Credits (the "Tax Credits"). The Bonds are to be issued in the aggregate principal amount not to exceed \$20,220,000.

4. The Authority requested of the SFAA, and was granted, a carry-forward allocation of private activity bond volume cap under Section 146(f)(2) of the Code, a portion of which shall be allocated to the Bonds.

5. The Authority has determined that:

(a) (i) Sufficient persons or families of the Beneficiary Classes are unable to pay rent in the amounts at which private enterprise is providing decent, safe, and sanitary housing; (ii) through the exercise of one or more of the loan programs authorized by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need therefor; and (iii) a series of bonds or notes must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to individuals of the Beneficiary Classes.

(b) In order to provide the moneys necessary to continue to implement the Authority's program, the Bonds must be issued.

(c) The Bonds will be initially issued and delivered to TD Bank, N.A., an institutional lender, or to such other institutional lender as is requested by the Housing Sponsor and approved by the Authority. When the Project construction is completed and the Project is placed in service, the Bonds will be paid down in part by the Housing Sponsor, and assigned to Berkadia Commercial Mortgage LLC (together with TD Bank, N.A., the "Lender"), another institutional lender, or to such other institutional lender as is requested by the Housing Sponsor and approved by the Authority, to provide permanent financing for the Project. The Authority has determined that this financing arrangement is sufficient for purposes of the Act, and that the revenues or other funds estimated to be available for the payment of debt service will provide moneys required for the repayment of the principal and interest on the bonds and notes of the Authority, including the Bonds. The Bonds will be secured by a mortgage or other security agreement and will be offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional investors, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, and the documents pursuant to which the Bonds will be issued will permit the Authority to avoid any default

by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the Bonds.

6. The Authority will adopt the Resolution authorizing the issuance and delivery of the specific maximum amount of the Bonds and establishing the definitive terms thereof, including those revenues and assets to be pledged to the payment of the Bonds as described above. The Authority will take steps necessary to comply with the requirements of Sections 103 and 141-150 of the Code.

7. It is expected that the Bonds will be issued pursuant to a trust indenture, loan agreement, or similar document (the "Indenture") between the Authority and the applicable Lender and/or a corporate trustee to be approved by the Authority, pursuant to which the proceeds of the Bonds will be used to finance a portion of the costs of acquisition and construction of the Project and the costs of issuance of the Bonds. The net interest rate to be borne by the Bonds has not been determined. It is expected that the interest rate on the Bonds during the construction period will be approximately seven and 75/100 per centum (7.75%) per annum, and that after conversion to permanent financing the interest rate on the Bonds will be approximately six and 10/100 per centum (6.10%) per annum.

8. The size, date, maturity schedule, payment dates, and repayment provisions with respect to the Bonds shall be finally determined prior to the date the Bonds are issued. As soon as these matters are finally determined, a precise schedule thereof shall be presented to the SFAA or its designee as provided by the Act. There are hereby filed with the SFAA pro forma schedules with respect to the Bonds based on current estimates and market conditions.

9. The Authority requests that the SFAA delegate to the State Treasurer the ability to approve the interest rates on the Bonds, and upon making determination that the funds anticipated to be available for the payment of the Authority's notes and bonds, including the Bonds, will be sufficient to provide for the payment of principal and interest thereon, to grant on behalf of the SFAA final approval for the issuance of the Bonds. Prior to the issuance of the Bonds, the Authority shall have provided to the State Treasurer, to the extent not previously provided herein or otherwise, the information required to be submitted to the SFAA by the provisions of Section 31-13-220, to wit:

- (a) the principal amount of the Bonds to be issued;
- (b) the maturity schedule of the Bonds to be issued;
- (c) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority;
- (d) schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedules referenced in item (c); and
- (e) the method to be employed in selling the Bonds.

Attached hereto in response to the requirements of Section 31-13-220 are the following schedules, certain of which are pro forma schedules because the Bonds have not been priced or sold as of the date of this Petition, to wit:

- (i) a pro forma (in lieu of final schedules) of the principal amount of the Bonds to be issued;
- (ii) a pro forma (in lieu of final schedules) of the maturity schedule of the Bonds to be issued;
- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority have previously been provided to the Office of the State Treasurer;
- (iv) schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedules referenced in item (iii) have previously been provided to the Office of the State Treasurer; and
- (v) the method to be employed in selling the Bonds;

10. The Bonds are special obligations of the Authority secured by and payable solely from moneys, income, and receipts of the Authority pledged under the Resolution and the Indenture with respect thereto.

11. Schedules showing the annual debt service requirements of all outstanding bonds and notes of the Authority and the sources of revenues available for the payment of such debt service requirements have previously been provided to the Office of the State Treasurer by Authority.

WHEREFORE, on the basis of the foregoing, the Authority prays the SFAA (i) to accept the filing of this Petition and the documents submitted herewith; (ii) to undertake such review as its deems necessary; and (iii) to give conditional approval of the issuance of the Bonds, in the aggregate principal amount of not to exceed \$20,220,000 for the purpose of financing the Mortgage Loan to pay a portion of the cost of the acquisition and construction of the Project, as set forth above, and for paying the costs of issuance in connection therewith.

Respectfully submitted,

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

By: Lee Ann Watson  
General Counsel

December 21, 2024

## A RESOLUTION

### MAKING PRELIMINARY PROVISION FOR THE ISSUANCE OF NOT TO EXCEED \$20,220,000 AGGREGATE PRINCIPAL AMOUNT OF MULTIFAMILY HOUSING REVENUE BONDS (LIVEWELL TERRACE APARTMENTS) OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY AND OTHER MATTERS RELATED THERETO.

**WHEREAS**, the South Carolina State Housing Finance and Development Authority Act of 1977, Act No. 76 of the Acts and Joint Resolutions of the General Assembly of 1977, as amended, (the "Act"), provides that the South Carolina State Housing Finance and Development Authority (the "Authority"), upon making a determination that sufficient persons or families of either beneficiary class (as defined by the Act) (the "Beneficiary Classes") are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing, that through the exercise of one or more of the programs authorized by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need therefor, and that a series of bonds or notes must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to members of the Beneficiary Classes; and

**WHEREAS**, upon making such determination and upon the approval of the State Fiscal Accountability Authority (the "SFAA"), the Authority may issue from time to time notes and bonds for the purpose of obtaining funds with which to make (1) construction and/or rehabilitation loans secured by mortgages of housing sponsors; and (2) permanent mortgage loans to housing sponsors who agree to and shall be required to provide construction and/or rehabilitation of residential housing for rental by persons or families of either beneficiary class as defined by the Act, provided, however, with respect to any particular issue of notes or bonds one of the following conditions must be met: (a) if there is a public distribution of the notes or bonds, the issue must be rated by one or more of the national rating agencies and one or more of the following conditions must be met: (i) that there is in effect a federal program providing assistance in the payment of such loans made by the Authority; (ii) the proceeds must be used to acquire either federally insured mortgages or mortgages insured by a private mortgage insurance company authorized to do business in the State of South Carolina; or (iii) the payment of the notes or bonds to the purchasers of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the notes or bonds are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgages or other security agreement in transactions with banks, institutional investors, or other non-registered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina, 1976, as amended, and the documents pursuant to which the notes or bonds are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the notes or bonds; and

**WHEREAS**, Livewell Terrace Limited Partnership, a limited partnership duly organized under the laws of the State of South Carolina (the "Sponsor") intends, with the assistance of the Authority, to acquire and construct (i) a 120-unit apartment development located in the City of

Bluffton, Beaufort County, South Carolina, to be known as Livewell Terrace Apartments by BMH, at an expected cost of approximately \$38,700,000; and

WHEREAS, the Sponsor has requested the assistance of the Authority by funding a mortgage loan (the "Mortgage Loan") through the issuance of its multifamily housing revenue bonds in the expected maximum principal amount of \$20,220,000 (the "Bonds") to finance a portion of the costs of the Project;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOND COMMITTEE OF THE BOARD OF COMMISSIONERS OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY IN MEETING DULY ASSEMBLED:**

Section 1. Adoption of Premises. Each statement of fact set forth in the preamble hereto has been carefully examined and has been found to be in all respects true and correct.

Section 2. Undertakings of the Authority. In the event the Sponsor meets the requirements set forth herein and in order to provide the moneys required to finance the Mortgage Loan, to establish the necessary reserve funds, and to pay the costs and expenses of the Authority in connection therewith, the Authority will undertake to issue a series of bonds to be designated as "South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Livewell Terrace Apartments)" (with any appropriate series or subseries designation) in the aggregate principal amount of not to exceed \$20,200,000, on a tax-exempt basis. No taxable bonds are anticipated to be issued.

Any obligation of the Authority hereunder is subject to (a) the requirements that (i) the Project shall have received such local approval, if any, as is required under the Act, (ii) the Authority approve the items which may be included in any required charges (rent plus any other mandatory payments) to occupants of the Project, and (iii) the issuance of the Bonds being approved by the SFAA and (b) the right of the Authority in its sole discretion, to rescind this resolution and to elect not to issue such Bonds at some future date.

Section 3. Obligation of Sponsor. If the plan proceeds as contemplated, the Sponsor agrees as follows:

(a) to make the Project available for occupancy by persons in the Beneficiary Classes for such period and subject to such conditions as the Authority may determine;

(b) to provide such security for any of its obligations or mortgages to the Authority, or of the obligations of any other person to the Authority, as the Authority may, in its sole discretion request which such security may include federal mortgage insurance or federal agreements to make payments adequate to pay amounts due by such Sponsor or such other person;

(c) to enter into a mortgage loan agreement with respect to the Project on such terms and conditions as the Authority may deem necessary or desirable;

(d) to pay all costs and expenses incurred by the Authority, including its reasonable counsel fees, in furtherance of the undertakings of the Authority hereunder, regardless of whether any bonds or notes are issued with respect to the Project;

(e) to provide the Authority with such information and material with respect to the Project, including financial statements and information, reports, tests, surveys, appraisals, plans, specifications, drawings, occupancy rates or rent rolls, studies or feasibility studies, legal opinions, descriptions, and access for inspection of the Project or any other such items as may be requested by the Authority; and

(f) to enter into such agreements including such disclosure agreements as may be required to meet the requirements of S.E.C. Rule 15c2-12(b)(5), execute such documents and provide such proofs or evidence as the Authority may, in its sole discretion, request in connection with its undertakings hereunder.

Section 4. Termination. The Authority or the Sponsor may elect not to proceed with the financing. The Authority shall not be obligated hereby to the Sponsor or any other person by virtue of the adoption of this resolution. Neither the Sponsor nor any other person shall have any rights hereunder and the Authority shall not be liable in any way to the Sponsor or any other person for any decision it makes not to proceed hereunder regardless of any action taken by the Sponsor or such other person whether known or unknown to the Authority.

Section 5. Sale of Bonds; Purchase Contract. The Chairman or Vice-Chairman and the Executive Director of the Authority are hereby authorized to sell any or all series of the Bonds to Merchants Capital or such other investment bank or institutional purchaser as designated by the Sponsor and approved by the Executive Director (the "Purchaser") pursuant to the terms and conditions of a Purchase Contract in substantially the form heretofore employed by the Authority in connection with the sale of its bonds. The authority hereby conferred may be exercised as long as the interest rate of the Bonds does not exceed eight and 50/100 per cent (8.50%) per annum and (a) if there is a public distribution of the Bonds, the issue must be rated by one or more of the national rating agencies and one or more of the following conditions must be met: (i) that there is in effect a federal program providing assistance in the payment of such loans made by the Authority; (ii) the proceeds must be used to acquire either federally insured mortgages or mortgages insured by a private mortgage insurance company authorized to do business in the State of South Carolina; or (iii) the payment of the Bonds to the purchasers of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) the Bonds are to be sold only to institutional investors for investment. The purchase price of the Bonds shall be determined by the Chairman or Vice-Chairman and the Executive Director but in no event shall be less than 100% of par plus accrued interest on the Bonds from their date to the date of delivery thereof.

Section 6. Mortgage Loan. The Executive Director of the Authority is hereby authorized to execute a Mortgage Purchase Agreement or a Loan Agreement in substantially the form employed previously for the purchase of mortgage loans as may be appropriate at such time as she deems desirable at or before the delivery of the Bonds. The Executive Director is hereby

authorized to alter any terms in such Agreement or Mortgage Loan to the extent necessary or desirable so long as such modification does not significantly alter the obligations of the Authority thereunder.

Section 7. Preliminary and Final Official Statements. There is hereby authorized the distribution of preliminary and final official statements or other offering documents in connection with the sale of the Bonds. Said official statements shall be in substantially the form heretofore used in connection with the distribution of the Authority's multifamily revenue bonds and such changes, additions, deletions, or modifications as are consistent with the details of the Bonds or as are recommended by the Purchaser and accepted by bond counsel and the staff of the Authority. The Chairman or Vice-Chairman and the Executive Director of the Authority are hereby authorized and directed to take such action as they deem appropriate or as is requested of either of them in connection with the distribution of preliminary or final official statements. The Authority hereby delegates to the Executive Director the power to deem any such Official Statement "Final" within the meaning of Rule 15c-2-12 of the Securities and Exchange Commission.

Section 8. Petition to SFAA. The Executive Director and the General Counsel of the Authority are hereby authorized and directed to prepare and present to the SFAA (i) a petition under Section 1-11-530 of the Code of Laws of South Carolina, 1976, as amended (the "Allocation Act"), for an allocation of private activity bond volume cap under the Allocation Act and Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), if necessary for the issuance of the Bonds as tax-exempt and (ii) a petition requesting approval of the Bonds by the SFAA as prescribed in Section 6 of the Act, which petitions (together, the "Petition") shall, among other things, set forth the pertinent provisions relating to the Bonds required by the Act or the Allocation Act, as the case may be.

Section 9. Designation of Fiduciaries. The trustee, paying agent, and registrar under any trust indenture to be entered into with respect to the Bonds shall be a corporate trustee as requested by the Sponsor and approved by the Authority.

Section 10. General Authority. The Commissioners of the Authority and its appropriate officers, attorneys, agents, and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual, and complete performance of all the terms, covenants, and purposes contained in the Bonds and this Resolution, and each such Commissioner, officer, attorney, and employee is hereby authorized and directed to execute and deliver any and all papers and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated thereby.

Section 11. Expiration. This resolution, if not renewed, will expire on a date which is twelve (12) months from the date of its adoption by the Bond Committee of the Authority.

Section 12. Miscellaneous. All orders and resolutions or any parts thereof in conflict herewith are to the extent of such conflict hereby repealed. This resolution shall take effect and be in full force from and upon its adoption by the Bond Committee of the Authority.



Section 13. Non-Transferable. This resolution may not be transferred by the Sponsor except to a related party to the Sponsor. No other attempted sale or transfer of this resolution shall be valid or binding upon the Authority.

Section 14. Official Intent. The Sponsor has advised the Authority that it has advanced or will advance its own funds to pay Project costs on a temporary basis pending the issuance of the Bonds, and the Authority has been further advised that such funds do not consist of moneys that were otherwise earmarked or intended to be used by the Borrower to finance Project costs permanently. The Authority hereby declares its intent to reimburse expenditures for Project costs from the proceeds of the Bonds expected to be issued in the maximum principal amount of not to exceed \$20,220,000 to provide a portion of the financing for the Project. It is the intention of the Authority that this Resolution shall constitute an official intent on the part of the Authority within the meaning of Treasury Regulations Sections 1.142-4(b) and 1.150-2(d). The Authority's reasonable expectations to apply the proceeds of the Bonds to reimburse or directly fund a portion of the costs of the Project are based on the Sponsor's representations regarding the Project and the expected sources of funds for the costs of the Project.

**STATE OF SOUTH CAROLINA  
COUNTY OF LEXINGTON**

I, the undersigned secretary of the South Carolina State Housing Finance and Development Authority (the "Authority"), do hereby certify that I am the duly qualified and acting Secretary to the Authority and as such further certify that attached hereto is a true and correct copy of the Resolution adopted by the Bond Committee of the Board of Commissioners of the Authority at a meeting duly called and held on the 3<sup>rd</sup> day of October, 2024, at which meeting a quorum was present and acting throughout, and that said Resolution has not been modified, amended, or repealed and is in full force and effect on the date hereof.

I further certify that due notice of a meeting of the Bond Committee of the Board, called to be held in Columbia, South Carolina at the Authority's office on October 3, 2024, was given to all members prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting was posted at the times and places required by law.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the Authority this 3<sup>rd</sup> day of October, 2024.

(SEAL)

**SOUTH CAROLINA STATE HOUSING  
FINANCE AND DEVELOPMENT AUTHORITY**

By: Richard A. Hutto  
Richard A. Hutto  
Secretary

## **BOND RESOLUTION**

### **MAKING PROVISION FOR THE ISSUANCE OF NOT TO EXCEED \$20,220,000 AGGREGATE PRINCIPAL AMOUNT MULTIFAMILY HOUSING REVENUE BONDS (LIVEWELL TERRACE) OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY FOR THE PURPOSE OF PROVIDING MORTGAGE LOAN FINANCING FOR A MULTIFAMILY RENTAL HOUSING FACILITY, AND OTHER MATTERS RELATED THERETO.**

**WHEREAS**, the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the “Act”), provides that the South Carolina State Housing Finance and Development Authority (the “Authority”), upon making a determination that sufficient persons or families of either beneficiary class (as defined by the Act) (the “Beneficiary Classes”) are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing, and that through the exercise of one or more of the programs authorised by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need thereof and that a series of bonds must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to members of the Beneficiary Class; and

**WHEREAS**, upon making such determination and the approval of the State Fiscal Accountability Authority (the “SFAA”), the Authority may issue from time to time bonds for the purpose of obtaining funds with which to make construction mortgage loans to housing sponsors (as defined in the Act) who agree to and are required to provide for construction or rehabilitation of residential housing (as defined in the Act) for rental by persons or families of either Beneficiary Class; provided, however, that with respect to any particular issue of bonds, one of the following conditions must be met: (a) if there is a public distribution of the bonds, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of the loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorised to do business in the State of South Carolina; or (iii) the payment of the bonds to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional investors, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, and the documents pursuant to which the bonds are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds; and

**WHEREAS**, Livewell Terrace Limited Partnership (the “Housing Sponsor”), being a limited partnership duly organized under the laws of the State of South Carolina, has requested the Authority to assist it through the issuance of bonds under the Act in the amount not to exceed \$20,220,000 (the “Bonds”) to provide a mortgage loan (the “Loan”) to finance the costs of

construction and permanent financing for a portion of the costs of acquisition, and construction of the multifamily rental housing facilities to be known as “Livewell Terrace,” consisting of approximately 120 rental units and related facilities, and located at 335 Buckwalter Parkway in the Town of Bluffton, South Carolina (the “Project”); and

**WHEREAS**, the Authority has determined that assisting in the financing of the Project with the proceeds of the Bonds will promote and serve the intended purposes of and in all respects will conform to the provisions and requirements of the Act, and, in order to assist in the financing of the Project, the Authority will issue the Bonds; and

**WHEREAS**, the Authority hereby finds and determines that in order to alleviate the lack of decent, safe, and sanitary housing available to individuals of the Beneficiary Classes, the Bonds must be issued; and

**WHEREAS**, the Authority on October 3, 2024, adopted its Resolution making preliminary provision for the issuance of the Bonds and authorising a petition to the SFAA seeking its approval of the issuance of the Bonds, and the Authority hereby confirms the findings and determinations made regarding the Bonds, the Project, and the Housing Sponsor; and

**WHEREAS**, by resolution adopted on [\_\_\_\_], 2025 the SFAA gave its approval to the proposal of the Authority to issue the Bonds for the purpose of financing a portion of the costs of the Project; and

**WHEREAS**, the Authority has previously requested the SFAA, and was granted, an allocation of private activity bond volume cap under Section 146(f)(2) of the Code, a portion of which shall be allocated to the Bonds; and

**WHEREAS**, the Authority proposes to issue the Bonds pursuant to a Trust Indenture (the “Indenture”) between the Authority and [U.S. Bank Trust Company, National Association] (the “Trustee”), pursuant to which the proceeds of the Bonds will be paid to the Trustee for deposit as provided under the Indenture and used to finance a portion of the costs of the Project and the costs of issuance of the Bonds; and

**WHEREAS**, the Borrower has advised the Authority that the Bonds are to be secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement to TD Bank, N.A. (the “Construction Lender”) for the construction period, and upon completion of construction and placing the Project in service, the Bonds will be paid off in part and the balance of the Bonds will be transferred to Berkadia Commercial Mortgage, LLC (the “Permanent Lender,” and collectively with the Construction Lender, the “Lenders”), and the Indenture will permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the Bonds, which provisions the Authority has determined is sufficient under the Act for the placement of the Bonds with the Lenders; and

**WHEREAS**, the Bond proceeds will be used to provide the Loan to the Housing Sponsor pursuant to a Loan Agreement (the “Loan Agreement”) between the Authority and the Housing Sponsor; and

**WHEREAS**, the Loan Agreement will require the Housing Sponsor to operate the Project to ensure the availability of housing to members of the Beneficiary Classes; and

**WHEREAS**, the Authority will assign substantially all of its rights under the Loan Agreement to the Trustee pursuant to the terms of the Indenture; and

**WHEREAS**, the Authority hereby finds and confirms that (i) in order to provide the moneys necessary to implement its program, the Bonds must be issued as provided in this resolution, and (ii) the revenues or other moneys estimated to be available pursuant to the Loan Agreement will provide moneys required for the payment of the principal and interest on the Bonds:

**NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY IN MEETING DULY ASSEMBLED AS FOLLOWS:**

Section 1.     Adoption of Premises. Each statement of fact, determination, and finding of the Authority set forth in the preamble hereto has been carefully examined and has been found to be in all respects true and correct as of the date hereof.

Section 2.     Issuance of Bonds. In order to provide a portion of the moneys required to finance the costs of acquisition, construction, and rehabilitation of the Project, there is hereby authorized and shall forthwith be issued an issue of bonds to be designated as “South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Livewell Terrace),” with such series designation as approved by the Executive Director. The Bonds are intended to be issued as exempt facility bonds for qualified residential rental projects under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended. The Bonds shall be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, in substantially the form attached to the Indenture, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing such Bonds, such approval to be conclusively evidenced by such officers’ execution thereof.

Section 3.     Approval of Form of Indenture. The Bonds shall be secured by the Indenture to be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, the form of which is presented at this meeting and filed with the minutes of this meeting, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing the Indenture, their approval to be conclusively evidenced by such officers’ execution thereof.

Section 4. Approval of Form of Loan Agreement. The transactions described in the recitals to this Resolution shall be consummated pursuant to the terms of the Loan Agreement to be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, the form of which is presented at this meeting and filed with the minutes of this meeting, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing the Loan Agreement, their approval to be conclusively evidenced by such officers' execution thereof.

Section 5. Sale of Bonds. The Chairman or Vice Chairman of the Authority is hereby authorized to sell the Bonds to the Construction Lender pursuant to the terms and conditions of the Loan Agreement. The authority hereby conferred may be exercised so long as the initial interest rate on the Bonds does not exceed [ ]% per annum, and the final maturity of the Bonds is not later than 45 years after their date of issue. The purchase price of the Bonds shall be as approved by the Chairman or Vice Chairman or Executive Director.

Section 6. Approval of Form of Restrictive Covenants. The Project will be encumbered by restrictive covenants to ensure the Project continuously complies with the requirements of the Act and of the Code pursuant to the Agreement as to Restrictive Covenants between the Authority and the Housing Sponsor (the "Restrictive Covenants") to be executed on behalf of the Authority by the Chairman, the Vice Chairman, or the Executive Director of the Authority, in substantially the form as presented at this meeting with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing said document, their approval to be conclusively evidenced by such officer's execution thereof.

Section 7. General Authority. The Board of Commissioners of the Authority and its appropriate officers, attorneys, agents, and employees are hereby authorized to do all acts and things required of them by this Resolution, the Indenture, the Loan Agreement, or the Restrictive Covenants, or desirable or consistent with the requirements hereof or thereof for the acquisition and construction of the Project or the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Bonds, this Resolution, the Indenture, the Loan Agreement, and the Restrictive Covenants, and each such Commissioner, officer, attorney, and employee is hereby authorized and directed to execute and deliver any and all papers, financing statements, reports, forms, certificates, and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereby and thereby, including the execution and delivery of a Federal Tax Agreement and Non-Arbitrage Certificate between the Authority and the Housing Sponsor (the "Regulatory Agreement"), in such form as is approved by such officers or employees, execution by the said officers or employees being conclusive evidence of their approval.

Section 8. Limited Obligations; No Personal Liability.

(a) The Bonds are not a debt or grant or loan of credit of the State of South Carolina or any other political subdivision of the State. Neither the State nor any political subdivision of the State will be liable for the Bonds, nor shall the Bonds be payable out of any funds other than those revenues of the Authority pledged to the payment of the Bonds under the Indenture.

(b) No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Authority contained in this Resolution, the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, or the Bonds, against any member of the Board of Commissioners, or any officer or employee of the Authority, as such, in his or her individual capacity, past, present, or future, either directly or through the Authority, whether by virtue of any constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that this Resolution, the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, and the Bonds are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any member, officer, or employee as such, past, present, or future, either directly or by reason of any of the obligations, covenants, promises, or agreements, entered into between the Authority and the registered owners or to be implied therefrom as being supplemental hereto or thereto; and that all personal liability of that character against every such member, officer, and employee is, by the adoption of this Resolution and the execution of the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, and the Bonds, and as a condition of, and as a part of the consideration for, the adoption of this Resolution and the execution of the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, and the Bonds, expressly waived and released. The immunity of the members, officers, and employees, of the Authority under the provision contained in this Section shall survive the termination of this Resolution.

**ADOPTED IN MEETING DULY ASSEMBLED** this \_\_\_\_ day of \_\_\_\_\_, 2025.

**STATE OF SOUTH CAROLINA**

**COUNTY OF LEXINGTON**

I, the undersigned Secretary of the South Carolina State Housing Finance and Development Authority (the “**Authority**”), **DO HEREBY CERTIFY** that the foregoing is a true, correct, and verbatim copy of a Resolution duly adopted by the Authority at a duly called meeting held on \_\_\_\_\_, 2025.

**WITNESS MY HAND** this \_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_  
Secretary, South Carolina State Housing Finance and  
Development Authority



## A RESOLUTION

### **GRANTING APPROVAL TO THE ISSUANCE BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY OF ITS MULTIFAMILY HOUSING REVENUE BONDS (LIVEWELL TERRACE)**

WHEREAS, the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the “Act”) provides that, upon the approval of the State Fiscal Accountability Authority (the “SFAA”), the South Carolina State Housing Finance and Development Authority (the “Authority”) may issue from time to time bonds or notes for the purpose of obtaining funds with which to make construction and permanent mortgage loans to housing sponsors who agree to and shall be required to provide for construction and/or rehabilitation of residential housing for rental by persons or families of either beneficiary class (as defined in the Act) (the “Beneficiary Class”); provided, however, that with respect to any particular issue of bonds or notes, one of the following conditions must be met: (a) if there is a public distribution of the bonds or notes, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of such loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorized to do business in the State of South Carolina; or (iii) the payment of the bonds or notes to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds or notes are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional buyers, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, the documents pursuant to which the bonds or notes are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds or notes; and

WHEREAS, the Authority has presented to the SFAA its Petition dated December 27, 2024 (the “Petition”), which, together with the schedules thereto attached, sets forth certain information with respect to the Authority’s Multifamily Housing Revenue Bonds (Livewell Terrace) in the principal amount not to exceed \$20,220,000 (the “Bonds”); and

WHEREAS, the following have been submitted with the Petition in response to the requirements of Section 31-13-220 of the Act, certain of which are pro forma schedules because the Bonds have not been priced or sold as of the date of this Resolution, to wit:

- (i) a pro forma (in lieu of final schedules) of the principal amount of the Bonds to be issued;
- (ii) a pro forma (in lieu of final schedules) of the maturity schedule of the Bonds to be issued;

- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Housing Authority have previously been provided to the Office of the State Treasurer;
- (iv) schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedule referenced in item (iii) have previously been provided to the Office of the State Treasurer;
- (v) the method to be employed in selling the Bonds.

**NOW, THEREFORE, BE IT RESOLVED BY THE STATE FISCAL ACCOUNTABILITY AUTHORITY IN MEETING DULY ASSEMBLED:**

Section 1. The SFAA hereby finds and determines that the funds estimated to be available for the repayment of the Authority's notes and bonds on a pro forma basis, including the Bonds, will be sufficient to provide for the payment of the principal and interest thereon. Conditional approval is hereby granted by the SFAA to the execution and delivery by the Authority of the Bonds in the principal amount not to exceed \$20,220,000.

Section 2. The approval of the SFAA is hereby conditioned on the following:

(a) Following the pricing or sale of the Bonds, but prior to closing and issuance of the Bonds, the approval of the State Treasurer of the interest rate or rates on the Bonds and of the form and substance of such documents as he deems necessary therefor;

(b) Following the pricing or sale of the Bonds, but prior to the closing and issuance of the Bonds, the Authority shall have provided to the State Treasurer, to the extent not previously provided, the information required to be submitted to the SFAA by the provisions of Section 31-13-220, to wit:

- (i) the final principal amount of the Bonds to be issued;
- (ii) the final maturity schedule of the Bonds to be issued;
- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority;
- (iv) schedules showing the final amount and source of revenues available for the payment of the debt service requirements established by the schedule referenced in item (iii);
- (v) the method to be employed in selling the Bonds.

(c) Following the pricing or sale of the Bonds, but prior to the closing and issuance of the Bonds, the State Treasurer shall find and determine, based solely on his review of the documents described in clauses (i) through (v) above, that the funds estimated to be available for the repayment of the Authority's notes and bonds, including the Bonds, will be sufficient to provide for the payment of the principal and interest thereon;

(d) The documents pursuant to which the Bonds are being issued shall provide that all expenses, costs, and fees of the Authority in connection with the issuance of the Bonds,

including legal fees, printing, and all disbursements shall be paid by the Housing Sponsor (as defined in the Petition); and

(e) The final approval by the Governor as the elected official of the State of South Carolina for purposes of Section 142(f) of the Internal Revenue Code of 1986, as amended.

Section 3. This Resolution shall take effect immediately upon its adoption.

[FORM OF BOND COUNSEL OPINION]

\_\_\_\_\_, 2025

Board of Commissioners  
South Carolina State Housing  
Finance and Development Authority  
Columbia, South Carolina

TD Bank, N.A.  
\_\_\_\_\_, \_\_\_\_\_

Oak Grove at Hunt Club, LLC  
Smyrna, Georgia

Re: Not to exceed \$20,220,000 South Carolina State Housing Finance and  
Development Authority Multifamily Housing Revenue Bonds (Livewell Terrace),  
Series 2025

Ladies and Gentlemen:

As bond counsel to Livewell Terrace Limited Partnership, a South Carolina limited partnership (the “Housing Sponsor”), we have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance by the South Carolina State Housing Finance and Development Authority (the “Issuer”) of its not to exceed \$20,220,000 South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Livewell Terrace), Series 2025 (the “Bonds”). The Bonds are issued pursuant to the provisions of (i) Title 31, Chapters 3 and 13 of the Code of Laws of South Carolina 1976, as amended (the “Act”), (ii) a Loan Agreement, dated as of [\_\_\_\_\_]1, 2025 (the “Loan Agreement”), between the Issuer and the Housing Sponsor, (iii) an Indenture of Trust, dated as of [\_\_\_\_\_]1, 2024 (the “Indenture”), between the Issuer and [\_\_\_\_\_] (the “Trustee”), and (iv) a resolution (the “Resolution”) adopted by the Board of Commissioners of the Issuer authorising the issuance, execution, delivery, and sale of the Bonds. Pursuant to the Loan Agreement, the Issuer will make a mortgage loan (the “Mortgage Loan”) to the Housing Sponsor to be used to provide financing for the construction and development of a multifamily rental housing development (the “Project”) described in the Loan Agreement. Pursuant to the Loan Agreement, the Housing Sponsor has agreed to make the payments to or on behalf of the Issuer sufficient to pay, in the

Board of Commissioners  
South Carolina State Housing Finance  
and Development Authority  
Livewell Terrace Limited Partnership  
TD Bank, N.A.

\_\_\_\_\_, 2025  
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aggregate, the principal of, premium, if any, and interest on the Bonds, as well as other payments, property, and revenues pledged to the payment thereof under the Indenture (the “Trust Estate”).

The Project is subject to an Agreement as to Restrictive Covenants, dated as of [\_\_\_\_\_] 1, 2025 (the “Regulatory Agreement”), between the Housing Sponsor and the Issuer, and the Federal Tax Agreement and Non-Arbitrage Certificate, dated the date hereof (the “Tax Agreement”), between the Housing Sponsor and the Issuer. The Loan Agreement, the Indenture, the Regulatory Agreement, and the Tax Agreement contain covenants that include requirements regarding the application and investment of the proceeds of the sale of the Bonds, the use and occupancy of the residential units of the Project, and the rebate of certain investment proceeds to the United States government.

With respect to the power of the Housing Sponsor to enter into and perform its obligations under the Loan Agreement and the other documents to which it is party, the due authorisation, execution, and delivery of the Loan Agreement and the other documents by the Housing Sponsor, and the validity and enforceability thereof against the Housing Sponsor, we refer you to the opinion of [\_\_\_\_\_] [\_\_\_\_\_] [\_\_\_\_\_] as counsel to the Housing Sponsor of even date herewith addressed to you.

As to questions of fact material to our opinion, we have relied upon representations of and compliance with covenants by the Housing Sponsor and the Issuer contained in the Loan Agreement, the Indenture, the Regulatory Agreement, the Tax Agreement, certificates of public officials furnished to us, and certificates of representatives of the Housing Sponsor, the Issuer, and other parties, in each case, without undertaking any independent verification, although nothing has come to our attention to lead us to believe we are not justified in so relying. We have assumed that all signatures on documents, certificates, and instruments examined by us are genuine; all documents, certificates, and instruments submitted to us as originals are authentic; and all documents, certificates, and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates, and instruments relating to this financing have been duly authorised, executed, and delivered by all parties thereto other than the Issuer, and we have further assumed the due organisation, existence, and powers of such other parties other than the Issuer.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency any offering material relating to the Bonds and we express no opinion relating thereto.

Based on the foregoing, as of the date hereof we are of the opinion, under existing law, as follows:

1. The Issuer is validly existing as a body corporate and politic under the laws of the State of South Carolina with the corporate power to enter into and perform its obligations under the Loan Agreement and the Indenture and to issue the Bonds.

2. The Loan Agreement and the Indenture have been duly authorised, executed, and delivered by the Issuer, and (assuming due authorisation, execution, and delivery thereof by the other parties thereto) as the valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their respective terms.

3. The Resolution has been duly adopted and the Bonds have been duly authorised and executed by the Issuer, and is a valid and binding limited obligation of the Issuer, enforceable in accordance with its terms, and payable solely from the Trust Estate. The Indenture creates a valid lien with respect to the Trust Estate. The Bonds are not general obligations or an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation, and do not constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit, but are payable solely from the Trust Estate.

4. Interest on the Bonds (a) is excludable from gross income for federal income tax purposes and South Carolina income tax purposes, except for interest on any Bond for any period during which such Bond is held by a “substantial user” of the facilities financed by the Bonds or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and (b) is not a specific preference item for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for tax years beginning after December 31, 2022. Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed on the entire net income of such bank, which includes interest on the Bonds. The opinions set forth in this paragraph are subject to the condition that the Issuer and the Housing Sponsor comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and South Carolina income tax purposes. Failure to comply with certain of the requirements could cause the interest on the Bonds to be so included in gross income retroactively to the date of issuance of the Bonds. The Issuer and the Housing Sponsor have covenanted to comply with all such requirements.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, and the Loan Agreement are limited by bankruptcy, insolvency, reorganisation, moratorium, and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity. Certain indemnity provisions may be

Board of Commissioners  
South Carolina State Housing Finance  
and Development Authority  
Livewell Terrace Limited Partnership  
TD Bank, N.A.

\_\_\_\_\_, 2025  
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unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

We express no opinion regarding the perfection or priority of the lien on the Trust Estate.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as Bond Counsel have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to make the statements contained in this letter with respect to the validity of the Bonds and the tax-exempt status of the interest on the Bonds. We have not examined any documents or other information concerning the business or financial resources of the Issuer or the Housing Sponsor, and we express no opinion as to the accuracy or completeness of any information with respect to the Issuer or the Housing Sponsor that may have been relied upon by the purchaser of the Bonds in making its decision to purchase the Bonds.

Very truly yours,

Sources and Uses of Funds  
 Livewell Terrace Apartments by BMH  
 12/30/2024

Sources of Funds	Rate	Term (yrs)	Amort (yrs)	Amount	Per Unit	%
Federal Investor Equity (Net of Bridge Loan Interest)				\$ 16,441,642	\$ 137,014	42.52%
Federal Investor Equity (Bridge Loan Interest)				\$ -	\$ -	0.00%
Total Federal Investor Equity				\$ 16,441,642	\$ 137,014	42.52%
Total State Investor Equity				\$ 9,560,050	\$ 79,667	24.72%
Permanent First Mortgage	6.25%	15	40	\$ 10,000,000	\$ 83,333	25.86%
Permanent Second Mortgage				\$ -	\$ -	0.00%
Permanent Third Mortgage				\$ -	\$ -	0.00%
First Soft Debt Mortgage - Valhalla	2.00%	30	30	\$ 1,200,000	\$ 10,000	3.10%
Second Soft Debt Mortgage				\$ -	\$ -	0.00%
45L Tax Credit Equity				\$ 51,600	\$ 430	0.13%
Describe Source				\$ -	\$ -	0.00%
Describe Source				\$ -	\$ -	0.00%
Describe Source				\$ -	\$ -	0.00%
General Partner Contribution				\$ -	\$ -	0.00%
Deferred Developer Fee	0.00%		12 years	\$ 1,414,686	\$ 11,789	3.66%
<b>Total Sources:</b>				<b>\$ 38,667,978</b>	<b>\$ 322,233</b>	<b>100.00%</b>

Uses of Funds	Amount	Per Unit	%
Land	\$ 1	\$ -	0.00%
Building Acquisition	\$ -	\$ -	0.00%
Construction	\$ 27,084,643	\$ 225,705	70.04%
Soft Costs	\$ 7,638,740	\$ 63,656	19.75%
Developer Fees	\$ 3,000,000	\$ 25,000	7.76%
Reserves	\$ 944,594	\$ 7,872	2.44%
<b>Total Uses:</b>	<b>\$ 38,667,978</b>	<b>\$ 322,233</b>	<b>100.00%</b>

Percent of Cash Flow After Hard Debt  
 Service Dedicated to Soft Debt

First Soft Debt Mortgage - Valhalla	0.00%
Second Soft Debt Mortgage	0.00%

Construction Sources	Rate	Term	Amount	Const. Period Interest	50% Test
Investor Equity			\$ 2,600,169		
Tax-Exempt Construction Loan	8.50%	30 months	\$ 20,220,000	\$ 1,838,364	54.99%
Permanent First Mortgage	6.25%	24 months	\$ -	\$ -	
Permanent Second Mortgage	1.00%	24 months	\$ -	\$ -	
Taxable Construction Loan	8.50%	30 months	\$ 12,000,000	\$ 408,841	
First Soft Debt Mortgage - Valhalla					
Second Soft Debt Mortgage					
Describe Source		1 months	\$ -	\$ -	
Describe Source		1 months	\$ -	\$ -	
Describe Source		1 months	\$ -	\$ -	
General Partner Contribution		1 months	\$ -	\$ -	
Deferred Fees			\$ 3,847,809	\$ 2,247,205	
<b>Total Construction Sources:</b>			<b>\$ 38,667,978</b>		



Uses of Funds Detail  
Livewell Terrace Apartments by BMH

Description	Total Project	LIHTC Acq.		LIHTC NC or	
		Basis	Rehab Basis	Historic Basis	Historic Basis
On-Site Improvements	\$ 5,200,000		\$ 5,200,000		
Off-Site Improvements					
Demolition			\$ -		
Hard Construction (Residential)	\$ 18,558,460		\$ 18,558,460		
Hard Construction (Commercial)					
General Requirements	6.00% of hard costs \$ 1,425,507		\$ 1,425,507		
Builders' Risk Insurance			\$ -		
Tap Fees			\$ -		
Permits			\$ -		
<i>P and P Bond</i>			\$ -		
Contractor Overhead	2.00% of hard costs \$ 475,169		\$ 475,169		
Contractor Profit	6.00% of hard costs \$ 1,425,507		\$ 1,425,507		
Total Construction Costs	\$ 27,084,643		\$ 27,084,643		
Construction Contingency	5.00% of const costs \$ 1,354,232		\$ 1,354,232		
<i>Other (in Const. Contract)</i>			\$ -		
Land	\$ 1				
Land Broker Fees					
Building/Acquisition	\$ -	\$ -			
Architectural Fees	\$ 677,116		\$ 677,116		
Survey Costs	\$ 40,000		\$ 40,000		
Engineering Fees	\$ 270,846		\$ 270,846		
Construction Insurance	\$ 271,000		\$ 271,000		
Construction Interest	\$ 2,247,205		\$ 1,766,057		
Additional Construction Interest			\$ -		
Construction Loan Fees	1.00 points \$ 322,200		\$ 322,200		
Construction LOC Fees	- points \$ -		\$ -		
State Housing Agency Loan Fees					
Construction Guaranty Fee	- points \$ -		\$ -		
Permanent Loan Fees (1st)	1.00 points \$ 100,000				
<i>Inspection Fees</i>	\$ 20,000		\$ 20,000		
<i>Lender Legal</i>	\$ 100,000		\$ 50,000		
Taxes during construction	\$ 5,000		\$ 5,000		
Appraisal	\$ 9,000		\$ 9,000		
Market Study	\$ 7,000		\$ 7,000		
Environmental	\$ 175,000		\$ 175,000		
Relocation					
Housing Credit Application Fee	\$ 6,600				
Housing Credit Reservation Fee	\$ 191,201				
Compliance Monitoring Fees					
Marketing Costs	\$ 15,000				
Pre-Stabilization Operating Costs					
Working Capital					
Title Insurance & Recording	\$ 120,000		\$ 60,000		
Legal Fees (not syndication related)	\$ 155,000		\$ 155,000		
Accounting (Cost Cert.) Fees	\$ 15,000		\$ 15,000		
Asset Management Fees					
Organizational Cost	\$ 44,150				
<i>C.N.A.</i>			\$ -		
<i>Bond Issuance Cost</i>	\$ 250,000		\$ 250,000		
<i>SC Housing Plan Review Fee</i>	\$ 5,850				
<i>Describe</i>			\$ -		
<i>Describe</i>			\$ -		
<i>Describe</i>			\$ -		
<i>Cost Segregation Study</i>	\$ 7,500		\$ 7,500		
<i>Furnishings</i>	\$ 110,500		\$ 110,500		
<i>Impact Fees</i>	\$ 329,340		\$ 329,340		
<i>Permits</i>	\$ 180,000		\$ 180,000		
<i>Taps</i>	\$ 580,000		\$ 580,000		
<i>Soft Cost Contingency</i>		\$ -	\$ -		
<i>Green Building Consultant/Cert Fees</i>	\$ 30,000	\$ -	\$ 30,000		
<i>Co-Developer Fee</i>		\$ -	\$ -		
Developer's Fee	\$ 3,000,000		\$ 3,000,000		
Lease Up Reserve	\$ 281,478				
Operating Reserve	\$ 663,116				
Replacement Reserve					
Taxes, Insurance, and Utilities Escrow					
<i>USDA RD 90/90 Reserve</i>					
<i>Other Reserve/Escrow</i>					
Subtotal:	\$ 38,667,978	\$ -	\$ 36,769,434	\$ -	
Bridge Loan Interest	\$ -				
Total Uses:	\$ 38,667,978	\$ -	\$ 36,769,434	\$ -	

Square Footages & Costs  
 Livewell Terrace Apartments by BMH  
 12/30/2024

		Construction Cost Per Square Foot	Total Development Cost Per Square Foot
Residential Gross Square Footage	112,680	\$ 240.37	\$ 343.17
Clubhouse Community Space			
Clubhouse Other			
Common Space	7,890		
Hallways, Circulation			
Maintenance Garage			
<i>Breezeways/stairs</i>	14,600		
<i>Balconies/Storage</i>	11,940		
<i>Community/Maintenance Building</i>	2,555		
<i>Other Describe</i>			
<i>Other Describe</i>			
Total	149,665	\$ 180.97	\$ 258.36

	Per Unit	Per Total SF
On-Site Improvements	\$ 43,333	\$ 34.74
Off-Site Improvements	\$ -	\$ -
Demolition	\$ -	\$ -
Hard Construction (Residential)	\$ 154,654	\$ 124.00
Hard Construction (Commercial)	\$ -	\$ -
General Requirements	\$ 11,879	\$ 9.52
Builders' Risk Insurance	\$ -	\$ -
Tap Fees	\$ -	\$ -
Permits	\$ -	\$ -
P and P Bond	\$ -	\$ -
Contractor Overhead	\$ 3,960	\$ 3.17
Contractor Profit	\$ 11,879	\$ 9.52
<b>Total</b>	<b>\$ 225,705</b>	<b>\$ 180.95</b>

Construction Flow of Funds  
 Livewell Terrace Apartments by BMH  
 12/30/2024

	7/1/25	8/1/25	9/1/25	10/1/25	11/1/25	12/1/25	1/1/26	2/1/26	3/1/26	4/1/26	5/1/26	6/1/26	7/1/26	8/1/26	9/1/26	10/1/26
Sources																
Federal Investor Equity	\$ 1,644,164															\$ 13,153,314
State Investor Equity	\$ 956,005															\$ 7,648,039
Construction Loan Advances	\$ 3,206,278	\$ 1,829,354	\$ 1,842,312	\$ 1,855,362	\$ 1,868,504	\$ 1,881,739	\$ 1,895,068	\$ 1,908,492	\$ 1,922,010	\$ 2,010,881						
Construction Loan Payments																\$(13,153,314)
Permanent First Mortgage (used during const)																
Permanent Second Mort (used during const)	\$ -															
Taxable Construction Loan									\$ 208,721	\$ 1,953,846	\$ 1,967,686	\$ 1,981,624	\$ 1,995,660	\$ 3,364,026	\$ (7,416,057)	
First Soft Debt Mortgage																
Second Soft Debt Mortgage													\$ -			
Describe Source																
Describe Source																
Describe Source																
Exchange Funds																
Permanent First Mortgage																
Permanent Second Mortgage																
Permanent Third Mortgage																
First Soft Debt Mortgage - Valhalla																
Second Soft Debt Mortgage																
45L Tax Credit Equity																
Describe Source																
Describe Source																
Describe Source																
General Partner Contribution	\$ -															
From Operations																
Deferred Developer Fee																
Total Sources	\$ 5,806,447	\$ 1,829,354	\$ 1,842,312	\$ 1,855,362	\$ 1,868,504	\$ 1,881,739	\$ 1,895,068	\$ 1,908,492	\$ 1,922,010	\$ 2,219,602	\$ 1,953,846	\$ 1,967,686	\$ 1,981,624	\$ 1,995,660	\$ 3,364,026	\$ 231,982

Construction Flow of Funds  
 Livewell Terrace Apartments by BMH  
 12/30/2024

Uses	7/1/25	8/1/25	9/1/25	10/1/25	11/1/25	12/1/25	1/1/26	2/1/26	3/1/26	4/1/26	5/1/26	6/1/26	7/1/26	8/1/26	9/1/26	10/1/26
Total Construction Costs	\$ 1,805,643	\$ 1,805,643	\$ 1,805,643	\$ 1,805,643	\$ 1,805,643	\$ 1,805,643	\$ 1,805,643	\$ 1,805,643	\$ 1,805,643	\$ 1,805,643	\$ 1,805,643	\$ 1,805,643	\$ 1,805,643	\$ 1,805,643	\$ 1,805,643	\$ 1,805,643
Construction Contingency	\$ -															\$ 1,354,232
Other (in Const. Contract)	\$ -															
Land	\$ -															
Land Broker Fees	\$ -															
Building/Acquisition	\$ -															
Architectural Fees	\$ 663,116	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Survey Costs	\$ 40,000															
Engineering Fees	\$ 270,846															
Construction Insurance	\$ 271,000															
Construction Interest	\$ -	\$ 22,711	\$ 35,669	\$ 48,719	\$ 61,861	\$ 75,096	\$ 88,425	\$ 101,849	\$ 115,367	\$ 128,981	\$ 144,703	\$ 158,543	\$ 172,481	\$ 186,517	\$ 200,653	\$ 224,482
Additional Construction Interest	\$ -															
Operational Interest	\$ -															
Construction Loan Fees	\$ 322,200															
Construction LOC Fees	\$ -															
State Housing Agency Loan Fees	\$ -															
Construction Guaranty Fee	\$ -															
Permanent Loan Fees (1st)	\$ 100,000															
Inspection Fees	\$ 20,000															
Lender Legal	\$ 100,000															
Taxes during construction	\$ 5,000															
Appraisal	\$ 9,000															
Market Study	\$ 7,000															
Environmental	\$ 175,000															
Relocation	\$ -															
Housing Credit Application Fee	\$ 6,600															
Housing Credit Reservation Fee	\$ 191,201															
Compliance Monitoring Fees	\$ -															
Marketing Costs	\$ -									\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Pre-Stabilization Operating Costs	\$ -									\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Working Capital	\$ -									\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Title Insurance & Recording	\$ 120,000															
Legal Fees (not syndication related)	\$ 155,000															
Accounting (Cost Cert.) Fees	\$ 15,000															
Asset Management Fees	\$ -															
Organizational Cost	\$ 44,150															
C.N.A.	\$ -															
Bond Issuance Cost	\$ 250,000															
SC Housing Plan Review Fee	\$ 5,850															
Describe	\$ -															
Describe	\$ -															
Describe	\$ -															
Cost Segregation Study	\$ -															\$ 7,500
Furnishings	\$ 110,500															
Impact Fees	\$ 329,340															
Permits	\$ 180,000															
Taps	\$ 580,000															
Soft Cost Contingency	\$ -															
Green Building Consultant/Cert Fees	\$ 30,000															
Co-Developer Fee	\$ -															
Developer's Fee	\$ -															
Lease Up Reserve	\$ -								\$ 281,478							
Operating Reserve	\$ -															
Replacement Reserve	\$ -															
Taxes, Insurance, and Utilities Escrow	\$ -															\$ -
USDA RD 90/90 Reserve	\$ -															
Other Reserve/Escrow	\$ -															
Bridge Loan Interest	\$ -															
Total Uses	\$ 5,806,447	\$ 1,829,354	\$ 1,842,312	\$ 1,855,362	\$ 1,868,504	\$ 1,881,739	\$ 1,895,068	\$ 1,908,492	\$ 1,922,010	\$ 2,219,602	\$ 1,953,846	\$ 1,967,686	\$ 1,981,624	\$ 1,995,660	\$ 3,364,026	\$ 231,982



Construction Flow of Funds  
 Livewell Terrace Apartments by BMH  
 12/30/2024

Sources	11/1/26	12/1/26	1/1/27	2/1/27	3/1/27	4/1/27	5/1/27	6/1/27	7/1/27	8/1/27	9/1/27	10/1/27	11/1/27	12/1/27	1/1/28	2/1/28 and beyond	Total
Federal Investor Equity						\$ 822,082			\$ 822,082							\$ -	\$ 16,441,642
State Investor Equity						\$ 478,003			\$ 478,003							\$ -	\$ 9,560,050
Construction Loan Advances																\$ -	\$ -
Construction Loan Payments						\$ (7,066,686)										\$ -	\$ -
Permanent First Mortgage (used during const)																\$ -	\$ -
Permanent Second Mort (used during const)																\$ -	\$ -
Taxable Construction Loan	\$ 78,783	\$ 79,341	\$ 79,903	\$ 80,469	\$ 81,039	\$ (4,455,041)										\$ -	\$ -
First Soft Debt Mortgage																\$ -	\$ -
Second Soft Debt Mortgage																\$ -	\$ -
Describe Source																\$ -	\$ -
Describe Source																\$ -	\$ -
Describe Source																\$ -	\$ -
Exchange Funds																\$ -	\$ -
Permanent First Mortgage						\$ 10,000,000										\$ -	\$ 10,000,000
Permanent Second Mortgage																\$ -	\$ -
Permanent Third Mortgage																\$ -	\$ -
First Soft Debt Mortgage - Vaihalla						\$ 1,200,000										\$ -	\$ 1,200,000
Second Soft Debt Mortgage																\$ -	\$ -
45L Tax Credit Equity						\$ 51,600										\$ -	\$ 51,600
Describe Source																\$ -	\$ -
Describe Source																\$ -	\$ -
Describe Source																\$ -	\$ -
General Partner Contribution																\$ -	\$ -
From Operations							\$ -								\$ -	\$ -	\$ -
Deferred Developer Fee															\$ -	\$ -	\$ -
Total Sources	\$ 78,783	\$ 79,341	\$ 79,903	\$ 80,469	\$ 81,039	\$ 1,029,958	\$ -	\$ -	\$ 1,300,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,414,686	\$ 38,667,978

Construction Flow of Funds  
 Livewell Terrace Apartments by BMH  
 12/30/2024

Uses	11/1/26	12/1/26	1/1/27	2/1/27	3/1/27	4/1/27	5/1/27	6/1/27	7/1/27	8/1/27	9/1/27	10/1/27	11/1/27	12/1/27	1/1/28	2/1/28 and beyond	Total
Total Construction Costs																\$ -	\$ 27,084,643
Construction Contingency																\$ -	\$ 1,354,232
Other (in Const. Contract)																\$ -	\$ -
Land																\$ -	\$ 1
Land Broker Fees																\$ -	\$ -
Building/Acquisition																\$ -	\$ -
Architectural Fees																\$ -	\$ 677,116
Survey Costs																\$ -	\$ 40,000
Engineering Fees																\$ -	\$ 270,846
Construction Insurance																\$ -	\$ 271,000
Construction Interest	\$ 78,783	\$ 79,341	\$ 79,903	\$ 80,469	\$ 81,039	\$ 81,613	\$ -								\$ -	\$ -	\$ 2,247,205
Additional Construction Interest																\$ -	\$ -
Operational Interest																\$ -	\$ -
Construction Loan Fees																\$ -	\$ 322,200
Construction LOC Fees																\$ -	\$ -
State Housing Agency Loan Fees																\$ -	\$ -
Construction Guaranty Fee																\$ -	\$ -
Permanent Loan Fees (1st)																\$ -	\$ 100,000
Inspection Fees																\$ -	\$ 20,000
Leader Legal																\$ -	\$ 100,000
Taxes during construction																\$ -	\$ 5,000
Appraisal																\$ -	\$ 9,000
Market Study																\$ -	\$ 7,000
Environmental																\$ -	\$ 175,000
Relocation																\$ -	\$ -
Housing Credit Application Fee																\$ -	\$ 6,600
Housing Credit Reservation Fee																\$ -	\$ 191,201
Compliance Monitoring Fees																\$ -	\$ -
Marketing Costs																\$ -	\$ 15,000
Pre-Stabilization Operating Costs																\$ -	\$ -
Working Capital																\$ -	\$ -
Title Insurance & Recording																\$ -	\$ 120,000
Legal Fees (not syndication related)																\$ -	\$ 155,000
Accounting (Cost Cert.) Fees																\$ -	\$ 15,000
Asset Management Fees																\$ -	\$ -
Organizational Cost																\$ -	\$ 44,150
C.N.A.																\$ -	\$ -
Bond Issuance Cost																\$ -	\$ 250,000
SC Housing Plan Review Fee																\$ -	\$ 5,850
Describe																\$ -	\$ -
Describe																\$ -	\$ -
Describe																\$ -	\$ -
Cost Segregation Study																\$ -	\$ 7,500
Furnishings																\$ -	\$ 110,500
Impact Fees																\$ -	\$ 329,340
Permits																\$ -	\$ 180,000
Taps																\$ -	\$ 580,000
Soft Cost Contingency																\$ -	\$ -
Green Building Consultant/Cert Fees																\$ -	\$ 30,000
Co-Developer Fee																\$ -	\$ -
Developer's Fee						\$ 285,231		\$ 1,300,085								\$ 1,414,684	\$ 3,000,000
Lease Up Reserve																\$ -	\$ 281,478
Operating Reserve						\$ 663,116										\$ -	\$ 663,116
Replacement Reserve																\$ -	\$ -
Taxes, Insurance, and Utilities Escrow																\$ -	\$ -
USDA RD 90/90 Reserve																\$ -	\$ -
Other Reserve/Escrow																\$ -	\$ -
Bridge Loan Interest																\$ -	\$ -
Total Uses	\$ 78,783	\$ 79,341	\$ 79,903	\$ 80,469	\$ 81,039	\$ 1,029,960	\$ -	\$ -	\$ 1,300,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,414,684	\$ 38,667,978

Cash Flow Proforma  
 Livewell Terrace Apartments by BMH  
 12/30/24

	10/1/26																
	12/31/2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040		
<b>Revenue:</b>																	
Gross Annual Rental Revenue	\$ 390,435	\$ 1,592,975	\$ 1,624,835	\$ 1,657,332	\$ 1,690,479	\$ 1,724,289	\$ 1,758,775	\$ 1,793,951	\$ 1,829,830	\$ 1,866,427	\$ 1,903,756	\$ 1,941,831	\$ 1,980,668	\$ 2,020,281	\$ 2,060,687		
Other Revenue																	
Rental Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 150	\$ 612	\$ 624	\$ 636	\$ 649	\$ 662	\$ 675	\$ 689	\$ 703	\$ 717	\$ 731	\$ 746	\$ 761	\$ 776	\$ 792		
Tenant Charges	\$ 3,000	\$ 12,240	\$ 12,485	\$ 12,735	\$ 12,990	\$ 13,250	\$ 13,515	\$ 13,785	\$ 14,061	\$ 14,342	\$ 14,629	\$ 14,922	\$ 15,220	\$ 15,524	\$ 15,834		
Laundry/Vending Revenue	\$ 300	\$ 1,224	\$ 1,248	\$ 1,273	\$ 1,298	\$ 1,324	\$ 1,350	\$ 1,377	\$ 1,405	\$ 1,433	\$ 1,462	\$ 1,491	\$ 1,521	\$ 1,551	\$ 1,582		
Total Annual Revenue	\$ 393,885	\$ 1,607,051	\$ 1,639,192	\$ 1,671,976	\$ 1,705,416	\$ 1,739,525	\$ 1,774,315	\$ 1,809,802	\$ 1,845,999	\$ 1,882,919	\$ 1,920,578	\$ 1,958,990	\$ 1,998,170	\$ 2,038,132	\$ 2,078,895		
Vacancy	\$ (27,572)	\$ (112,494)	\$ (114,743)	\$ (117,038)	\$ (119,379)	\$ (121,767)	\$ (124,202)	\$ (126,686)	\$ (129,220)	\$ (131,804)	\$ (134,440)	\$ (137,129)	\$ (139,872)	\$ (142,669)	\$ (145,523)		
Net Annual Operating Revenue	\$ 366,313	\$ 1,494,557	\$ 1,524,449	\$ 1,554,938	\$ 1,586,037	\$ 1,617,758	\$ 1,650,113	\$ 1,683,116	\$ 1,716,779	\$ 1,751,115	\$ 1,786,138	\$ 1,821,861	\$ 1,858,298	\$ 1,895,463	\$ 1,933,372		
<b>Operating Expenses</b>																	
Advertising	\$ 900	\$ 3,708	\$ 3,819	\$ 3,934	\$ 4,052	\$ 4,174	\$ 4,299	\$ 4,428	\$ 4,561	\$ 4,698	\$ 4,839	\$ 4,984	\$ 5,134	\$ 5,288	\$ 5,447		
Legal & Acctg.	\$ 2,700	\$ 11,124	\$ 11,458	\$ 11,802	\$ 12,156	\$ 12,521	\$ 12,897	\$ 13,284	\$ 13,683	\$ 14,093	\$ 14,516	\$ 14,951	\$ 15,400	\$ 15,862	\$ 16,338		
Other Professional Fees	\$ 2,700	\$ 11,124	\$ 11,458	\$ 11,802	\$ 12,156	\$ 12,521	\$ 12,897	\$ 13,284	\$ 13,683	\$ 14,093	\$ 14,516	\$ 14,951	\$ 15,400	\$ 15,862	\$ 16,338		
On Site Mgmt (Proll)	\$ 23,759	\$ 97,885	\$ 100,822	\$ 103,847	\$ 106,962	\$ 110,171	\$ 113,476	\$ 116,880	\$ 120,386	\$ 123,998	\$ 127,718	\$ 131,550	\$ 135,497	\$ 139,562	\$ 143,749		
Other Administrative	\$ 7,500	\$ 30,900	\$ 31,827	\$ 32,782	\$ 33,765	\$ 34,778	\$ 35,821	\$ 36,896	\$ 38,003	\$ 39,143	\$ 40,317	\$ 41,527	\$ 42,773	\$ 44,056	\$ 45,378		
Utilities	\$ 19,500	\$ 80,340	\$ 82,750	\$ 85,233	\$ 87,790	\$ 90,424	\$ 93,137	\$ 95,931	\$ 98,809	\$ 101,773	\$ 104,826	\$ 107,971	\$ 111,210	\$ 114,546	\$ 117,982		
Maint. & Repairs (Proll)	\$ 23,759	\$ 97,885	\$ 100,822	\$ 103,847	\$ 106,962	\$ 110,171	\$ 113,476	\$ 116,880	\$ 120,386	\$ 123,998	\$ 127,718	\$ 131,550	\$ 135,497	\$ 139,562	\$ 143,749		
Other Maintenance	\$ 32,340	\$ 133,241	\$ 137,238	\$ 141,355	\$ 145,596	\$ 149,964	\$ 154,463	\$ 159,097	\$ 163,870	\$ 168,786	\$ 173,850	\$ 179,066	\$ 184,438	\$ 189,971	\$ 195,670		
Real Estate Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes & Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 13,500	\$ 55,620	\$ 57,289	\$ 59,008	\$ 60,778	\$ 62,601	\$ 64,479	\$ 66,413	\$ 68,405	\$ 70,457	\$ 72,571	\$ 74,748	\$ 76,990	\$ 79,300	\$ 81,679		
Property Mgmt.	\$ 21,979	\$ 90,552	\$ 93,269	\$ 96,067	\$ 98,949	\$ 101,917	\$ 104,975	\$ 108,124	\$ 111,368	\$ 114,709	\$ 118,150	\$ 121,695	\$ 125,346	\$ 129,106	\$ 132,979		
Asset Management Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Compliance Monitoring	\$ 3,600	\$ 14,832	\$ 15,277	\$ 15,735	\$ 16,207	\$ 16,693	\$ 17,194	\$ 17,710	\$ 18,241	\$ 18,788	\$ 19,352	\$ 19,933	\$ 20,531	\$ 21,147	\$ 21,781		
Land Lease	\$ -	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 152,237	\$ 627,212	\$ 646,030	\$ 665,413	\$ 685,374	\$ 705,936	\$ 727,115	\$ 748,928	\$ 771,396	\$ 794,537	\$ 818,374	\$ 842,927	\$ 868,217	\$ 894,263	\$ 921,091		
Expenses Per Unit	\$ 5,075	\$ 5,227	\$ 5,384	\$ 5,545	\$ 5,711	\$ 5,883	\$ 6,059	\$ 6,241	\$ 6,428	\$ 6,621	\$ 6,820	\$ 7,024	\$ 7,235	\$ 7,452	\$ 7,676		
Replacement Reserves	\$ 9,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000		
<b>Net Operating Income</b>	\$ 205,076	\$ 831,345	\$ 842,419	\$ 853,525	\$ 864,663	\$ 875,822	\$ 886,998	\$ 898,188	\$ 909,383	\$ 920,578	\$ 931,764	\$ 942,934	\$ 954,081	\$ 965,200	\$ 976,281		
<b>Debt Service (Hard Debt)</b>																	
Permanent First Mortgage	\$170,322	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288		
Permanent Second Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Permanent Third Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Total	\$170,322	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288	\$681,288		
Cash Flow After Debt Service	\$ 34,754	\$ 150,057	\$ 161,131	\$ 172,237	\$ 183,375	\$ 194,534	\$ 205,710	\$ 216,900	\$ 228,095	\$ 239,290	\$ 250,476	\$ 261,646	\$ 272,793	\$ 283,912	\$ 294,993		
Asset Management Fee	\$ 3,000	\$ 12,240	\$ 12,485	\$ 12,735	\$ 12,990	\$ 13,250	\$ 13,515	\$ 13,785	\$ 14,061	\$ 14,342	\$ 14,629	\$ 14,922	\$ 15,220	\$ 15,524	\$ 15,834		
Deferred Developer Fee	\$ 31,754	\$ 137,817	\$ 148,646	\$ 159,502	\$ 170,385	\$ 181,284	\$ 192,195	\$ 203,115	\$ 189,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Debt Service (Soft Debt)																	
First Soft Debt Mortgage - Valhall	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Second Soft Debt Mortgage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Cash Flow After DDF & Soft Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,046	\$ 224,948	\$ 235,847	\$ 246,724	\$ 257,573	\$ 268,388	\$ 279,159		
<b>Debt Coverage Ratio</b>	1.2	1.22	1.24	1.25	1.27	1.29	1.3	1.32	1.33	1.35	1.37	1.38	1.40	1.42	1.43		

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Concentrating in Municipal Bonds,  
Local Government Law, Economic  
Development Incentives,  
Affordable Housing Development

February 4, 2025

State Fiscal Accountability Authority  
Columbia, South Carolina

Not to Exceed \$20,220,000  
South Carolina State Housing Finance and Development Authority  
Multifamily Housing Revenue Bonds (Livewell Terrace) Series 2025

Ladies and Gentlemen:

We are acting as bond counsel in connection with the proposed issuance by the South Carolina State Housing Finance and Development Authority (the "Issuer") of the referenced bonds (the "Bonds"). At your request, we are delivering this opinion in connection with the Issuer's Petition ("Petition") to the State Fiscal Accountability Authority ("SFAA") to receive the SFAA's approval of the issuance of the Bonds pursuant to Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended (the "Act"), to enable the Issuer to make a mortgage loan (the "Mortgage Loan") to Livewell Terrace Limited Partnership (the "Housing Sponsor") to be used to provide construction and permanent financing for a multifamily rental housing development (the "Project").

In that capacity, we have examined originals or copies of the Petition and the Preliminary Bond Resolution adopted by the Board of Commissioners of the Issuer (the "Preliminary Bond Resolution"), and the form of the Loan Agreement and the form of the Indenture of Trust (collectively with the Preliminary Bond Resolution, and the Petition, the "Transaction Documents"), and other documents, certificates, and correspondence as we have deemed necessary for purposes of giving this opinion.

In rendering the opinion expressed below, we have relied solely on our examination of the Transaction Documents. We have not made any investigation as to any factual matter or as to the accuracy or completeness of any representation, warranty, data, or any other information, whether written or oral, that may have been made by or on behalf of the Issuer, the Housing Sponsor, the SFAA, or the other parties to the Transaction Documents. Further, in rendering the opinion expressed below, we do not purport to be experts in or generally familiar with or



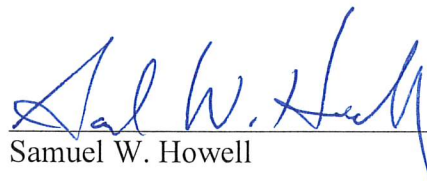
qualified to express legal opinions based on the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State of South Carolina, and the opinions are limited to the federal laws of the United States of America and the laws of the State of South Carolina.

Based on the stated examination and assumptions, and subject to the stated qualifications and limitations, we are of the opinion, under existing law, that all findings and conclusions appearing in the SFAA Resolution are supported by representations or statements of fact appearing in the Transaction Documents and the Transaction Documents comply with all requirements of the Act, contain all required facts, information, and findings by the respective authorities, and are legally sufficient to allow the SFAA to approve the issuance of the Bonds through the adoption of the SFAA Resolution.

Except as set forth above, we express no opinion in connection with the issuance and sale of the Bonds. The opinion expressed above is rendered solely for your benefit in considering the approval of the issuance of the Bonds under the Act. The opinion may neither be relied on by you for any other purpose nor be furnished to, used, circulated, quoted, or relied on by any other person or entity for any other purpose, without our prior written consent in each instance. We disclaim any obligation to update the opinion expressed above for events occurring or coming to our attention after the date of this letter.

Very truly yours,

HOWELL LINKOUS & NETTLES, LLC

  
\_\_\_\_\_  
Samuel W. Howell

D.

State Housing Finance and Development  
Authority

Oak Grove Apartments



# OFFICE OF STATE TREASURER

## New Debt Information Form (NDIF) / Multifamily Housing

SFAA Approval Date:

02/04/25

### 1. ISSUER & FINANCING INFORMATION

Issuer: SC State Housing Finance and Development Authority Series: 2025  
 Borrower (if not Issuer): Oak Grove at Hunt Club, LLC  
 Bond Caption: South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Oak Grove) Series 2025  
 Bond Resolution Amount: \$ 17,000,000 Tax Exempt/Par Amt: \$ 17,000,000

#### Submitted By:

ENTITY: Oak Grove at Hunt Club, LLC  
 BY: Howell, Linkous, and Nettles  
 ITS: Bond Counsel  
 Tel: 843-866-3800  
 Email: [samhowell@bond-law.com](mailto:samhowell@bond-law.com)

#### Transaction Type/Method of Sale:

Public Offering: Comp:  Neg:   
 Direct Placement: Comp:  Neg:   
 Govt Loan/Purchaser: \_\_\_\_\_  
 Other: \_\_\_\_\_

### 2. FINANCING (NEW PORTION)

Project Name: Oak Grove  
 Developer Name: Paces Preservation Partners, LLC  
 Project Address/Location: 8207 Hunt Club Road, Columbia, SC 29223  
 Project Type: Multifamily Housing  
 Projected Avg Interest Rate: TBD  
 Number of Units: 96  
 Projected Cost per Unit: \$ 331,851  
 Ceiling Allocation Year: 2022

Amount: \$ 17,000,000  
 County: Richland  
 Final Maturity: estimated 7/1/2055

ST TAX CRED (1-YR):	\$ 670,000
ST TAX CRED (10-YR):	\$ 6,700,000
ST TAX CRED (SYND):	\$ 3,484,000
FED LIHTC (GROSS 1-YR):	\$ 1,491,440
FED LIHTC (GROSS 10-YR):	\$ 14,914,400
FED LIHTC (SYND):	\$ 13,123,360

### 3. FINANCING WORKING GROUP

Financial Advisor: None  
 Bond Counsel: Howell Linkous & Nettles, LLC  
 Construction Lender: T.D. Bank, N.A.  
 Permanent Lender: Berkadia Commercial Mortgage

Underwriters Counsel: None  
 Issuer's Counsel: Lee Ann Watson (General Counsel)  
 Trustee: TBD  
 Borrower Counsel: Nelson Mullins

### 4. FINANCING/PROJECT DESCRIPTION: (Explain the multifamily development project, the justification for the SC Housing Tax Credit, the anticipated costs. & the basis for these cost estimates)

The subject property will consist of a six-building, two-story apartment project, containing 96 dwelling units reserved for families on 12.60 acres of land. Building construction will consist of wood frame construction on poured concrete slab foundation with brick veneer and fiber cement siding and sloped, shingle roofs. Community amenities include on-site office, clubhouse, workout and yoga studio, meeting/convocation room, computer room, and Wi-Fi hotspot. Unit amenities include standard appliances including built-in microwaves, upgraded cabinets, granite countertops, washers and dryers, heat pumps, ceiling fans, storage, many patios, individual access ways and front porches. The apartment project will create 96 quality, affordable housing units for families with average median incomes of 60%. All of the units will also have rental assistance subsidies provided through the Housing Authority of the City of Columbia via the Federal Department of Housing and Urban Development ("HUD") Rental Assistance Demonstration Program or project based rental vouchers.

### 5. FINANCING/PROJECT APPROVAL DATES

Financing Approvals		Notes:
Authority Approval:	10/03/24	Preliminary Resolution
JBRC Approval:	00/00/00	N/A
SFAA Approval:	02/04/25	Proposed

**6. TAX AND ARBITRAGE MATTERS**

Yes No

a. Is any portion of the project, once completed, to be managed by a third-party pursuant to a management contract? (if yes, please attach copy)

	X
--	---

b. Will third-party payments (from support organizations, private entities or the federal government) related to the facility, however indirectly, be used to pay debt service on the bonds?

	X
--	---

c. If yes to any of the above, please provide a square footage and cost estimate of the portion affected.

Sq. Footage

--

Cost Estimate

\$	-
----	---

**7. ESTIMATED/ACTUAL PROJECT SOURCES AND USES: A Construction Financing / B. Permanent Financing**

Sources	A. Project Budget Construction (Sources)	B. Project Budget Permanent (Sources)
(1) Bond Proceeds: (a) Par	\$ 17,000,000	\$ -
(b) Premium/Accr. Int.	-	-
(2) Issuer/Borrower Contr.	-	-
	-	-
	-	-
(3) Debt Service Fund Trans.	-	13,900,000
(4) Debt Service Reserve Fund Contribution	-	-
(5) Other MFHRB Sources		
(a) LIHTC	-	13,123,360
(b) State Housing TC	-	3,484,000
(c) Owner's Equity/Other	7,168,719	1,350,335
(d) SC Housing Trust Fund	-	-
<b>Total Project Sources</b>	<b>\$ 24,168,719</b>	<b>\$ 31,857,695</b>
	Surplus/Deficit	\$ -

Project Budget (Uses)	Uses
\$ 20,905,894	Project Fund
1,500,000	Acquisition
-	
-	
916,925	Other (Contingency)
845,900	Cost of Issuance (Incl. UW Disc.)
<b>24,168,719</b>	<b>Construction Uses Total</b>
2,000,000	Capitalized Interest Fund
2,400,000	Developer Fee
737,700	Reserves
1,116,701	Project Financing Costs
1,434,575	Third party reports/soft costs
-	
<b>\$ 31,857,695</b>	<b>Total Project Uses</b>

**8. TOTAL ESTIMATED BOND COI EXPENDITURES**

COI Description	Cost Of Issuance Vendor Name	Est. Fee For Services
Financial Advisor		\$ -
Bond Counsel	Howell Linkous & Nettles	90,000
Disclosure Counsel		-
Issuer's Counsel	Lee Ann Watson	-
Underwriter's Counsel		-
Borrower's Counsel	Nelson Mullins	157,500
Legal Expenses		-
Rating Agency - S&P		-
Rating Agency - Moody's		-
Rating Agency - Fitch		-
Underwriter's Compensation		-
Registrar / Paying Agent		-
Escrow Agent		-
Verification Agent		-
Printing/Publishing/Advertising		-
Other	Various	381,250
Issuer's Fee	Authority Fees	217,150
		<b>\$ 845,900</b>

*Est. COI Fees (% of Production):*

Financial Advisor: % of Transaction  
 Bond Counsel: % of Transaction  
 Total Legal Costs: % of Transaction  
 Rating Agencies: % of Transaction

0.00%
0.53%
1.46%
0.00%

UW Comp: % of Transaction  
 Other COI: % of Transaction  
 Total COI: % of Transaction

0.00%
3.52%
<b>4.98%</b>

HOWELL LINKOUS & NETTLES, LLC

Bond Attorneys & Counsellors at Law

The Lining House  
106 Broad Street  
Charleston, South Carolina 29401

Post Office Box 1768  
Charleston, South Carolina 29402

Telephone 843.266.3800  
Fax 843.266.3805

Concentrating in Municipal Bonds,  
Local Government Law, Economic  
Development Incentives,  
Affordable Housing Development

23 December 2024

Delbert H. Singleton, Esq.  
Assistant Executive Director and Authority Secretary  
State Fiscal Accountability Authority  
Wade Hampton Office Building  
1200 Senate Street, 6<sup>th</sup> Floor  
Columbia, South Carolina 29201

Not to exceed \$17,000,000  
South Carolina State Housing Finance and Development Authority  
Multifamily Housing Revenue Bonds  
(Oak Grove Apartments), Series 2025

Dear Delbert:

My firm serves as bond counsel to Oak Grove at Hunt Club, LLC (the "Housing Sponsor"), with respect to the issuance of multifamily housing revenue bonds (the "Bonds") by the South Carolina State Housing Finance and Development Authority (the "Housing Authority") to provide a portion of the financing for the acquisition and construction of an affordable housing development to be located in the unincorporated area of Richland County and to be known as Oak Grove Apartments.

The proceeds of the Bonds will be loaned to the Housing Sponsor to provide a portion of the construction and permanent financing for this project. Total project costs are at approximately \$34 million.

The State Housing Finance and Development Authority has issued its 42(m) Letter and State Tax Credit Letter with respect to this project.

Enclosed is the agenda package for the February meeting of the State Fiscal Accountability Authority requesting State law approval for the issuance of the Bonds. I have enclosed the following documents:

Delbert H. Singleton, Esq.

23 December 2024

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1. Completed SFAA transmittal form;
2. Preliminary Bond Resolution of the Housing Authority;
3. Petition of the Housing Authority to the SFAA;
4. A form of the approving Resolution to be considered for adoption by the SFAA at its February, 2025 meeting;
5. Bond Counsel opinion letter to SFAA;
6. Form of the Authority's final Bond Resolution;
7. A form of bond counsel's bond opinion letter; and
8. Private Participant Disclosure forms.

The Bond transaction will be structured as a tax-exempt bank construction loan from TD Bank, N.A., an institutional lender for affordable housing finance, and a tax-exempt permanent loan from Berkadia Commercial Mortgage, LLC, another institutional lender for affordable housing finance. Enclosed is a pro forma Cash Flow Forecast which sets forth available revenues with which to repay the Bonds on an annual basis, with annual debt service coverage ratios, together with a summary of Sources and Uses of funds and draw schedule.

The Bonds are intended to be issued as exempt facility bonds for qualified residential rental projects under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended. Volume cap for this financing is expected to be provided by the Housing Authority from carry-forward volume cap that has previously been allocated to the Housing Authority.

I will attend the SFAA's meeting to answer any questions which may arise at the meeting. In the meantime, should you have any questions or need any additional information, please give me a call. With kindest personal regards, I remain,

Very truly yours,



Samuel W. Howell

SWH,IV/sls

Enclosures

cc: Mr Robert MacDonald  
Tasha Thompson, Esq.  
Ms Jackie Hipes  
Mr Kevin O'Brian  
Lee Ann Watson, Esq.



**BOND TRANSMITTAL FORM**

**TO:** Delbert H. Singleton, Jr., Authority Secretary  
 State Fiscal Accountability Authority  
 600 Wade Hampton Building (29201)  
 P.O. Box 12444  
 Columbia, SC 29211

**DATE:** 12/23/2024

**Submitted for SFAA Meeting on:**  
 2/4/2024

**FROM: Howell Linkous & Nettles, LLC**  
 106 Broad Street  
 Charleston, SC 29401

**RE: Not to exceed \$17,000,000 South Carolina State Housing Finance and Development Authority, Multifamily Housing Revenue Bonds (Oak Grove Apartments), Series 2025**

**Project Issue Date:** 6/30/2025

**Project Name:** Oak Grove Apartments

**Project Description:** to provide construction and permanent financing for a portion of the costs of acquisition and construction of multifamily housing to be known as Oak Grove Apartments, in the unincorporated area of Richland County, South Carolina.

**Employment as a result of the project:** Click or tap here to enter text.

	YES	NO	AMOUNT
<b>Ceiling Allocation</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ _____
<b>Refunding Involved</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ Click or tap here to enter text.
<b>Project Approved Previously</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ Click or tap here to enter text.

**Documents enclosed (executed original and two copies of each):**

*(ALL documents required for state law approval; A and C only for ceiling allocation only.)*

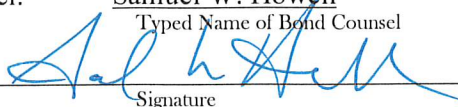
- A.  Petition
- B.  Resolution or Ordinance
- C.  Inducement Resolution or comparable preliminary approval
- D.  Department of Health and Environmental Control Certificate *if required*
- E.  State Fiscal Accountability Authority Resolution and Public Notice *(original)*  
*Plus 4 copies for certification and return to bond counsel*
- F.  Draft bond counsel opinion letter
- G.  Processing Fee

**Amount:** Click or tap here to enter text.      **Check No:** Click or tap here to enter text.

**Payor:** Click or tap here to enter text.

- H.  No Private Participant will be known at the time the Authority considers this agenda item.
- J.  This agenda item is accompanied by the applicable Private Party Disclosure form for each private participant.
- K.  All documents have been uploaded to the SFAA Authority File Drop.

**Bond Counsel:** Samuel W. Howell  
Typed Name of Bond Counsel

**By:**   
Signature

PETITION FOR APPROVAL

TO: THE STATE FISCAL ACCOUNTABILITY )  
AUTHORITY ) OAK GROVE  
)  
)

This Petition of the South Carolina State Housing Finance and Development Authority (the "Authority"), is submitted to the State Fiscal Accountability Authority (the "SFAA") pursuant to the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the "Act"), and respectfully shows:

1. The Act, among other things, provides that whenever the Authority shall have determined by resolution that sufficient persons or families of either beneficiary class (as defined in the Act) (the "Beneficiary Classes") are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing and that through the exercise of one or more of the programs authorized by the Act, decent, safe, and sanitary housing will become available to members of the class in need therefor, then, upon obtaining the approval of the SFAA pursuant to the Act, and in order to provide funds for its corporate purposes, the Authority is authorized to issue from time to time its bonds or notes for the purpose of obtaining funds with which to make construction and permanent mortgage loans to housing sponsors who agree to and are required to provide for construction of residential housing (as defined in the Act) for rental by persons or families of either Beneficiary Class; provided, however, that with respect to any particular issue of bonds or notes, one of the following conditions must be met: (a) if there is a public distribution of the bonds or notes, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of the loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorized to do business in the State of South Carolina; or (iii) the payment of the bonds or notes to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds or notes are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional investors, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, and the documents pursuant to which the bonds or notes are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds or notes.

2. Oak Grove at Hunt Club, LLC (the "Housing Sponsor"), a South Carolina limited liability company, has requested that the Authority provide a mortgage loan (the "Mortgage Loan") to provide construction and permanent financing for the acquisition and construction of a 96-unit apartment development located at 8207 Hunt Club Road in the unincorporated area of



Richland County, South Carolina, to be known as Oak Grove Apartments (the "Project") by the funding of a mortgage loan (the "Mortgage Loan") through the issuance of its revenue bonds.

3. The Authority proposes to fund the Mortgage Loan to the Housing Sponsor by issuing its bonds pursuant to a Bond Resolution to be adopted by the Authority (the "Resolution"), such bonds to be known as "South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Oak Grove Apartments)" (the "Bonds"), the proceeds of which will be used to fund the Mortgage Loan to the Housing Sponsor to provide construction and permanent financing for a portion of the costs of the Project and to qualify the Project for federal and South Carolina Low Income Housing Tax Credits (the "Tax Credits"). The Bonds are to be issued in the aggregate principal amount not to exceed \$17,000,000.

4. The Authority requested of the SFAA, and was granted, a carry-forward allocation of private activity bond volume cap under Section 146(f)(2) of the Code, a portion of which shall be allocated to the Bonds.

5. The Authority has determined that:

(a) (i) Sufficient persons or families of the Beneficiary Classes are unable to pay rent in the amounts at which private enterprise is providing decent, safe, and sanitary housing; (ii) through the exercise of one or more of the loan programs authorized by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need therefor; and (iii) a series of bonds or notes must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to individuals of the Beneficiary Classes.

(b) In order to provide the moneys necessary to continue to implement the Authority's program, the Bonds must be issued.

(c) The Bonds will be initially issued and delivered to TD Bank, N.A., an institutional lender, or to such other institutional lender as is requested by the Housing Sponsor and approved by the Authority. When the Project construction is completed and the Project is placed in service, the Bonds will be paid down in part by the Housing Sponsor, and assigned to Berkadia Commercial Mortgage LLC (together with TD Bank, N.A., the "Lender"), another institutional lender, or to such other institutional lender as is requested by the Housing Sponsor and approved by the Authority, to provide permanent financing for the Project. The Authority has determined that this financing arrangement is sufficient for purposes of the Act, and that the revenues or other funds estimated to be available for the payment of debt service will provide moneys required for the repayment of the principal and interest on the bonds and notes of the Authority, including the Bonds. The Bonds will be secured by a mortgage or other security agreement and will be offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional investors, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, and the documents pursuant to which the Bonds will be issued will permit the Authority to avoid any default

by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the Bonds.

6. The Authority will adopt the Resolution authorizing the issuance and delivery of the specific maximum amount of the Bonds and establishing the definitive terms thereof, including those revenues and assets to be pledged to the payment of the Bonds as described above. The Authority will take steps necessary to comply with the requirements of Sections 103 and 141-150 of the Code.

7. It is expected that the Bonds will be issued pursuant to a trust indenture, loan agreement, or similar document (the "Indenture") between the Authority and the applicable Lender and/or a corporate trustee to be approved by the Authority, pursuant to which the proceeds of the Bonds will be used to finance a portion of the costs of acquisition and construction of the Project and the costs of issuance of the Bonds. The net interest rate to be borne by the Bonds has not been determined. It is expected that the interest rate on the Bonds during the construction period will be approximately six and 50/100 per centum (6.500%) per annum, and that after conversion to permanent financing the interest rate on the Bonds will be approximately six and 34/100 per centum (6.34%) per annum.

8. The size, date, maturity schedule, payment dates, and repayment provisions with respect to the Bonds shall be finally determined prior to the date the Bonds are issued. As soon as these matters are finally determined, a precise schedule thereof shall be presented to the SFAA or its designee as provided by the Act. There are hereby filed with the SFAA pro forma schedules with respect to the Bonds based on current estimates and market conditions.

9. The Authority requests that the SFAA delegate to the State Treasurer the ability to approve the interest rates on the Bonds, and upon making determination that the funds anticipated to be available for the payment of the Authority's notes and bonds, including the Bonds, will be sufficient to provide for the payment of principal and interest thereon, to grant on behalf of the SFAA final approval for the issuance of the Bonds. Prior to the issuance of the Bonds, the Authority shall have provided to the State Treasurer, to the extent not previously provided herein or otherwise, the information required to be submitted to the SFAA by the provisions of Section 31-13-220, to wit:

- (a) the principal amount of the Bonds to be issued;
- (b) the maturity schedule of the Bonds to be issued;
- (c) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority;
- (d) schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedules referenced in item (c); and
- (e) the method to be employed in selling the Bonds.

Attached hereto in response to the requirements of Section 31-13-220 are the following schedules, certain of which are pro forma schedules because the Bonds have not been priced or sold as of the date of this Petition, to wit:

- (i) a pro forma (in lieu of final schedules) of the principal amount of the Bonds to be issued;
- (ii) a pro forma (in lieu of final schedules) of the maturity schedule of the Bonds to be issued;
- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority have previously been provided to the Office of the State Treasurer;
- (iv) schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedules referenced in item (iii) have previously been provided to the Office of the State Treasurer; and
- (v) the method to be employed in selling the Bonds;

10. The Bonds are special obligations of the Authority secured by and payable solely from moneys, income, and receipts of the Authority pledged under the Resolution and the Indenture with respect thereto.

11. Schedules showing the annual debt service requirements of all outstanding bonds and notes of the Authority and the sources of revenues available for the payment of such debt service requirements have previously been provided to the Office of the State Treasurer by Authority.

WHEREFORE, on the basis of the foregoing, the Authority prays the SFAA (i) to accept the filing of this Petition and the documents submitted herewith; (ii) to undertake such review as its deems necessary; and (iii) to give conditional approval of the issuance of the Bonds, in the aggregate principal amount of not to exceed \$17,000,000 for the purpose of financing the Mortgage Loan to pay a portion of the cost of the acquisition and construction of the Project, as set forth above, and for paying the costs of issuance in connection therewith.

Respectfully submitted,

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

By: Lee Ann Watson  
General Counsel

December 18, 2024

## A RESOLUTION

### MAKING PRELIMINARY PROVISION FOR THE ISSUANCE OF NOT TO EXCEED \$17,000,000 AGGREGATE PRINCIPAL AMOUNT OF MULTIFAMILY HOUSING REVENUE BONDS (OAK GROVE APARTMENTS) OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY AND OTHER MATTERS RELATED THERETO.

**WHEREAS**, the South Carolina State Housing Finance and Development Authority Act of 1977, Act No. 76 of the Acts and Joint Resolutions of the General Assembly of 1977, as amended, (the "Act"), provides that the South Carolina State Housing Finance and Development Authority (the "Authority"), upon making a determination that sufficient persons or families of either beneficiary class (as defined by the Act) (the "Beneficiary Classes") are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing, that through the exercise of one or more of the programs authorized by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need therefor, and that a series of bonds or notes must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to members of the Beneficiary Classes; and

**WHEREAS**, upon making such determination and upon the approval of the State Fiscal Accountability Authority (the "SFAA"), the Authority may issue from time to time notes and bonds for the purpose of obtaining funds with which to make (1) construction and/or rehabilitation loans secured by mortgages of housing sponsors; and (2) permanent mortgage loans to housing sponsors who agree to and shall be required to provide construction and/or rehabilitation of residential housing for rental by persons or families of either beneficiary class as defined by the Act, provided, however, with respect to any particular issue of notes or bonds one of the following conditions must be met: (a) if there is a public distribution of the notes or bonds, the issue must be rated by one or more of the national rating agencies and one or more of the following conditions must be met: (i) that there is in effect a federal program providing assistance in the payment of such loans made by the Authority; (ii) the proceeds must be used to acquire either federally insured mortgages or mortgages insured by a private mortgage insurance company authorized to do business in the State of South Carolina; or (iii) the payment of the notes or bonds to the purchasers of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the notes or bonds are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgages or other security agreement in transactions with banks, institutional investors, or other non-registered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina, 1976, as amended, and the documents pursuant to which the notes or bonds are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the notes or bonds; and

**WHEREAS**, Oak Grove at Hunt Club, LLC, a limited liability company duly organized under the laws of the State of South Carolina (the "Sponsor") intends, with the assistance of the Authority, to acquire and construct (i) a 96-unit apartment development located in Richland

County, South Carolina, to be known as Oak Grove Apartments, at an expected cost of approximately \$31,857,695; and

WHEREAS, the Sponsor has requested the assistance of the Authority by funding a mortgage loan (the "Mortgage Loan") through the issuance of its multifamily housing revenue bonds in the expected maximum principal amount of \$17,000,000 (the "Bonds") to finance a portion of the costs of the Project;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOND COMMITTEE OF THE BOARD OF COMMISSIONERS OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY IN MEETING DULY ASSEMBLED:**

Section 1. Adoption of Premises. Each statement of fact set forth in the preamble hereto has been carefully examined and has been found to be in all respects true and correct.

Section 2. Undertakings of the Authority. In the event the Sponsor meets the requirements set forth herein and in order to provide the moneys required to finance the Mortgage Loan, to establish the necessary reserve funds, and to pay the costs and expenses of the Authority in connection therewith, the Authority will undertake to issue a series of bonds to be designated as "South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Oak Grove Apartments)" (with any appropriate series or subseries designation) in the aggregate principal amount of not to exceed \$17,000,000, on a tax-exempt basis. No taxable bonds are anticipated to be issued.

Any obligation of the Authority hereunder is subject to (a) the requirements that (i) the Project shall have received such local approval, if any, as is required under the Act, (ii) the Authority approve the items which may be included in any required charges (rent plus any other mandatory payments) to occupants of the Project, and (iii) the issuance of the Bonds being approved by the SFAA and (b) the right of the Authority in its sole discretion, to rescind this resolution and to elect not to issue such Bonds at some future date.

Section 3. Obligation of Sponsor. If the plan proceeds as contemplated, the Sponsor agrees as follows:

(a) to make the Project available for occupancy by persons in the Beneficiary Classes for such period and subject to such conditions as the Authority may determine;

(b) to provide such security for any of its obligations or mortgages to the Authority, or of the obligations of any other person to the Authority, as the Authority may, in its sole discretion request which such security may include federal mortgage insurance or federal agreements to make payments adequate to pay amounts due by such Sponsor or such other person;

(c) to enter into a mortgage loan agreement with respect to the Project on such terms and conditions as the Authority may deem necessary or desirable;

(d) to pay all costs and expenses incurred by the Authority, including its reasonable counsel fees, in furtherance of the undertakings of the Authority hereunder, regardless of whether any bonds or notes are issued with respect to the Project;

(e) to provide the Authority with such information and material with respect to the Project, including financial statements and information, reports, tests, surveys, appraisals, plans, specifications, drawings, occupancy rates or rent rolls, studies or feasibility studies, legal opinions, descriptions, and access for inspection of the Project or any other such items as may be requested by the Authority; and

(f) to enter into such agreements including such disclosure agreements as may be required to meet the requirements of S.E.C. Rule 15c2-12(b)(5), execute such documents and provide such proofs or evidence as the Authority may, in its sole discretion, request in connection with its undertakings hereunder.

Section 4. Termination. The Authority or the Sponsor may elect not to proceed with the financing. The Authority shall not be obligated hereby to the Sponsor or any other person by virtue of the adoption of this resolution. Neither the Sponsor nor any other person shall have any rights hereunder and the Authority shall not be liable in any way to the Sponsor or any other person for any decision it makes not to proceed hereunder regardless of any action taken by the Sponsor or such other person whether known or unknown to the Authority.

Section 5. Sale of Bonds; Purchase Contract. The Chairman or Vice-Chairman and the Executive Director of the Authority are hereby authorized to sell any or all series of the Bonds to Bank of America, N.A., or such other investment bank or institutional purchaser as designated by the Sponsor and approved by the Executive Director (the "Purchaser") pursuant to the terms and conditions of a Purchase Contract in substantially the form heretofore employed by the Authority in connection with the sale of its bonds. The authority hereby conferred may be exercised as long as the interest rate of the Bonds does not exceed nine and 00/100 per cent (9.00%) per annum and (a) if there is a public distribution of the Bonds, the issue must be rated by one or more of the national rating agencies and one or more of the following conditions must be met: (i) that there is in effect a federal program providing assistance in the payment of such loans made by the Authority; (ii) the proceeds must be used to acquire either federally insured mortgages or mortgages insured by a private mortgage insurance company authorized to do business in the State of South Carolina; or (iii) the payment of the Bonds to the purchasers of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) the Bonds are to be sold only to institutional investors for investment. The purchase price of the Bonds shall be determined by the Chairman or Vice-Chairman and the Executive Director but in no event shall be less than 100% of par plus accrued interest on the Bonds from their date to the date of delivery thereof.

Section 6. Mortgage Loan. The Executive Director of the Authority is hereby authorized to execute a Mortgage Purchase Agreement or a Loan Agreement in substantially the form employed previously for the purchase of mortgage loans as may be appropriate at such time as she deems desirable at or before the delivery of the Bonds. The Executive Director is hereby

authorized to alter any terms in such Agreement or Mortgage Loan to the extent necessary or desirable so long as such modification does not significantly alter the obligations of the Authority thereunder.

Section 7. Preliminary and Final Official Statements. There is hereby authorized the distribution of preliminary and final official statements or other offering documents in connection with the sale of the Bonds. Said official statements shall be in substantially the form heretofore used in connection with the distribution of the Authority's multifamily revenue bonds and such changes, additions, deletions, or modifications as are consistent with the details of the Bonds or as are recommended by the Purchaser and accepted by bond counsel and the staff of the Authority. The Chairman or Vice-Chairman and the Executive Director of the Authority are hereby authorized and directed to take such action as they deem appropriate or as is requested of either of them in connection with the distribution of preliminary or final official statements. The Authority hereby delegates to the Executive Director the power to deem any such Official Statement "Final" within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

Section 8. Petition to SFAA. The Executive Director and the General Counsel of the Authority are hereby authorized and directed to prepare and present to the SFAA (i) a petition under Section 1-11-530 of the Code of Laws of South Carolina, 1976, as amended (the "Allocation Act"), for an allocation of private activity bond volume cap under the Allocation Act and Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), if necessary for the issuance of the Bonds as tax-exempt and (ii) a petition requesting approval of the Bonds by the SFAA as prescribed in Section 6 of the Act, which petitions (together, the "Petition") shall, among other things, set forth the pertinent provisions relating to the Bonds required by the Act or the Allocation Act, as the case may be.

Section 9. Designation of Fiduciaries. The trustee, paying agent, and registrar under any trust indenture to be entered into with respect to the Bonds shall be a corporate trustee as requested by the Sponsor and approved by the Authority.

Section 10. General Authority. The Commissioners of the Authority and its appropriate officers, attorneys, agents, and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual, and complete performance of all the terms, covenants, and purposes contained in the Bonds and this Resolution, and each such Commissioner, officer, attorney, and employee is hereby authorized and directed to execute and deliver any and all papers and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated thereby.

Section 11. Expiration. This resolution, if not renewed, will expire on a date which is twelve (12) months from the date of its adoption by the Bond Committee of the Authority.

Section 12. Miscellaneous. All orders and resolutions or any parts thereof in conflict herewith are to the extent of such conflict hereby repealed. This resolution shall take effect and be in full force from and upon its adoption by the Bond Committee of the Authority.

Section 13. Non-Transferable. This resolution may not be transferred by the Sponsor except to a related party to the Sponsor. No other attempted sale or transfer of this resolution shall be valid or binding upon the Authority.

Section 14. Official Intent. The Sponsor has advised the Authority that it has advanced or will advance its own funds to pay Project costs on a temporary basis pending the issuance of the Bonds, and the Authority has been further advised that such funds do not consist of moneys that were otherwise earmarked or intended to be used by the Borrower to finance Project costs permanently. The Authority hereby declares its intent to reimburse expenditures for Project costs from the proceeds of the Bonds expected to be issued in the maximum principal amount of not to exceed \$17,000,000 to provide a portion of the financing for the Project. It is the intention of the Authority that this Resolution shall constitute an official intent on the part of the Authority within the meaning of Treasury Regulations Sections 1.142-4(b) and 1.150-2(d). The Authority's reasonable expectations to apply the proceeds of the Bonds to reimburse or directly fund a portion of the costs of the Project are based on the Sponsor's representations regarding the Project and the expected sources of funds for the costs of the Project.



**STATE OF SOUTH CAROLINA  
COUNTY OF LEXINGTON**

I, the undersigned secretary of the South Carolina State Housing Finance and Development Authority (the "Authority"), do hereby certify that I am the duly qualified and acting Secretary to the Authority and as such further certify that attached hereto is a true and correct copy of the Resolution adopted by the Bond Committee of the Board of Commissioners of the Authority at a meeting duly called and held on the 3<sup>rd</sup> day of October, 2024, at which meeting a quorum was present and acting throughout, and that said Resolution has not been modified, amended, or repealed and is in full force and effect on the date hereof.

I further certify that due notice of a meeting of the Bond Committee of the Board, called to be held in Columbia, South Carolina at Authority's offices on October 3, 2024, was given to all members prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting was posted at the times and places required by law.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the Authority this 3<sup>rd</sup> day of October, 2024.

(SEAL)

**SOUTH CAROLINA STATE HOUSING  
FINANCE AND DEVELOPMENT AUTHORITY**

By:



Richard A. Hutto  
Secretary

## **BOND RESOLUTION**

### **MAKING PROVISION FOR THE ISSUANCE OF NOT TO EXCEED \$17,000,000 AGGREGATE PRINCIPAL AMOUNT MULTIFAMILY HOUSING REVENUE BONDS (OAK GROVE APARTMENTS) OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY FOR THE PURPOSE OF PROVIDING MORTGAGE LOAN FINANCING FOR A MULTIFAMILY RENTAL HOUSING FACILITY, AND OTHER MATTERS RELATED THERETO.**

**WHEREAS**, the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the “Act”), provides that the South Carolina State Housing Finance and Development Authority (the “Authority”), upon making a determination that sufficient persons or families of either beneficiary class (as defined by the Act) (the “Beneficiary Classes”) are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing, and that through the exercise of one or more of the programs authorised by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need thereof and that a series of bonds must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to members of the Beneficiary Class; and

**WHEREAS**, upon making such determination and the approval of the State Fiscal Accountability Authority (the “SFAA”), the Authority may issue from time to time bonds for the purpose of obtaining funds with which to make construction mortgage loans to housing sponsors (as defined in the Act) who agree to and are required to provide for construction or rehabilitation of residential housing (as defined in the Act) for rental by persons or families of either Beneficiary Class; provided, however, that with respect to any particular issue of bonds, one of the following conditions must be met: (a) if there is a public distribution of the bonds, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of the loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorised to do business in the State of South Carolina; or (iii) the payment of the bonds to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional investors, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, and the documents pursuant to which the bonds are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds; and

**WHEREAS**, Oak Grove at Hunt Club, LLC (the “Housing Sponsor”), being a limited liability company duly organized under the laws of the State of South Carolina, has requested the Authority to assist it through the issuance of bonds under the Act in the amount not to exceed \$17,000,000 (the “Bonds”) to provide a mortgage loan (the “Loan”) to finance the costs of

construction and permanent financing for a portion of the costs of acquisition, and construction of the multifamily rental housing facilities known as “Oak Grove Apartments,” consisting of approximately 96 rental units and related facilities, and located at 8207 Hunt Club Road in the unincorporated area of Richland County, South Carolina (the “Project”); and

**WHEREAS**, the Authority has determined that assisting in the financing of the Project with the proceeds of the Bonds will promote and serve the intended purposes of and in all respects will conform to the provisions and requirements of the Act, and, in order to assist in the financing of the Project, the Authority will issue the Bonds; and

**WHEREAS**, the Authority hereby finds and determines that in order to alleviate the lack of decent, safe, and sanitary housing available to individuals of the Beneficiary Classes, the Bonds must be issued; and

**WHEREAS**, the Authority on October 3, 2024, adopted its Resolution making preliminary provision for the issuance of the Bonds and authorising a petition to the SFAA seeking its approval of the issuance of the Bonds, and the Authority hereby confirms the findings and determinations made regarding the Bonds, the Project, and the Housing Sponsor; and

**WHEREAS**, by resolution adopted on [\_\_\_\_], 2025 the SFAA gave its approval to the proposal of the Authority to issue the Bonds for the purpose of financing a portion of the costs of the Project; and

**WHEREAS**, the Authority has previously requested the SFAA, and was granted, an allocation of private activity bond volume cap under Section 146(f)(2) of the Code, a portion of which shall be allocated to the Bonds; and

**WHEREAS**, the Authority proposes to issue the Bonds pursuant to a Trust Indenture (the “Indenture”) between the Authority and [U.S. Bank Trust Company, National Association] (the “Trustee”), pursuant to which the proceeds of the Bonds will be paid to the Trustee for deposit as provided under the Indenture and used to finance a portion of the costs of the Project and the costs of issuance of the Bonds; and

**WHEREAS**, the Borrower has advised the Authority that the Bonds are to be secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement to TD Bank (the “Construction Lender”) for the construction period, and upon completion of construction and placing the Project in service, the Bonds will be paid off in part and the balance of the Bonds will be transferred to Berkadia Commercial Mortgage, LLC (the “Permanent Lender,” and collectively with the Construction Lender, the “Lenders”), and the Indenture will permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the Bonds, which provisions the Authority has determined is sufficient under the Act for the placement of the Bonds with the Lenders; and

**WHEREAS**, the Bond proceeds will be used to provide the Loan to the Housing Sponsor pursuant to a Loan Agreement (the “Loan Agreement”) between the Authority and the Housing Sponsor; and

**WHEREAS**, the Loan Agreement will require the Housing Sponsor to operate the Project to ensure the availability of housing to members of the Beneficiary Classes; and

**WHEREAS**, the Authority will assign substantially all of its rights under the Loan Agreement to the Trustee pursuant to the terms of the Indenture; and

**WHEREAS**, the Authority hereby finds and confirms that (i) in order to provide the moneys necessary to implement its program, the Bonds must be issued as provided in this resolution, and (ii) the revenues or other moneys estimated to be available pursuant to the Loan Agreement will provide moneys required for the payment of the principal and interest on the Bonds:

**NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY IN MEETING DULY ASSEMBLED AS FOLLOWS:**

Section 1. Adoption of Premises. Each statement of fact, determination, and finding of the Authority set forth in the preamble hereto has been carefully examined and has been found to be in all respects true and correct as of the date hereof.

Section 2. Issuance of Bonds. In order to provide a portion of the moneys required to finance the costs of acquisition, construction, and rehabilitation of the Project, there is hereby authorized and shall forthwith be issued an issue of bonds to be designated as “South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Oak Grove Apartments),” with such series designation as approved by the Executive Director. The Bonds are intended to be issued as exempt facility bonds for qualified residential rental projects under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended. The Bonds shall be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, in substantially the form attached to the Indenture, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing such Bonds, such approval to be conclusively evidenced by such officers’ execution thereof.

Section 3. Approval of Form of Indenture. The Bonds shall be secured by the Indenture to be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, the form of which is presented at this meeting and filed with the minutes of this meeting, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing the Indenture, their approval to be conclusively evidenced by such officers’ execution thereof.

Section 4. Approval of Form of Loan Agreement. The transactions described in the recitals to this Resolution shall be consummated pursuant to the terms of the Loan Agreement to be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, the form of which is presented at this meeting and filed with the minutes of this meeting, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing the Loan Agreement, their approval to be conclusively evidenced by such officers' execution thereof.

Section 5. Sale of Bonds. The Chairman or Vice Chairman of the Authority is hereby authorized to sell the Bonds to the Construction Lender pursuant to the terms and conditions of the Loan Agreement. The authority hereby conferred may be exercised so long as the initial interest rate on the Bonds does not exceed [ ]% per annum, and the final maturity of the Bonds is not later than 45 years after their date of issue. The purchase price of the Bonds shall be as approved by the Chairman or Vice Chairman or Executive Director.

Section 6. Approval of Form of Restrictive Covenants. The Project will be encumbered by restrictive covenants to ensure the Project continuously complies with the requirements of the Act and of the Code pursuant to the Agreement as to Restrictive Covenants between the Authority and the Housing Sponsor (the "Restrictive Covenants") to be executed on behalf of the Authority by the Chairman, the Vice Chairman, or the Executive Director of the Authority, in substantially the form as presented at this meeting with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing said document, their approval to be conclusively evidenced by such officer's execution thereof.

Section 7. General Authority. The Board of Commissioners of the Authority and its appropriate officers, attorneys, agents, and employees are hereby authorized to do all acts and things required of them by this Resolution, the Indenture, the Loan Agreement, or the Restrictive Covenants, or desirable or consistent with the requirements hereof or thereof for the acquisition and construction of the Project or the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Bonds, this Resolution, the Indenture, the Loan Agreement, and the Restrictive Covenants, and each such Commissioner, officer, attorney, and employee is hereby authorized and directed to execute and deliver any and all papers, financing statements, reports, forms, certificates, and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereby and thereby, including the execution and delivery of a Federal Tax Agreement and Non-Arbitrage Certificate between the Authority and the Housing Sponsor (the "Regulatory Agreement"), in such form as is approved by such officers or employees, execution by the said officers or employees being conclusive evidence of their approval.

Section 8. Limited Obligations; No Personal Liability.

(a) The Bonds are not a debt or grant or loan of credit of the State of South Carolina or any other political subdivision of the State. Neither the State nor any political subdivision of the State will be liable for the Bonds, nor shall the Bonds be payable out of any funds other than those revenues of the Authority pledged to the payment of the Bonds under the Indenture.

(b) No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Authority contained in this Resolution, the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, or the Bonds, against any member of the Board of Commissioners, or any officer or employee of the Authority, as such, in his or her individual capacity, past, present, or future, either directly or through the Authority, whether by virtue of any constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that this Resolution, the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, and the Bonds are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any member, officer, or employee as such, past, present, or future, either directly or by reason of any of the obligations, covenants, promises, or agreements, entered into between the Authority and the registered owners or to be implied therefrom as being supplemental hereto or thereto; and that all personal liability of that character against every such member, officer, and employee is, by the adoption of this Resolution and the execution of the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, and the Bonds, and as a condition of, and as a part of the consideration for, the adoption of this Resolution and the execution of the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, and the Bonds, expressly waived and released. The immunity of the members, officers, and employees, of the Authority under the provision contained in this Section shall survive the termination of this Resolution.

**ADOPTED IN MEETING DULY ASSEMBLED** this \_\_\_\_ day of \_\_\_\_\_, 2025.

**STATE OF SOUTH CAROLINA**

**COUNTY OF LEXINGTON**

I, the undersigned Secretary of the South Carolina State Housing Finance and Development Authority (the “**Authority**”), **DO HEREBY CERTIFY** that the foregoing is a true, correct, and verbatim copy of a Resolution duly adopted by the Authority at a duly called meeting held on \_\_\_\_\_, 2025.

**WITNESS MY HAND** this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_  
Secretary, South Carolina State Housing Finance and  
Development Authority

## A RESOLUTION

### **GRANTING APPROVAL TO THE ISSUANCE BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY OF ITS MULTIFAMILY HOUSING REVENUE BONDS (OAK GROVE APARTMENTS)**

WHEREAS, the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the “Act”) provides that, upon the approval of the State Fiscal Accountability Authority (the “SFAA”), the South Carolina State Housing Finance and Development Authority (the “Authority”) may issue from time to time bonds or notes for the purpose of obtaining funds with which to make construction and permanent mortgage loans to housing sponsors who agree to and shall be required to provide for construction of residential housing for rental by persons or families of either beneficiary class (as defined in the Act) (the “Beneficiary Class”); provided, however, that with respect to any particular issue of bonds or notes, one of the following conditions must be met: (a) if there is a public distribution of the bonds or notes, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of such loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorized to do business in the State of South Carolina; or (iii) the payment of the bonds or notes to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds or notes are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional buyers, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, the documents pursuant to which the bonds or notes are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds or notes; and

WHEREAS, the Authority has presented to the SFAA its Petition dated December 18, 2024 (the “Petition”), which, together with the schedules thereto attached, sets forth certain information with respect to the Authority’s Multifamily Housing Revenue Bonds (Oak Grove Apartments) in the principal amount not to exceed \$17,000,000 (the “Bonds”); and

WHEREAS, the following have been submitted with the Petition in response to the requirements of Section 31-13-220 of the Act, certain of which are pro forma schedules because the Bonds have not been priced or sold as of the date of this Resolution, to wit:

- (i) a pro forma (in lieu of final schedules) of the principal amount of the Bonds to be issued;
- (ii) a pro forma (in lieu of final schedules) of the maturity schedule of the Bonds to be issued;
- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Housing Authority have



- previously been provided to the Office of the State Treasurer and are available on-line at <https://emma.msrb.org>;
- (iv) schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedule referenced in item (iii) have previously been provided to the Office of the State Treasurer and are available on-line at <https://emma.msrb.org>;
  - (v) the method to be employed in selling the Bonds.

**NOW, THEREFORE, BE IT RESOLVED BY THE STATE FISCAL ACCOUNTABILITY AUTHORITY IN MEETING DULY ASSEMBLED:**

Section 1. The SFAA hereby finds and determines that the funds estimated to be available for the repayment of the Authority's notes and bonds on a pro forma basis, including the Bonds, will be sufficient to provide for the payment of the principal and interest thereon. Conditional approval is hereby granted by the SFAA to the execution and delivery by the Authority of the Bonds in the principal amount not to exceed \$17,000,000.

Section 2. The approval of the SFAA is hereby conditioned on the following:

(a) Following the pricing or sale of the Bonds, but prior to closing and issuance of the Bonds, the approval of the State Treasurer of the interest rate or rates on the Bonds and of the form and substance of such documents as he deems necessary therefor;

(b) Following the pricing or sale of the Bonds, but prior to the closing and issuance of the Bonds, the Authority shall have provided to the State Treasurer, to the extent not previously provided, the information required to be submitted to the SFAA by the provisions of Section 31-13-220, to wit:

- (i) the final principal amount of the Bonds to be issued;
- (ii) the final maturity schedule of the Bonds to be issued;
- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority;
- (iv) schedules showing the final amount and source of revenues available for the payment of the debt service requirements established by the schedule referenced in item (iii);
- (v) the method to be employed in selling the Bonds.

(c) Following the pricing or sale of the Bonds, but prior to the closing and issuance of the Bonds, the State Treasurer shall find and determine, based solely on his review of the documents described in clauses (i) through (v) above, that the funds estimated to be available for the repayment of the Authority's notes and bonds, including the Bonds, will be sufficient to provide for the payment of the principal and interest thereon;

(d) The documents pursuant to which the Bonds are being issued shall provide that all expenses, costs, and fees of the Authority in connection with the issuance of the Bonds,

including legal fees, printing, and all disbursements shall be paid by the Housing Sponsor (as defined in the Petition); and

(e) The final approval by the Governor as the elected official of the State of South Carolina for purposes of Section 142(f) of the Internal Revenue Code of 1986, as amended.

Section 3. This Resolution shall take effect immediately upon its adoption.

[FORM OF BOND COUNSEL OPINION]

\_\_\_\_\_, 2025

Board of Commissioners  
South Carolina State Housing  
Finance and Development Authority  
Columbia, South Carolina

TD Bank, N.A.  
\_\_\_\_\_, \_\_\_\_\_

Oak Grove at Hunt Club, LLC  
Smyrna, Georgia

Re: Not to exceed \$17,000,000 South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Oak Grove Apartments), Series 2025

Ladies and Gentlemen:

As bond counsel to Oak Grove at Hunt Club, LLC, a South Carolina limited liability company (the “Housing Sponsor”), we have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance by the South Carolina State Housing Finance and Development Authority (the “Issuer”) of its not to exceed \$17,000,000 South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Oak Grove Apartments), Series 2025 (the “Bond”). The Bond is issued pursuant to the provisions of (i) Title 31, Chapters 3 and 13 of the Code of Laws of South Carolina 1976, as amended (the “Act”), (ii) a Loan Agreement, dated as of [\_\_\_\_\_]1, 2025 (the “Loan Agreement”), between the Issuer and the Housing Sponsor, (iii) an Indenture of Trust, dated as of [\_\_\_\_\_]1, 2024 (the “Indenture”), between the Issuer and [\_\_\_\_\_] (the “Trustee”), and (iv) two resolutions (collectively, the “Resolution”) adopted by the Board of Commissioners of the Issuer authorising the issuance, execution, delivery, and sale of the Bonds. Pursuant to the Loan Agreement, the Issuer will make a mortgage loan (the “Mortgage Loan”) to the Housing Sponsor to be used to provide financing for the construction and development of a multifamily rental housing development (the “Project”) described in the Loan Agreement. Pursuant to the Loan Agreement, the Housing Sponsor has agreed to make the payments to or on behalf of the Issuer sufficient to pay, in the aggregate, the principal of, premium, if any, and interest on the Bond, as

Board of Commissioners  
South Carolina State Housing Finance  
and Development Authority  
Oak Grove at Hunt Club, LLC  
TD Bank, N.A.

\_\_\_\_\_, 2025

Page 2

well as other payments, property, and revenues pledged to the payment thereof under the Indenture (the “Trust Estate”).

The Project is subject to an Agreement as to Restrictive Covenants, dated as of [\_\_\_\_\_] 1, 2025 (the “Regulatory Agreement”), between the Housing Sponsor and the Issuer, and the Federal Tax Agreement and Non-Arbitrage Certificate, dated the date hereof (the “Tax Agreement”), between the Housing Sponsor and the Issuer. The Loan Agreement, the Indenture, the Regulatory Agreement, and the Tax Agreement contain covenants that include requirements regarding the application and investment of the proceeds of the sale of the Bond, the use and occupancy of the residential units of the Project, and the rebate of certain investment proceeds to the United States government.

With respect to the power of the Housing Sponsor to enter into and perform its obligations under the Loan Agreement and the other documents to which it is party, the due authorisation, execution, and delivery of the Loan Agreement and the other documents by the Housing Sponsor, and the validity and enforceability thereof against the Housing Sponsor, we refer you to the opinion of [\_\_\_\_\_] [\_\_\_\_\_] [\_\_\_\_\_] as counsel to the Housing Sponsor of even date herewith addressed to you.

As to questions of fact material to our opinion, we have relied upon representations of and compliance with covenants by the Housing Sponsor and the Issuer contained in the Loan Agreement, the Indenture, the Regulatory Agreement, the Tax Agreement, certificates of public officials furnished to us, and certificates of representatives of the Housing Sponsor, the Issuer, and other parties, in each case, without undertaking any independent verification, although nothing has come to our attention to lead us to believe we are not justified in so relying. We have assumed that all signatures on documents, certificates, and instruments examined by us are genuine; all documents, certificates, and instruments submitted to us as originals are authentic; and all documents, certificates, and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates, and instruments relating to this financing have been duly authorised, executed, and delivered by all parties thereto other than the Issuer, and we have further assumed the due organisation, existence, and powers of such other parties other than the Issuer.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency any offering material relating to the Bond and we express no opinion relating thereto.

Based on the foregoing, as of the date hereof we are of the opinion, under existing law, as follows:

1. The Issuer is validly existing as a body corporate and politic under the laws of the State of South Carolina with the corporate power to enter into and perform its obligations under the Loan Agreement and the Indenture and to issue the Bond.

2. The Loan Agreement and the Indenture have been duly authorised, executed, and delivered by the Issuer, and (assuming due authorisation, execution, and delivery thereof by the other parties thereto) as the valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their respective terms.

3. The Resolution has been duly adopted and the Bond has been duly authorised and executed by the Issuer, and is a valid and binding limited obligation of the Issuer, enforceable in accordance with its terms, and payable solely from the Trust Estate. The Indenture creates a valid lien with respect to the Trust Estate. The Bond is not a general obligation or an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation, and does not constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit, but is payable solely from the Trust Estate.

4. Interest on the Bond (a) is excludable from gross income for federal income tax purposes and South Carolina income tax purposes, except for interest on any Bond for any period during which such Bond is held by a “substantial user” of the facilities financed by the Bond or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and (b) is not a specific preference item for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for tax years beginning after December 31, 2022. Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed on the entire net income of such bank, which includes interest on the Bond. The opinions set forth in this paragraph are subject to the condition that the Issuer and the Housing Sponsor comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond in order that interest thereon be (or continue to be) excludable from gross income for federal and South Carolina income tax purposes. Failure to comply with certain of the requirements could cause the interest on the Bond to be so included in gross income retroactively to the date of issuance of the Bond. The Issuer and the Housing Sponsor have covenanted to comply with all such requirements.

It is to be understood that the rights of the owners of the Bond and the enforceability of the Bond, the Indenture, and the Loan Agreement are limited by bankruptcy, insolvency, reorganisation, moratorium, and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity. Certain indemnity provisions may be

Board of Commissioners  
South Carolina State Housing Finance  
and Development Authority  
Oak Grove at Hunt Club, LLC  
TD Bank, N.A.

\_\_\_\_\_, 2025  
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unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

We express no opinion regarding the perfection or priority of the lien on the Trust Estate.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning, or disposing of the Bond. Owners of the Bond should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bond, which may include original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as Bond Counsel have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to make the statements contained in this letter with respect to the validity of the Bond and the tax-exempt status of the interest on the Bond. We have not examined any documents or other information concerning the business or financial resources of the Issuer or the Housing Sponsor, and we express no opinion as to the accuracy or completeness of any information with respect to the Issuer or the Housing Sponsor that may have been relied upon by the purchaser of the Bond in making its decision to purchase the Bond.

Very truly yours,

HOWELL LINKOUS & NETTLES, LLC

Bond Attorneys & Counsellors at Law

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Concentrating in Municipal Bonds,  
Local Government Law, Economic  
Development Incentives,  
Affordable Housing Development

February 4, 2025

State Fiscal Accountability Authority  
Columbia, South Carolina

Not to Exceed \$17,000,000  
South Carolina State Housing Finance and Development Authority  
Multifamily Housing Revenue Bonds (Oak Grove Apartments) Series 2025

Ladies and Gentlemen:

We are acting as bond counsel in connection with the proposed issuance by the South Carolina State Housing Finance and Development Authority (the "Issuer") of the referenced bonds (the "Bonds"). At your request, we are delivering this opinion in connection with the Issuer's Petition ("Petition") to the State Fiscal Accountability Authority ("SFAA") to receive the SFAA's approval of the issuance of the Bonds pursuant to Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended (the "Act"), to enable the Issuer to make a mortgage loan (the "Mortgage Loan") to Oak Grove at Hunt Club, LLC (the "Housing Sponsor") to be used to provide construction and permanent financing for a multifamily rental housing development (the "Project").

In that capacity, we have examined originals or copies of the Petition and the Preliminary Bond Resolution adopted by the Board of Commissioners of the Issuer (the "Preliminary Bond Resolution"), and the form of the Loan Agreement and the form of the Indenture of Trust (collectively with the Preliminary Bond Resolution, and the Petition, the "Transaction Documents"), and other documents, certificates, and correspondence as we have deemed necessary for purposes of giving this opinion.

In rendering the opinion expressed below, we have relied solely on our examination of the Transaction Documents. We have not made any investigation as to any factual matter or as to the accuracy or completeness of any representation, warranty, data, or any other information, whether written or oral, that may have been made by or on behalf of the Issuer, the Housing Sponsor, the SFAA, or the other parties to the Transaction Documents. Further, in rendering the

opinion expressed below, we do not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State of South Carolina, and the opinions are limited to the federal laws of the United States of America and the laws of the State of South Carolina.

Based on the stated examination and assumptions, and subject to the stated qualifications and limitations, we are of the opinion, under existing law, that all findings and conclusions appearing in the SFAA Resolution are supported by representations or statements of fact appearing in the Transaction Documents and the Transaction Documents comply with all requirements of the Act, contain all required facts, information, and findings by the respective authorities, and are legally sufficient to allow the SFAA to approve the issuance of the Bonds through the adoption of the SFAA Resolution.

Except as set forth above, we express no opinion in connection with the issuance and sale of the Bonds. The opinion expressed above is rendered solely for your benefit in considering the approval of the issuance of the Bonds under the Act. The opinion may neither be relied on by you for any other purpose nor be furnished to, used, circulated, quoted, or relied on by any other person or entity for any other purpose, without our prior written consent in each instance. We disclaim any obligation to update the opinion expressed above for events occurring or coming to our attention after the date of this letter.

Very truly yours,

HOWELL LINKOUS & NETTLES, LLC

  
\_\_\_\_\_  
Samuel W. Howell



**SOURCES & USES SUMMARY**

<u>Sources</u>	Lease-Up and			
	<u>Closing</u>	<u>Construction</u>	<u>Pre-Stabilized</u>	<u>Stabilized</u>
Federal Tax Credit Equity	\$1,352,032	\$1,352,032	\$8,112,193	\$13,520,322
State Tax Credit Equity	\$345,050	\$345,050	\$2,070,300	\$3,450,500
Other Capital Contribution	\$0	\$0	\$0	\$0
Permanent Loan 1	\$0	\$0	\$0	\$15,070,000
Permanent Loan 2	\$0	\$0	\$0	\$0
Permanent Loan 3	\$0	\$0	\$0	\$0
Construction Loan 1	\$3,834,062	\$25,953,673	\$26,486,122	\$26,486,122
Construction Loan 2	\$0	\$0	\$0	\$0
Construction Loan 3	\$0	\$0	\$0	\$0
<i>Construction Loan Repayments</i>	\$0	\$0	-\$6,505,839	-\$26,486,122
Soft Loans	\$0	\$1,000,000	\$1,000,000	\$1,250,000
Grants and Gifts	\$0	\$0	\$0	\$0
Reserves and Refunded Deposits	\$0	\$0	\$0	\$0
Net Operating Income	\$0	\$0	\$0	\$0
Earnings on T/E Bonds Deposit	\$0	\$0	\$0	\$0
Accrued Interest - Soft Loan	\$0	\$0	\$0	\$846
Project Cash Accounts, Escrows	\$0	\$0	\$0	\$0
Deferred Development Fee	\$0	\$0	\$0	\$682,525
	<b>\$5,531,144</b>	<b>\$28,650,755</b>	<b>\$31,162,776</b>	<b>\$33,974,192</b>

<u>Uses</u>				
Acquisition	\$1,617,000	\$1,617,000	\$1,617,000	\$1,617,000
Construction Contract	\$0	\$21,781,686	\$21,781,686	\$21,781,686
<i>Retention</i>	\$0	-\$1,667,242	\$0	\$0
Construction Contingency	\$0	\$1,425,028	\$1,425,028	\$1,425,028
Other Construction Costs	\$608,431	\$758,431	\$758,431	\$758,431
Construction Design, Supervision, and Management	\$599,550	\$709,550	\$709,550	\$709,550
Legal, Accounting, and Real Estate Professional Fees	\$735,818	\$763,318	\$763,318	\$763,318
Third-Party Reports	\$139,500	\$139,500	\$139,500	\$139,500
Tax-Exempt Bond Costs	\$266,200	\$280,200	\$280,200	\$280,200
Construction Financing Costs	\$247,500	\$247,500	\$247,500	\$247,500
Interest Expense	\$0	\$1,229,639	\$1,902,670	\$2,011,742
Permanent Financing Costs	\$180,700	\$180,700	\$180,700	\$180,700
Tax Credit Costs	\$97,950	\$97,950	\$97,950	\$97,950
Property Taxes, and Insurance	\$695,000	\$699,000	\$699,000	\$699,000
Reserves, Escrows, Deposits	\$0	\$45,000	\$45,000	\$862,587
Development Fees	\$343,495	\$343,495	\$515,243	\$2,400,000
	<b>\$5,531,144</b>	<b>\$28,650,755</b>	<b>\$31,162,776</b>	<b>\$33,974,192</b>





**DRAW SCHEDULE**

Month	24	25	26	27	28		
Benchmarks	Stabilization					8609s	
Stage	Pre-Stabilized	Stabilized	Stabilized	Stabilized	Stabilized		
Percent Complete	100.0%	100.0%	100.0%	100.0%	100.0%		
Percent Occupied	100.0%	100.0%	100.0%	100.0%	100.0%		
Date	7/1/2027	8/1/2027	9/1/2027	10/1/2027	11/1/2027	TOTALS	
<b>Sources</b>							
Federal Tax Credit Equity	\$0	\$5,272,926	\$0	\$0	\$135,203	\$13,520,322	
State Tax Credit Equity	\$0	\$1,311,190	\$0	\$0	\$69,010	\$3,450,500	
Other Capital Contribution	\$0	\$0	\$0	\$0	\$0	\$0	
Permanent Loan	\$0	\$15,070,000	\$0	\$0	\$0	\$15,070,000	
Construction Loan	\$107,643	\$0	\$0	\$0	\$0	\$26,486,122	
Construction Loan Repayments	\$0	-\$19,980,283	\$0	\$0	\$0	-\$26,486,122	
Synovus Construction Loan	\$0	\$0	\$0	\$0	\$0	\$0	
Construction Loan Repayments	\$0	\$0	\$0	\$0	\$0	\$0	
Subordinate Loans	\$0	\$250,000	\$0	\$0	\$0	\$1,250,000	
Reserves and Refunded Deposits	\$0	\$0	\$0	\$0	\$0	\$0	
Net Operating Income / Deficits	\$0	\$0	\$0	\$0	\$0	\$0	
Accrued Interest - Soft Loan	\$0	\$846	\$0	\$0	\$0	\$846	
Project Cash Accounts, Escrows	\$0	\$0	\$0	\$0	\$0	\$0	
Deferred Development Fee	\$0	\$682,525	\$0	\$0	\$0	\$682,525	
	\$107,643	\$2,607,204	\$0	\$0	\$204,213	\$33,974,192	
<b>Uses</b>							
Acquisition	\$0	\$0	\$0	\$0	\$0	\$1,617,000	
Construction Contract	\$0	\$0	\$0	\$0	\$0	\$21,781,686	
Retention	\$0	\$0	\$0	\$0	\$0	\$0	
Construction Contingency	\$0	\$0	\$0	\$0	\$0	\$1,425,028	
Other Construction Costs	\$0	\$0	\$0	\$0	\$0	\$758,431	
Construction Design, Supervision, and Management	\$0	\$0	\$0	\$0	\$0	\$709,550	
Legal, Accounting, and Real Estate Professional Fees	\$0	\$0	\$0	\$0	\$0	\$763,318	
Third-Party Reports	\$0	\$0	\$0	\$0	\$0	\$139,500	
Tax-Exempt Bond Costs	\$0	\$0	\$0	\$0	\$0	\$280,200	
Construction Financing Costs	\$0	\$0	\$0	\$0	\$0	\$247,500	
Interest Expense	\$107,643	\$109,072	\$0	\$0	\$0	\$2,011,742	
Permanent Financing Costs	\$0	\$0	\$0	\$0	\$0	\$180,700	
Tax Credit Costs	\$0	\$0	\$0	\$0	\$0	\$97,950	
Property Taxes, and Insurance	\$0	\$0	\$0	\$0	\$0	\$699,000	
Reserves, Escrows, Deposits	\$0	\$817,587	\$0	\$0	\$0	\$862,587	
Deferred Development Fees	\$0	\$682,525	\$0	\$0	\$0	\$682,525	
Development Fees	\$0	\$998,020	\$0	\$0	\$204,213	\$1,717,475	
	\$107,643	\$2,607,204	\$0	\$0	\$204,213	\$33,974,192	
Over / Under	\$0	\$0	\$0	\$0	\$0	\$0	

**CASH FLOW FORECAST**

Compliance Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21			
Stabilized Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21			
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	
<b>Revenue</b>																									
Rents - w/o Subsidy	2.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rents - w/ Subsidy	1.00%	\$0	\$1,421,688	\$1,936,308	\$1,975,034	\$2,014,534	\$2,054,825	\$2,095,922	\$2,137,840	\$2,180,597	\$2,224,209	\$2,268,693	\$2,314,067	\$2,360,348	\$2,407,555	\$2,455,706	\$2,504,820	\$2,554,917	\$2,606,015	\$2,658,135	\$2,711,298	\$2,765,524	\$2,820,815	\$2,877,251	\$0
Other Income	1.00%	\$0	\$0	\$12,772	\$13,726	\$23,692	\$24,166	\$24,649	\$25,142	\$25,645	\$26,158	\$26,681	\$27,215	\$27,759	\$28,314	\$28,881	\$29,458	\$30,048	\$30,648	\$31,261	\$31,887	\$32,524	\$33,175	\$33,838	\$0
Commercial Income	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Potential Revenue		\$0	\$1,438,408	\$1,959,080	\$1,998,261	\$2,038,227	\$2,078,991	\$2,120,571	\$2,162,982	\$2,206,242	\$2,250,357	\$2,295,374	\$2,341,282	\$2,388,107	\$2,435,870	\$2,484,587	\$2,534,279	\$2,584,964	\$2,636,664	\$2,689,307	\$2,742,915	\$2,798,048	\$2,854,009	\$2,911,000	\$0
Vacancy		\$0	\$39,229	\$97,394	\$99,913	\$101,011	\$102,530	\$104,029	\$105,549	\$107,089	\$108,649	\$110,218	\$111,806	\$113,415	\$115,044	\$116,693	\$118,362	\$120,061	\$121,790	\$123,549	\$125,338	\$127,157	\$129,006	\$130,885	\$0
Estimated Net Collections		\$0	\$1,399,179	\$1,861,706	\$1,898,348	\$1,937,216	\$1,976,462	\$2,016,042	\$2,056,433	\$2,097,153	\$2,138,708	\$2,180,156	\$2,221,471	\$2,262,692	\$2,303,825	\$2,344,877	\$2,385,837	\$2,426,703	\$2,467,473	\$2,508,142	\$2,548,711	\$2,589,180	\$2,629,449	\$2,669,518	\$0
<b>Expenses</b>																									
Payroll	1.00%	\$0	\$0	\$91,445	\$182,424	\$167,207	\$172,815	\$177,485	\$182,809	\$188,294	\$193,942	\$199,761	\$205,754	\$211,926	\$218,284	\$224,833	\$231,577	\$238,525	\$245,681	\$253,051	\$260,643	\$268,462	\$276,516	\$284,811	\$293,355
General & Administrative	1.00%	\$0	\$24,207	\$42,396	\$44,236	\$45,815	\$47,088	\$48,399	\$49,844	\$51,340	\$52,880	\$54,466	\$56,100	\$57,783	\$59,517	\$61,302	\$63,141	\$65,036	\$66,987	\$68,996	\$71,066	\$73,198	\$75,394	\$77,656	\$0
Management Fee		\$0	\$69,950	\$93,056	\$94,917	\$96,816	\$98,752	\$100,727	\$102,742	\$104,797	\$106,892	\$109,029	\$111,211	\$113,435	\$115,704	\$118,018	\$120,378	\$122,786	\$125,242	\$127,746	\$130,301	\$132,907	\$135,564	\$138,277	\$0
Repairs & Maintenance	1.00%	\$0	\$51,549	\$91,560	\$94,307	\$97,136	\$100,050	\$103,051	\$106,143	\$109,327	\$112,607	\$115,985	\$119,465	\$123,049	\$126,740	\$130,543	\$134,459	\$138,493	\$142,647	\$146,927	\$151,335	\$155,875	\$160,551	\$165,367	\$0
Utilities	1.00%	\$0	\$59,747	\$105,411	\$108,573	\$111,831	\$115,186	\$118,641	\$122,200	\$125,866	\$129,642	\$133,532	\$137,537	\$141,664	\$145,914	\$150,291	\$154,800	\$159,444	\$164,227	\$169,154	\$174,228	\$179,455	\$184,839	\$190,384	\$0
Property Taxes & Insurance	1.00%	\$0	\$81,006	\$91,650	\$94,412	\$97,244	\$100,151	\$103,156	\$106,261	\$109,469	\$112,782	\$116,194	\$119,708	\$123,326	\$127,051	\$130,881	\$134,818	\$138,864	\$143,021	\$146,290	\$150,671	\$155,175	\$160,809	\$166,578	\$0
Other Expenses	1.00%	\$0	\$5,734	\$10,185	\$10,490	\$10,805	\$11,129	\$11,463	\$11,807	\$12,161	\$12,526	\$12,902	\$13,289	\$13,687	\$14,095	\$14,511	\$14,936	\$15,369	\$15,809	\$16,257	\$16,714	\$17,179	\$17,652	\$18,133	\$0
Total Operating Expenses		\$0	\$353,846	\$599,294	\$614,282	\$631,701	\$649,746	\$668,251	\$687,291	\$706,862	\$727,041	\$747,783	\$769,126	\$791,088	\$813,686	\$836,940	\$860,868	\$885,490	\$910,817	\$936,899	\$963,729	\$991,338	\$1,019,749	\$1,048,985	\$0
Replacement Reserve Deposits	1.00%	\$0	\$32,000	\$30,554	\$31,471	\$32,415	\$33,387	\$34,389	\$35,420	\$36,483	\$37,577	\$38,700	\$39,866	\$41,062	\$42,294	\$43,563	\$44,869	\$46,216	\$47,602	\$49,030	\$50,501	\$52,016	\$53,576	\$55,184	\$0
<b>NOI before Debt Service</b>		\$0	\$1,033,332	\$1,233,228	\$1,252,596	\$1,272,140	\$1,291,809	\$1,311,903	\$1,332,122	\$1,352,565	\$1,373,230	\$1,394,118	\$1,415,276	\$1,436,652	\$1,458,295	\$1,479,855	\$1,501,428	\$1,524,011	\$1,546,427	\$1,568,998	\$1,591,796	\$1,614,793	\$1,637,984	\$1,661,366	\$0
<b>Debt Service</b>																									
PERMANENT LOAN - 1ST MORTGAGE		\$0	\$0	\$400,391	\$960,938	\$960,938	\$995,420	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$0
PERMANENT LOAN - 2ND MORTGAGE		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PERMANENT LOAN - 3RD MORTGAGE		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Cash Flow before Waterfall</b>		\$0	\$632,941	\$272,340	\$291,668	\$276,719	\$248,113	\$268,208	\$288,427	\$308,869	\$329,535	\$350,422	\$371,570	\$392,957	\$414,401	\$436,160	\$458,132	\$480,315	\$502,708	\$525,302	\$548,100	\$571,097	\$594,288	\$617,670	\$0
Operating Deficits		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DSCA	0.00%	0.00	0.00	2.58	1.78	1.30	1.28	1.24	1.26	1.28	1.30	1.32	1.34	1.36	1.38	1.40	1.42	1.44	1.46	1.48	1.50	1.53	1.55	1.57	1.59

**CASH FLOW FORECAST**

Compliance Year	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40		
Stabilized Year	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067		
<b>Revenue</b>																					
Rents - w/o Subsidy	0.0%	2.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Rents - w/ Subsidy	0.0%	2.0%	\$2,934,796	\$2,993,492	\$3,053,362	\$3,114,429	\$3,176,718	\$3,240,252	\$3,305,057	\$3,371,138	\$3,438,582	\$3,507,353	\$3,577,500	\$3,649,050	\$3,722,031	\$3,796,472	\$3,872,401	\$3,949,849	\$4,028,846	\$4,109,423	
Other Income	1.0%	2.0%	\$34,515	\$35,205	\$35,910	\$36,628	\$37,360	\$38,106	\$38,870	\$39,647	\$40,440	\$41,249	\$42,074	\$42,915	\$43,774	\$44,649	\$45,542	\$46,453	\$47,382	\$48,330	
Commercial Income	0.0%	2.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
<b>Gross Potential Revenue</b>			\$2,969,311	\$3,028,698	\$3,089,272	\$3,151,057	\$3,214,078	\$3,278,360	\$3,343,927	\$3,410,805	\$3,479,022	\$3,548,602	\$3,619,574	\$3,691,966	\$3,765,805	\$3,841,121	\$3,917,943	\$3,996,302	\$4,076,228	\$4,157,763	
Vacancy			-\$148,466	-\$151,235	-\$154,464	-\$157,553	-\$160,704	-\$163,918	-\$167,190	-\$170,540	-\$173,951	-\$177,430	-\$180,979	-\$184,598	-\$188,290	-\$192,056	-\$195,897	-\$199,815	-\$203,811	-\$207,888	
Estimated Net Collections			\$2,820,846	\$2,877,263	\$2,934,808	\$2,993,504	\$3,053,374	\$3,114,442	\$3,176,717	\$3,240,265	\$3,305,070	\$3,371,172	\$3,438,595	\$3,507,367	\$3,577,515	\$3,649,065	\$3,722,045	\$3,796,487	\$3,872,417	\$3,949,865	\$4,028,862
<b>Expenses</b>																					
Payroll	1.0%		\$302,156	\$311,321	\$320,557	\$330,114	\$340,079	\$350,293	\$360,790	\$371,614	\$382,762	\$394,145	\$406,073	\$418,255	\$430,802	\$443,726	\$457,038	\$470,749	\$484,872	\$499,418	
General & Administrative	1.0%		\$79,086	\$82,385	\$84,857	\$87,402	\$90,024	\$92,725	\$95,507	\$98,372	\$101,323	\$104,363	\$107,494	\$110,719	\$114,040	\$117,461	\$120,989	\$124,615	\$128,353	\$132,204	
Management Fee			\$141,042	\$143,863	\$146,740	\$149,675	\$152,669	\$155,722	\$158,837	\$162,013	\$165,254	\$168,559	\$171,930	\$175,368	\$178,876	\$182,453	\$186,102	\$189,824	\$193,621	\$197,493	
Resists & Maintenance	1.0%		\$170,318	\$175,418	\$180,701	\$186,122	\$191,706	\$197,457	\$203,381	\$209,482	\$215,767	\$222,240	\$228,907	\$235,774	\$242,848	\$250,133	\$257,637	\$265,366	\$273,327	\$281,527	
Utilities	1.0%		\$160,095	\$165,578	\$170,818	\$176,219	\$181,819	\$187,617	\$193,607	\$199,795	\$206,175	\$212,847	\$219,702	\$226,837	\$234,152	\$241,747	\$249,524	\$257,483	\$265,624	\$273,947	
Property Taxes & Insurance	1.0%		\$170,518	\$175,633	\$180,902	\$186,319	\$191,919	\$197,697	\$203,657	\$209,795	\$216,107	\$222,692	\$229,457	\$236,397	\$243,518	\$250,811	\$258,279	\$265,924	\$273,747	\$281,840	
Other Expenses	1.0%		\$18,946	\$19,515	\$20,100	\$20,703	\$21,324	\$21,964	\$22,623	\$23,302	\$24,001	\$24,721	\$25,462	\$26,224	\$27,007	\$27,823	\$28,669	\$29,548	\$30,459	\$31,403	
<b>Total Operating Expenses</b>			\$1,079,072	\$1,110,034	\$1,141,606	\$1,174,606	\$1,208,430	\$1,243,156	\$1,278,899	\$1,315,672	\$1,353,522	\$1,392,475	\$1,432,563	\$1,473,821	\$1,516,282	\$1,559,987	\$1,604,957	\$1,651,244	\$1,698,883	\$1,747,814	
Replacement Reserve Deposits	1.0%		\$56,839	\$58,544	\$60,301	\$62,110	\$63,973	\$65,892	\$67,869	\$69,905	\$72,002	\$74,162	\$76,387	\$78,679	\$81,039	\$83,470	\$85,975	\$88,554	\$91,210	\$93,947	
<b>NOI before Debt Service</b>			\$1,684,934	\$1,708,684	\$1,732,611	\$1,756,709	\$1,780,972	\$1,805,394	\$1,829,968	\$1,854,688	\$1,879,546	\$1,904,535	\$1,929,645	\$1,954,867	\$1,980,193	\$2,005,613	\$2,031,115	\$2,056,689	\$2,082,333	\$2,108,056	
<b>Debt Service</b>																					
PERMANENT LOAN - 1ST MORTGAGE			\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	\$1,043,696	
PERMANENT LOAN - 2ND MORTGAGE			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
PERMANENT LOAN - 3RD MORTGAGE			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
<b>Cash Flow before Waterfall</b>			\$641,239	\$664,989	\$688,915	\$713,013	\$737,276	\$761,698	\$786,273	\$811,093	\$835,851	\$860,839	\$885,949	\$911,172	\$936,498	\$961,912	\$987,419	\$1,013,027	\$1,038,747	\$1,064,579	
Operating Dividts			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
DSR			1.61	1.64	1.68	1.68	1.71	1.73	1.75	1.78	1.80	1.82	1.85	1.87	1.90	1.92	1.95	1.97	2.00	2.02	

E.

State Housing Finance and Development  
Authority

Pinehaven Villas



# OFFICE OF STATE TREASURER

## New Debt Information Form (NDIF) / Multifamily Housing

SFAA Approval Date:

02/04/25

### 1. ISSUER & FINANCING INFORMATION

Issuer: SC State Housing Finance and Development Authority Series: 2025  
 Borrower (if not Issuer): Pinehaven Villas Acquisition Partners, LP  
 Bond Caption: South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Pinehaven Villas) Series 2025  
 Bond Resolution Amount: \$ 14,500,000 Tax Exempt/Par Amt: \$ 14,500,000

#### Submitted By:

ENTITY: Pinehaven Villas Acquisition Partners, LP  
 BY: Howell, Linkous, and Nettles  
 ITS: Bond Counsel  
 Tel: 843-866-3800  
 Email: [samhowell@bond-law.com](mailto:samhowell@bond-law.com)

#### Transaction Type/Method of Sale:

Public Offering: Comp:      Neg: x  
 Direct Placement: Comp:      Neg:       
 Govt Loan/Purchaser:       
 Other:     

### 2. FINANCING (NEW PORTION)

Project Name: Pinehaven Villas  
 Developer Name: Vitus Development III, LLC  
 Project Address/Location: 1400 Trinity Drive, Columbia, SC 29209  
 Project Type: Multifamily Housing  
 Projected Avg Interest Rate: TBD  
 Number of Units: 80  
 Projected Cost per Unit: \$ 355,641  
 Ceiling Allocation Year: 2022

Amount: \$ 14,500,000  
 County: Richland  
 Final Maturity: estimated 7/1/2055

ST TAX CRED (1-YR):	\$ 951,007
ST TAX CRED (10-YR):	\$ 9,510,070
ST TAX CRED (SYND):	\$ 5,230,539
FED LIHTC (GROSS 1-YR):	\$ 958,452
FED LIHTC (GROSS 10-YR):	\$ 9,584,520
FED LIHTC (SYND):	\$ 8,193,945

### 3. FINANCING WORKING GROUP

Financial Advisor: None  
 Bond Counsel: Howell Linkous & Nettles, LLC  
 Underwriter: Colliers Securities  
 Paying Agent: US Bank

Disclosure Counsel: Norris George and Ostrow  
 Issuer's Counsel: Lee Ann Watson (General Counsel)  
 Trustee: US Bank  
 Borrower's Counsel: Winthrop & Weinstein

### 4. FINANCING/PROJECT DESCRIPTION: (Explain the multifamily development project, the justification for the SC Housing Tax Credit, the anticipated costs. & the basis for these cost estimates)

Pinehaven Villas consists of a 80-unit apartment community comprised of one-story apartment buildings located on a 8.03-acre lot. Of the 80 units, 80 are covered by a HAP contract. At closing, the HAP contract will be renewed for a 20-year term, subject to federal appropriations.

The property was acquired by Vitus in December 2023. Prior to that, it had been managed well but the seller had deferred significant capital repairs. As a result, the property needs a significant amount of rehab. In order to preserve and improve this important affordable housing resource, the SC State Housing Tax Credits are needed to aid the financing of this project and balance the financial feasibility of this property.

### 5. FINANCING/PROJECT APPROVAL DATES

Financing Approvals		Notes:
Authority Approval:	10/03/24	Preliminary Resolution
JBRC Approval:	00/00/00	N/A
SFAA Approval:	02/04/25	Proposed



**6. TAX AND ARBITRAGE MATTERS**

Yes No

a. Is any portion of the project, once completed, to be managed by a third-party pursuant to a management contract? (if yes, please

	X
--	---

b. Will third-party payments (from support organizations, private entities or the federal government) related to the facility, however

	X
--	---

c. If yes to any of the above, please provide a square footage and cost estimate of the portion affected.

Sq. Footage	-
Cost Estimate	\$ -

**7. ESTIMATED/ACTUAL PROJECT SOURCES AND USES: A Construction Financing / B. Permanent Financing**

Sources	A. Project Budget Construction (Sources)	B. Project Budget Permanent (Sources)
(1) Bond Proceeds: (a) Par	\$ 14,500,000	\$ -
(b) Premium/Accr. Int.	-	-
(2) Issuer/Borrower Contr.	-	-
	-	-
(3) Debt Service Fund Trans.	-	9,700,000
(4) Debt Service Reserve Fund Contribution	-	-
(5) Other MFHRB Sources		
(a) LIHTC	-	8,193,945
(b) State Housing TC	-	5,230,539
(c) Owner's Equity/Other	7,497,670	5,326,808
(d) SC Housing Trust Fund	-	-
<b>Total Project Sources</b>	<b>\$ 21,997,670</b>	<b>\$ 28,451,292</b>
	Surplus/Deficit	\$ -

Project Budget (Uses)	Uses
\$ 5,869,915	Project Fund
15,100,000	Acquisition
-	
-	
514,905	Other (Contingency)
512,850	Cost of Issuance (Incl. UW Disc.)
<b>21,997,670</b>	<b>Construction Uses Total</b>
656,250	Capitalized Interest Fund
1,850,000	Developer Fee
590,471	Reserves
2,272,201	Project Financing Costs
1,084,700	Third party reports/soft costs
-	
<b>\$ 28,451,292</b>	<b>Total Project Uses</b>

**8. TOTAL ESTIMATED BOND COI EXPENDITURES**

COI Description	Cost Of Issuance Vendor Name	Est. Fee For Services
Financial Advisor		\$ -
Bond Counsel	Howell Linkous & Nettles	80,000
Disclosure Counsel		-
Issuer's Counsel	Lee Ann Watson (General Counsel)	-
Underwriter's Counsel	Norton George & Ostrow	50,000
Borrower's Counsel	Winthrop & Weinstine	-
Legal Expenses		-
Rating Agency - S&P		-
Rating Agency - Moody's	Moody's Investor Service, Inc.	17,100
Rating Agency - Fitch		-
Underwriter's Compensation	Colliers Securities	108,750
Trustee	US Bank	7,000
Escrow Agent	Chicago Title	10,000
Accountant	Caniglia	15,000
Application Fee	Colliers Securities	5,000
Contingency		55,000
Issuer's Fee	SCJEDA/SC SHFDA	165,000
		<b>\$ 512,850</b>

*Est. COI Fees (% of Production):*

Financial Advisor: % of Transaction  
 Bond Counsel: % of Transaction  
 Total Legal Costs: % of Transaction  
 Rating Agencies: % of Transaction

0.00%
0.55%
0.90%
0.12%

UW Comp: % of Transaction  
 Other COI: % of Transaction  
 Total COI: % of Transaction

0.75%
1.77%
<b>3.54%</b>

# HOWELL LINKOUS & NETTLES, LLC

Bond Attorneys & Counsellors at Law

The Lining House  
106 Broad Street  
Charleston, South Carolina 29401

Post Office Box 1768  
Charleston, South Carolina 29402

Telephone 843.266.3800  
Fax 843.266.3805

Concentrating in Municipal Bonds,  
Local Government Law, Economic  
Development Incentives,  
Affordable Housing Development

23 December 2024

Delbert H. Singleton, Esq.  
Assistant Executive Director and Board Secretary  
State Fiscal Accountability Authority  
Wade Hampton Office Building  
1200 Senate Street, 6<sup>th</sup> Floor  
Columbia, South Carolina 29201

Not to exceed \$14,500,000  
South Carolina State Housing Finance and Development Authority  
Multifamily Housing Revenue Bonds  
(Pinehaven Villas), Series 2025

Dear Delbert:

My firm serves as bond counsel to Pinehaven Villas Acquisition Partners, LP (the "Housing Sponsor"), with respect to the issuance of multifamily housing revenue bonds by the South Carolina State Housing Finance and Development Authority (the "Housing Authority") to provide a portion of the financing for the acquisition, renovation, and construction of a 80-unit apartment community located at 1400 Trinity Drive, in the City of Columbia, South Carolina, and known as Pinehaven Villas (the "Project").

The proceeds of the Bonds will be loaned to the Housing Sponsor to provide a portion of the financing of the Project. The bonds will be issued in two series to provide construction financing for this project. Total project costs are approximately \$28,750,000.

Delbert H. Singleton, Esq.

23 December 2024

Page 2

Enclosed is the agenda package for the February meeting of the State Fiscal Accountability Authority (or any other date to which this request may be deferred, continued, rescheduled, or carried over) requesting State law approval for the issuance of the Bonds. I have enclosed the following documents:

1. Completed SFAA transmittal form;
2. Preliminary Bond Resolution of the Housing Authority;
3. Petition of the Housing Authority to the SFAA;
4. A form of the approving Resolution to be considered for adoption by the SFAA at its February meeting;
5. Bond Counsel opinion letter to SFAA;
6. Form of the Authority's final Bond Resolution;
7. A form of bond counsel's bond opinion letter; and
8. Private Participant Disclosure forms.

It is anticipated that the Series A Bonds will receive an "Aaa" investment grade rating from Moody's Investor Services based on the cash collateralization of the Series A Bonds from proceeds of the Series A Bonds held by the Bond Trustee. Upon completion of construction of the Project, all debt service due on the Series A Bonds will be paid from such cash. The Housing Authority will sell the Series A Bonds to Colliers Securities, LLC, as underwriter, for a public distribution of the Series A Bonds.

The Series B Bonds will be offered and sold by Colliers Securities only to Qualified Institutional Buyers and Accredited Investors who deliver an investor letter. The Series B Bonds will mature soon after the Project is completed and placed in service. Debt Service on the Series B Bonds will be secured by and paid with tax credit equity proceeds to be paid by the tax credit investors. The Series A Bonds and the Series B Bonds will be secured by mortgages on the Project.

Enclosed are (i) the schedule of sources and uses of funds, (ii) the schedule of sources and uses of cash during construction of the Project, and (iii) the preliminary debt service schedules for both Series of Bonds and cash flow reports showing payment of debt service on the Series A Bonds from the cash collateral and the payment of debt service on the Series B Bonds from tax-credit equity installment payments. A schedule of Sources and Uses of Cash during the short-term Bonds is also enclosed showing repayment of the Bonds. A verification report will be prepared by a CPA firm after pricing the Bonds to provide confirmation to the Housing Authority that sufficient funds will be available to timely pay debt service on the Bonds.

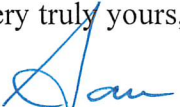
The Bonds are intended to be issued as exempt facility bonds for qualified residential rental projects under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended. Consequently, the Housing Authority will make an allocation of volume cap for these bonds from previous carryforward allocations made to the Housing Authority.

Delbert H. Singleton, Esq.  
23 December 2024  
Page 3

I will attend the SFAA's meeting to answer any questions which may arise at the meeting. In the meantime, should you have any questions or need any additional information, please give me a call.

With kindest personal regards, I remain,

Very truly yours,



Samuel W. Howell

SWH,IV/sls  
Enclosures

cc: Mr Robert MacDonald  
Tasha Thompson, Esq.  
Ms Jackie Hipes  
Mr Kevin O'Brian  
Lee Ann Watson, Esq.

**BOND TRANSMITTAL FORM**

**TO:** Delbert H. Singleton, Jr., Authority Secretary  
 State Fiscal Accountability Authority  
 600 Wade Hampton Building (29201)  
 P.O. Box 12444  
 Columbia, SC 29211

**DATE:** 12/23/2024

**Submitted for SFAA Meeting on:**  
 2/4/2025

**FROM:** Howell Linkous & Nettles, LLC

106 Broad Street  
 Charleston, SC 29401

**RE:** Not to exceed \$14,500,000 South Carolina State Housing Finance and Development Authority, Multifamily Housing Revenue Bonds (Pinehaven Villas), Series 2025

**Project Issue Date:** 5/1/2025

**Project Name:** Pinehaven Villas

**Project Description:** to provide construction financing for a portion of the costs of acquisition, renovation, and construction of multifamily housing known as Pinehaven Villas, in the City of Columbia, South Carolina.

**Employment as a result of the project:** [Click or tap here to enter text.](#)

	YES	NO	AMOUNT
<b>Ceiling Allocation</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ _____
<b>Refunding Involved</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ <a href="#">Click or tap here to enter text.</a>
<b>Project Approved Previously</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ <a href="#">Click or tap here to enter text.</a>

Documents enclosed (executed original and two copies of each):

*(ALL documents required for state law approval; A and C only for ceiling allocation only.)*

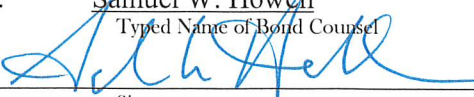
- A.  Petition
- B.  Resolution or Ordinance
- C.  Inducement Resolution or comparable preliminary approval
- D.  Department of Health and Environmental Control Certificate *if required*
- E.  State Fiscal Accountability Authority Resolution and Public Notice *(original)*  
*Plus 4 copies for certification and return to bond counsel*
- F.  Draft bond counsel opinion letter
- G.  Processing Fee

**Amount:** \$ [Click or tap here to enter text.](#)      **Check No:** [Click or tap here to enter text.](#)

**Payor:** [Click or tap here to enter text.](#)

- H.  No Private Participant will be known at the time the Authority considers this agenda item.
- J.  This agenda item is accompanied by the applicable Private Party Disclosure form for each private participant.
- K.  All documents have been uploaded to the SFAA Authority File Drop.

Bond Counsel: Samuel W. Howell  
Typed Name of Bond Counsel

By:   
Signature



PETITION FOR APPROVAL

TO: THE STATE FISCAL ACCOUNTABILITY AUTHORITY	) ) ) )	Pinehaven Villas
--	------------------	------------------

This Petition of the South Carolina State Housing Finance and Development Authority (the "Authority"), is submitted to the State Fiscal Accountability Authority (the "SFAA") pursuant to the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the "Act"), and respectfully shows:

1. The Act, among other things, provides that whenever the Authority shall have determined by resolution that sufficient persons or families of either beneficiary class (as defined in the Act) (the "Beneficiary Classes") are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing and that through the exercise of one or more of the programs authorized by the Act, decent, safe, and sanitary housing will become available to members of the class in need therefor, then, upon obtaining the approval of the SFAA pursuant to the Act, and in order to provide funds for its corporate purposes, the Authority is authorized to issue from time to time its bonds or notes for the purpose of obtaining funds with which to make construction and permanent mortgage loans to housing sponsors who agree to and are required to provide for construction and/or rehabilitation of residential housing (as defined in the Act) for rental by persons or families of either Beneficiary Class; provided, however, that with respect to any particular issue of bonds or notes, one of the following conditions must be met: (a) if there is a public distribution of the bonds or notes, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of the loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorized to do business in the State of South Carolina; or (iii) the payment of the bonds or notes to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds or notes are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional investors, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, and the documents pursuant to which the bonds or notes are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds or notes.

2. Pinehaven Villas Acquisition Partners, LP (the "Housing Sponsor"), a South Carolina limited partnership, has requested that the Authority assist it with the construction financing for the acquisition, renovation, and construction of an 80-unit apartment development located in the City of Columbia, South Carolina, and known as Pinehaven Villas (the "Project")

by the funding of one or more mortgage loans (the “Mortgage Loan”) through the issuance of its revenue bonds.

3. The Authority proposes to fund the Mortgage Loan to the Housing Sponsor by issuing its bonds in two series pursuant to a Bond Resolution to be adopted by the Authority (the “Resolution”), such bonds to be known as “South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Pinehaven Villas), Series 2025A” (the “Series A Bonds”) and “South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Pinehaven Villas), Series 2025B” (the “Series B Bonds” and collectively with the Series A Bonds,” the “Bonds”), the proceeds of which will be used to fund the Mortgage Loan to the Housing Sponsor to provide construction financing for a portion of the costs of the Project and to qualify the Project for federal and South Carolina Low Income Housing Tax Credits (the “Tax Credits”). The Bonds are to be issued in the aggregate principal amount not to exceed \$14,500,000.

4. The Authority requested of the SFAA, and was granted, a carry-forward allocation of private activity bond volume cap under Section 146(f)(2) of the Code, a portion of which shall be allocated to the Bonds.

5. The Authority has determined that:

(a) (i) Sufficient persons or families of the Beneficiary Classes are unable to pay rent in the amounts at which private enterprise is providing decent, safe, and sanitary housing; (ii) through the exercise of one or more of the loan programs authorized by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need therefor; and (iii) two series of bonds or notes must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to individuals of the Beneficiary Classes.

(b) In order to provide the moneys necessary to continue to implement the Authority’s program, the Bonds must be issued.

(c) The Series A Bonds will be secured by cash collateral reserves funded by bond proceeds, and the Series B Bonds will be secured by cash collateral reserves and a pledge of tax credit equity payments to be made during the construction period or shortly thereafter, which arrangement is expected to result in an acceptable investment grade rating from a national rating agency for the Series A Bonds, and investment letters from institutional investors with respect to the Series B Bonds, which arrangements have been determined by the Authority to be sufficient for purposes of the Act, and that the revenues or other funds estimated to be available for the payment of debt service will provide moneys required for the repayment of the principal and interest on the bonds and notes of the Authority, including the Bonds.

6. The Authority will adopt the Resolution authorizing the issuance and delivery of the specific maximum amount of the Bonds and establishing the definitive terms thereof, including those revenues and assets to be pledged to the payment of the Bonds as described



above. The Authority will take steps necessary to comply with the requirements of Sections 103 and 141-150 of the Code.

7. It is expected that the Bonds will be issued pursuant to a Trust Indenture (the "Indenture") between the Authority and a corporate trustee to be approved by the Authority pursuant to which the proceeds of the Bonds will be paid to the Trustee for deposit as provided in the Indenture and used to finance a portion of the costs of acquisition and construction of the Project and the costs of issuance of the Bonds. The net interest rate to be borne by the Bonds has not been determined. It is expected that the average interest rate on the Series A Bonds will be approximately three and 50/100 per centum (3.50%) per annum; the average interest rate on the Series B Bonds will be approximately five and 375/1000 per centum (5.375%) per annum

8. The size, date, maturity schedule, payment dates, and repayment provisions with respect to the Bonds shall be finally determined prior to the date the Bonds are issued. As soon as these matters are finally determined, a precise schedule thereof shall be presented to the SFAA or its designee as provided by the Act. There are hereby filed with the SFAA pro forma schedules with respect to the Bonds based on current estimates and market conditions.

9. The Authority requests that the SFAA delegate to the State Treasurer the ability to approve the interest rates on the Bonds, and upon making determination that the funds anticipated to be available for the payment of the Authority's notes and bonds, including the Bonds, will be sufficient to provide for the payment of principal and interest thereon, to grant on behalf of the SFAA final approval for the issuance of the Bonds. Prior to the issuance of the Bonds, the Authority shall have provided to the State Treasurer, to the extent not previously provided herein or otherwise, the information required to be submitted to the SFAA by the provisions of Section 31-13-220, to wit:

- (a) the principal amount of the Bonds to be issued;
- (b) the maturity schedule of the Bonds to be issued;
- (c) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority;
- (d) schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedules referenced in item (c); and
- (e) the method to be employed in selling the Bonds.

Attached hereto in response to the requirements of Section 31-13-220 are the following schedules, certain of which are pro forma schedules because the Bonds have not been priced or sold as of the date of this Petition, to wit:

- (i) a pro forma (in lieu of final schedules) of the principal amount of the Bonds to be issued;
- (ii) a pro forma (in lieu of final schedules) of the maturity schedule of the Bonds to be issued;
- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority have previously been provided to the



- (iv) Office of the State Treasurer; schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedules referenced in item (iii) have previously been provided to the Office of the State Treasurer; and
- (v) the method to be employed in selling the Bonds.

10. Any allocation subsequently requested will constitute a new authorized request.

11. The allocation, if any, requested hereby constitutes all of the private activity bond financing contemplated at this time for the Project and any other facilities located at or used as a part of an integrated operation with the Project.


12. The Bonds are special obligations of the Authority secured by and payable solely from moneys, income, and receipts of the Authority pledged under the Resolution and the Indenture with respect thereto.

13. Schedules showing the annual debt service requirements of all outstanding bonds and notes of the Authority and the sources of revenues available for the payment of such debt service requirements have previously been provided to the Office of the State Treasurer by the Authority.

WHEREFORE, on the basis of the foregoing, the Authority prays the SFAA (i) to accept the filing of this Petition and the documents submitted herewith; (ii) to undertake such review as its deems necessary; and (iii) to give conditional approval of the issuance of the Bonds, in the aggregate principal amount of not to exceed \$14,500,000 for the purpose of financing the Mortgage Loan to pay a portion of the cost of the acquisition, renovation, and construction of the Project, as set forth above, and for paying the costs of issuance in connection therewith.

Respectfully submitted,

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

By:   
General Counsel

December 18, 2024

## A RESOLUTION

### MAKING PRELIMINARY PROVISION FOR THE ISSUANCE OF NOT TO EXCEED \$14,500,000 AGGREGATE PRINCIPAL AMOUNT OF MULTIFAMILY HOUSING REVENUE BONDS (PINEHAVEN VILLAS) OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY AND OTHER MATTERS RELATED THERETO.

**WHEREAS**, the South Carolina State Housing Finance and Development Authority Act of 1977, Act No. 76 of the Acts and Joint Resolutions of the General Assembly of 1977, as amended, (the "Act"), provides that the South Carolina State Housing Finance and Development Authority (the "Authority"), upon making a determination that sufficient persons or families of either beneficiary class (as defined by the Act) (the "Beneficiary Classes") are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing, that through the exercise of one or more of the programs authorized by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need therefor, and that a series of bonds or notes must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to members of the Beneficiary Classes; and

**WHEREAS**, upon making such determination and upon the approval of the State Fiscal Accountability Authority (the "SFAA"), the Authority may issue from time to time notes and bonds for the purpose of obtaining funds with which to make (1) construction and/or rehabilitation loans secured by mortgages of housing sponsors; and (2) permanent mortgage loans to housing sponsors who agree to and shall be required to provide construction and/or rehabilitation of residential housing for rental by persons or families of either beneficiary class as defined by the Act, provided, however, with respect to any particular issue of notes or bonds one of the following conditions must be met: (a) if there is a public distribution of the notes or bonds, the issue must be rated by one or more of the national rating agencies and one or more of the following conditions must be met: (i) that there is in effect a federal program providing assistance in the payment of such loans made by the Authority; (ii) the proceeds must be used to acquire either federally insured mortgages or mortgages insured by a private mortgage insurance company authorized to do business in the State of South Carolina; or (iii) the payment of the notes or bonds to the purchasers of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the notes or bonds are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgages or other security agreement in transactions with banks, institutional investors, or other non-registered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina, 1976, as amended, and the documents pursuant to which the notes or bonds are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the notes or bonds; and

**WHEREAS**, Pinehaven Villas Acquisition Partners, LP, a limited partnership duly organized under the laws of the State of South Carolina (the "Sponsor") intends, with the assistance of the Authority, to acquire and rehabilitate (i) an 80-unit apartment development

located in the City of Columbia, Richland County, South Carolina, known as Pinehaven Villas, at an expected cost of approximately \$28,450,000; and

WHEREAS, the Sponsor has requested the assistance of the Authority by funding a mortgage loan (the "Mortgage Loan") through the issuance of its multifamily housing revenue bonds in the expected maximum principal amount of \$14,500,000 (the "Bonds") to finance a portion of the costs of the Project;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOND COMMITTEE OF THE BOARD OF COMMISSIONERS OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY IN MEETING DULY ASSEMBLED:**

Section 1. Adoption of Premises. Each statement of fact set forth in the preamble hereto has been carefully examined and has been found to be in all respects true and correct.

Section 2. Undertakings of the Authority. In the event the Sponsor meets the requirements set forth herein and in order to provide the moneys required to finance the Mortgage Loan, to establish the necessary reserve funds, and to pay the costs and expenses of the Authority in connection therewith, the Authority will undertake to issue a series of bonds to be designated as "South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Pinehaven Villas)" (with any appropriate series or subseries designation) in the aggregate principal amount of not to exceed \$14,500,000, on a tax-exempt basis. No taxable bonds are anticipated to be issued.

Any obligation of the Authority hereunder is subject to (a) the requirements that (i) the Project shall have received such local approval, if any, as is required under the Act, (ii) the Authority approve the items which may be included in any required charges (rent plus any other mandatory payments) to occupants of the Project, and (iii) the issuance of the Bonds being approved by the SFAA and (b) the right of the Authority in its sole discretion, to rescind this resolution and to elect not to issue such Bonds at some future date.

Section 3. Obligation of Sponsor. If the plan proceeds as contemplated, the Sponsor agrees as follows:

(a) to make the Project available for occupancy by persons in the Beneficiary Classes for such period and subject to such conditions as the Authority may determine;

(b) to provide such security for any of its obligations or mortgages to the Authority, or of the obligations of any other person to the Authority, as the Authority may, in its sole discretion request which such security may include federal mortgage insurance or federal agreements to make payments adequate to pay amounts due by such Sponsor or such other person;

(c) to enter into a mortgage loan agreement with respect to the Project on such terms and conditions as the Authority may deem necessary or desirable;

(d) to pay all costs and expenses incurred by the Authority, including its reasonable counsel fees, in furtherance of the undertakings of the Authority hereunder, regardless of whether any bonds or notes are issued with respect to the Project;

(e) to provide the Authority with such information and material with respect to the Project, including financial statements and information, reports, tests, surveys, appraisals, plans, specifications, drawings, occupancy rates or rent rolls, studies or feasibility studies, legal opinions, descriptions, and access for inspection of the Project or any other such items as may be requested by the Authority; and

(f) to enter into such agreements including such disclosure agreements as may be required to meet the requirements of S.E.C. Rule 15c2-12(b)(5), execute such documents and provide such proofs or evidence as the Authority may, in its sole discretion, request in connection with its undertakings hereunder.

Section 4. Termination. The Authority or the Sponsor may elect not to proceed with the financing. The Authority shall not be obligated hereby to the Sponsor or any other person by virtue of the adoption of this resolution. Neither the Sponsor nor any other person shall have any rights hereunder and the Authority shall not be liable in any way to the Sponsor or any other person for any decision it makes not to proceed hereunder regardless of any action taken by the Sponsor or such other person whether known or unknown to the Authority.

Section 5. Sale of Bonds; Purchase Contract. The Chairman or Vice-Chairman and the Executive Director of the Authority are hereby authorized to sell any or all series of the Bonds to Colliers Securities LLC or such other investment bank or institutional purchaser as designated by the Sponsor and approved by the Executive Director (the "Purchaser") pursuant to the terms and conditions of a Purchase Contract in substantially the form heretofore employed by the Authority in connection with the sale of its bonds. The authority hereby conferred may be exercised as long as the interest rate of the Bonds does not exceed Eight and 00/100 percent (8.00%) per annum and (a) if there is a public distribution of the Bonds, the issue must be rated by one or more of the national rating agencies and one or more of the following conditions must be met: (i) that there is in effect a federal program providing assistance in the payment of such loans made by the Authority; (ii) the proceeds must be used to acquire either federally insured mortgages or mortgages insured by a private mortgage insurance company authorized to do business in the State of South Carolina; or (iii) the payment of the Bonds to the purchasers of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) the Bonds are to be sold only to institutional investors for investment. The purchase price of the Bonds shall be determined by the Chairman or Vice-Chairman and the Executive Director but in no event shall be less than 97% of par plus accrued interest on the Bonds from their date to the date of delivery thereof.

Section 6. Mortgage Loan. The Executive Director of the Authority is hereby authorized to execute a Mortgage Purchase Agreement or a Loan Agreement in substantially the form employed previously for the purchase of mortgage loans as may be appropriate at such time as she deems desirable at or before the delivery of the Bonds. The Executive Director is hereby

authorized to alter any terms in such Agreement or Mortgage Loan to the extent necessary or desirable so long as such modification does not significantly alter the obligations of the Authority thereunder.

Section 7. Preliminary and Final Official Statements. There is hereby authorized the distribution of preliminary and final official statements or other offering documents in connection with the sale of the Bonds. Said official statements shall be in substantially the form heretofore used in connection with the distribution of the Authority's multifamily revenue bonds and such changes, additions, deletions, or modifications as are consistent with the details of the Bonds or as are recommended by the Purchaser and accepted by bond counsel and the staff of the Authority. The Chairman or Vice-Chairman and the Executive Director of the Authority are hereby authorized and directed to take such action as they deem appropriate or as is requested of either of them in connection with the distribution of preliminary or final official statements. The Authority hereby delegates to the Executive Director the power to deem any such Official Statement "Final" within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

Section 8. Petition to SFAA. The Executive Director and the General Counsel of the Authority are hereby authorized and directed to prepare and present to the SFAA (i) a petition under Section 1-11-530 of the Code of Laws of South Carolina, 1976, as amended (the "Allocation Act"), for an allocation of private activity bond volume cap under the Allocation Act and Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), if necessary for the issuance of the Bonds as tax-exempt and (ii) a petition requesting approval of the Bonds by the SFAA as prescribed in Section 6 of the Act, which petitions (together, the "Petition") shall, among other things, set forth the pertinent provisions relating to the Bonds required by the Act or the Allocation Act, as the case may be.

Section 9. Designation of Fiduciaries. The trustee, paying agent, and registrar under any trust indenture to be entered into with respect to the Bonds shall be a corporate trustee as requested by the Sponsor and approved by the Authority.

Section 10. General Authority. The Commissioners of the Authority and its appropriate officers, attorneys, agents, and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual, and complete performance of all the terms, covenants, and purposes contained in the Bonds and this Resolution, and each such Commissioner, officer, attorney, and employee is hereby authorized and directed to execute and deliver any and all papers and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated thereby.

Section 11. Expiration. This resolution, if not renewed, will expire on a date which is twelve (12) months from the date of its adoption by the Bond Committee of the Authority.

Section 12. Miscellaneous. All orders and resolutions or any parts thereof in conflict herewith are to the extent of such conflict hereby repealed. This resolution shall take effect and be in full force from and upon its adoption by the Bond Committee of the Authority.

Section 13. Non-Transferable. This resolution may not be transferred by the Sponsor except to a related party to the Sponsor. No other attempted sale or transfer of this resolution shall be valid or binding upon the Authority.

Section 14. Official Intent. The Sponsor has advised the Authority that it has advanced or will advance its own funds to pay Project costs on a temporary basis pending the issuance of the Bonds, and the Authority has been further advised that such funds do not consist of moneys that were otherwise earmarked or intended to be used by the Borrower to finance Project costs permanently. The Authority hereby declares its intent to reimburse expenditures for Project costs from the proceeds of the Bonds expected to be issued in the maximum principal amount of not to exceed \$14,500,000 to provide a portion of the financing for the Project. It is the intention of the Authority that this Resolution shall constitute an official intent on the part of the Authority within the meaning of Treasury Regulations Sections 1.142-4(b) and 1.150-2(d). The Authority's reasonable expectations to apply the proceeds of the Bonds to reimburse or directly fund a portion of the costs of the Project are based on the Sponsor's representations regarding the Project and the expected sources of funds for the costs of the Project,

**STATE OF SOUTH CAROLINA  
COUNTY OF LEXINGTON**

I, the undersigned secretary of the South Carolina State Housing Finance and Development Authority (the "Authority"), do hereby certify that I am the duly qualified and acting Secretary to the Authority and as such further certify that attached hereto is a true and correct copy of the Resolution adopted by the Bond Committee of the Board of Commissioners of the Authority at a meeting duly called and held on the 3<sup>rd</sup> day of October, 2024, at which meeting a quorum was present and acting throughout, and that said Resolution has not been modified, amended, or repealed and is in full force and effect on the date hereof.

I further certify that due notice of a meeting of the Bond Committee of the Board, called to be held in Columbia, South Carolina at the Housing Authority's offices on October 3, 2024, was given to all members prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting was posted at the times and places required by law.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the Authority this 3<sup>rd</sup> day of October, 2024.

(SEAL)

**SOUTH CAROLINA STATE HOUSING  
FINANCE AND DEVELOPMENT AUTHORITY**

By:   
Richard A. Hutto  
Secretary

## **BOND RESOLUTION**

### **MAKING PROVISION FOR THE ISSUANCE OF NOT TO EXCEED \$14,500,000 AGGREGATE PRINCIPAL AMOUNT MULTIFAMILY HOUSING REVENUE BONDS (PINEHAVEN VILLAS) OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY FOR THE PURPOSE OF PROVIDING CONSTRUCTION MORTGAGE LOAN FINANCING FOR A MULTIFAMILY RENTAL HOUSING FACILITY, AND OTHER MATTERS RELATED THERETO.**

**WHEREAS**, the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the “Act”), provides that the South Carolina State Housing Finance and Development Authority (the “Authority”), upon making a determination that sufficient persons or families of either beneficiary class (as defined by the Act) (the “Beneficiary Classes”) are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing, and that through the exercise of one or more of the programs authorised by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need thereof and that a series of bonds must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to members of the Beneficiary Class; and

**WHEREAS**, upon making such determination and the approval of the State Fiscal Accountability Authority (the “SFAA”), the Authority may issue from time to time bonds for the purpose of obtaining funds with which to make construction mortgage loans to housing sponsors (as defined in the Act) who agree to and are required to provide for construction or rehabilitation of residential housing (as defined in the Act) for rental by persons or families of either Beneficiary Class; provided, however, that with respect to any particular issue of bonds, one of the following conditions must be met: (a) if there is a public distribution of the bonds, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of the loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorised to do business in the State of South Carolina; or (iii) the payment of the bonds to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional investors, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, and the documents pursuant to which the bonds are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds; and

**WHEREAS**, Pinehaven Villas Acquisition Partners, LP (the “Housing Sponsor”), being a limited partnership duly organized under the laws of the State of South Carolina, has requested the Authority to assist it through the issuance of bonds under the Act in the amount not to exceed \$14,500,000 (the “Bonds”) to provide a construction mortgage loan (the “Loan”) to finance the



costs of construction financing for a portion of the costs of acquisition, renovation, and construction of the multifamily rental housing facilities known as “Pinehaven Villas,” consisting of approximately 80 rental units and related facilities, and located at 1400 Trinity Drive, in the City of Columbia, State of South Carolina (the “Project”); and

**WHEREAS**, the Authority has determined that assisting in the financing of the Project with the proceeds of the Bonds will promote and serve the intended purposes of and in all respects will conform to the provisions and requirements of the Act, and, in order to assist in the financing of the Project, the Authority will issue the Bonds; and

**WHEREAS**, the Authority hereby finds and determines that in order to alleviate the lack of decent, safe, and sanitary housing available to individuals of the Beneficiary Classes, the Bonds must be issued; and

**WHEREAS**, the Authority on October 3, 2024, adopted its Resolution making preliminary provision for the issuance of the Bonds and authorising a petition to the SFAA seeking its approval of the issuance of the Bonds, and the Authority hereby confirms the findings and determinations made regarding the Bonds, the Project, and the Housing Sponsor; and

**WHEREAS**, by resolution adopted on [\_\_\_\_], 2025, the SFAA gave its approval to the proposal of the Authority to issue the Bonds for the purpose of financing a portion of the costs of the Project; and

**WHEREAS**, the Authority has previously requested the SFAA, and was granted, an allocation of private activity bond volume cap under Section 146(f)(2) of the Code, a portion of which shall be allocated to the Bonds; and

**WHEREAS**, the Authority proposes to issue the Bonds pursuant to one or more Trust Indentures (collectively, the “Indenture”) between the Authority and U.S. Bank Trust Company, National Association (the “Trustee”), pursuant to which the proceeds of the Bonds will be paid to the Trustee for deposit as provided under the Indenture and used to finance a portion of the costs of the Project and the costs of issuance of the Bonds; and

**WHEREAS**, the Borrower has advised the Authority that the Series A Bonds will be rated by one of the national rating agencies at a level satisfactory to the Authority, and the Indenture provides that payment of the Series A Bonds will be assured through the maintenance of cash collateral reserves (or comparable arrangement) by which the Borrower will cause Eligible Funds (as defined in the Indenture) in an amount equal to the Series A Bond proceeds to be deposited in the Collateral Fund for repayment of the Series A Bonds, which maintenance of reserves the Authority has determined is sufficient under the Act for a public distribution of the Series A Bonds by the Underwriter (as hereinafter defined); and

**WHEREAS**, the Borrower has advised the Authority that the Series B Bonds will be issued and sold to institutional investors and other non-registered persons; and that the revenues or other funds estimated thereafter to be available for the payment of debt service will provide

moneys required for the repayment of the principal and interest on the bonds and notes of the Authority, including the Series B Bonds; and

**WHEREAS**, the Housing Sponsor has advised the Authority that the Series B Bonds will be secured by a mortgage and other security agreement and the Series B Bonds are offered and delivered as a unit with such mortgage and other security agreement in transactions with banks or other institutional investors; and

**WHEREAS**, the Series B Bonds will be issued and the proceeds used by the Authority to make the loan to the Housing Sponsor pursuant to a loan agreement (the “Series B Loan Agreement”), and related documents, which will require the Housing Sponsor to operate the Project to ensure the availability of housing to members of the Beneficiary Classes:

**WHEREAS**, the Series A Bond proceeds will be used to provide a loan to the Housing Sponsor pursuant to a Loan Agreement (the “Series A Loan Agreement”) between the Authority and the Housing Sponsor; which will require the Housing Sponsor to operate the Project to ensure the availability of housing to members of the Beneficiary Classes; and

**WHEREAS**, the Authority will assign substantially all of its rights under the Loan Agreements to the Trustee pursuant to the terms of the Indenture; and

**WHEREAS**, the Authority hereby finds and confirms that (i) in order to provide the moneys necessary to implement its program, the Bonds must be issued as provided in this resolution, and (ii) the revenues or other moneys estimated to be available pursuant to the Loan Agreements will provide moneys required for the payment of the principal and interest on the Bonds:

**NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY IN MEETING DULY ASSEMBLED AS FOLLOWS:**

Section 1.     Adoption of Premises. Each statement of fact, determination, and finding of the Authority set forth in the preamble hereto has been carefully examined and has been found to be in all respects true and correct as of the date hereof.

Section 2.     Issuance of Bonds. In order to provide a portion of the moneys required to finance the costs of acquisition, construction, and renovation of the Project, there is hereby authorized and shall forthwith be issued an issue of bonds to be designated as “South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Pinehaven Villas), Series 2025A and Series 2025B” with such additional series designation as approved by the Executive Director. The Bonds are intended to be issued as exempt facility bonds for qualified residential rental projects under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended. The Bonds shall be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, in substantially the form attached to the Indenture, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or

modifications as shall be approved by the officers of the Authority executing such Bonds, such approval to be conclusively evidenced by such officers' execution thereof.

Section 3. Approval of Form of Indenture. The Bonds shall be secured by the Indenture to be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, the form of which is presented at this meeting and filed with the minutes of this meeting, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing the Indenture, their approval to be conclusively evidenced by such officers' execution thereof.

Section 4. Approval of Forms of Loan Agreements. The transactions described in the recitals to this Resolution shall be consummated pursuant to the terms of the Loan Agreements to be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, the forms of which are presented at this meeting and filed with the minutes of this meeting, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing the Loan Agreements, their approval to be conclusively evidenced by such officers' execution thereof.

Section 5. Sale of Bonds; Bond Purchase Agreements. The Chairman or Vice Chairman of the Authority is hereby authorised to sell the Bonds to Colliers Securities LLC (or an affiliate thereof) (the "Purchaser"), pursuant to the terms and conditions of one or more Bond Purchase Agreements (collectively, the "Bond Purchase Agreements") to be executed on behalf of the Authority by the Chairman or Vice Chairman or Executive Director. The authority hereby conferred may be exercised so long as the initial interest rate on the Bonds does not exceed [\_\_\_\_\_] % per annum, and the final maturity of the Bonds is not later than 45 years after their date of issue. The purchase price of the Bonds shall be as approved by the Chairman or Vice Chairman or Executive Director.

Section 6. Approval of Form of Restrictive Covenants. The Project will be encumbered by restrictive covenants to ensure the Project continuously complies with the requirements of the Act and of the Code pursuant to the Agreement as to Restrictive Covenants between the Authority and the Housing Sponsor (the "Restrictive Covenants") to be executed on behalf of the Authority by the Chairman, the Vice Chairman, or the Executive Director of the Authority, in substantially the form as presented at this meeting with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing said document, their approval to be conclusively evidenced by such officer's execution thereof.

Section 7. General Authority. The Board of Commissioners of the Authority and its appropriate officers, attorneys, agents, and employees are hereby authorised to do all acts and things required of them by this Resolution, the Indenture, the Loan Agreements, the Restrictive Covenants, or the Bond Purchase Agreements, or desirable or consistent with the requirements hereof or thereof for the acquisition and construction of the Project or the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Bonds, this Resolution, the Indenture, the Loan Agreements, the Restrictive Covenants, and the Bond

Purchase Agreements, and each such Commissioner, officer, attorney, and employee is hereby authorised and directed to execute and deliver any and all papers, financing statements, reports, forms, certificates, and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereby and thereby, including the execution and delivery of a Federal Tax Agreement and Non-Arbitrage Certificate between the Authority and the Housing Sponsor (the “Regulatory Agreement”), in such form as is approved by such officers or employees, execution by the said officers or employees being conclusive evidence of their approval.

Section 8. Limited Obligations; No Personal Liability.

(a) The Bonds are not a debt or grant or loan of credit of the State of South Carolina or any other political subdivision of the State. Neither the State nor any political subdivision of the State will be liable for the Bonds, nor shall the Bonds be payable out of any funds other than those revenues of the Authority pledged to the payment of the Bonds under the Indenture.

(b) No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Authority contained in this Resolution, the Indenture, the Loan Agreements, the Restrictive Covenants, the Regulatory Agreement, the Bond Purchase Agreements, or the Bonds, against any member of the Board of Commissioners, or any officer or employee of the Authority, as such, in his or her individual capacity, past, present, or future, either directly or through the Authority, whether by virtue of any constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that this Resolution, the Indenture, the Loan Agreements, the Restrictive Covenants, the Regulatory Agreement, the Bond Purchase Agreements, and the Bonds are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any member, officer, or employee as such, past, present, or future, either directly or by reason of any of the obligations, covenants, promises, or agreements, entered into between the Authority and the registered owners or to be implied therefrom as being supplemental hereto or thereto; and that all personal liability of that character against every such member, officer, and employee is, by the adoption of this Resolution and the execution of the Indenture, the Loan Agreements, the Restrictive Covenants, the Regulatory Agreement, the Bond Purchase Agreements, and the Bonds, and as a condition of, and as a part of the consideration for, the adoption of this Resolution and the execution of the Indenture, the Loan Agreements, the Restrictive Covenants, the Regulatory Agreement, the Bond Purchase Agreements, and the Bonds, expressly waived and released. The immunity of the members, officers, and employees, of the Authority under the provision contained in this Section shall survive the termination of this Resolution.

**ADOPTED IN MEETING DULY ASSEMBLED** this \_\_\_\_ day of \_\_\_\_\_, 2025.

**STATE OF SOUTH CAROLINA**

**COUNTY OF LEXINGTON**

I, the undersigned Secretary of the South Carolina State Housing Finance and Development Authority (the “**Authority**”), **DO HEREBY CERTIFY** that the foregoing is a true, correct, and verbatim copy of a Resolution duly adopted by the Authority at a duly called meeting held on \_\_\_\_\_, 2025.

**WITNESS MY HAND** this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_  
Secretary, South Carolina State Housing Finance and  
Development Authority

## A RESOLUTION

### **GRANTING APPROVAL TO THE ISSUANCE BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY OF ITS MULTIFAMILY HOUSING REVENUE BONDS (PINEHAVEN VILLAS)**

WHEREAS, the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the “Act”) provides that, upon the approval of the State Fiscal Accountability Authority (the “SFAA”), the South Carolina State Housing Finance and Development Authority (the “Authority”) may issue from time to time bonds or notes for the purpose of obtaining funds with which to make construction and permanent mortgage loans to housing sponsors who agree to and shall be required to provide for construction of residential housing for rental by persons or families of either beneficiary class (as defined in the Act) (the “Beneficiary Class”); provided, however, that with respect to any particular issue of bonds or notes, one of the following conditions must be met: (a) if there is a public distribution of the bonds or notes, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of such loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorized to do business in the State of South Carolina; or (iii) the payment of the bonds or notes to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds or notes are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional buyers, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, the documents pursuant to which the bonds or notes are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds or notes; and

WHEREAS, the Authority has presented to the SFAA its Petition dated December 18, 2024 (the “Petition”), which, together with the schedules thereto attached, sets forth certain information with respect to the Authority’s Multifamily Housing Revenue Bonds (Pinehaven Villas) in the principal amount not to exceed \$14,500,000 (the “Bonds”); and

WHEREAS, the following have been submitted with the Petition in response to the requirements of Section 31-13-220 of the Act, certain of which are pro forma schedules because the Bonds have not been priced or sold as of the date of this Resolution, to wit:

- (i) a pro forma (in lieu of final schedules) of the principal amount of the Bonds to be issued;
- (ii) a pro forma (in lieu of final schedules) of the maturity schedule of the Bonds to be issued;
- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Housing Authority have previously been provided to the Office of the State Treasurer;

- (iv) schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedule referenced in item (iii) have previously been provided to the Office of the State Treasurer;
- (v) the method to be employed in selling the Bonds.

**NOW, THEREFORE, BE IT RESOLVED BY THE STATE FISCAL ACCOUNTABILITY AUTHORITY IN MEETING DULY ASSEMBLED:**

Section 1. The SFAA hereby finds and determines that the funds estimated to be available for the repayment of the Authority's notes and bonds on a pro forma basis, including the Bonds, will be sufficient to provide for the payment of the principal and interest thereon. Conditional approval is hereby granted by the SFAA to the execution and delivery by the Authority of the Bonds in the principal amount not to exceed \$14,500,000.

Section 2. The approval of the SFAA is hereby conditioned on the following:

(a) Following the pricing or sale of the Bonds, but prior to closing and issuance of the Bonds, the approval of the State Treasurer of the interest rate or rates on the Bonds and of the form and substance of such documents as he deems necessary therefor;

(b) Following the pricing or sale of the Bonds, but prior to the closing and issuance of the Bonds, the Authority shall have provided to the State Treasurer, to the extent not previously provided, the information required to be submitted to the SFAA by the provisions of Section 31-13-220, to wit:

- (i) the final principal amount of the Bonds to be issued;
- (ii) the final maturity schedule of the Bonds to be issued;
- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority;
- (iv) schedules showing the final amount and source of revenues available for the payment of the debt service requirements established by the schedule referenced in item (iii); and
- (v) the method to be employed in selling the Bonds.

(c) Following the pricing or sale of the Bonds, but prior to the closing and issuance of the Bonds, the State Treasurer shall find and determine, based solely on his review of the documents described in clauses (i) through (v) above, that the funds estimated to be available for the repayment of the Authority's notes and bonds, including the Bonds, will be sufficient to provide for the payment of the principal and interest thereon;

(d) The documents pursuant to which the Bonds are being issued shall provide that all expenses, costs, and fees of the Authority in connection with the issuance of the Bonds, including legal fees, printing, and all disbursements shall be paid by the Housing Sponsor (as defined in the Petition); and

(e) The final approval by the Governor as the elected official of the State of South Carolina for purposes of Section 142(f) of the Internal Revenue Code of 1986, as amended.

Section 3. This Resolution shall take effect immediately upon its adoption.



[FORM OF BOND COUNSEL OPINION]

\_\_\_\_\_, 2025

Board of Commissioners  
South Carolina State Housing  
Finance and Development Authority  
Columbia, South Carolina

Re: \$[\_\_\_\_\_] South Carolina State Housing Finance and Development Authority  
Multifamily Housing Revenue Bonds (Pinehaven Villas), Series 2025A

Ladies and Gentlemen:

As bond counsel to Pinehaven Villas Acquisition Partners, LP, a South Carolina limited partnership (the “Housing Sponsor”), we have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance by the South Carolina State Housing Finance and Development Authority (the “Issuer”) of its \$[\_\_\_\_\_] Multifamily Housing Revenue Bonds (Pinehaven Villas), Series 2025A (the “Bonds”). The Bonds are issued pursuant to the provisions of the South Carolina State Housing Finance and Development Authority Act of 1977, as amended (codified as Sections 31-13-160 through 31-13-330 of the Code of Laws of South Carolina 1976, as amended) (the “Act”), (ii) a Financing Agreement, dated as of [\_\_\_\_\_]1, 2025 (the “Financing Agreement”), among the Issuer, U.S. Bank Trust Company, National Association (the “Trustee”), the Housing Sponsor, and [Colliers Mortgage LLC], (iii) an Indenture of Trust, dated as of [\_\_\_\_\_]1, 2025 (the “Indenture”), between the Issuer and the Trustee, and (iv) a resolution (the “Resolution”) adopted by the Board of Commissioners of the Issuer authorising the issuance and sale of the Bonds. Pursuant to the Financing Agreement, the Issuer will make a mortgage loan (the “Mortgage Loan”) to the Housing Sponsor to be used to provide financing for the acquisition and rehabilitation of a multifamily rental housing development (the “Project”) described in the Financing Agreement. Pursuant to the Financing Agreement, the Housing Sponsor has agreed to make payments to or on behalf of the Issuer sufficient to pay, in the aggregate, the principal of, premium, if any, and interest on the Bonds, as well as other payments, property, and revenues pledged to the payment thereof under the Indenture (the “Trust Estate”).

The Project is subject to an Agreement as to Restrictive Covenants, dated as of [\_\_\_\_\_]1, 2025 (the “Regulatory Agreement”), between the Housing Sponsor and the Issuer, and the Federal Tax Agreement and Non-Arbitrage Certificate, dated the date hereof (the “Tax Agreement”), between the Housing Sponsor and the Issuer. The Financing Agreement, the Indenture, the Regulatory Agreement, and the Tax Agreement contain covenants that include requirements regarding the application and investment of the proceeds of the sale of the Bonds, the use and occupancy of the residential units of the Project, and the rebate of certain investment proceeds to the United States government.

With respect to the power of the Housing Sponsor to enter into and perform its obligations under the Financing Agreement and the other documents to which it is party, the due authorisation, execution, and delivery of the Financing Agreement and the other documents by the Housing Sponsor, and the validity and enforceability thereof against the Housing Sponsor, we refer you to the opinion of Winthrop & Weinstine, PA, as counsel to the Housing Sponsor of even date herewith addressed to you.

As to questions of fact material to our opinion, we have relied upon representations of and compliance with covenants by the Housing Sponsor and the Issuer contained in the Financing Agreement, the Indenture, the Regulatory Agreement, the Tax Agreement, certificates of public officials furnished to us, and certificates of representatives of the Housing Sponsor, the Issuer, and other parties, in each case, without undertaking any independent verification, although nothing has come to our attention to lead us to believe we are not justified in so relying. We have assumed that all signatures on documents, certificates, and instruments examined by us are genuine; all documents, certificates, and instruments submitted to us as originals are authentic; and all documents, certificates, and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates, and instruments relating to this financing have been duly authorised, executed, and delivered by all parties thereto other than the Issuer, and we have further assumed the due organisation, existence, and powers of such other parties other than the Issuer.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Preliminary Official Statement, the Official Statement, or any other offering material relating to the Bonds, and we express no opinion relating thereto.

Based on the foregoing, as of the date hereof we are of the opinion, under existing law, as follows:

1. The Issuer is validly existing as a body corporate and politic under the laws of the State of South Carolina with the corporate power to enter into and perform its obligations under the Financing Agreement and the Indenture and to issue the Bonds.

2. The Financing Agreement and the Indenture have been duly authorised, executed, and delivered by the Issuer, and (assuming due authorisation, execution, and delivery thereof by

the other parties thereto) are the valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their respective terms.

3. The Resolution has been duly adopted and the Bonds have been duly authorised and executed by the Issuer, and are valid and binding limited obligations of the Issuer, payable solely from the Trust Estate. The Bonds are not general obligations or an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation, and do not constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit, but is payable solely from the Trust Estate.

4. Interest on the Bonds is exempt from South Carolina income taxation; and (a) interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bonds for any period during which such Bonds are held by a “substantial user” of the facilities financed by the Bonds or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and (b) interest on the Bonds is not a preference item for purposes of the federal alternative minimum tax. Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed on the entire net income of such bank, which includes interest on the Bonds. The opinion set forth in this paragraph is subject to the condition that the Issuer and the Housing Sponsor comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and South Carolina income tax purposes. Failure to comply with certain of the requirements could cause the interest on the Bonds to be so included in gross income retroactively to the date of issuance of the Bonds. The Issuer and the Housing Sponsor have covenanted to comply with all such requirements.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, and the Financing Agreement are limited by bankruptcy, insolvency, reorganisation, moratorium, and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity. Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

We express no opinion regarding the perfection or priority of the lien on the Trust Estate.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as Bond Counsel have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to make the statements contained in this letter with respect to the validity of the Bonds and the tax-exempt status of the interest on the Bonds. We have not examined any documents or other information concerning the business or financial resources of the Issuer or the Housing Sponsor, and we express no opinion as to the accuracy or completeness of any information with respect to the Issuer or the Housing Sponsor that may have been relied upon by any purchaser of the Bonds in making its decision to purchase the Bonds.

We have examined executed Bond No. R-1 of the issue and, in our opinion, it is in due form of law.

Very truly yours,

[FORM OF BOND COUNSEL OPINION]

\_\_\_\_\_, 2025

Board of Commissioners  
South Carolina State Housing  
Finance and Development Authority  
Columbia, South Carolina

Re: \$[\_\_\_\_\_] South Carolina State Housing Finance and Development Authority  
Multifamily Housing Revenue Bonds (Pinehaven Villas), Series 2025B

Ladies and Gentlemen:

As bond counsel to Pinehaven Villas Acquisition Partners, LP, a South Carolina limited partnership (the “Housing Sponsor”), we have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance by the South Carolina State Housing Finance and Development Authority (the “Issuer”) of its \$[\_\_\_\_\_] Multifamily Housing Revenue Bonds (Pinehaven Villas), Series 2025B (the “Bonds”). The Bonds are issued pursuant to the provisions of the South Carolina State Housing Finance and Development Authority Act of 1977, as amended (codified as Sections 31-13-160 through 31-13-330 of the Code of Laws of South Carolina 1976, as amended) (the “Act”), (ii) a Financing Agreement, dated as of [\_\_\_\_\_]1, 2025 (the “Financing Agreement”), among the Issuer, U.S. Bank Trust Company, National Association (the “Trustee”), the Housing Sponsor, and [Colliers Mortgage LLC], (iii) an Indenture of Trust, dated as of [\_\_\_\_\_]1, 2025 (the “Indenture”), between the Issuer and the Trustee, and (iv) a resolution (the “Resolution”) adopted by the Board of Commissioners of the Issuer authorising the issuance and sale of the Bonds. Pursuant to the Financing Agreement, the Issuer will make a mortgage loan (the “Mortgage Loan”) to the Housing Sponsor to be used to provide financing for the acquisition and rehabilitation of a multifamily rental housing development (the “Project”) described in the Financing Agreement. Pursuant to the Financing Agreement, the Housing Sponsor has agreed to make payments to or on behalf of the Issuer sufficient to pay, in the aggregate, the principal of, premium, if any, and interest on the Bonds, as well as other payments, property, and revenues pledged to the payment thereof under the Indenture (the “Trust Estate”).

[Colliers Funding LLC]

\_\_\_\_\_, 2025

Page 2

The Project is subject to an Agreement as to Restrictive Covenants, dated as of [\_\_\_\_\_]1, 2025 (the “Regulatory Agreement”), between the Housing Sponsor and the Issuer, and the Federal Tax Agreement and Non-Arbitrage Certificate, dated the date hereof (the “Tax Agreement”), between the Housing Sponsor and the Issuer. The Financing Agreement, the Indenture, the Regulatory Agreement, and the Tax Agreement contain covenants that include requirements regarding the application and investment of the proceeds of the sale of the Bonds, the use and occupancy of the residential units of the Project, and the rebate of certain investment proceeds to the United States government.

With respect to the power of the Housing Sponsor to enter into and perform its obligations under the Financing Agreement and the other documents to which it is party, the due authorisation, execution, and delivery of the Financing Agreement and the other documents by the Housing Sponsor, and the validity and enforceability thereof against the Housing Sponsor, we refer you to the opinion of Winthrop & Weinstine, PA, as counsel to the Housing Sponsor of even date herewith addressed to you.

As to questions of fact material to our opinion, we have relied upon representations of and compliance with covenants by the Housing Sponsor and the Issuer contained in the Financing Agreement, the Indenture, the Regulatory Agreement, the Tax Agreement, certificates of public officials furnished to us, and certificates of representatives of the Housing Sponsor, the Issuer, and other parties, in each case, without undertaking any independent verification, although nothing has come to our attention to lead us to believe we are not justified in so relying. We have assumed that all signatures on documents, certificates, and instruments examined by us are genuine; all documents, certificates, and instruments submitted to us as originals are authentic; and all documents, certificates, and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates, and instruments relating to this financing have been duly authorised, executed, and delivered by all parties thereto other than the Issuer, and we have further assumed the due organisation, existence, and powers of such other parties other than the Issuer.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Preliminary Official Statement, the Official Statement, or any other offering material relating to the Bonds, and we express no opinion relating thereto.

Based on the foregoing, as of the date hereof we are of the opinion, under existing law, as follows:

1. The Issuer is validly existing as a body corporate and politic under the laws of the State of South Carolina with the corporate power to enter into and perform its obligations under the Financing Agreement and the Indenture and to issue the Bonds.

2. The Financing Agreement and the Indenture have been duly authorised, executed, and delivered by the Issuer, and (assuming due authorisation, execution, and delivery thereof by the other parties thereto) are the valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their respective terms.

3. The Resolution has been duly adopted and the Bonds have been duly authorised and executed by the Issuer, and are valid and binding limited obligations of the Issuer, payable solely from the Trust Estate. The Bonds are not general obligations or an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation, and do not constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit, but is payable solely from the Trust Estate.

4. Interest on the Bonds is exempt from South Carolina income taxation; and (a) interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bonds for any period during which such Bonds are held by a “substantial user” of the facilities financed by the Bonds or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and (b) interest on the Bonds is not a preference item for purposes of the federal alternative minimum tax. Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed on the entire net income of such bank, which includes interest on the Bonds. The opinion set forth in this paragraph is subject to the condition that the Issuer and the Housing Sponsor comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and South Carolina income tax purposes. Failure to comply with certain of the requirements could cause the interest on the Bonds to be so included in gross income retroactively to the date of issuance of the Bonds. The Issuer and the Housing Sponsor have covenanted to comply with all such requirements.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, and the Financing Agreement are limited by bankruptcy, insolvency, reorganisation, moratorium, and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity. Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

We express no opinion regarding the perfection or priority of the lien on the Trust Estate.

Board of Commissioners  
South Carolina State Housing  
Finance and Development Authority

[Colliers Funding LLC]

\_\_\_\_\_, 2025

Page 4

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as Bond Counsel have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to make the statements contained in this letter with respect to the validity of the Bonds and the tax-exempt status of the interest on the Bonds. We have not examined any documents or other information concerning the business or financial resources of the Issuer or the Housing Sponsor, and we express no opinion as to the accuracy or completeness of any information with respect to the Issuer or the Housing Sponsor that may have been relied upon by any purchaser of the Bonds in making its decision to purchase the Bonds.

We have examined executed Bond No. R-1 of the issue and, in our opinion, it is in due form of law.

Very truly yours,



HOWELL LINKOUS & NETTLES, LLC

Bond Attorneys & Counsellors at Law

The Lining House  
106 Broad Street  
Charleston, South Carolina 29401

Post Office Box 1768  
Charleston, South Carolina 29402

Telephone 843.266.3800

Fax 843.266.3805

Concentrating in Municipal Bonds,  
Local Government Law, Economic  
Development Incentives,  
Affordable Housing Development

February 4, 2025

State Fiscal Accountability Authority  
Columbia, South Carolina

Not to Exceed \$14,500,000

South Carolina State Housing Finance and Development Authority  
Multifamily Housing Revenue Bonds (Pinehaven Villas), Series 2025A and Series 2025B

Gentlemen:

We are acting as bond counsel in connection with the proposed issuance by the South Carolina State Housing Finance and Development Authority (the "Housing Sponsor"), of the referenced bonds (the "Bonds"). At your request, we are delivering this opinion in connection with the Issuer's Petition ("Petition") to the State Fiscal Accountability Authority ("SFAA"), to receive the SFAA's approval of the issuance of the Bonds pursuant to Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended (the "Act"), to enable the Issuer to make a mortgage loan (the "Mortgage Loan") to Pinehaven Villas Acquisition Partners, LP (the "Housing Sponsor") to be used to provide construction financing for a multifamily rental housing development (the "Project").

In that capacity, we have examined originals or copies of the Petition and the Preliminary Bond Resolution adopted by the Board of Commissioners of the Issuer (the "Preliminary Bond Resolution") and the form of the Loan Agreement and the Indenture of Trust (collectively with the Preliminary Bond Resolution, and the Petition, the "Transaction Documents"), and other documents, certificates, and correspondence as we have deemed necessary for purposes of giving this opinion.

In rendering the opinion expressed below, we have relied solely on our examination of the Transaction Documents. We have not made any investigation as to any factual matter or as to the accuracy or completeness of any representation, warranty, data, or any other information, whether written or oral, that may have been made by or on behalf of the Issuer, the SFAA, the Housing Sponsor, or the other parties to the Transaction Documents. Further, in rendering the


opinion expressed below, we do not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State of South Carolina, and the opinions are limited to the federal laws of the United States of America and the laws of the State of South Carolina.

Based on the stated examination and assumptions, and subject to the stated qualifications and limitations, we are of the opinion, under existing law, that all findings and conclusions appearing in the SFAA Resolution are supported by representations or statements of fact appearing in the Transaction Documents and the Transaction Documents comply with all requirements of the Act, contain all required facts, information, and findings by the respective authorities, and are legally sufficient to allow the SFAA to approve the issuance of the Bonds through the adoption of the SFAA Resolution.

Except as set forth above, we express no opinion in connection with the issuance and sale of the Bonds. The opinion expressed above is rendered solely for your benefit in considering the approval of the issuance of the Bonds under the Act. The opinion may neither be relied on by you for any other purpose nor be furnished to, used, circulated, quoted, or relied on by any other person or entity for any other purpose, without our prior written consent in each instance. We disclaim any obligation to update the opinion expressed above for events occurring or coming to our attention after the date of this letter.

Very truly yours,

HOWELL LINKOUS & NETTLES, LLC



Samuel W. Howell

**Sources and Uses of Funds**

Permanent Debt:		
HUD D4	\$ 13,450,400	
Deferred Developer Fee	912,061	
Sponsor/General Partner	1,300,000	
Equity:		
Federal Credit Equity	8,681,634	
State Credit Equity	5,320,000	
Existing R4R	160,000	
Capitalized Interest Paid from Operations	69,617	
<i>Total Sources</i>	29,893,713	
		<u>Per Unit</u>
Property Acquisition	\$ 15,400,000	192,500
Closing Costs	\$ 204,412	2,555
Construction Contract	\$ 6,330,419	79,130
Other Construction Costs	\$ 1,175,498	14,694
Indirect Costs:		
Third Party Reports	243,133	3,039
Financing Placement	2,617,657	32,721
Other Indirect Costs	576,726	7,209
Funded Interest Reserves	656,250	8,203
Capitalized Interest	69,617	870
Initial Deposits to Operating Reserves	460,000	5,750
R4R	160,000	2,000
Developer Fee	2,000,000	25,000
<i>Total Uses</i>	29,893,713	373,671

F.

State Housing Finance and Development  
Authority

Willowbrook at Wateree



**6. TAX AND ARBITRAGE MATTERS**

Yes No

a. Is any portion of the project, once completed, to be managed by a third-party pursuant to a management contract? (if yes, please attach copy)

	X
--	---

b. Will third-party payments (from support organizations, private entities or the federal government) related to the facility, however indirectly, be used to pay debt service on the bonds?

	X
--	---

c. If yes to any of the above, please provide a square footage and cost estimate of the portion affected.

Sq. Footage	-
Cost Estimate	\$ -

**7. ESTIMATED/ACTUAL PROJECT SOURCES AND USES: A Construction Financing / B. Permanent Financing**

Sources	A. Project Budget Construction (Sources)	B. Project Budget Permanent (Sources)
(1) Bond Proceeds: (a) Par	\$ 17,000,000	\$ -
(b) Premium/Accr. Int.	-	-
(2) Issuer/Borrower Contr.	-	-
	-	-
(3) Debt Service Fund Trans.	-	13,250,000
(4) Debt Service Reserve Fund Contribution	-	-
(5) Other MFHRB Sources		
(a) LIHTC	-	13,044,643
(b) State Housing TC	-	3,893,412
(c) Owner's Equity/Other	6,201,194	209,716
(d) SC Housing Trust Fund	-	-
<b>Total Project Sources</b>	<b>\$ 23,201,194</b>	<b>\$ 30,397,770</b>
	Surplus/Deficit	\$ -

Project Budget (Uses)	Uses
\$ 20,708,669	Project Fund
700,000	Acquisition
-	
-	
908,275	Other (Contingency)
884,250	Cost of Issuance (Incl. UW Disc.)
<b>23,201,194</b>	<b>Construction Uses Total</b>
1,300,000	Capitalized Interest Fund
2,550,000	Developer Fee
721,987	Reserves
1,051,866	Project Financing Costs
1,572,723	Third party reports/soft costs
-	
<b>\$ 30,397,770</b>	<b>Total Project Uses</b>

**8. TOTAL ESTIMATED BOND COI EXPENDITURES**

COI Description	Cost Of Issuance Vendor Name	Est. Fee For Services
Financial Advisor	None	\$ -
Bond Counsel	LLC	135,000
Disclosure Counsel	None	-
Issuer's Counsel	Lee Ann Watson	
Underwriter's Counsel		-
Borrower's Counsel	Nelson Mullins	165,000
Legal Expenses		-
Rating Agency - S&P		-
Rating Agency - Moody's		-
Rating Agency - Fitch		-
Underwriter's Compensation		-
Registrar / Paying Agent		-
Escrow Agent		-
Verification Agent		-
Printing/Publishing/Advertising		-
Other	Various	394,750
Issuer's Fee	Authority Fees	189,500
		<b>\$ 884,250</b>

*Est. COI Fees (% of Production):*

Financial Advisor: % of Transaction

0.00%
0.79%
1.76%
0.00%

Bond Counsel: % of Transaction

Total Legal Costs: % of Transaction

Rating Agencies: % of Transaction

UW Comp: % of Transaction

Other COI: % of Transaction

Total COI: % of Transaction

0.00%
3.44%
<b>5.20%</b>

HOWELL LINKOUS & NETTLES, LLC

Bond Attorneys & Counsellors at Law

Samuel W. Howell, IV  
Writer's Direct No. 843.266.3801  
E-mail [samhowell@bond-law.com](mailto:samhowell@bond-law.com)

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106 Broad Street  
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Concentrating in Municipal Bonds,  
Local Government Law, Economic  
Development Incentives,  
Affordable Housing Development

23 December 2024

Delbert H. Singleton, Esq.  
Assistant Executive Director and Authority Secretary  
State Fiscal Accountability Authority  
Wade Hampton Office Building  
1200 Senate Street, 6<sup>th</sup> Floor  
Columbia, South Carolina 29201

Not to exceed \$17,000,000  
South Carolina State Housing Finance and Development Authority  
Multifamily Housing Revenue Bonds  
(Willowbrook at Wateree), Series 2025

Dear Delbert:

My firm serves as bond counsel to Willowbrook at Wateree, LLC (the "Housing Sponsor"), with respect to the issuance of a multifamily housing revenue bonds (the "Bonds") by the South Carolina State Housing Finance and Development Authority (the "Housing Authority") to provide a portion of the financing for the acquisition and construction of an affordable housing development to be located in the unincorporated area of Richland County and to be known as Willowbrook at Wateree.

The proceeds of the Bonds will be loaned to the Housing Sponsor to provide a portion of the construction and permanent financing for this project. Total project costs are at approximately \$31 million.

The State Housing Finance and Development Authority has issued its 42(m) Letter and State Tax Credit Letter with respect to this project.

Enclosed is the agenda package for the February meeting of the State Fiscal Accountability Authority requesting State law approval for the issuance of the Bonds. I have enclosed the following documents:

1. Completed SFAA transmittal form;
2. Preliminary Bond Resolution of the Housing Authority;
3. Petition of the Housing Authority to the SFAA;
4. A form of the approving Resolution to be considered for adoption by the SFAA at its February, 2025 meeting;
5. Bond Counsel opinion letter to SFAA;
6. Form of the Authority's final Bond Resolution;
7. A form of bond counsel's bond opinion letter; and
8. Private Participant Disclosure forms.

The Bond transaction will be structured as a tax-exempt bank construction loan from Bank of America, N.A., an institutional lender for affordable housing finance, and a tax-exempt permanent loan from Berkadia Commercial Mortgage, LLC, another institutional lender for affordable housing finance. Enclosed is a pro forma Cash Flow Forecast which sets forth available revenues with which to repay the Bonds on an annual basis, with annual debt service coverage ratios.

The Bonds are intended to be issued as an exempt facility bond for qualified residential rental projects under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended. Volume cap for this financing is expected to be provided by the Housing Authority from carry-forward volume cap that has previously been allocated to the Housing Authority.

I will attend the SFAA's meeting to answer any questions which may arise at the meeting. In the meantime, should you have any questions or need any additional information, please give me a call. With kindest personal regards, I remain,

Very truly yours,

  
Samuel W. Howell

SWH,IV/sls  
Enclosures

cc: Mr Robert MacDonald  
Tasha Thompson, Esq.  
Ms Jackie Hipes  
Mr Kevin O'Brian  
Lee Ann Watson, Esq.



**BOND TRANSMITTAL FORM**

**TO:** Delbert H. Singleton, Jr., Authority Secretary  
State Fiscal Accountability Authority  
600 Wade Hampton Building (29201)  
P.O. Box 12444  
Columbia, SC 29211

**DATE:** 12/23/2024

**Submitted for SFAA Meeting on:**  
2/4/2025

**FROM:** Howell Linkous & Nettles, LLC

106 Broad Street  
Charleston, SC 29401

**RE: Not to exceed \$17,000,000 South Carolina State Housing Finance and Development Authority, Multifamily Housing Revenue Bonds (Willowbrook at Wateree), Series 2025**

**Project Issue Date:** 6/15/2025

**Project Name:** Willowbrook at Wateree

**Project Description:** to provide construction and permanent financing for a portion of the costs of acquisition and construction of multifamily housing to be known as Willowbrook at Wateree, in the unincorporated area of Richland County, South Carolina.

**Employment as a result of the project:** Click or tap here to enter text.

	YES	NO	AMOUNT
<b>Ceiling Allocation</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ _____
<b>Refunding Involved</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ Click or tap here to enter text.
<b>Project Approved Previously</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$ Click or tap here to enter text.

**Documents enclosed (executed original and two copies of each):**

*(ALL documents required for state law approval; A and C only for ceiling allocation only.)*

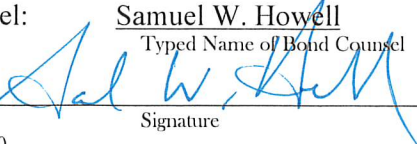
- A.  Petition
- B.  Resolution or Ordinance
- C.  Inducement Resolution or comparable preliminary approval
- D.  Department of Health and Environmental Control Certificate *if required*
- E.  State Fiscal Accountability Authority Resolution and Public Notice *(original)*  
*Plus 4 copies for certification and return to bond counsel*
- F.  Draft bond counsel opinion letter
- G.  Processing Fee

**Amount:** Click or tap here to enter text.      **Check No:** Click or tap here to enter text.

**Payor:** Click or tap here to enter text.

- H.  No Private Participant will be known at the time the Authority considers this agenda item.
- J.  This agenda item is accompanied by the applicable Private Party Disclosure form for each private participant.
- K.  All documents have been uploaded to the SFAA Authority File Drop.

Bond Counsel: Samuel W. Howell  
Typed Name of Bond Counsel

By:   
Signature

PETITION FOR APPROVAL

TO: THE STATE FISCAL ACCOUNTABILITY )  
AUTHORITY ) WILLOWBROOK AT WATEREE  
)  
)

This Petition of the South Carolina State Housing Finance and Development Authority (the "Authority"), is submitted to the State Fiscal Accountability Authority (the "SFAA") pursuant to the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the "Act"), and respectfully shows:

1. The Act, among other things, provides that whenever the Authority shall have determined by resolution that sufficient persons or families of either beneficiary class (as defined in the Act) (the "Beneficiary Classes") are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing and that through the exercise of one or more of the programs authorized by the Act, decent, safe, and sanitary housing will become available to members of the class in need therefor, then, upon obtaining the approval of the SFAA pursuant to the Act, and in order to provide funds for its corporate purposes, the Authority is authorized to issue from time to time its bonds or notes for the purpose of obtaining funds with which to make construction and permanent mortgage loans to housing sponsors who agree to and are required to provide for construction of residential housing (as defined in the Act) for rental by persons or families of either Beneficiary Class; provided, however, that with respect to any particular issue of bonds or notes, one of the following conditions must be met: (a) if there is a public distribution of the bonds or notes, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of the loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorized to do business in the State of South Carolina; or (iii) the payment of the bonds or notes to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds or notes are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional investors, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, and the documents pursuant to which the bonds or notes are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds or notes.

2. Willowbrook at Wateree, LLC (the "Housing Sponsor"), a South Carolina limited liability company, has requested that the Authority assist it with the construction and permanent financing for the acquisition and construction of a 102-unit apartment development located at the southeast corner of Faust Street and Roof Street in the unincorporated area of Richland County,

South Carolina, to be known as Willowbrook at Wateree (the "Project") by the funding of a mortgage loan (the "Mortgage Loan") through the issuance of its revenue bonds.

3. The Authority proposes to fund the Mortgage Loan to the Housing Sponsor by issuing its bonds pursuant to a Bond Resolution to be adopted by the Authority (the "Resolution"), such bonds to be known as "South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Willowbrook at Wateree)" (the "Bonds"), the proceeds of which will be used to fund the Mortgage Loan to the Housing Sponsor to provide construction and permanent financing for a portion of the costs of the Project and to qualify the Project for federal and South Carolina Low Income Housing Tax Credits (the "Tax Credits"). The Bonds are to be issued in the aggregate principal amount not to exceed \$17,000,000.

4. The Authority requested of the SFAA, and was granted, a carry-forward allocation of private activity bond volume cap under Section 146(f)(2) of the Code, a portion of which shall be allocated to the Bonds.

5. The Authority has determined that:

(a) (i) Sufficient persons or families of the Beneficiary Classes are unable to pay rent in the amounts at which private enterprise is providing decent, safe, and sanitary housing; (ii) through the exercise of one or more of the loan programs authorized by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need therefor; and (iii) a series of bonds or notes must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to individuals of the Beneficiary Classes.

(b) In order to provide the moneys necessary to continue to implement the Authority's program, the Bonds must be issued.

(c) The Bonds will be initially issued and delivered to Bank of America, N.A., an institutional lender, or to such other institutional lender as is requested by the Housing Sponsor and approved by the Authority. When the Project construction is completed and the Project is placed in service, the Bonds will be paid down in part by the Housing Sponsor, and assigned to Berkadia Commercial Mortgage LLC (together with Bank of America, N.A., the "Lender"), another institutional lender, or to such other institutional lender as is requested by the Housing Sponsor and approved by the Authority, to provide permanent financing for the Project. The Authority has determined that this financing arrangement is sufficient for purposes of the Act, and that the revenues or other funds estimated to be available for the payment of debt service will provide moneys required for the repayment of the principal and interest on the bonds and notes of the Authority, including the Bonds. The Bonds will be secured by a mortgage or other security agreement and will be offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional investors, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, and the documents pursuant to which the Bonds will be issued will

permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the Bonds.

6. The Authority will adopt the Resolution authorizing the issuance and delivery of the specific maximum amount of the Bonds and establishing the definitive terms thereof, including those revenues and assets to be pledged to the payment of the Bonds as described above. The Authority will take steps necessary to comply with the requirements of Sections 103 and 141-150 of the Code.

7. It is expected that the Bonds will be issued pursuant to a trust indenture, loan agreement, or similar document (the "Indenture") between the Authority and the applicable Lender and/or a corporate trustee to be approved by the Authority, pursuant to which the proceeds of the Bonds will be used to finance a portion of the costs of acquisition and construction of the Project and the costs of issuance of the Bonds. The net interest rate to be borne by the Bonds has not been determined. It is expected that the interest rate on the Bonds during the construction period will be approximately six and 50/100 per centum (6.500%) per annum, and that after conversion to permanent financing the interest rate on the Bonds will be approximately six and 34/100 per centum (6.34%) per annum.

8. The size, date, maturity schedule, payment dates, and repayment provisions with respect to the Bonds shall be finally determined prior to the date the Bonds are issued. As soon as these matters are finally determined, a precise schedule thereof shall be presented to the SFAA or its designee as provided by the Act. There are hereby filed with the SFAA pro forma schedules with respect to the Bonds based on current estimates and market conditions.

9. The Authority requests that the SFAA delegate to the State Treasurer the ability to approve the interest rates on the Bonds, and upon making determination that the funds anticipated to be available for the payment of the Authority's notes and bonds, including the Bonds, will be sufficient to provide for the payment of principal and interest thereon, to grant on behalf of the SFAA final approval for the issuance of the Bonds. Prior to the issuance of the Bonds, the Authority shall have provided to the State Treasurer, to the extent not previously provided herein or otherwise, the information required to be submitted to the SFAA by the provisions of Section 31-13-220, to wit:

- (a) the principal amount of the Bonds to be issued;
- (b) the maturity schedule of the Bonds to be issued;
- (c) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority;
- (d) schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedules referenced in item (c); and
- (e) the method to be employed in selling the Bonds.

Attached hereto in response to the requirements of Section 31-13-220 are the following schedules, certain of which are pro forma schedules because the Bonds have not been priced or sold as of the date of this Petition, to wit:

- (i) a pro forma (in lieu of final schedules) of the principal amount of the Bonds to be issued;
- (ii) a pro forma (in lieu of final schedules) of the maturity schedule of the Bonds to be issued;
- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority have previously been provided to the Office of the State Treasurer;
- (iv) schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedules referenced in item (iii) have previously been provided to the Office of the State Treasurer; and
- (v) the method to be employed in selling the Bonds;

10. The Bonds are special obligations of the Authority secured by and payable solely from moneys, income, and receipts of the Authority pledged under the Resolution and the Indenture with respect thereto.

11. Schedules showing the annual debt service requirements of all outstanding bonds and notes of the Authority and the sources of revenues available for the payment of such debt service requirements have previously been provided to the Office of the State Treasurer by Authority.

WHEREFORE, on the basis of the foregoing, the Authority prays the SFAA (i) to accept the filing of this Petition and the documents submitted herewith; (ii) to undertake such review as its deems necessary; and (iii) to give conditional approval of the issuance of the Bonds, in the aggregate principal amount of not to exceed \$17,000,000 for the purpose of financing the Mortgage Loan to pay a portion of the cost of the acquisition and construction of the Project, as set forth above, and for paying the costs of issuance in connection therewith.

Respectfully submitted,

**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

By: Lee Ann Watson  
General Counsel

December 18, 2024

## A RESOLUTION

### **MAKING PRELIMINARY PROVISION FOR THE ISSUANCE OF NOT TO EXCEED \$17,000,000 AGGREGATE PRINCIPAL AMOUNT OF MULTIFAMILY HOUSING REVENUE BONDS (WILLOWBROOK AT WATEREE) OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY AND OTHER MATTERS RELATED THERETO.**

**WHEREAS**, the South Carolina State Housing Finance and Development Authority Act of 1977, Act No. 76 of the Acts and Joint Resolutions of the General Assembly of 1977, as amended, (the "Act"), provides that the South Carolina State Housing Finance and Development Authority (the "Authority"), upon making a determination that sufficient persons or families of either beneficiary class (as defined by the Act) (the "Beneficiary Classes") are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing, that through the exercise of one or more of the programs authorized by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need therefor, and that a series of bonds or notes must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to members of the Beneficiary Classes; and

**WHEREAS**, upon making such determination and upon the approval of the State Fiscal Accountability Authority (the "SFAA"), the Authority may issue from time to time notes and bonds for the purpose of obtaining funds with which to make (1) construction and/or rehabilitation loans secured by mortgages of housing sponsors; and (2) permanent mortgage loans to housing sponsors who agree to and shall be required to provide construction and/or rehabilitation of residential housing for rental by persons or families of either beneficiary class as defined by the Act, provided, however, with respect to any particular issue of notes or bonds one of the following conditions must be met: (a) if there is a public distribution of the notes or bonds, the issue must be rated by one or more of the national rating agencies and one or more of the following conditions must be met: (i) that there is in effect a federal program providing assistance in the payment of such loans made by the Authority; (ii) the proceeds must be used to acquire either federally insured mortgages or mortgages insured by a private mortgage insurance company authorized to do business in the State of South Carolina; or (iii) the payment of the notes or bonds to the purchasers of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the notes or bonds are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgages or other security agreement in transactions with banks, institutional investors, or other non-registered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina, 1976, as amended, and the documents pursuant to which the notes or bonds are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the notes or bonds; and

**WHEREAS**, Willowbrook at Wateree, LLC, a limited liability company duly organized under the laws of the State of South Carolina (the "Sponsor") intends, with the assistance of the Authority, to acquire and construct (i) a 102-unit apartment development located in Richland



County, South Carolina, to be known as Willowbrook at Wateree, at an expected cost of approximately \$30,397,770; and

WHEREAS, the Sponsor has requested the assistance of the Authority by funding a mortgage loan (the "Mortgage Loan") through the issuance of its multifamily housing revenue bonds in the expected maximum principal amount of \$17,000,000 (the "Bonds") to finance a portion of the costs of the Project;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOND COMMITTEE OF THE BOARD OF COMMISSIONERS OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY IN MEETING DULY ASSEMBLED:**

Section 1. Adoption of Premises. Each statement of fact set forth in the preamble hereto has been carefully examined and has been found to be in all respects true and correct.

Section 2. Undertakings of the Authority. In the event the Sponsor meets the requirements set forth herein and in order to provide the moneys required to finance the Mortgage Loan, to establish the necessary reserve funds, and to pay the costs and expenses of the Authority in connection therewith, the Authority will undertake to issue a series of bonds to be designated as "South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Willowbrook at Wateree)" (with any appropriate series or subseries designation) in the aggregate principal amount of not to exceed \$17,000,000, on a tax-exempt basis. No taxable bonds are anticipated to be issued.

Any obligation of the Authority hereunder is subject to (a) the requirements that (i) the Project shall have received such local approval, if any, as is required under the Act, (ii) the Authority approve the items which may be included in any required charges (rent plus any other mandatory payments) to occupants of the Project, and (iii) the issuance of the Bonds being approved by the SFAA and (b) the right of the Authority in its sole discretion, to rescind this resolution and to elect not to issue such Bonds at some future date.

Section 3. Obligation of Sponsor. If the plan proceeds as contemplated, the Sponsor agrees as follows:

(a) to make the Project available for occupancy by persons in the Beneficiary Classes for such period and subject to such conditions as the Authority may determine;

(b) to provide such security for any of its obligations or mortgages to the Authority, or of the obligations of any other person to the Authority, as the Authority may, in its sole discretion request which such security may include federal mortgage insurance or federal agreements to make payments adequate to pay amounts due by such Sponsor or such other person;

(c) to enter into a mortgage loan agreement with respect to the Project on such terms and conditions as the Authority may deem necessary or desirable;

(d) to pay all costs and expenses incurred by the Authority, including its reasonable counsel fees, in furtherance of the undertakings of the Authority hereunder, regardless of whether any bonds or notes are issued with respect to the Project;

(e) to provide the Authority with such information and material with respect to the Project, including financial statements and information, reports, tests, surveys, appraisals, plans, specifications, drawings, occupancy rates or rent rolls, studies or feasibility studies, legal opinions, descriptions, and access for inspection of the Project or any other such items as may be requested by the Authority; and

(f) to enter into such agreements including such disclosure agreements as may be required to meet the requirements of S.E.C. Rule 15c2-12(b)(5), execute such documents and provide such proofs or evidence as the Authority may, in its sole discretion, request in connection with its undertakings hereunder.

Section 4. Termination. The Authority or the Sponsor may elect not to proceed with the financing. The Authority shall not be obligated hereby to the Sponsor or any other person by virtue of the adoption of this resolution. Neither the Sponsor nor any other person shall have any rights hereunder and the Authority shall not be liable in any way to the Sponsor or any other person for any decision it makes not to proceed hereunder regardless of any action taken by the Sponsor or such other person whether known or unknown to the Authority.

Section 5. Sale of Bonds; Purchase Contract. The Chairman or Vice-Chairman and the Executive Director of the Authority are hereby authorized to sell any or all series of the Bonds to Bank of America, N.A. or such other investment bank or institutional purchaser as designated by the Sponsor and approved by the Executive Director (the "Purchaser") pursuant to the terms and conditions of a Purchase Contract in substantially the form heretofore employed by the Authority in connection with the sale of its bonds. The authority hereby conferred may be exercised as long as the interest rate of the Bonds does not exceed nine and 00/100 per cent (9.00%) per annum and (a) if there is a public distribution of the Bonds, the issue must be rated by one or more of the national rating agencies and one or more of the following conditions must be met: (i) that there is in effect a federal program providing assistance in the payment of such loans made by the Authority; (ii) the proceeds must be used to acquire either federally insured mortgages or mortgages insured by a private mortgage insurance company authorized to do business in the State of South Carolina; or (iii) the payment of the Bonds to the purchasers of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) the Bonds are to be sold only to institutional investors for investment. The purchase price of the Bonds shall be determined by the Chairman or Vice-Chairman and the Executive Director but in no event shall be less than 100% of par plus accrued interest on the Bonds from their date to the date of delivery thereof.

Section 6. Mortgage Loan. The Executive Director of the Authority is hereby authorized to execute a Mortgage Purchase Agreement or a Loan Agreement in substantially the form employed previously for the purchase of mortgage loans as may be appropriate at such time as she deems desirable at or before the delivery of the Bonds. The Executive Director is hereby



authorized to alter any terms in such Agreement or Mortgage Loan to the extent necessary or desirable so long as such modification does not significantly alter the obligations of the Authority thereunder.

Section 7. Preliminary and Final Official Statements. There is hereby authorized the distribution of preliminary and final official statements or other offering documents in connection with the sale of the Bonds. Said official statements shall be in substantially the form heretofore used in connection with the distribution of the Authority's multifamily revenue bonds and such changes, additions, deletions, or modifications as are consistent with the details of the Bonds or as are recommended by the Purchaser and accepted by bond counsel and the staff of the Authority. The Chairman or Vice-Chairman and the Executive Director of the Authority are hereby authorized and directed to take such action as they deem appropriate or as is requested of either of them in connection with the distribution of preliminary or final official statements. The Authority hereby delegates to the Executive Director the power to deem any such Official Statement "Final" within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

Section 8. Petition to SFAA. The Executive Director and the General Counsel of the Authority are hereby authorized and directed to prepare and present to the SFAA (i) a petition under Section 1-11-530 of the Code of Laws of South Carolina, 1976, as amended (the "Allocation Act"), for an allocation of private activity bond volume cap under the Allocation Act and Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), if necessary for the issuance of the Bonds as tax-exempt and (ii) a petition requesting approval of the Bonds by the SFAA as prescribed in Section 6 of the Act, which petitions (together, the "Petition") shall, among other things, set forth the pertinent provisions relating to the Bonds required by the Act or the Allocation Act, as the case may be.

Section 9. Designation of Fiduciaries. The trustee, paying agent, and registrar under any trust indenture to be entered into with respect to the Bonds shall be a corporate trustee as requested by the Sponsor and approved by the Authority.

Section 10. General Authority. The Commissioners of the Authority and its appropriate officers, attorneys, agents, and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual, and complete performance of all the terms, covenants, and purposes contained in the Bonds and this Resolution, and each such Commissioner, officer, attorney, and employee is hereby authorized and directed to execute and deliver any and all papers and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated thereby.

Section 11. Expiration. This resolution, if not renewed, will expire on a date which is twelve (12) months from the date of its adoption by the Bond Committee of the Authority.

Section 12. Miscellaneous. All orders and resolutions or any parts thereof in conflict herewith are to the extent of such conflict hereby repealed. This resolution shall take effect and be in full force from and upon its adoption by the Bond Committee of the Authority.

Section 13. Non-Transferable. This resolution may not be transferred by the Sponsor except to a related party to the Sponsor. No other attempted sale or transfer of this resolution shall be valid or binding upon the Authority.

Section 14. Official Intent. The Sponsor has advised the Authority that it has advanced or will advance its own funds to pay Project costs on a temporary basis pending the issuance of the Bonds, and the Authority has been further advised that such funds do not consist of moneys that were otherwise earmarked or intended to be used by the Borrower to finance Project costs permanently. The Authority hereby declares its intent to reimburse expenditures for Project costs from the proceeds of the Bonds expected to be issued in the maximum principal amount of not to exceed \$17,000,000 to provide a portion of the financing for the Project. It is the intention of the Authority that this Resolution shall constitute an official intent on the part of the Authority within the meaning of Treasury Regulations Sections 1.142-4(b) and 1.150-2(d). The Authority's reasonable expectations to apply the proceeds of the Bonds to reimburse or directly fund a portion of the costs of the Project are based on the Sponsor's representations regarding the Project and the expected sources of funds for the costs of the Project.

**STATE OF SOUTH CAROLINA  
COUNTY OF LEXINGTON**

I, the undersigned secretary of the South Carolina State Housing Finance and Development Authority (the "Authority"), do hereby certify that I am the duly qualified and acting Secretary to the Authority and as such further certify that attached hereto is a true and correct copy of the Resolution adopted by the Bond Committee of the Board of Commissioners of the Authority at a meeting duly called and held on the 3<sup>rd</sup> day of October, 2024, at which meeting a quorum was present and acting throughout, and that said Resolution has not been modified, amended, or repealed and is in full force and effect on the date hereof.

I further certify that due notice of a meeting of the Bond Committee of the Board, called to be held in Columbia, South Carolina at the Authority's offices on October 3, 2024, was given to all members prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting was posted at the times and places required by law.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the Authority this 3<sup>rd</sup> day of October, 2024.

(SEAL)

**SOUTH CAROLINA STATE HOUSING  
FINANCE AND DEVELOPMENT AUTHORITY**

By:



Richard A. Hutto  
Secretary

## **BOND RESOLUTION**

### **MAKING PROVISION FOR THE ISSUANCE OF NOT TO EXCEED \$17,000,000 AGGREGATE PRINCIPAL AMOUNT MULTIFAMILY HOUSING REVENUE BONDS (WILLOWBROOK AT WATEREE) OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY FOR THE PURPOSE OF PROVIDING MORTGAGE LOAN FINANCING FOR A MULTIFAMILY RENTAL HOUSING FACILITY, AND OTHER MATTERS RELATED THERETO.**

**WHEREAS**, the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the “Act”), provides that the South Carolina State Housing Finance and Development Authority (the “Authority”), upon making a determination that sufficient persons or families of either beneficiary class (as defined by the Act) (the “Beneficiary Classes”) are unable to pay the amounts at which private enterprise is providing decent, safe, and sanitary housing, and that through the exercise of one or more of the programs authorised by the Act, decent, safe, and sanitary housing would become available to members of the Beneficiary Classes in need thereof and that a series of bonds must be sold in order to alleviate the lack of decent, safe, and sanitary housing available to members of the Beneficiary Class; and

**WHEREAS**, upon making such determination and the approval of the State Fiscal Accountability Authority (the “SFAA”), the Authority may issue from time to time bonds for the purpose of obtaining funds with which to make construction mortgage loans to housing sponsors (as defined in the Act) who agree to and are required to provide for construction or rehabilitation of residential housing (as defined in the Act) for rental by persons or families of either Beneficiary Class; provided, however, that with respect to any particular issue of bonds, one of the following conditions must be met: (a) if there is a public distribution of the bonds, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of the loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorised to do business in the State of South Carolina; or (iii) the payment of the bonds to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional investors, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, and the documents pursuant to which the bonds are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds; and

**WHEREAS**, Willowbrook at Wateree, LLC (the “Housing Sponsor”), being a limited liability company duly organized under the laws of the State of South Carolina, has requested the Authority to assist it through the issuance of bonds under the Act in the amount not to exceed \$17,000,000 (the “Bonds”) to provide a mortgage loan (the “Loan”) to finance the costs of

construction and permanent financing for a portion of the costs of acquisition, and construction of the multifamily rental housing facilities known as “Willowbrook at Wateree,” consisting of approximately 96 rental units and related facilities, and located at the southeast corner of Faust Street and Roof Street in the unincorporated area of Richland County, South Carolina (the “Project”); and

**WHEREAS**, the Authority has determined that assisting in the financing of the Project with the proceeds of the Bonds will promote and serve the intended purposes of and in all respects will conform to the provisions and requirements of the Act, and, in order to assist in the financing of the Project, the Authority will issue the Bonds; and

**WHEREAS**, the Authority hereby finds and determines that in order to alleviate the lack of decent, safe, and sanitary housing available to individuals of the Beneficiary Classes, the Bonds must be issued; and

**WHEREAS**, the Authority on October 3, 2024, adopted its Resolution making preliminary provision for the issuance of the Bonds and authorising a petition to the SFAA seeking its approval of the issuance of the Bonds, and the Authority hereby confirms the findings and determinations made regarding the Bonds, the Project, and the Housing Sponsor; and

**WHEREAS**, by resolution adopted on [\_\_\_\_], 2025 the SFAA gave its approval to the proposal of the Authority to issue the Bonds for the purpose of financing a portion of the costs of the Project; and

**WHEREAS**, the Authority has previously requested the SFAA, and was granted, an allocation of private activity bond volume cap under Section 146(f)(2) of the Code, a portion of which shall be allocated to the Bonds; and

**WHEREAS**, the Authority proposes to issue the Bonds pursuant to a Trust Indenture (the “Indenture”) between the Authority and [U.S. Bank Trust Company, National Association] (the “Trustee”), pursuant to which the proceeds of the Bonds will be paid to the Trustee for deposit as provided under the Indenture and used to finance a portion of the costs of the Project and the costs of issuance of the Bonds; and

**WHEREAS**, the Borrower has advised the Authority that the Bonds are to be secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement to Bank of America, N.A. (the “Construction Lender”) for the construction period, and upon completion of construction and placing the Project in service, the Bonds will be paid off in part and the balance of the Bonds will be transferred to Berkadia Commercial Mortgage, LLC (the “Permanent Lender,” and collectively with the Construction Lender, the “Lenders”), and the Indenture will permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the Bonds, which provisions the Authority has determined is sufficient under the Act for the placement of the Bonds with the Lenders; and

**WHEREAS**, the Bond proceeds will be used to provide the Loan to the Housing Sponsor pursuant to a Loan Agreement (the “Loan Agreement”) between the Authority and the Housing Sponsor; and

**WHEREAS**, the Loan Agreement will require the Housing Sponsor to operate the Project to ensure the availability of housing to members of the Beneficiary Classes; and

**WHEREAS**, the Authority will assign substantially all of its rights under the Loan Agreement to the Trustee pursuant to the terms of the Indenture; and

**WHEREAS**, the Authority hereby finds and confirms that (i) in order to provide the moneys necessary to implement its program, the Bonds must be issued as provided in this resolution, and (ii) the revenues or other moneys estimated to be available pursuant to the Loan Agreement will provide moneys required for the payment of the principal and interest on the Bonds:

**NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY IN MEETING DULY ASSEMBLED AS FOLLOWS:**

Section 1. Adoption of Premises. Each statement of fact, determination, and finding of the Authority set forth in the preamble hereto has been carefully examined and has been found to be in all respects true and correct as of the date hereof.

Section 2. Issuance of Bonds. In order to provide a portion of the moneys required to finance the costs of acquisition, construction, and rehabilitation of the Project, there is hereby authorized and shall forthwith be issued an issue of bonds to be designated as “South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Willowbrook at Wateree),” with such series designation as approved by the Executive Director. The Bonds are intended to be issued as exempt facility bonds for qualified residential rental projects under Section 142(a)(7) of the Internal Revenue Code of 1986, as amended. The Bonds shall be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, in substantially the form attached to the Indenture, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing such Bonds, such approval to be conclusively evidenced by such officers’ execution thereof.

Section 3. Approval of Form of Indenture. The Bonds shall be secured by the Indenture to be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, the form of which is presented at this meeting and filed with the minutes of this meeting, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing the Indenture, their approval to be conclusively evidenced by such officers’ execution thereof.

Section 4. Approval of Form of Loan Agreement. The transactions described in the recitals to this Resolution shall be consummated pursuant to the terms of the Loan Agreement to be executed on behalf of the Authority by the Chairman or Vice Chairman and the seal of the Authority shall be affixed thereto and attested by the Secretary of the Authority, the form of which is presented at this meeting and filed with the minutes of this meeting, the form, terms, and conditions of which are hereby approved with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing the Loan Agreement, their approval to be conclusively evidenced by such officers' execution thereof.

Section 5. Sale of Bonds. The Chairman or Vice Chairman of the Authority is hereby authorized to sell the Bonds to the Construction Lender pursuant to the terms and conditions of the Loan Agreement. The authority hereby conferred may be exercised so long as the initial interest rate on the Bonds does not exceed [ ]% per annum, and the final maturity of the Bonds is not later than 45 years after their date of issue. The purchase price of the Bonds shall be as approved by the Chairman or Vice Chairman or Executive Director.

Section 6. Approval of Form of Restrictive Covenants. The Project will be encumbered by restrictive covenants to ensure the Project continuously complies with the requirements of the Act and of the Code pursuant to the Agreement as to Restrictive Covenants between the Authority and the Housing Sponsor (the "Restrictive Covenants") to be executed on behalf of the Authority by the Chairman, the Vice Chairman, or the Executive Director of the Authority, in substantially the form as presented at this meeting with such changes, additions, insertions, or modifications as shall be approved by the officers of the Authority executing said document, their approval to be conclusively evidenced by such officer's execution thereof.

Section 7. General Authority. The Board of Commissioners of the Authority and its appropriate officers, attorneys, agents, and employees are hereby authorized to do all acts and things required of them by this Resolution, the Indenture, the Loan Agreement, or the Restrictive Covenants, or desirable or consistent with the requirements hereof or thereof for the acquisition and construction of the Project or the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Bonds, this Resolution, the Indenture, the Loan Agreement, and the Restrictive Covenants, and each such Commissioner, officer, attorney, and employee is hereby authorized and directed to execute and deliver any and all papers, financing statements, reports, forms, certificates, and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereby and thereby, including the execution and delivery of a Federal Tax Agreement and Non-Arbitrage Certificate between the Authority and the Housing Sponsor (the "Regulatory Agreement"), in such form as is approved by such officers or employees, execution by the said officers or employees being conclusive evidence of their approval.

Section 8. Limited Obligations; No Personal Liability.

(a) The Bonds are not a debt or grant or loan of credit of the State of South Carolina or any other political subdivision of the State. Neither the State nor any political subdivision of the State will be liable for the Bonds, nor shall the Bonds be payable out of any funds other than those revenues of the Authority pledged to the payment of the Bonds under the Indenture.

(b) No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Authority contained in this Resolution, the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, or the Bonds, against any member of the Board of Commissioners, or any officer or employee of the Authority, as such, in his or her individual capacity, past, present, or future, either directly or through the Authority, whether by virtue of any constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that this Resolution, the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, and the Bonds are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any member, officer, or employee as such, past, present, or future, either directly or by reason of any of the obligations, covenants, promises, or agreements, entered into between the Authority and the registered owners or to be implied therefrom as being supplemental hereto or thereto; and that all personal liability of that character against every such member, officer, and employee is, by the adoption of this Resolution and the execution of the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, and the Bonds, and as a condition of, and as a part of the consideration for, the adoption of this Resolution and the execution of the Indenture, the Loan Agreement, the Restrictive Covenants, the Regulatory Agreement, and the Bonds, expressly waived and released. The immunity of the members, officers, and employees, of the Authority under the provision contained in this Section shall survive the termination of this Resolution.

**ADOPTED IN MEETING DULY ASSEMBLED** this \_\_\_\_ day of \_\_\_\_\_, 2025.



**STATE OF SOUTH CAROLINA**

**COUNTY OF LEXINGTON**

I, the undersigned Secretary of the South Carolina State Housing Finance and Development Authority (the “**Authority**”), **DO HEREBY CERTIFY** that the foregoing is a true, correct, and verbatim copy of a Resolution duly adopted by the Authority at a duly called meeting held on \_\_\_\_\_, 2025.

**WITNESS MY HAND** this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_  
Secretary, South Carolina State Housing Finance and  
Development Authority

## A RESOLUTION

### **GRANTING APPROVAL TO THE ISSUANCE BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY OF ITS MULTIFAMILY HOUSING REVENUE BONDS (WILLOWBROOK AT WATEREE)**

WHEREAS, the South Carolina State Housing Finance and Development Authority Act of 1977 (Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended) (the “Act”) provides that, upon the approval of the State Fiscal Accountability Authority (the “SFAA”), the South Carolina State Housing Finance and Development Authority (the “Authority”) may issue from time to time bonds or notes for the purpose of obtaining funds with which to make construction and permanent mortgage loans to housing sponsors who agree to and shall be required to provide for construction of residential housing for rental by persons or families of either beneficiary class (as defined in the Act) (the “Beneficiary Class”); provided, however, that with respect to any particular issue of bonds or notes, one of the following conditions must be met: (a) if there is a public distribution of the bonds or notes, the issue must be rated by one or more of the national rating agencies, and one or more of the following conditions must be met: (i) there must be in effect a federal program providing assistance in repayment of such loans; or (ii) the proceeds must be used to acquire either federally insured mortgage loans or mortgage loans insured by a private mortgage insurer authorized to do business in the State of South Carolina; or (iii) the payment of the bonds or notes to the purchasers and holders of them must be assured by the maintenance of adequate reserves or insurance or a guaranty from a responsible entity which has been determined to be sufficient by the Authority and the SFAA; or (b) if the bonds or notes are secured by a mortgage or other security agreement and are offered and sold as a unit with such mortgage or other security agreement in transactions with banks, institutional buyers, or other nonregistered persons as provided in Section 35-1-202(11)(A) of the Code of Laws of South Carolina 1976, as amended, the documents pursuant to which the bonds or notes are issued must permit the Authority to avoid any default by it by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the bonds or notes; and

WHEREAS, the Authority has presented to the SFAA its Petition dated December 18, 2024 (the “Petition”), which, together with the schedules thereto attached, sets forth certain information with respect to the Authority’s Multifamily Housing Revenue Bonds (Willowbrook at Wateree) in the principal amount not to exceed \$17,000,000 (the “Bonds”); and

WHEREAS, the following have been submitted with the Petition in response to the requirements of Section 31-13-220 of the Act, certain of which are pro forma schedules because the Bonds have not been priced or sold as of the date of this Resolution, to wit:

- (i) a pro forma (in lieu of final schedules) of the principal amount of the Bonds to be issued;
- (ii) a pro forma (in lieu of final schedules) of the maturity schedule of the Bonds to be issued;
- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Housing Authority have previously been provided to the Office of the State Treasurer;

- (iv) schedules showing the amount and source of revenues available for the payment of the debt service requirements established by the schedule referenced in item (iii) have previously been provided to the Office of the State Treasurer;
- (v) the method to be employed in selling the Bonds.

**NOW, THEREFORE, BE IT RESOLVED BY THE STATE FISCAL ACCOUNTABILITY AUTHORITY IN MEETING DULY ASSEMBLED:**

Section 1. The SFAA hereby finds and determines that the funds estimated to be available for the repayment of the Authority's notes and bonds on a pro forma basis, including the Bonds, will be sufficient to provide for the payment of the principal and interest thereon. Conditional approval is hereby granted by the SFAA to the execution and delivery by the Authority of the Bonds in the principal amount not to exceed \$17,000,000.

Section 2. The approval of the SFAA is hereby conditioned on the following:

(a) Following the pricing or sale of the Bonds, but prior to closing and issuance of the Bonds, the approval of the State Treasurer of the interest rate or rates on the Bonds and of the form and substance of such documents as he deems necessary therefor;

(b) Following the pricing or sale of the Bonds, but prior to the closing and issuance of the Bonds, the Authority shall have provided to the State Treasurer, to the extent not previously provided, the information required to be submitted to the SFAA by the provisions of Section 31-13-220, to wit:

- (i) the final principal amount of the Bonds to be issued;
- (ii) the final maturity schedule of the Bonds to be issued;
- (iii) schedules showing the annual debt service requirements on all outstanding notes and bonds of the Authority;
- (iv) schedules showing the final amount and source of revenues available for the payment of the debt service requirements established by the schedule referenced in item (iii);
- (v) the method to be employed in selling the Bonds.

(c) Following the pricing or sale of the Bonds, but prior to the closing and issuance of the Bonds, the State Treasurer shall find and determine, based solely on his review of the documents described in clauses (i) through (v) above, that the funds estimated to be available for the repayment of the Authority's notes and bonds, including the Bonds, will be sufficient to provide for the payment of the principal and interest thereon;

(d) The documents pursuant to which the Bonds are being issued shall provide that all expenses, costs, and fees of the Authority in connection with the issuance of the Bonds, including legal fees, printing, and all disbursements shall be paid by the Housing Sponsor (as defined in the Petition); and

(e) The final approval by the Governor as the elected official of the State of South Carolina for purposes of Section 142(f) of the Internal Revenue Code of 1986, as amended.

Section 3. This Resolution shall take effect immediately upon its adoption.

[FORM OF BOND COUNSEL OPINION]

\_\_\_\_\_, 2025

Board of Commissioners  
South Carolina State Housing  
Finance and Development Authority  
Columbia, South Carolina

U.S. Bank Trust Company, National  
Association

\_\_\_\_\_, \_\_\_\_\_

Willowbrook at Wateree, LLC  
Smyrna, Georgia

Re: Not to exceed \$17,000,000 South Carolina State Housing Finance and  
Development Authority Multifamily Housing Revenue Bonds (Willowbrook at  
Wateree), Series 2025

Ladies and Gentlemen:

As bond counsel to Willowbrook at Wateree, LLC, a South Carolina limited liability company (the “Housing Sponsor”), we have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance by the South Carolina State Housing Finance and Development Authority (the “Issuer”) of its not to exceed \$17,000,000 South Carolina State Housing Finance and Development Authority Multifamily Housing Revenue Bonds (Willowbrook at Wateree), Series 2025 (the “Bond”). The Bond is issued pursuant to the provisions of (i) Title 31, Chapters 3 and 13 of the Code of Laws of South Carolina 1976, as amended (the “Act”), (ii) a Loan Agreement, dated as of [\_\_\_\_\_]1, 2025 (the “Loan Agreement”), between the Issuer and the Housing Sponsor, (iii) an Indenture of Trust, dated as of May 1, 2023 (the “Indenture”), between the Issuer and [\_\_\_\_\_] (the “Trustee”), and (iv) two resolutions (collectively, the “Resolution”) adopted by the Board of Commissioners of the Issuer authorising the issuance, execution, delivery, and sale of the Bonds. Pursuant to the Loan Agreement, the Issuer will make a mortgage loan (the “Mortgage Loan”) to the Housing Sponsor to be used to provide financing for the construction and development of a multifamily rental housing development (the “Project”) described in the Loan Agreement. Pursuant to the Loan Agreement, the Housing Sponsor has agreed to make the payments to or on behalf of the Issuer sufficient to pay, in the aggregate, the principal of, premium, if any, and interest on the Bond, as well as other

Board of Commissioners  
South Carolina State Housing Finance  
and Development Authority  
Willowbrook at Wateree, LLC  
U.S. Bank Trust Company, National Association  
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payments, property, and revenues pledged to the payment thereof under the Indenture (the “Trust Estate”).

The Project is subject to an Agreement as to Restrictive Covenants, dated as of [\_\_\_\_\_] 1, 2025 (the “Regulatory Agreement”), between the Housing Sponsor and the Issuer, and the Federal Tax Agreement and Non-Arbitrage Certificate, dated the date hereof (the “Tax Agreement”), between the Housing Sponsor and the Issuer. The Loan Agreement, the Indenture, the Regulatory Agreement, and the Tax Agreement contain covenants that include requirements regarding the application and investment of the proceeds of the sale of the Bond, the use and occupancy of the residential units of the Project, and the rebate of certain investment proceeds to the United States government.

With respect to the power of the Housing Sponsor to enter into and perform its obligations under the Loan Agreement and the other documents to which it is party, the due authorisation, execution, and delivery of the Loan Agreement and the other documents by the Housing Sponsor, and the validity and enforceability thereof against the Housing Sponsor, we refer you to the opinion of [\_\_\_\_\_] as counsel to the Housing Sponsor of even date herewith addressed to you.

As to questions of fact material to our opinion, we have relied upon representations of and compliance with covenants by the Housing Sponsor and the Issuer contained in the Loan Agreement, the Indenture, the Regulatory Agreement, the Tax Agreement, certificates of public officials furnished to us, and certificates of representatives of the Housing Sponsor, the Issuer, and other parties, in each case, without undertaking any independent verification, although nothing has come to our attention to lead us to believe we are not justified in so relying. We have assumed that all signatures on documents, certificates, and instruments examined by us are genuine; all documents, certificates, and instruments submitted to us as originals are authentic; and all documents, certificates, and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates, and instruments relating to this financing have been duly authorised, executed, and delivered by all parties thereto other than the Issuer, and we have further assumed the due organisation, existence, and powers of such other parties other than the Issuer.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency any offering material relating to the Bond and we express no opinion relating thereto.

Based on the foregoing, as of the date hereof we are of the opinion, under existing law, as follows:

1. The Issuer is validly existing as a body corporate and politic under the laws of the State of South Carolina with the corporate power to enter into and perform its obligations under the Loan Agreement and the Indenture and to issue the Bond.

2. The Loan Agreement and the Indenture have been duly authorised, executed, and delivered by the Issuer, and (assuming due authorisation, execution, and delivery thereof by the other parties thereto) as the valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their respective terms.

3. The Resolution has been duly adopted and the Bond has been duly authorised and executed by the Issuer, and is a valid and binding limited obligation of the Issuer, enforceable in accordance with its terms, and payable solely from the Trust Estate. The Indenture creates a valid lien with respect to the Trust Estate. The Bond is not a general obligation or an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation, and does not constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit, but is payable solely from the Trust Estate.

4. Interest on the Bond (a) is excludable from gross income for federal income tax purposes and South Carolina income tax purposes, except for interest on any Bond for any period during which such Bond is held by a “substantial user” of the facilities financed by the Bond or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and (b) is not a specific preference item for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for tax years beginning after December 31, 2022. Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed on the entire net income of such bank, which includes interest on the Bond. The opinions set forth in this paragraph are subject to the condition that the Issuer and the Housing Sponsor comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond in order that interest thereon be (or continue to be) excludable from gross income for federal and South Carolina income tax purposes. Failure to comply with certain of the requirements could cause the interest on the Bond to be so included in gross income retroactively to the date of issuance of the Bond. The Issuer and the Housing Sponsor have covenanted to comply with all such requirements.

It is to be understood that the rights of the owners of the Bond and the enforceability of the Bond, the Indenture, and the Loan Agreement are limited by bankruptcy, insolvency, reorganisation, moratorium, and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity. Certain indemnity provisions may be

Board of Commissioners  
South Carolina State Housing Finance  
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\_\_\_\_\_, 2025

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unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

We express no opinion regarding the perfection or priority of the lien on the Trust Estate.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning, or disposing of the Bond. Owners of the Bond should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bond, which may include original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Our services as Bond Counsel have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to make the statements contained in this letter with respect to the validity of the Bond and the tax-exempt status of the interest on the Bond. We have not examined any documents or other information concerning the business or financial resources of the Issuer or the Housing Sponsor, and we express no opinion as to the accuracy or completeness of any information with respect to the Issuer or the Housing Sponsor that may have been relied upon by the purchaser of the Bond in making its decision to purchase the Bond.

Very truly yours,



**CASH FLOW FORECAST**

Compliance Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19			
Stabilized Year	0	0	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	
<b>Revenues</b>																							
Rents - w/o Subsidy	0.00%	2.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Rents - w/ Subsidy	3.00%	2.00%	\$0	\$0	\$1,515,551	\$1,678,242	\$1,711,807	\$1,746,043	\$1,780,964	\$1,816,583	\$1,852,915	\$1,889,973	\$1,927,772	\$1,966,328	\$2,005,654	\$2,045,767	\$2,086,683	\$2,128,416	\$2,170,985	\$2,214,404	\$2,258,692	\$2,303,866	\$2,349,943
Other Income	3.00%	2.00%	\$0	\$0	\$14,663	\$16,236	\$16,561	\$16,892	\$17,230	\$17,575	\$17,926	\$18,285	\$18,651	\$19,024	\$19,404	\$19,792	\$20,188	\$20,592	\$21,004	\$21,424	\$21,852	\$22,289	\$22,735
Commercial Income	0.00%	2.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Gross Potential Revenue</b>	\$0	\$0	\$1,530,214	\$1,694,478	\$1,728,368	\$1,762,935	\$1,798,194	\$1,834,136	\$1,870,841	\$1,908,258	\$1,946,423	\$1,985,351	\$2,025,058	\$2,065,560	\$2,106,871	\$2,149,008	\$2,191,988	\$2,235,828	\$2,280,545	\$2,326,156	\$2,372,675	\$2,420,132	
Vacancy	\$0	\$0	\$40,717	\$65,724	\$86,618	\$98,167	\$99,910	\$91,708	\$93,542	\$95,419	\$97,321	\$99,260	\$101,253	\$103,298	\$105,344	\$107,450	\$109,599	\$111,791	\$114,027	\$116,308	\$118,634	\$121,007	
<b>Estimated Net Collections</b>	\$0	\$0	\$1,489,497	\$1,628,754	\$1,641,750	\$1,664,768	\$1,708,284	\$1,742,450	\$1,777,299	\$1,812,845	\$1,849,102	\$1,886,084	\$1,923,805	\$1,962,262	\$2,001,527	\$2,041,558	\$2,082,389	\$2,124,037	\$2,166,517	\$2,209,848	\$2,254,045	\$2,299,124	
<b>Expenses</b>																							
Payroll	3.00%	\$0	\$0	\$166,420	\$177,310	\$182,608	\$188,118	\$193,761	\$199,574	\$205,561	\$211,728	\$218,080	\$224,622	\$231,361	\$238,302	\$245,451	\$252,814	\$260,399	\$268,211	\$276,257	\$284,545	\$293,081	\$301,873
General & Administrative	3.00%	\$0	\$0	\$37,693	\$40,141	\$41,366	\$42,607	\$43,885	\$45,202	\$46,558	\$47,955	\$49,393	\$50,875	\$52,402	\$53,974	\$55,593	\$57,261	\$58,978	\$60,748	\$62,570	\$64,447	\$66,381	\$68,372
Management Fee	\$0	\$0	\$67,027	\$72,439	\$73,888	\$75,365	\$76,873	\$78,410	\$79,978	\$81,578	\$83,210	\$84,874	\$86,571	\$88,303	\$90,069	\$91,870	\$93,708	\$95,582	\$97,493	\$99,443	\$101,432	\$103,461	
Repairs & Maintenance	1.00%	\$0	\$0	\$107,045	\$114,055	\$117,477	\$121,001	\$124,631	\$128,370	\$132,221	\$136,188	\$140,274	\$144,482	\$148,810	\$153,261	\$157,839	\$162,545	\$167,494	\$172,519	\$177,694	\$183,025	\$188,516	\$194,171
Utilities	1.00%	\$0	\$0	\$118,623	\$126,391	\$130,183	\$134,089	\$138,111	\$142,355	\$146,822	\$150,918	\$155,445	\$160,109	\$164,912	\$169,859	\$174,955	\$180,204	\$185,610	\$191,178	\$196,914	\$202,821	\$208,906	\$215,173
Property Taxes & Insurance	1.00%	\$0	\$0	\$91,405	\$97,391	\$100,312	\$103,322	\$106,421	\$109,614	\$112,902	\$116,289	\$119,778	\$123,372	\$127,073	\$130,885	\$134,811	\$138,856	\$143,021	\$147,312	\$151,731	\$156,283	\$160,972	\$165,801
Other Expenses	2.00%	\$0	\$0	\$100,156	\$107,821	\$111,146	\$113,480	\$115,825	\$118,179	\$120,545	\$122,921	\$125,309	\$127,708	\$130,119	\$132,543	\$134,979	\$137,428	\$139,891	\$16,368	\$16,859	\$17,365	\$17,886	\$18,422
<b>Total Operating Expenses</b>	\$0	\$0	\$598,369	\$638,378	\$657,011	\$675,982	\$695,508	\$715,604	\$736,288	\$757,577	\$779,489	\$802,041	\$825,254	\$849,146	\$873,737	\$899,048	\$925,101	\$951,917	\$979,519	\$1,007,930	\$1,037,173	\$1,067,274	
Replacement Reserve Deposits	3.00%	\$0	\$0	\$15,300	\$32,464	\$33,437	\$34,441	\$35,474	\$36,538	\$37,634	\$38,763	\$39,926	\$41,124	\$42,358	\$43,628	\$44,937	\$46,285	\$47,674	\$49,104	\$50,577	\$52,094	\$53,657	\$55,267
<b>NOI before Debt Service</b>	\$0	\$0	\$891,028	\$990,376	\$984,739	\$988,786	\$992,776	\$996,716	\$1,000,607	\$1,004,547	\$1,008,538	\$1,012,579	\$1,016,670	\$1,020,811	\$1,024,999	\$1,029,234	\$1,033,516	\$1,037,845	\$1,042,221	\$1,046,644	\$1,051,114	\$1,055,631	\$1,060,194
<b>Debt Service</b>																							
PERMANENT LOAN - 1ST MORTGAGE	\$0	\$0	\$365,715	\$731,430	\$731,430	\$742,869	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308
PERMANENT LOAN - 2ND MORTGAGE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PERMANENT LOAN - 3RD MORTGAGE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Cash Flow before Waterfall</b>	\$0	\$0	\$525,313	\$258,946	\$253,309	\$245,917	\$198,408	\$198,408	\$198,408	\$198,408	\$198,408	\$198,408	\$198,408	\$198,408	\$198,408	\$198,408	\$198,408	\$198,408	\$198,408	\$198,408	\$198,408	\$198,408	\$198,408
Operating Deficits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DSCR	0.00	0.00	2.39	1.28	1.30	1.26	1.23	1.25	1.26	1.28	1.30	1.31	1.33	1.35	1.36	1.38	1.40	1.41	1.43	1.45	1.46	1.48	

**CASH FLOW FORECAST**

Compliance Year	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40		
Stabilized Year	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067		
<b>REVENUES</b>																							
Rents - w/o Subsidy	1.00%	1.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Rents - w/ subsidy	1.00%	1.00%	\$2,444,881	\$2,493,779	\$2,543,695	\$2,594,328	\$2,646,418	\$2,699,247	\$2,753,334	\$2,808,400	\$2,864,568	\$2,921,860	\$2,980,297	\$3,039,903	\$3,100,701	\$3,162,719	\$3,225,969	\$3,290,488	\$3,356,298	\$3,423,424	\$3,491,893	\$3,561,730	\$3,632,965
Other Income	1.00%	1.00%	\$23,653	\$24,127	\$24,609	\$25,101	\$25,603	\$26,115	\$26,638	\$27,170	\$27,714	\$28,268	\$28,833	\$29,410	\$29,998	\$30,598	\$31,210	\$31,834	\$32,471	\$33,121	\$33,783	\$34,456	\$35,148
Commercial Income	0.00%	1.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Gross Potential Revenue			\$2,468,535	\$2,517,906	\$2,568,304	\$2,619,439	\$2,672,022	\$2,725,467	\$2,779,971	\$2,835,571	\$2,892,282	\$2,950,128	\$3,009,130	\$3,069,313	\$3,130,699	\$3,193,313	\$3,257,179	\$3,322,323	\$3,388,769	\$3,456,545	\$3,525,676	\$3,596,189	\$3,668,113
Vacancy			-\$123,427	-\$125,895	-\$128,413	-\$130,981	-\$133,601	-\$136,273	-\$138,999	-\$141,779	-\$144,614	-\$147,506	-\$150,457	-\$153,466	-\$156,535	-\$159,665	-\$162,859	-\$166,116	-\$169,438	-\$172,827	-\$176,284	-\$179,809	-\$183,406
Estimated Net Collections			\$2,345,108	\$2,392,010	\$2,439,890	\$2,488,647	\$2,538,420	\$2,589,189	\$2,640,973	\$2,693,792	\$2,747,668	\$2,802,621	\$2,858,674	\$2,915,847	\$2,974,164	\$3,033,647	\$3,094,320	\$3,156,207	\$3,219,331	\$3,283,718	\$3,349,392	\$3,416,380	\$3,484,707
<b>EXPENSES</b>																							
Payroll	1.00%	1.00%	\$310,930	\$320,258	\$329,865	\$339,761	\$349,954	\$360,453	\$371,266	\$382,404	\$393,876	\$405,693	\$417,863	\$430,399	\$443,311	\$456,611	\$470,309	\$484,418	\$498,951	\$513,919	\$529,337	\$545,217	\$561,574
General & Administrative	1.00%	1.00%	\$70,423	\$72,536	\$74,712	\$76,953	\$79,262	\$81,640	\$84,089	\$86,612	\$89,210	\$91,886	\$94,643	\$97,482	\$100,407	\$103,419	\$106,522	\$109,717	\$113,009	\$116,399	\$119,891	\$123,488	\$127,192
Management Fee	1.00%	1.00%	\$105,530	\$107,640	\$109,793	\$111,989	\$114,229	\$116,513	\$118,844	\$121,221	\$123,645	\$126,118	\$128,640	\$131,213	\$133,837	\$136,514	\$139,244	\$142,029	\$144,870	\$147,767	\$150,723	\$153,737	\$156,812
Repairs & Maintenance	1.00%	1.00%	\$199,997	\$205,996	\$212,176	\$218,542	\$225,098	\$231,851	\$238,806	\$245,971	\$253,350	\$260,950	\$268,779	\$276,842	\$285,147	\$293,702	\$302,513	\$311,588	\$320,936	\$330,584	\$340,481	\$350,665	\$361,216
Utilities	1.00%	1.00%	\$221,638	\$228,277	\$235,125	\$242,179	\$249,444	\$256,928	\$264,635	\$272,575	\$280,752	\$289,174	\$297,850	\$306,785	\$315,989	\$325,468	\$335,232	\$345,289	\$355,648	\$366,317	\$377,307	\$388,626	\$400,285
Property Taxes & Insurance	1.00%	1.00%	\$170,735	\$175,398	\$181,175	\$186,610	\$192,309	\$197,975	\$203,914	\$210,092	\$216,533	\$223,283	\$230,507	\$238,393	\$246,484	\$250,789	\$258,313	\$266,062	\$274,044	\$282,265	\$290,733	\$299,455	\$308,439
Other Expenses	1.00%	1.00%	\$18,975	\$19,544	\$20,131	\$20,734	\$21,357	\$21,997	\$22,657	\$23,337	\$24,037	\$24,758	\$25,501	\$26,266	\$27,054	\$27,865	\$28,701	\$29,562	\$30,449	\$31,363	\$32,304	\$33,273	\$34,271
Total Operating Expenses			\$1,098,257	\$1,130,150	\$1,162,978	\$1,196,769	\$1,231,553	\$1,267,357	\$1,304,212	\$1,342,150	\$1,381,203	\$1,421,402	\$1,462,783	\$1,505,380	\$1,549,230	\$1,594,368	\$1,640,834	\$1,688,667	\$1,737,906	\$1,788,555	\$1,840,775	\$1,894,491	\$1,949,788
Replacement Reserve Deposits	1.00%	1.00%	\$56,925	\$58,633	\$60,392	\$62,203	\$64,070	\$65,992	\$67,971	\$70,011	\$72,111	\$74,274	\$76,502	\$78,796	\$81,161	\$83,596	\$86,104	\$88,687	\$91,348	\$94,088	\$96,911	\$99,818	\$102,813
<b>NOI before Debt Service</b>			\$1,289,026	\$1,203,228	\$1,216,481	\$1,229,675	\$1,242,798	\$1,255,840	\$1,268,789	\$1,281,631	\$1,294,354	\$1,306,945	\$1,319,388	\$1,331,659	\$1,343,773	\$1,355,683	\$1,367,362	\$1,378,859	\$1,390,077	\$1,401,034	\$1,411,766	\$1,422,070	\$1,432,106
<b>Debt Service</b>																							
PERMANENT LOAN - 1ST MORTGAGE			\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308	\$794,308
PERMANENT LOAN - 2ND MORTGAGE			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PERMANENT LOAN - 3RD MORTGAGE			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Cash Flow before Waterfall</b>			\$395,617	\$408,919	\$422,173	\$435,366	\$448,490	\$461,532	\$474,481	\$487,323	\$500,048	\$512,687	\$525,080	\$537,361	\$549,465	\$561,375	\$573,074	\$584,545	\$595,789	\$606,726	\$617,398	\$627,762	\$637,798
Operating Deficits			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DCR			1.50	1.51	1.52	1.55	1.56	1.58	1.60	1.61	1.63	1.65	1.66	1.68	1.69	1.71	1.72	1.74	1.75	1.76	1.78	1.79	1.80

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Concentrating in Municipal Bonds,  
Local Government Law, Economic  
Development Incentives,  
Affordable Housing Development

February 4, 2025

State Fiscal Accountability Authority  
Columbia, South Carolina

Not to Exceed \$17,000,000  
South Carolina State Housing Finance and Development Authority  
Multifamily Housing Revenue Bonds (Willowbrook at Wateree) Series 2025

Ladies and Gentlemen:

We are acting as bond counsel in connection with the proposed issuance by the South Carolina State Housing Finance and Development Authority (the "Issuer") of the referenced bonds (the "Bonds"). At your request, we are delivering this opinion in connection with the Issuer's Petition ("Petition") to the State Fiscal Accountability Authority ("SFAA") to receive the SFAA's approval of the issuance of the Bonds pursuant to Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended (the "Act"), to enable the Issuer to make a mortgage loan (the "Mortgage Loan") to Willowbrook at Wateree, LLC (the "Housing Sponsor") to be used to provide construction and permanent financing for a multifamily rental housing development (the "Project").

In that capacity, we have examined originals or copies of the Petition and the Preliminary Bond Resolution adopted by the Board of Commissioners of the Issuer (the "Preliminary Bond Resolution"), and the form of the Loan Agreement and the form of the Indenture of Trust (collectively with the Preliminary Bond Resolution, and the Petition, the "Transaction Documents"), and other documents, certificates, and correspondence as we have deemed necessary for purposes of giving this opinion.

In rendering the opinion expressed below, we have relied solely on our examination of the Transaction Documents. We have not made any investigation as to any factual matter or as to the accuracy or completeness of any representation, warranty, data, or any other information, whether written or oral, that may have been made by or on behalf of the Issuer, the Housing Sponsor, the SFAA, or the other parties to the Transaction Documents. Further, in rendering the

opinion expressed below, we do not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State of South Carolina, and the opinions are limited to the federal laws of the United States of America and the laws of the State of South Carolina.

Based on the stated examination and assumptions, and subject to the stated qualifications and limitations, we are of the opinion, under existing law, that all findings and conclusions appearing in the SFAA Resolution are supported by representations or statements of fact appearing in the Transaction Documents and the Transaction Documents comply with all requirements of the Act, contain all required facts, information, and findings by the respective authorities, and are legally sufficient to allow the SFAA to approve the issuance of the Bonds through the adoption of the SFAA Resolution.

Except as set forth above, we express no opinion in connection with the issuance and sale of the Bonds. The opinion expressed above is rendered solely for your benefit in considering the approval of the issuance of the Bonds under the Act. The opinion may neither be relied on by you for any other purpose nor be furnished to, used, circulated, quoted, or relied on by any other person or entity for any other purpose, without our prior written consent in each instance. We disclaim any obligation to update the opinion expressed above for events occurring or coming to our attention after the date of this letter.

Very truly yours,

HOWELL LINKOUS & NETTLES, LLC

  
\_\_\_\_\_  
Samuel W. Howell

STATE FISCAL ACCOUNTABILITY AUTHORITY

REGULAR SESSION

MEETING OF February 4, 2025

ITEM NUMBER 10

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AGENCY: State Fiscal Accountability Authority

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SUBJECT: Future Meeting

The next regular meeting of the State Fiscal Accountability Authority will be held at 9:30 a.m. on Tuesday, April 1, 2025, in Room 252, Edgar A. Brown Building.

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AUTHORITY ACTION REQUESTED:

Agree to meet at 9:30 a.m. on Tuesday, April 1, 2025, in Room 252, Edgar A. Brown Building.

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ATTACHMENTS: