STATE FISCAL ACCOUNTABILITY AUTHORITY

Meeting of Tuesday, January 29, 2019 -- 9:30 A. M.

Room 252, Edgar A. Brown Building

AGENDA INDEX

Item	Agency	Subject
A.	**MEETING OF THE TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY**	
B.	**MEETING OF STATE FISCAL ACCOUNTABILITY AUTHORITY**	
C.	**ADOPTION OF PROPOSED AGENDA**	
D.	**MINUTES OF PREVIOUS MEETING**	
E.	**REGULAR SESSION**	
1.	State Treasurer's Office	Bond Counsel Selection
2.	Department of Administration, Capital Budget Office	2018 Comprehensive Permanent Improvement Plan
3.	Department of Administration, Capital Budget Office	Permanent Improvement Projects
4.	Department of Administration, Facilities Management and Property Services	Sale of 2221 Devine Street to the City of Columbia
5.	Department of Administration, Facilities Management and Property Services	SC Department of Probation, Parole and Pardon Services, SC Department of Consumer Affairs, and SC Commission for Minority Affairs Leases – 293 Greystone Boulevard in Columbia
6.	Department of Administration, Facilities Management and Property Services	SC Department of Administration Disaster Recovery Office Lease – 636 Rosewood Drive in Columbia
7.	Medical University Hospital	Not Exceeding $137,000,000 Bridge Loan Indebtedness of the Medical University Hospital Authority, Series 2019

STATE FISCAL ACCOUNTABILITY AUTHORITY

Meeting of Tuesday, January 29, 2019 -- 9:30 A.M.
Room 252, Edgar A. Brown Building

REGULAR SESSION AGENDA INDEX -- Page 2

Item	Agency	Subject
8.	Medical University Hospital Authority	Not Exceeding $137,000,000 Permanent Loan Indebtedness of the Medical University Hospital Authority, Series 2019
9.	Office of the State Auditor	Auditors' Communications with Those Charged With Governance
10.	State Fiscal Accountability Authority, Insurance Reserve Fund	Insurance Rates
11.	Executive Director	Revenue Bonds
12.	Executive Director	Economic Development (2019 Ceiling Allocations)
13.	State Fiscal Accountability Authority	Future Meeting

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY

Meeting of Tuesday, January 29, 2019 -- 9:30 A. M.

Room 252, Edgar A. Brown Building

REGULAR SESSION AGENDA INDEX

Item No.	Agency	Subject
A.	**ADOPTION OF PROPOSED AGENDA**	
B.	**REGULAR SESSION**	
1.	Tobacco Settlement Revenue Management Authority	Adoption of Budget
2.	Tobacco Settlement Revenue Management Authority	Financial Statement for the Fiscal Year Ended June 30, 2018
C.	**ADJOURNMENT**	

TOBACCO SETTLEMENT

REVENUE MANAGEMENT AUTHORITY — REGULAR SESSION

MEETING OF January 29, 2019 — ITEM NUMBER 1

AGENCY: Office of the State Treasurer

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, 2019, through June 30, 2020, 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.

AUTHORITY ACTION REQUESTED:

Adopt the operating budget for the Authority's fiscal year budget for the period July 1, 2019, through June 30, 2020.

ATTACHMENTS:

Loftis 1/2/19 letter; Proposed Budget; Code Section 11-49-60 (12)

THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer

January 2, 2019

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 2019-2020

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, 2019 and ending June 30, 2020.

Please place this item on the agenda for the Authority's meeting on January 29, 2019.

Respectfully submitted,

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 Authority's Budget Year Ending June 30, 2019

(Cash Basis)

	Fiscal Year 2018 / 2019 Budgeted	Fiscal Year 2018 / 2019 Actual @ 12/31/18	Budget / Actual Variance	Fiscal Year 2019 / 2020 Budget
Funds held By Tobacco Authority:				
Cash Balance, Beginning	$ 5,253,890	$ 5,240,890 [1]	$ 13,000	$ 5,224,825 [6]
Revenue:				
Tobacco settlement revenue	71,152,424	71,152,424 [2]	-	71,000,000
Total Cash Available	76,406,314	76,393,314	13,000	76,224,825
Expense				
Administrative and operating expense				
Professional fees and expenses				
Audit and accounting	16,000	13,200 [3]	2,800	16,000
Arbitrage, deallocation and disclosure	16,000	- [3]	16,000	16,000
Insurance				
Tort insurance for authority members	2,490	2,865 [3]	(375)	2,865
General operating				
Contingency	-	-	-	-
Distributions per Proviso				
Attorney General	1,253,000	1,253,000 [4]	-	1,253,000
South Carolina Law enforcement Division	450,000	450,000 [4]	-	450,000
Department of Revenue	325,000	325,000 [4]	-	325,000
Department of Health and Human Services	69,124,424	69,124,424 [5]	-	68,972,000
Total Cash Disbursements	71,186,914	71,168,489	18,425	71,034,865
Cash Balance, Ending	$ 5,219,400	$ 5,224,825 [6]	$ (5,425)	$ 5,189,960

Notes and Assumptions as of December 31, 2018.

1 Ending cash balance retained by TSRMA at June 30, 2018.
2 Currently Estimated TSRMA Revenues to be received Spring 2019.
3 Actual Expense as of December 31, 2018.
4 TSRMA Revenue to be distributed per Proviso 118.11.
5 Estimated remainder revenue to be distributed per Proviso 118.11.
6 Estimated cash balance to be retained by TSRMA at June 30, 2019.

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.

TOBACCO SETTLEMENT REVENUE
MANAGEMENT AUTHORITY — REGULAR SESSION
MEETING OF January 29, 2019 — ITEM NUMBER 2

AGENCY: Tobacco Settlement Revenue Management Authority

SUBJECT: Financial Statement for the Fiscal Year Ended June 30, 2018

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.

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, 2018, and approve the submittal of the Financial Statement to the State Fiscal Accountability Authority.

ATTACHMENTS:

Loftis 1/2/19 letter with attachment; Code Section 11-49-100

THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer

January 2, 2019

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, 2018. 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 January 29, 2019.

Respectfully submitted,

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, 2018

(With Independent Auditor's Report Thereon)

SOUTH CAROLINA OFFICE OF THE STATE AUDITOR
SOUTH CAROLINA OFFICE OF THE STATE AUDITOR
1401 Main Street, Suite 1200 • Columbia, SC 29201

September 25, 2018

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, 2018, 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

George L. Kennedy, III, CPA
State Auditor

GLK/sag

803.253.4160 803.343.0723 OSA.SC.GOV

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

Table of Contents

Independent Auditors' Report 1
Management's Discussion and Analysis (unaudited) 3
Government-Wide Financial Statements 8
Statement of Net Position 8
Statement of Activities 9
Governmental Fund Financial Statements 10
Governmental Fund Balance Sheet 10
Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance 11
Notes to Financial Statements 12
Required Supplementary Information (unaudited) 19
Budgetary Comparison Schedule - General Fund 19
Notes to Budgetary Comparison Schedule - General Fund 20
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 21

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Columbia, SC 29201

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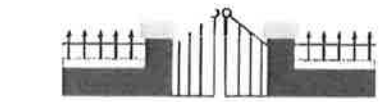

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INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of South Carolina 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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2018, 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.

OTHER MATTERS

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 3 through 7 and 19 through 20 be presented to supplement the basic financial statements. Such information, 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 25, 2018 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 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 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 25, 2018

The Hobbs Group, P.A.

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

Management's Discussion and Analysis (unaudited)

June 30, 2018

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, 2018. 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 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, 2018, along with comparative data for the prior fiscal year.

	June 30, 2018	June 30, 2017	Difference	%
Assets				
Cash and cash equivalents	$ 5,240,890	$ 5,282,580	$ (41,690)	-0.8%
Tobacco settlement payments receivable	35,500,000	35,000,000	500,000	1.4%
Total assets	40,740,890	40,282,580	458,310	1.1%
Liabilities				
Accounts payable	-	-	-	0.0%
Total liabilities	-	-	-	0.0%
Net position				
Restricted by statute	35,500,000	35,000,000	500,000	1.4%
Unrestricted	5,240,890	5,282,580	(41,690)	-0.8%
Total net position	$ 40,740,890	$ 40,282,580	$ 458,310	1.1%

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.

The Authority's cash and cash equivalents decreased 0.8% over the course of the fiscal year, due primarily to operating expenses within the Authority's operating fund. Tobacco settlement payments receivable increased by $500,000, or 1.4%, due to an increase in anticipated payments during fiscal year 2019. Total assets increased 1.1% 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, 2018 with comparative amounts for the prior fiscal year.

	June 30, 2018	June 30, 2017	Difference	%
General revenues				
Tobacco settlement revenues	$ 81,604,834	$ 73,532,774	$ 8,072,060	11.0%
Total general revenues	81,604,834	73,532,774	8,072,060	11.0%
Expenses				
General government	2,069,690	2,056,490	13,200	0.6%
Total expenses	2,069,690	2,056,490	13,200	0.6%
Change in net position before transfers	79,535,144	71,476,284	8,058,860	11.3%
Transfers				
Transfers to state funds and programs pursuant to proviso	(79,076,834)	(71,504,774)	(7,572,060)	10.6%
Total transfers	(79,076,834)	(71,504,774)	(7,572,060)	10.6%
Change in net position	458,310	(28,490)	486,800	1,708.7%
Net position - beginning of year	40,282,580	40,311,070	(28,490)	-0.1%
Net position - end of year	$ 40,740,890	$ 40,282,580	$ 458,310	1.14%

General revenues of approximately $81.6 million reflect the receipt of and accrual for TSRs and other revenues. Revenues increased year over year by approximately $8.1 million or 11% which represent an increase in tobacco settlement payments that have been received by the Authority for the year ended June 30, 2018 as well as a $500,000 increase due to an increase in the amount of estimated tobacco settlement payments receivable. These payments are dependent on remittances received by the State under the MSA each year.

The Authority's expenses primarily consisted of its administrative expenses and directed transfers to other state agencies for diligent enforcement. Total expenses increased minimally by approximately $13 thousand. Transfers to the state fund increased by approximately $7.6 million, as a result of the increase in tobacco settlement payments received during the year ended June 30, 2018 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 approximately $40.7 million, an increase of approximately $458,000 by comparison to the prior fiscal year. Of the total fund balance, $35.5 million 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.

The Series 2008 Bonds were scheduled to retire in ordinary course on June 1, 2018; however, under early redemption provisions ("Turbo Redemptions"), any MSA payments exceeding annual debt service requirements of the Series 2008 Bonds were applied to early redemption of principal. On June 1, 2012, the Authority had sufficient funds to redeem as Turbo Redemptions the entire principal amount of the Series 2008 Bonds then outstanding; accordingly, all of the Authority's debt has been fully discharged.

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

Budgetary Highlights

The Authority annually adopts an operating budget as required by its by-laws. From a budgetary perspective, the Authority realized an approximate $42,000 deficiency of expenditures over revenues during the fiscal year ended June 30, 2018 which arose due to factors described in the Summary of Financial Results contained herein. The cause of the deficiency, as compared to the excess reported on the Statement of Activities, is due to the lack of recognition of the $500,000 increase 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, 2018

	Governmental Activities
Assets	
Cash and cash equivalents	$ 5,240,890
Tobacco settlement payments receivable	35,500,000
Total assets	40,740,890
Liabilities	
Accounts payable	-
Total liabilities	-
Net position	
Restricted by statute	35,500,000
Unrestricted	5,240,890
Total net position	$ 40,740,890

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

June 30, 2018

	Governmental Activities
Program expenses	
General government	$ 2,069,690
Total expenses	2,069,690
Net program expense	2,069,690
General revenues	
Tobacco settlement revenues	81,604,834
Total general revenues	81,604,834
Change in net position before transfers	79,535,144
Transfers	(79,076,834)
Transfers to state funds and programs pursuant to proviso	(79,076,834)
Change in net position	458,310
Net position	
Beginning of the year	40,282,580
End of the year	$ 40,740,890

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

June 30, 2018

	General Fund
Assets	
Cash and cash equivalents	$ 5,240,890
Tobacco settlement payments receivable	35,500,000
Total assets	40,740,890
Liabilities	
Accounts payable	-
Total liabilities	-
Fund balance	
Restricted by statute	35,500,000
Committed to operating expense	5,240,890
Total fund balance	40,740,890
Total liabilities and fund balance	$ 40,740,890

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

June 30, 2018

	General Fund
Expenditures	
General government	$ 2,069,690
Total expenditures	2,069,690
Revenues	
Tobacco settlement revenues	81,604,834
Total revenues	81,604,834
Excess of revenues over expenditures before transfers	79,535,144
Transfers	
Transfers to state funds and programs pursuant to proviso	(79,076,834)
Total transfers	(79,076,834)
Net change in fund balance	458,310
Fund balance	
Beginning of the year	40,282,580
End of the year	$ 40,740,890

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

(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 Comprehensive Annual Financial Report.

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.

(2) Summary of Significant Accounting Policies

(a) 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").

(b) 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.

(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.

(c) 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.

(d) 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.

(e) 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.

(f) 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:

(1) 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.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(g) 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.

(h) 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.

(3) Deposits and Investments

Prior to June 2, 2013, the Authority's cash deposits and investments 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 investments because the Trust Indenture contains these restrictions.

Subsequent to June 2, 2013, all of the Authority's cash deposits and investments 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, 2018, 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 and investments at their fair and reported values at June 30, 2018, and reconciles the amounts reported in the statement of net position to the notes.

Notes			Statements		
Deposits			Cash		
Held by State Treasurer	$	5,240,890	and cash equivalents	$	5,240,890
Totals	$	5,240,890		$	5,240,890

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 Comprehensive Annual Financial Report of the State of South Carolina, which may be accessed at www.cg.sc.gov.

(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.

At June 30, 2018, 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.

The Series 2008 Bonds were scheduled to retire in ordinary course on June 1, 2018; however, under early redemption provisions ("Turbo Redemptions"), any MSA payments exceeding annual debt service requirements of the Series 2008 Bonds were applied to early redemption of principal. On June 1, 2012, the Authority had sufficient funds to redeem as Turbo Redemptions the entire principal amount of the Series 2008 Bonds then outstanding; accordingly, all of the Authority's debt has been fully discharged.

(5) Disputed Payments

During the periods ending June 30, 2006 through June 30, 2014, a number of participating manufacturers ("PMs") deposited a portion of their tobacco settlement payments into a disputed payments account, incidental to findings by an independent arbitrator that MSA disadvantages were a significant factor in market share losses experienced by the PMs in certain calendar years. Under the provisions of the MSA, PMs are potentially entitled to an adjustment of their required payments under the MSA (a Non-Participating Manufacturer or 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 adjustment cannot be applied against settling states that have enacted and diligently enforced an escrow fund statute under the MSA. As a result of the PMs' deposit into the disputed payments account, South Carolina's share of payments under the MSA has been reduced since 2006.

In May, 2013, the State joined 21 other states and the PMs in a global settlement of the NPM adjustment disputes for the years 2003 through 2012. The settlement provides that the State will receive during the fiscal year ended June 30, 2014, certain payments released from the disputed payments account, and that the PMs will be entitled to take certain credits from MSA payments due in the fiscal years ending June 30, 2014 through June 30, 2017. Moreover, the PMs did not withhold disputed funds during 2014 and 2015, and have agreed to reduce withholding amounts for disputed funds thereafter. In addition to the financial terms of the settlement, the 22 settling states have agreed to a modification of future NPM adjustment disputes.

The State estimated that it would initially receive approximately $60 million in payments released from the disputed payments account, and the General Assembly determined to receive the settlement in two parts, in September, 2013, and in April, 2014, and made provision under Part IB, Section 118.17 in the fiscal year 2013-14 appropriation act for certain of the settlement funds to be transferred to the State's general fund. The Authority received the first of these settlement payments totaling $21.7 million in October, 2013, and received the remainder of the settlement payments totaling $48.7 million in April, 2014.

(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, 2018, 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, 2018 to cover costs of providing these services.

(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, 2018.

(8) Subsequent Events

The Authority has evaluated all events subsequent to the statement of net position date of June 30, 2018 through the date of issuance of these financial statements, September 25, 2018, 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

Year ended June 30, 2018

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive/(Negative)
Revenues				
Tobacco settlement receipts	$ 70,000,000	$ 70,000,000	$ 81,104,834	$ 11,104,834
Total revenues	70,000,000	70,000,000	81,104,834	11,104,834
Expenditures				
Contractual services	45,000	45,000	39,200	5,800
Fixed charges and contributions	2,490	2,490	2,490	-
Total expenditures	47,490	47,490	41,690	5,800
Transfers				
Transfers to other state agencies	70,000,000	70,000,000	81,104,834	(11,104,834)
Total transfers	70,000,000	70,000,000	81,104,834	(11,104,834)
Excess (deficiency) of revenues over expenditures	$ (47,490)	$ (47,490)	$ (41,690)	$ 5,800

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

Year ended June 30, 2018

(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.

(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.

(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 (under) 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, 2018 were the classification of transfers to other state agencies and the recognition of revenues. For budgetary purposes, payments to other state agencies are presented as transfers, however, under GAAP, a portion of these are reflected as operating expenditures as they represent reimbursement to other state agencies for their enforcement of the MSA. In addition, the comparison schedule does not include revenues for the increase in tobacco settlements receivable, which increased revenues by $500,000 on the GAAP basis.

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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 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, the financial statements of the governmental activities and the major fund of South Carolina Tobacco Settlement Revenue Management Authority (the "*Authority*") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise South Carolina Tobacco Settlement Revenue Management Authority's basic financial statements, and have issued our report thereon dated September 25, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered South Carolina Tobacco Settlement Revenue Management Authority's internal control over financial reporting (internal control) to determine the 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 South Carolina Tobacco Settlement Revenue Management Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of South Carolina Tobacco Settlement Revenue Management 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 entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether South Carolina Tobacco Settlement Revenue Management 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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Columbia, South Carolina
September 25, 2018

The Hobbs 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.

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, Section 69A.2; 2005 Act No. 164, Section 13.

STATE FISCAL ACCOUNTABILITY AUTHORITY | REGULAR SESSION

MEETING OF January 29, 2019 | ITEM NUMBER 1

AGENCY: State Treasurer's Office

SUBJECT: Bond Counsel Selection

The State Treasurer's Office has provided the following notification, for informational purposes, of the firms selected and approved:

CONDUIT ISSUES:

Description of Issue	Agency/Institution (Borrower)	Bond Counsel	Issuer's Counsel
$10,000,000; Industrial Revenue Bonds; Series 2019 (South Carolina Jobs-Economic Development Authority – "SC JEDA")	The Muffin Mam Conduit: SC JEDA	Haynsworth Sinkler Boyd – Kathy McKinney	Howell Linkous & Nettles – Sam Howell

GENERAL OBLIGATION / REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel
$137,000,000; "Bridge Loan Indebtedness" (Bridge Loan financing associated with the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, SC; Carolinas Hospital System - Marion in Mullins, SC; Springs Memorial Hospital in Lancaster, SC; and Chester Regional Medical Center in Chester, SC, and associated clinical sites and services.)	Medical University Hospital Authority ("MUHA")	Haynsworth Sinkler Boyd – Mitchell Johnson
$137,000,000; HUD Insured Mortgage Loan "Permanent Indebtedness" (Permanent financing associated with the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, SC; Carolinas Hospital System - Marion in Mullins, SC; Springs Memorial Hospital in Lancaster, SC; and Chester Regional Medical Center in Chester, SC, and associated clinical sites and services.)	Medical University Hospital Authority ("MUHA")	Haynsworth Sinkler Boyd – Mitchell Johnson

AGENCY: State Treasurer's Office

SUBJECT: Bond Counsel Selection

AUTHORITY ACTION REQUESTED:

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

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 January 29, 2019 meeting:

CONDUIT ISSUES:

Description of Issue	Agency/Institution (Borrower)	Bond Counsel	Issuer's Counsel	Date STO Approved
$10,000,000; Industrial Revenue Bonds; Series 2019 (South Carolina Jobs-Economic Development Authority – "SC JEDA")	The Muffin Mam Conduit: SC JEDA	Haynsworth Sinkler Boyd – Kathy McKinney	Howell Linkous & Nettles – Sam Howell	01/03/2019

GENERAL OBLIGATION / REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel	Date STO Approved
$137,000,000; "Bridge Loan Indebtedness" (Bridge Loan financing associated with the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, SC; Carolinas Hospital System - Marion in Mullins, SC; Springs Memorial Hospital in Lancaster, SC; and Chester Regional Medical Center in Chester, SC, and associated clinical sites and services.)	Medical University Hospital Authority ("MUHA")	Haynsworth Sinkler Boyd – Mitchell Johnson	01/04/2019
$137,000,000; HUD Insured Mortgage Loan "Permanent Indebtedness" (Permanent financing associated with the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, SC; Carolinas Hospital System - Marion in Mullins, SC; Springs Memorial Hospital in Lancaster, SC; and Chester Regional Medical Center in Chester, SC, and associated clinical sites and services.)	Medical University Hospital Authority ("MUHA")	Haynsworth Sinkler Boyd – Mitchell Johnson	01/04/2019

STATE FISCAL ACCOUNTABILITY AUTHORITY — REGULAR SESSION

MEETING OF January 29, 2019 — ITEM NUMBER 2

AGENCY: Department of Administration, Capital Budget Office

SUBJECT: 2018 Comprehensive Permanent Improvement Plan

Section 2-47-55 of the 1976 South Carolina Code of Laws provides that all state agencies responsible for providing and maintaining physical facilities are required to submit a Comprehensive Permanent Improvement Plan to the Joint Bond Review Committee and the State Fiscal Accountability Authority. The Comprehensive Permanent Improvement Plan is a planning tool that informs decision makers of the permanent improvement projects state agencies and institutions of higher education plan to undertake during the next five fiscal years. Each project included in the plan must subsequently be brought forward for consideration individually. The Executive Budget Office of the South Carolina Department of Administration has 1) compiled a statewide report entitled "State of South Carolina 2018 Comprehensive Permanent Improvement Plan, Fiscal Years 2018-19 through 2022-23" from agency submissions; 2) provided the information to the Joint Bond Review Committee and the State Fiscal Accountability Authority pursuant to the statute; and 3) made accessible complete and full details of agency submissions on the Department's website at: https://www.admin.sc.gov/budget/capital-budget-office/CPIP.

AUTHORITY ACTION REQUESTED:

As requested by the Department of Administration, Capital Budget Office, receive the 2018 Comprehensive Permanent Improvement Plan, as information only.

ATTACHMENTS:

Agenda item worksheet; State of South Carolina Comprehensive Permanent Improvement Plan, Fiscal Years 2018-19 through 2022-23; Section 2-47-55 of the 1976 South Carolina Code of Laws

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: January 29, 2019 **Regular Agenda**

1. **Submitted By:**
   (a) Agency: Department of Administration
   (b) Authorized Official Signature: Brian J. Gaines Director, Executive Budget Office

2. **Subject:** **2018 Comprehensive Permanent Improvement Plan**

3. **Summary Background Information:**

Section 2-47-55 of the 1976 South Carolina Code of Laws provides that all state agencies responsible for providing and maintaining physical facilities are required to submit a Comprehensive Permanent Improvement Plan to the Joint Bond Review Committee and the State Fiscal Accountability Authority. The Comprehensive Permanent Improvement Plan is a planning tool that informs decisionmakers of the permanent improvement projects state agencies and institutions of higher education plan to undertake during the next five fiscal years. Each project included in the plan must subsequently be brought forward for consideration individually. The Executive Budget Office of the South Carolina Department of Administration has 1) compiled a statewide report entitled "State of South Carolina 2018 Comprehensive Permanent Improvement Plan, Fiscal Years 2018-19 through 2022-23" from agency submissions; 2) provided the information to the Joint Bond Review Committee and the State Fiscal Accountability Authority pursuant to the statute; and 3) made accessible complete and full details of agency submissions on the Department's website at: https://www.admin.sc.gov/budget/capital-budget-office/CPIP.

4. **What is the Authority asked to do?**

Receive the 2018 Comprehensive Permanent Improvement Plan, as information.

5. **What is the recommendation of the Department of Administration?**

Receive the 2018 Comprehensive Permanent Improvement Plan, as information.

6. **Recommendation of other Division/Agency (as required)?**

(a) Authorized Signature: _____
(b) Division/Agency Name: _____

7. **List of Supporting Documents:**
   1. State of South Carolina Comprehensive Permanent Improvement Plan, Fiscal Years 2018-19 through 2022-23.
   2. Section 2-47-55 of the 1976 South Carolina Code of Laws.

admin
THE SOUTH CAROLINA
DEPARTMENT of ADMINISTRATION

Henry McMaster, *Governor*
Marcia S. Adams, *Executive Director*

EXECUTIVE BUDGET OFFICE
Brian J. Gaines, Director
1205 Pendleton Street, Suite 529
Columbia, SC 29201
803.734.2280
803.734.0645 Fax

January 3, 2019

Mr. Delbert H. Singleton, Jr.
Secretary
State Fiscal Accountability Authority
Wade Hampton Building, Suite 600
Columbia, SC 29201

Dear Mr. Singleton:

Submitted herewith is the 2018 Comprehensive Permanent Improvement Plan as prescribed by Section 2-47-55 of the SC Code of Laws, which provides that all state agencies responsible for providing and maintaining physical facilities are to submit a Comprehensive Permanent Improvement Plan to the Joint Bond Review Committee and the State Fiscal Accountability Authority.

This report has been compiled by the Executive Budget Office of the South Carolina Department of Administration from agency submissions. The complete and full details may be accessed on the Department's website at https://www.admin.sc.gov/budget/capital-budget-office/CPIP.

Sincerely,

Brian J. Gaines
Director, Executive Budget Office

1976 South Carolina Code of Laws
Title 2 - General Assembly

CHAPTER 47
Joint Bond Review Committee

SECTION 2-47-55. Comprehensive Permanent Improvement Plan.

(A) All state agencies responsible for providing and maintaining physical facilities are required to submit a Comprehensive Permanent Improvement Plan (CPIP) to the Joint Bond Review Committee and the authority. The CPIP must include all of the agency's permanent improvement projects anticipated and proposed over the next five years beginning with the fiscal year starting July first after submission. The purpose of the CPIP process is to provide the authority and the committee with an outline of each agency's permanent improvement activities for the next five years. Agencies must submit a CPIP to the committee and the authority on or before a date to be determined by the committee and the authority. The CPIP for each higher education agency, including the technical colleges, must be submitted through the Commission on Higher Education which must review the CPIP and provide its recommendations to the authority and the committee. The authority and the committee must approve the CPIP after submission and may develop policies and procedures to implement and accomplish the purposes of this section.

(B) The State shall define a permanent improvement only in terms of capital improvements, as defined by generally accepted accounting principles, for reporting purposes to the State.

HISTORY: 1993 Act No. 178, Section 5, eff July 1, 1993; 2003 Act No. 5, Section 1; 2014 Act No. 121 (S.22), Pt VII, Section 18.B, eff July 1, 2015.

Effect of Amendment

2014 Act No. 121, Section 18.B, in subsection (A), substituted "authority" for "Budget and Control Board", substituted "authority" for "board" throughout, and made other nonsubstantive changes.

STATE FISCAL ACCOUNTABILITY AUTHORITY — REGULAR SESSION

MEETING OF January 29, 2019 — ITEM NUMBER 3

AGENCY: Department of Administration, Capital Budget Office

SUBJECT: Permanent Improvement Projects

State Fiscal Accountability Authority approval is requested for the following permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee:

(a) Summary 4-2019: JBRC Item 1. (H51) Medical University of South Carolina
Project: 9846, New College of Pharmacy Addition & Innovative Instruct. Redesign Reno.
Included in Annual CPIP: Yes – 2018 CPIP Priority 4 of 4 in FY19 (estimated at $53,000,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 1/10/19

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Other, Institutional Capital Project	-	-	-	1,325,000	1,325,000
All Sources	=	=	=	1,325,000	1,325,000

Funding Source: $1,325,000 Other, Institutional Capital Project Funds, which are excess debt service funds and remaining balances from closed projects.

Request: Establish project and budget for $1,325,000 (Other, Institutional Capital Project Funds) to begin Phase I schematic design to construct an approximately 40,000 square foot addition to the Basic Science Building for relocation of the College of Pharmacy. The Phase I budget amount is 2.50% of the estimated project costs, and the additional amount will allow the university to provide for a survey, existing building hazard materials assessment, site geotechnical investigation, initial LEED assessment, and the pre-construction services of a Construction Manager. The project will renovate approximately 13,000 square feet of classroom space in the 48-year-old Basic Science Building and 43,000 square feet of space on all four floors of the 47-year-old Colbert Library. The goal of the project is to provide state-of-the-art academic and student support space for the College of Pharmacy as well as new flexible classroom and instructional space for collaborative 21st century pedagogy across the six MUSC colleges. The renovations will accommodate newly established College of Medicine flex curriculum and accelerated programs. The project will provide expanded College of Medicine student support space to comply with accreditation guidelines. It is estimated that the current student population across all colleges will utilize the Basic Science Building and the Colbert Library. The agency estimates total project costs at $53,000,000.

AGENCY: Department of Administration, Capital Budget Office

SUBJECT: Permanent Improvement Projects

Establish Construction Budget

(b) Summary 4-2019: JBRC Item 5. (H12) Clemson University
Project: 9939, Chapel Construction
Included in Annual CPIP: Yes – 2017 CPIP Priority 3 of 8 in FY20 (estimated at $5,000,000) & 2018 CPIP Priority 5 of 6 in FY19 (estimated at $5,000,000)
JBRC/SFAA Phase I Approval: June 2018 (estimated at $5,000,000)

CHE Recommended Approval: 1/10/19

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Other, Private Gifts & Donations	175,000	-	175,000	4,825,000	5,000,000
All Sources	175,000	-	175,000	4,825,000	5,000,000

Funding Source: $5,000,000 Other, Private Gifts & Donations, which are amounts received from individuals, corporations, and other entities that are to be expended for their restricted purposes.

Request: Increase budget to $5,000,000 (add $4,825,000 Other, Private Gifts & Donation Funds) to establish the Phase II construction budget to construct non-denominational chapel on the Clemson campus. The chapel will provide students, faculty and staff a quiet space for reflection and meditation, as well as a place for the celebration and remembrance of Clemson students. It will be located along the Campus Green and will provide a readily accessible introspective place that is open to all in the Clemson community. The approximately 5,000 square foot chapel will include a large assembly space, lobby, meditation rooms and nooks, an open gallery, a preparation space and restrooms. Clemson University does not currently have a non-denominational chapel for reflection, meditation and remembrance on the campus. A quiet space is increasingly important for students that may become overwhelmed by the rigors of academic life and being away from home, often for the first time. In recent years, it has become evident that the campus needs a place to remember students who have passed away and many, including student body leaders, feel a chapel provides the right setting for this to take place. The concept of a memorial chapel has been embraced by Clemson students who have raised funds for the project and are preparing additional fundraising efforts to support it. Non-denominational chapels are common at colleges and universities nationwide and have been constructed at many other South Carolina public and private higher education institutions. Construction of the chapel will further the Clemson Forward strategic plan's commitment

AGENCY: Department of Administration, Capital Budget Office

SUBJECT: Permanent Improvement Projects

to the cherished sense of community and connectedness that defines the Clemson family. The agency estimates total project costs at $5,000,000. (See attachment 1 for additional annual operating costs.) The agency anticipates execution of the construction contract in April 2019 and completion of construction in July 2020.

(c) Summary 4-2019: JBRC Item 6. (E24) Office of the Adjutant General
Project: 9809, McEntire Secure Area Facility
Included in Annual CPIP: Yes – 2017 CPIP Priority 2 of 21 in FY18 (estimated at $3,000,000) & 2018 CPIP Priority 2 of 18 in FY19 (estimated at $2,062,591)
JBRC/SFAA Phase I Approval: December 2017 (estimated at $1,936,749)

CHE Recommended Approval: N/A

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Appropriated State	-	-	-	346,088	346,088
Federal, National Guard Bureau	83,250	-	83,250	1,916,749	1,999,999
All Sources	83,250	-	83,250	2,262,837	2,346,087

Funding Source: $346,088 Appropriated State Funds. $1,999,999 Federal, National Guard Bureau, which is funding identified as part of the Construction and Facilities Management Office's Master Cooperative Agreement through the Office of the Adjutant General and from the National Guard Bureau.

Request: Increase budget to $2,346,087 (add $2,262,837 Appropriated State & Federal, National Guard Bureau Funds) to establish the Phase II construction budget to construct a new approximately 5,000 square foot Secure Area Facility for housing the SCARNG's new Cyber Protection Battalion, which has 95 soldiers. The Secure Area Facility is required for the SCARNG to comply with National Guard Bureau Directive, which has stringent security requirements that necessitate its construction on McEntire Joint National Guard Base. This facility will also meet the requirements for stationing the Cyber Protection Battalion. The Phase II estimated cost to complete the project has increased from the Phase I and the 2018 CPIP amount because the cost estimates have changed since those submissions and are now expected to be more accurate. The agency estimates total project costs at $2,346,087. (See attachment 2 for additional annual operating costs.) The agency anticipates execution of the construction contract in August 2019 and completion of construction in June 2022.

AGENCY: Department of Administration, Capital Budget Office

SUBJECT: Permanent Improvement Projects

Establish Construction Budget & Revise Scope

(d) Summary 4-2019: JBRC Item 10. (E24) Office of the Adjutant General
Project: 9807, MTG Bldg. 3800 HVAC Replacement
Included in Annual CPIP: Yes – 2017 CPIP Priority 17 of 21 in FY18 (estimated at $468,000) & 2018 CPIP Priority 10 of 18 in FY19 (estimated at $700,000)
JBRC/SFAA Phase I Approval: December 2017 (estimated at $468,000)
JBRC/SFAA Partial Phase II Approval: May 2018 (estimated at $468,000)

CHE Recommended Approval: N/A

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Federal, National Guard Bureau	7,020	80,980	88,000	1,410,940	1,498,940
All Sources	7,020	80,980	88,000	1,410,940	1,498,940

Funding Source: $1,498,940 Federal, National Guard Bureau, which is funding identified as part of the Construction and Facilities Management Office's Master Cooperative Agreement through the Office of the Adjutant General and from the National Guard Bureau.

Request: Revise the scope and increase budget to $1,498,940 (add $1,410,940 Federal, National Guard Bureau Funds) to establish the full Phase II budget to replace the ten (10) HVAC units on the 19-year-old 160,342 square foot Regional Training Institute, (RTI) Building 3800 on the McCrady Training Center. Previously six (6) units were requested but have now increased to ten (10) units. The HVAC units that support the RTI were installed in 1998 and are nearing the end of their serviceable life. The RTI has been plagued with HVAC failures and repairs over the past few years, which has directly affected their Federal mission which supports the US Army's Training and Doctrine Command (TRADOC). This facility is utilized by the SC Army National Guard to provide professional military education to soldiers. It houses approximately 80 full-time instructors and staff, and provides military education to approximately 3,000 students annually. The Phase II estimated cost to complete the project has increased from the Phase I amount and the 2018 CPIP due to the increase in the number of units being replaced, as well as, more accurate estimates being received. The agency estimates total project costs at $1,498,940. (See attachment 3 for additional annual operating cost savings.) The agency anticipates execution of the construction contract in February 2019 and completion of construction in June 2019.

AGENCY: Department of Administration, Capital Budget Office

SUBJECT: Permanent Improvement Projects

Phase II Increase

(e) Summary 4-2019: JBRC Item 11. (H63) Governor's School for the Arts and Humanities
Project: 9516, SCGSAH Music Building Addition
Included in Annual CPIP: Yes – 2016 CPIP Priority 1 of 4 in FY18 (estimated at $4,310,000)
Admin. Phase II Approval: November 2016 (estimated at $4,310,000)
Admin. Phase II Increase Approval: February 2017 (estimated at $4,311,832)

CHE Recommended Approval: N/A

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
FY16 Capital Reserve Fund	4,310,000	-	4,310,000	-	4,310,000
FY13 Appropriated State, Proviso 90.20	-	1,832	1,832	-	1,832
Other, Foundation Gift	-	-	-	52,500	52,500
All Sources	4,310,000	1,832	4,311,832	52,500	4,364,332

Funding Source: $4,310,000 FY16 Capital Reserve Fund. $1,832 FY13 Appropriated State, Proviso 90.20. $52,500 Other, Foundation Gift Funds.

Request: Increase budget to $4,364,332 (FY16 Capital Reserve, FY13 Appropriated State, Proviso 90.20 and Other, Foundation Gift Funds) to cover rock removal estimates that exceeded geotechnical estimates and unexpected unsuitable soil remediation. Nearly all the overages were absorbed by reducing the equipment budget for this project to zero. Those items will be funded through a foundation gift. The increase in budget is needed for contingency funds. This project is for the construction of a structural addition to the current music building to address the needs of the SCGSAH music program. Due to the school operating at full residential capacity for several years, they have outgrown the existing instructional, rehearsal, and practice space. The existing space is insufficient for their volume of instruction, rehearsal and practice. Because of the space limitations placed upon them, many students now take instruction and rehearse in halls, stairwells, vacant spaces throughout the campus buildings that are neither designed for nor conducive to such activity. The new construction will expand the current structure and house a large rehearsal hall, six individual practice rooms, two music studios, a percussion studio, an instrument storage room and mechanical/electrical spaces. Due to the unique opportunities and constraints of the site, the addition will be recessed into the grade and tied to an existing courtyard. The addition is designed to maintain

AGENCY: Department of Administration, Capital Budget Office

SUBJECT: Permanent Improvement Projects

the architectural character and quality of the campus. The agency estimates total project costs at $4,364,332. (See attachment 4 for additional annual operating cost savings.) The agency also reports the estimated completion date for the project is August 2019.

AUTHORITY ACTION REQUESTED:

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

ATTACHMENTS:

Agenda item worksheet and attachments

ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS RESULTING FROM PERMANENT IMPROVEMENT PROJECT

1. AGENCY
   Code H12 Name Clemson University

2. PROJECT
   Project # 9939 Name Chapel Construction

3. ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS. (Check whether reporting costs or savings.)

   XX☐ COSTS ☐ SAVINGS ☐ NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS/SAVINGS Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) FY 20-21	$	$	$32,500.00	$32,500.00
2) FY 21-22	$	$	$33,475.00	$33,475.00
3) FY 22-23	$	$	$34,479.00	$34,479.00

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

   University Operating Revenues

6. Will the additional costs be absorbed into your existing budget? XX☐ YES ☐ NO
   If no, how will additional funds be provided?

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

	COST FACTORS	AMOUNT
1.	Utilities	$16,250.00
2.	Maintenance	$16,250.00
3.		
4.		
5.		
6.		
7.		
8.		
	TOTAL	$32,500.00

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved.

9. Submitted By: _____ 11/19/18
   Signature of Authorized Official and Title — Date

ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS RESULTING FROM PERMANENT IMPROVEMENT PROJECT

1. AGENCY Code E24 Name Office of the Adjutant General

2. PROJECT Project # 9809 Name McEntire Secure Area Facility

3. ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS. (Check whether reporting costs or savings.)

☒ COSTS ☐ SAVINGS ☐ NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS / SAVINGS Projected Financing Sources					
(1) Fiscal Year		(2) General Funds	(3) Federal	(4) Other	(5) Total
1)	2018	$ 0.00	$ 30,000.00	$ 0.00	$ 30,000.00
2)	2019	$ 0.00	$ 30,000.00	$ 0.00	$ 30,000.00
3)	2020	$ 0.00	$ 30,000.00	$ 0.00	$ 30,000.00

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).
N/A

6. Will the additional costs be absorbed into your existing budget? ☐ YES ☒ NO
If no, how will additional funds be provided?
No additional federal funds will be requested to support this new facility.

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

	COST FACTORS	AMOUNT
1.	Utilities	$20,000.00
2.	Maintenance and Repairs	10,000.00
3.		
4.		
5.		
6.		
7.		
8.		
	TOTAL	$30,000.00

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. N/A

9. Submitted By: Michael J Young, State Contracting Officer — 24 Oct 2017
Signature of Authorized Official and Title — Date

ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS RESULTING FROM PERMANENT IMPROVEMENT PROJECT

1. AGENCY Code E24 Name Office of the Adjutant General

2. PROJECT Project # 9807 Name MTC Bldg 3800 HVAC Replacement

3. ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS. (Check whether reporting costs or savings.)

☐ COSTS ☒ SAVINGS ☐ NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS / SAVINGS Projected Financing Sources				
(1) Fiscal Year	(2) General Funds	(3) Federal	(4) Other	(5) Total
1) 2018	$ 0.00	$ (35,000.00)	$ 0.00	$ (35,000.00)
2) 2019	$ 0.00	$ (35,000.00)	$ 0.00	$ (35,000.00)
3) 2020	$ 0.00	$ (35,000.00)	$ 0.00	$ (35,000.00)

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).
N/A

6. Will the additional costs be absorbed into your existing budget? ☒ YES ☐ NO
If no, how will additional funds be provided?

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

	COST FACTORS	AMOUNT
1.	Maintenance and Repairs	($35,000.00)
2.		
3.		
4.		
5.		
6.		
7.		
8.		
	TOTAL	($35,000.00)

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. N/A

9. Submitted By: Michael J Young, State Contracting Officer
Signature of Authorized Official and Title

Date

ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS RESULTING FROM PERMANENT IMPROVEMENT PROJECT

1. AGENCY Code H63 Name SC Governor's School for the Arts and Humanities

2. PROJECT Project # 9516 Name SCGSAH Music Building Addition

3. ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS. (Check whether reporting costs or savings.)

☒ COSTS ☐ SAVINGS ☐ NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS / SAVINGS Projected Financing Sources				
(1) Fiscal Year	(2) General Funds	(3) Federal	(4) Other	(5) Total
1) 2019	$ 13,000.00	$	$	$ 13,000.00
2) 2020	$ 32,000.00	$	$	$ 32,000.00
3) 2021	$ 32,000.00	$	$	$ 32,000.00

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

6. Will the additional costs be absorbed into your existing budget? ☒ YES ☐ NO
If no, how will additional funds be provided?

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

	COST FACTORS	AMOUNT
1.	Electricity	$16,000.00
2.	Housekeeping	5,000.00
3.	Water/Sewer	2,000.00
4.	Insurance	4,000.00
5.	Facilities and Grounds	5,000.00
6.		
7.		
8.		
	TOTAL	$32,000.00

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. 0.5

9. Submitted By: John J. Warner, VP Finance and Admin — November 16, 2018
Signature of Authorized Official and Title — Date

Permanent Improvement Project Information for January 29, 2019 SFAA Meeting

Agency/ Project No.	Agency/Project Name	Original Approved Budget	Date of Original Approval	Phase I Amount	Date of Phase I Approval	Included in CPIP	Total Projected Project Cost
H51-9846	New College of Pharmacy Addition and Innovative Instructional Redesign Renovation	N/A	N/A	$1,325,000	N/A	Yes	$53,000,000
H12-9939	Chapel Construction	$175,000.00	6/27/17	$175,000	6/27/17	Yes	$5,000,000
E24-9809	McEntire Secure Area Facility	$83,250.00	12/12/17	$83,250	12/12/17	Yes	$2,346,087
E24-9807	MTG Bldg. 3800 HVAC Replacement	$7,020.00	12/6/17	$7,020	12/6/17	Yes	$1,498,940
H63-9516	SCGSAH Music Building Addition	$4,310,000.00	11/14/16	$4,310,000	11/14/16	Yes	$4,364,332

Additional Information on Funding Sources for
Higher Education Permanent Improvement Projects

Item (a) – Medical University of South Carolina – New College of Pharmacy Addition and Innovative Instructional Redesign Renovation

The source of funds for pre-design is Institutional Capital Project Funds, which are excess debt service funds and remaining balances from closed projects.

The source of funds for construction is anticipated to be Institutional Capital Project Funds, Patient Fees, Gifts and Donations, Funds from Sale of Property and State Institution Bonds

The University reports that no increase in any student fee or tuition will be required for this project.

Item (b) – Clemson University – Chapel Construction

The source of funds for construction is Private Gifts & Donations, which are amounts received from individuals, corporations, and other entities that are to be expended for their restricted purposes.

The University reports that no increase in any student fee or tuition will be required for this project.

STATE FISCAL ACCOUNTABILITY AUTHORITY | REGULAR SESSION

MEETING OF January 29, 2019 | ITEM NUMBER 4

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: Sale of 2221 Devine Street to the City of Columbia

On June 22, 2016, the State Fiscal Accountability Authority approved the disposition of 2.83± acres and a 96,753 square foot office building (together the "Facility") located at 2221 Devine Street in Columbia by the SC Department of Administration (Admin). Admin now has a contract for the purchase of the facility by the City of Columbia for $3.8M, which is in accordance with the June 2016 approval, contingent upon requisite approvals of leases for relocating the current tenants, which include the SC Department of Probation, Pardon and Parole Services (DPPS), SC Department of Consumer Affairs (DCA)and SC Commission for Minority Affairs (CMA). This item is being brought back for information due to the associated lease agenda item.

AUTHORITY ACTION REQUESTED:

Receive as information notice of the sale of 2221 Devine Street to the City of Columbia.

ATTACHMENTS:

Agenda item worksheet; Minutes from the June 22, 2016, Meeting of the State Fiscal Accountability Authority

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: January 29, 2019 **Regular Agenda**

1. **Submitted by:**
   (a) Agency: Department of Administration
   (b) Authorized Official Signature:

Ashlie Lancaster, Director
Facilities Management and Property Services

2. **Subject:** Sale of 2221 Devine Street to the City of Columbia

3. **Summary Background Information:**

On June 22, 2016, the State Fiscal Accountability Authority approved the disposition of 2.83± acres and a 96,753 square foot office building (together the "Facility") located at 2221 Devine Street in Columbia by the SC Department of Administration (Admin). Admin now has a contract for the purchase of the Facility by the City of Columbia for $3.8M, which is in accordance with the June 2016 approval, contingent upon requisite approvals of leases for relocating the current tenants, which include the SC Department of Probation, Pardon and Parole Services (DPPS), SC Department of Consumer Affairs (DCA)and SC Commission for Minority Affairs (CMA). This item is being brought back for information due to the associated lease agenda item.

4. **What is the Authority asked to do?** Receive as information notice of the sale of 2221 Devine Street to the City of Columbia.

5. **List of Supporting Documents:**
   - Minutes from the June 22, 2016 Meeting of the State Fiscal Accountability Authority

Department of Administration, Real Property Services: Real Property Conveyances (B4)

The Authority approved the following real property conveyances as recommended by the Department of Administration, Real Property Services.

(a)	**Controlling Agency:**	**Department of Administration**
	Acreage:	1.503 · acres and a 149,474 square foot office building
	Location:	1429 Senate Street, Columbia
	County:	Richland
	Purpose:	To dispose of surplus real property
	Price Transferred To:	Not less than appraised value To be determined
	Disposition of Proceeds:	To be retained by the Department of Administration pursuant to Proviso 93.25.

(b)	**Controlling Agency:**	**Department of Administration**
	Acreage:	0 5.17 · acre and a 10,336 square foot office building
	Location:	1401 Senate Street, Columbia
	County.	Richland
	Purpose:	To dispose of surplus real property
	Price/Transferred To:	Not less than appraised value To be determined
	Disposition of Proceeds:	To be retained by the Department of Administration pursuant to Proviso 93.25.

(c)	**Controlling Agency:**	**Department of Administration**
	Acreage:	2.83 · acres and a 96,753 square foot office building
	Location:	2221 Devine Street, Columbia
	County:	Richland
	Purpose:	To dispose of surplus real property
	Price Transferred To:	Not less than appraised value To be determined
	Disposition of Proceeds:	To be retained by the Department of Administration pursuant to Proviso 93.25.

Mr. Eckstrom said the problem he has with the item goes back to the office space utilization project that is underway. He said that matters of acquisitions and dispositions of major pieces of state property should not be conducted until the space utilization study is completed. Marcia Adams, Department of Administration Director, appeared before the Authority on this item. Ms. Adams indicated that the study is complete. She said that 150 state buildings were looked at for maintenance cost, deferred maintenance, and the condition of the buildings. She said they have looked at all of the buildings. She stated the study took a year in which CBRE identified buildings that had the highest differed maintenance or does not fit the

use of the agency in the building. She noted that one of the agencies was the Department of Education.

Mr. Eckstrom commented that he did not think the consultants had been to his agency. Ms Adams stated that they had and noted that a space standard study was being conducted of the buildings on the Capitol Complex grounds. She said part of what they are looking at is how to shrink the square footage and more efficiently use space. She stated that some agencies in some buildings may be able to move into state space. Ms Adams said understanding what the market can do for the State cannot be done until the Authority grants permission to surplus the buildings. She noted that by law if the buildings are more than one million dollars she has to come to the Authority for permission to sell the buildings.

Governor Haley pointed out that it took four years to get an inventory of what property the State owned She said that the State owns over 10,000 pieces of property. She said that the taxpayers do not need to be in the property business. She stated that what came to light was that agencies go to the General Assembly each year asking for money for deferred maintenance and that this is a money pit. She said there are agencies like the Department of Education, DHEC, and Probation, Pardon and Parole that want to move out of their buildings. Governor Haley further stated that employees deserve better than to be located in brown buildings.

Mr. Eckstrom asked who contracted with CBRE. Ms Adams said that the Budget and Control Board contracted with CBRE. Mr. Eckstrom asked why the members of the Budget and Control Board had not seen the study. He said he has not seen the study nor did he know that the study existed. Ms. Adams said that she would get Mr. Eckstrom the study and that the study is on the Department of Administration's website for anyone in the public to look at the study. Governor Haley noted that CBRE did a presentation to the Board. Ms. Adams concurred that CBRE made a presentation to the Board. Mr. Eckstrom stated that the presentation was made as CBRE was working, but the study was not complete at that time.

Senator Leatherman asked Ms. Adams if it has been determined where the employees would be housed. Ms. Adams said they are working on putting out an RFP to market the buildings and allow responders the option to buy the buildings and provide space elsewhere or provide space or buy the building. She said they are running an analysis to see what would be the best case for the State. She said buildings cannot be sold until the occupants have

somewhere to go and that they cannot proceed until they are allowed to put the buildings on the market. Senator Leatherman further asked when would employees have to vacate the buildings. Ms. Adams said anyone who wanted to just buy a building would have to work with the State to allow for time to find a place for an agency's employees.

Senator Leatherman moved to carry the item over. Mr. Eckstrom seconded the motion. Mr. Loftis commented that he thought the plan was a good plan. He said the firms he talked with liked the structure of the RFP and that they liked the flexibility it provided in making proposals. He noted that the process is a long process and by not starting now will not allow for moving people in a timely manner. Governor Haley said that the item can be carried over, but doing so implies that they are staying with the old way of doing things. She said the State needs to move toward the new way of doing things and that it is unfair to the taxpayers to own 10,000 pieces of property. She also said that it is unfair for the State's public servants to have to stay in buildings that smell like medicine like the DHEC building. She said that carrying the item over is saying no to moving the State in the right direction.

Mr. Eckstrom said his concern is that they are setting in to motion a major disposition. Governor Haley said that Ms. Adams and her staff have put a lot of effort into the study and it is disrespectful to carry the item over when a team of people have worked on it. Mr. Eckstrom said it may be seen as disrespectful to expect the members of the Authority to act without seeing the study. Governor Haley said the Authority members had full opportunity to ask CBRE questions and that CBRE explained in full detail how the process was going to work. She asked why were questions being asked now and suddenly spring it on everyone. She said Ms. Adams has been available to everyone to answer questions. She said carrying the item over now is wrong on every level, but she respects everyone's position.

Mr. White stated that he talked with Ms. Adams about the study. He said that he had some concerns, but those concerns were taken care of. He said he is okay with giving Ms. Adams the opportunity for disposition of the buildings and bringing that back to the Authority.

The motion to carry over blue agenda item #4 failed by a vote of 2 to 3. Senator Leatherman and Mr. Eckstrom voted for the motion. Governor Haley, Mr. Loftis, and Mr. White voted against the motion.

Upon a motion by Mr. White, seconded by Mr. Loftis, the Authority approved blue

agenda item #4. Governor Haley, Mr. Loftis, and Mr. White voted for the motion. Senator Leatherman and Mr. Eckstrom voted against the motion.

Information relating to this matter has been retained in these files and is identified as Exhibit 4.

Division of Procurement Services: Procurement Audits and Certifications (Blue 5)

The Authority granted procurement certifications, in accord with Section 11-35-1210, for the following agencies within the parameters described in the audit report for the following limits (total potential purchase commitment whether single-or multi- year contracts are used):

a Medical University of South Carolina (for a period of three years): supplies and services, $1,000,000* per commitment; information technology, $1,000,000* per commitment; consultant services, $500,000* per commitment; construction contract award, $1,000,000 per commitment, construction contract change order, $500.000 per change order; architect/engineer contract amendment, $100,000 per amendment.

The Medical University complies with the South Carolina Consolidated Procurement Code, State regulations, and the Department's procurement policies and procedures in all material respects and the internal procurement optional procedures are adequate to properly handle procurement transactions. The Division recommends the State Fiscal Accountability Authority grant the Medical University of South Carolina the certification limited noted above.

b. Spartanburg Community College (for a period of three years): supplies and services, $100,000* per commitment; information technology, $100,000* per commitment; consultant services, $100,000* per commitment; construction services, $100,000 per commitment; construction contract change order, $10,000 per change order; architect engineer contract amendment, $5,000 per amendment.

The College complies with the South Carolina Consolidated Procurement Code, State regulations, and the College's procurement policies and procedures in all material respects and the internal procurement optional procedures are adequate to properly handle procurement transactions. The Division recommends the State Fiscal Accountability Authority grant Spartanburg Community College the certification limited noted above.

Information relating to this matter has been retained in these files and is identified as Exhibit 5.

STATE FISCAL ACCOUNTABILITY AUTHORITY — REGULAR SESSION

MEETING OF January 29, 2019 — ITEM NUMBER 5

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT:: SC Department of Probation, Parole and Pardon Services, SC Department of Consumer Affairs and SC Commission for Minority Affairs Leases – 293 Greystone Boulevard in Columbia

On June 22, 2016, the State Fiscal Accountability Authority (SFAA) approved the disposition of 2.83± acres and a 96,753 square foot office building (together the "Facility") located at 2221 Devine Street in Columbia by the SC Department of Administration (Admin). Admin now has a contract for the purchase of the Facility by the City of Columbia contingent upon requisite approvals of leases for relocating the current tenants, which include the SC Department of Probation, Parole and Pardon Services (DPPPS), SC Department of Consumer Affairs (DCA)and SC Commission for Minority Affairs (CMA). The University of South Carolina (USC or University) also occupies 5,486 SF in the Facility for their Psychological Services Division which they will relocate separately either to space already owned by the University or other commercial space.

As indicated in the Statewide Real Estate Strategic Plan, the Facility costs the state more to own than it would to relocate the tenants to commercial space, with over $5M in deferred maintenance and in recapitalization costs that require funding over the next ten (10) years. The space is functionally obsolete and would need significant renovations to meet the needs of the tenants. For example, physical security enhancements and significant renovations would be necessary to ensure the segregation and safety of victims and their families as well as offender families at Parole and Pardon Board meetings. Additionally, the space prevents optimal space utilization with regard to both the ability to co-locate supportive functions for collaboration and to meet the target state space standards of 210 SF per person.

The attached business case analysis prepared by CBRE further indicates an overall cost of occupancy savings to the state of $7.8M over the next ten (10) years to move the current tenants at 2221 Devine to commercial space, including USC. These savings only reflect savings to the state based on annual M&O and deferred maintenance and do not include additional savings from the significant renovations that would be needed to make the space functional for the tenants.

Following approval of the sale of the Facility, Admin's broker, CBRE, conducted a solicitation for sale of the Facility and for a market purchase, build to suit, or commercial lease for the relocation of DPPPS, DCA and CMA. Three (3) proposals were received but none were in the best interest of the State. Since that time, the Facility has remained for sale through CBRE but until recently no offers were received at or above appraised value.

In January of 2018, Admin conducted a solicitation seeking commercially leased space. Four (4) proposals were received and Admin is requesting approval for DPPPS, DCA, and CMA to each enter into ten (10) year leases at the lowest bid proposal located at 293 Greystone Boulevard in Columbia. The Landlord is Foster, Saad & Company (Landlord). The rate for each lease will be $10.95/SF for the first year with annual escalations as detailed below. The space offers a less expensive alternative for the state than remaining at the Facility and will provide the agencies with space that will better suit their missions. For example, for DPPPS, the new location includes adequate segregation for victim and offender families to help ensure adherence with the SC Victims' Bill of Rights. The rent includes all operating costs, with the exception of electricity.

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT:: SC Department of Probation, Parole and Pardon Services, SC Department of Consumer Affairs and SC Commission for Minority Affairs Leases – 293 Greystone Boulevard in Columbia

Probation, Parole, and Pardon Services

Staying at the current Facility, DPPPS will pay $11.29/SF for 65,279 SF for a total of $736,999.91 annually.

Rent - 2221 Devine St.

1	2	3	4	5	6	7	8	9	10	Total
$736,999.91	$736,999.91	$736,999.91	$736,999.91	$736,999.91	$736,999.91	$736,999.91	$736,999.91	$736,999.91	$736,999.91	$7,369,999.10

The selected location includes 56,192 SF at a rate of $10.95/SF for the first year with base rent and operating expense escalations thereafter excluding electricity. The reduction in square footage is a result of conformance with the state space standards with a density of 199 SF/person, as well as moving DPPPS' information technology functions to the state Data Center. With the 2% cap on operating expense escalations, the maximum DPPPS would pay in rent each year is as follows:

Rent - 293 Greystone Blvd.

1	2	3	4	5	6	7	8	9	10	Total
$615,302.00	$625,763.00	$636,401.00	$647,219.00	$658,222.00	$669,412.00	$680,792.00	$692,365.00	$704,135.00	$707,966.00	$6,637,577.00

At the new location, DPPPS will save $732,422.10 in rent over the 10-year term.
Electricity costs are estimated at $1.25/SF for the first year with 2% increases annually thereafter, or approximately $769,000 over the 10-year term. DPPPS currently pays approximately $51,000 in excess energy and billable work orders at 2221 Devine, or approximately $612,000 with estimated escalations over the next 10 years. As such, it is estimated that overall DPPPS will save a minimum of approximately $575,622 over 10 years at the new location.

Consumer Affairs

Staying at the current Facility, DCA will pay $170,015.99 annually in rent for 15,356 SF.

Rent - 2221 Devine St.

1	2	3	4	5	6	7	8	9	10	Total
$170,015.99	$170,015.99	$170,015.99	$170,015.99	$170,015.99	$170,015.99	$170,015.99	$170,015.99	$170,015.99	$170,015.99	$1,700,159.90

The selected location includes 15,783 SF at a rate of $10.95/SF for the first year with base rent and operating expense escalations thereafter excluding electricity. The slight increase in total square footage for DCA from the current to the new location is a result of additional staff; however, they remain in conformance with the state

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT:: SC Department of Probation, Parole and Pardon Services, SC Department of Consumer Affairs and SC Commission for Minority Affairs Leases – 293 Greystone Boulevard in Columbia

space standards with a density of 210 SF/person. With the 2% cap on operating expense escalations, the maximum DCA would pay in rent each year is as follows:

Rent - 293 Greystone Blvd.

1	2	3	4	5	6	7	8	9	10	Total
$172,824.00	$175,762.00	$178,750.00	$181,789.00	$184,879.00	$188,022.00	$191,218.00	$194,469.00	$197,775.00	$198,827.00	$1,864,315.00

At the new location, DCA will pay an increase in rent of $164,155.10 over the 10-year term.
Electricity costs are estimated at $1.25/SF for the first year with 2% increases annually thereafter, or approximately $216,000 over the 10-year term. DCA currently pays approximately $6,000 in excess energy and billable work orders at 2221 Devine, or approximately $72,000 with estimated escalations over the next 10 years. As such, it is estimated that overall DCA will pay a maximum potential increase of approximately $308,000 over 10 years at the new location.

Minority Affairs

Staying at the current Facility, CMA will pay $49,088.92 annually in rent for 4,348 SF at 2221 Devine St.

Rent - 2221 Devine St.

1	2	3	4	5	6	7	8	9	10	Total
$49,088.92	$49,088.92	$49,088.92	$49,088.92	$49,088.92	$49,088.92	$49,088.92	$49,088.92	$49,088.92	$49,088.92	$490,889.20

The selected location includes 3,885 SF at a rate of $10.95/SF for the first year with base rent and operating expense escalations thereafter excluding electricity. The slight reduction in square footage is a result of conformance with the state space standards with a density of 182 SF/person. With the 2% cap on operating expense escalations, the maximum CMA would pay in rent each year is as follows:

Rent - 293 Greystone Blvd.

1	2	3	4	5	6	7	8	9	10	Total
$42,541.00	$43,264.00	$43,999.00	$44,747.00	$45,508.00	$46,282.00	$47,069.00	$47,869.00	$48,682.00	$48,960.00	$458,921.00

At the new location, CMA will save $31,968.20 in rent over the 10-year term.
Electricity costs are estimated at $1.25/SF for the first year with 2% increases annually thereafter, or approximately $53,000 over the 10-year term. CMA currently pays approximately $2,000 in excess energy and billable work orders at 2221 Devine, or approximately $24,000 with estimated escalations over the next 10 years. As such, it is estimated that overall CMA will save a minimum of approximately $2,800 over 10 years at the new location.

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT:: SC Department of Probation, Parole and Pardon Services, SC Department of Consumer Affairs and SC Commission for Minority Affairs Leases – 293 Greystone Boulevard in Columbia

The rent includes free access to the surface lot which contains adequate parking spaces for staff and visitors; the new space actually includes fifty (50) more parking spaces than the current location. Moving costs, office furniture and cubicles will be funded from the proceeds of the sale of the Facility.

The following are comparables of similar commercial space in Columbia area:

Location	Rate/SF
300 Arbor Lake Drive	$15.25
8911 Farrow Road	$14.75
7325 Two Notch Road	$15.50

Above rates are subject to rent and operating expense escalations over the term.

The sale of the Facility also provides for a leaseback by the Department of Administration for up to 6 months while the new commercial space is upfitted by the Landlord, which upfit is estimated to take ninety (90) days from the effective date of the lease. The Landlord will fund $1.5 M in upfit costs. If the cost of the upfit exceeds $1.5 M, the Department of Administration will pay up to $200,000 in upfit costs out of the proceeds from the sale of the Facility, with the Landlord responsible for any remaining additional costs. The leaseback is at the state standard rate of $11.29/SF with Admin continuing to provide all maintenance and operations during the term of the leaseback, representing no change to the current direct costs being incurred. The leaseback also provides for two (2) possible three (3) month extensions at rates of $12.42/SF and $13.66/SF respectively.

There are adequate funds for the leases according to the Budget Approval Forms and multi-year plans submitted by the agencies. The leases were approved by JBRC at its January 16, 2019 meeting.

AUTHORITY ACTION REQUESTED:

Approve the proposed leaseback for the SC Department of Administration and the proposed commercial leases for the SC Department of Probation, Parole and Pardon Services, SC Department of Consumer Affairs and SC Commission for Minority Affairs as recommended by the Department of Administration, Facilities Management and Property Services.

ATTACHMENTS:

Agenda item worksheet; SC Code of Laws Section 1-11-55 and 1-11-56; CBRE Business Case Analysis; Letter from the Department of Probation, Parole and Pardon Services; Letter from the Department of Consumer Affairs; Letter from the Commission for Minority Affairs

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: January 29, 2019 **Regular Agenda**

1. **Submitted by:**
   (a) Agency: Department of Administration
   (b) Authorized Official Signature:

Ashlie Lancaster, Director
Facilities Management and Property Services

2. **Subject:** SC Department of Probation, Parole and Pardon Services, SC Department of Consumer Affairs and SC Commission for Minority Affairs Leases- 293 Greystone Boulevard in Columbia

3. **Summary Background Information:**

On June 22, 2016, the State Fiscal Accountability Authority (SFAA) approved the disposition of 2.83± acres and a 96,753 square foot office building (together the "Facility") located at 2221 Devine Street in Columbia by the SC Department of Administration (Admin). Admin now has a contract for the purchase of the Facility by the City of Columbia contingent upon requisite approvals of leases for relocating the current tenants, which include the SC Department of Probation, Parole and Pardon Services (DPPPS), SC Department of Consumer Affairs (DCA)and SC Commission for Minority Affairs (CMA). The University of South Carolina (USC or University) also occupies 5,486 SF in the Facility for their Psychological Services Division which they will relocate separately either to space already owned by the University or other commercial space.

As indicated in the Statewide Real Estate Strategic Plan, the Facility costs the state more to own than it would to relocate the tenants to commercial space, with over $5M in deferred maintenance and in recapitalization costs that require funding over the next ten (10) years. The space is functionally obsolete and would need significant renovations to meet the needs of the tenants. For example, physical security enhancements and significant renovations would be necessary to ensure the segregation and safety of victims and their families as well as offender families at Parole and Pardon Board meetings. Additionally, the space prevents optimal space utilization with regard to both the ability to co-locate supportive functions for collaboration and to meet the target state space standards of 210 SF per person.

The attached business case analysis prepared by CBRE further indicates an overall cost of occupancy savings to the state of $7.8M over the next ten (10) years to move the current tenants at 2221 Devine to commercial space, including USC. These savings only reflect savings to the state based on annual M&O and deferred maintenance and do not include additional savings from the significant renovations that would be needed to make the space functional for the tenants.

Following approval of the sale of the Facility, Admin's broker, CBRE, conducted a solicitation for sale of the Facility and for a market purchase, build to suit, or commercial lease for the relocation of DPPPS, DCA and CMA. Three (3) proposals were received but none were in the

best interest of the State. Since that time, the Facility has remained for sale through CBRE but until recently no offers were received at or above appraised value.

In January of 2018, Admin conducted a solicitation seeking commercially leased space. Four (4) proposals were received and Admin is requesting approval for DPPPS, DCA, and CMA to each enter into ten (10) year leases at the lowest bid proposal located at 293 Greystone Boulevard in Columbia. The Landlord is Foster, Saad & Company (Landlord). The rate for each lease will be $10.95/SF for the first year with annual escalations as detailed below. The space offers a less expensive alternative for the state than remaining at the Facility and will provide the agencies with space that will better suit their missions. For example for DPPPS, the new location includes adequate segregation for victim and offender families to help ensure adherence with the SC Victims' Bill of Rights. The rent includes all operating costs, with the exception of electricity.

Probation, Parole, and Pardon Services

Staying at the current Facility, DPPPS will pay $11.29/SF for 65,279 SF for a total of $736,999.91 annually.

Rent - 2221 Devine St.

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The selected location includes 56,192 SF at a rate of $10.95/SF for the first year with base rent and operating expense escalations thereafter excluding electricity. The reduction in square footage is a result of conformance with the state space standards with a density of 199 SF/person, as well as moving DPPPS' information technology functions to the state Data Center. With the 2% cap on operating expense escalations, the maximum DPPPS would pay in rent each year is as follows:

Rent - 293 Greystone Blvd..

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There are adequate funds for the leases according to the Budget Approval Forms and multi-year plans submitted by the agencies. The leases were approved by JBRC at its January 16, 2019 meeting.

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4. **What is the Authority asked to do?** Approve the proposed leaseback for the SC Department of Administration and the proposed commercial leases for the SC Department of Probation, Parole and Pardon Services, SC Department of Consumer Affairs and SC Commission for Minority Affairs.

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5. **What is recommendation of the Department of Administration?** Approve the proposed leaseback for the SC Department of Administration and the proposed commercial leases for the SC Department of Probation, Parole and Pardon Services, SC Department of Consumer Affairs and SC Commission for Minority Affairs.

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6. **List of Supporting Documents:**
   - SC Code of Laws Section 1-11-55 and 1-11-56
   - CBRE Business Case Analysis
   - Letter from the Department of Probation, Parole and Pardon Services
   - Letter from the Department of Consumer Affairs
   - Letter from the Commission for Minority Affairs

SECTION 1-11-55. Leasing of real property for governmental bodies.

(1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, agency, government corporation, or other establishment or official of the executive branch of this State. Governmental body excludes the General Assembly, Legislative Council, the Legislative Services Agency, the judicial department and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.

(2) The Division of General Services of the Department of Administration is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section. However, a technical college, with the approval by the State Board for Technical and Comprehensive Education, and a public institution of higher learning, may enter into any lease agreement or renew any lease agreement up to one hundred thousand dollars annually for each property or facility.

(3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Division of General Services of its requirement on rental request forms prepared by the division. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the division agree meets necessary requirements and standards for state leasing as prescribed in procedures of the department as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.

(4) The department shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.

(5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Division of General Services of the Department of Administration or his designee.

HISTORY: 1997 Act No. 153, Section 2; 2002 Act No. 333, Section 1; 2002 Act No. 356, Section 1, Pt VI.P(1); 2011 Act No. 74, Pt VI, Section 13, eff August 1, 2011; 2013 Act No. 31, Section 1, eff May 21, 2013; 2014 Act No. 121 (S.22), Pt V, Section 7.A, eff July 1, 2015.

Code Commissioner's Note

The last sentence in subsection (2), which was added by 2011 Act No. 74, was inadvertently omitted from 2014 Act No. 121 due to a scrivener's error. At the direction of the Code Commissioner, this sentence has been retained in subsection (2).

Effect of Amendment

The 2011 amendment, in subsection (2), added the third sentence relating to technical colleges.

The 2013 amendment, in subsection (1), substituted "Legislative Services Agency" for "Office of Legislative Printing, Information and Technology Systems".

2014 Act No. 121, Section 7.A, in subsection (1), substituted "agency, government corporation, or other establishment or official of the executive branch" for "legislative body, agency, government corporation, or other establishment or official of the executive, judicial, or legislative branches"; in subsection (2), substituted "Division of General Services of the Department of Administration" for "Budget and Control Board"; in subsection (3) substituted "division" for "office" in three instances, and substituted "department" for "board"; in subsection (4), substituted "department" for "board"; and in subsection (5), substituted "Division of General Services of the Department of Administration" for "Office of General Services".

SECTION 1-11-56. Program to manage leasing; procedures.

(A) The Division of General Services of the Department of Administration, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of a governmental body. The department must submit regulations for the implementation of this section to the General Assembly as provided in the Administrative Procedures Act, Chapter 23, Title 1. The department's regulations, upon General Assembly approval, shall include procedures for:

(1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;

(2) establishing standards for the quality and quantity of space to be leased by a requesting agency;

(3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:

(a) a nonappropriation for the renting agency;

(b) a dissolution of the agency; and

(c) the availability of public space in substitution for private space being leased by the agency;

(4) rejecting an agency's request for additional space or space at a specific location, or both;

(5) directing agencies to be located in public space, when available, before private space can be leased;

(6) requiring the agency to submit a multiyear financial plan for review by the department with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and

(7) requiring prior review by the Joint Bond Review Committee and the requirement of State Fiscal Accountability Authority approval before the adoption of any new or renewal lease that commits more than two hundred thousand dollars annually in rental or lease payments or more than one million dollars in such payments in a five-year period.

(B) Leases or rental agreements involving amounts below the thresholds provided in subsection (A)(7) may be executed by the Department of Administration without this prior review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority.

(C) The threshold requirements requiring review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority as contained in subsection (A)(7) also apply to leases or rental agreements with nonstate entities whether or not the state or its agencies or departments is the lessee or lessor.

HISTORY: 1997 Act No. 153, Section 2; 2014 Act No. 121 (S.22), Pt V, Section 7.B, eff July 1, 2015.

Effect of Amendment

2014 Act No. 121, Section 7.B, added subsection designator (A); in subsection (A), substituted "Division of General Services of the Department of Administration" for "State Budget and Control Board", substituted "a governmental body" for "state agencies", and added the second sentence relating to regulations; in subsection (A)(6), substituted "department" for "board's budget office", and deleted text relating to prior review by the Joint Bond Review Committee; rewrote subsection (A)(7); and added subsections (B) and (C) .

CBRE

Draft 9-19-18
120-Month Analysis Period

DRAFT - 2221 Devine St. (Entire Building) - Lease Comparison

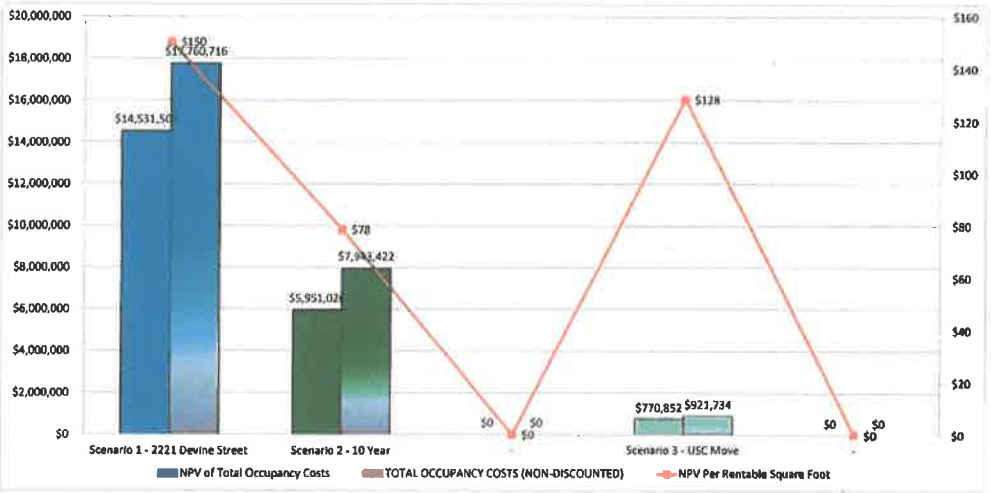
PRE-TAX OCCUPANCY COST ANALYSIS

Executive Summary

Analysis as of 1/1/19

Current Occupancy Cost NPV	Lease Occupancy Cost NPV	USC Move NPV
$14,531,508	$5,951,026	$770,852

Scenario	Scenario 1 2221 Devine Street	Scenario 2 10 Year Lease	Scenario 3 USC Move
Existing Location Action	Maintain Existing	Lease	Lease
Full Time Employees	225	225	0
Net Rentable Square Feet	96,753	75,860	6,000
Load Factor	-	-	-
Gross Square Feet	96,753	75,860	6,000
Start Date	1/1/2019	1/1/2019	1/1/2019
Expiration / End Date	12/31/2028	12/31/2028	12/31/2028
Term	10 Years	10 Years	10 Years
Term (Months)	120 Months	120 Months	120 Months
Initial Annual Rent (PSF)	$0.00 NNN	$0.00 NNN	$0.00 FSG w/ Base Year
Type of Increase	Detailed (See Cash Flow)	Detailed (See Cash Flow)	Detailed (See Cash Flow)
Rent Abatement (Months)	None	None	None
Rent Abatement Notes	No Rent Abatement	No Rent Abatement	No Rent Abatement
Expenses			
Operating	$7.67	$4.75	$0.00
Janitorial	$0.00	$0.00	$0.00
Utilities	$0.00	$1.25	$0.00
Expense #4	$0.00	$0.00	$0.00
Total Expenses	$7.67	$6.00	$0.00
Parking	0 @ $0.00/Mo	0 @ $0.00/Mo	0 @ $0.00/Mo
TI and Other Cost Expense (PRSF)			
Tenant Improvement Requirement	$0.00	$0.00	$0.00
Other (Moving, IT, Furniture, Space Planning)	$0.00	$0.00	$0.00
TI Allowance (PRSF)	$0.00	$0.00	$0.00
PRE-TAX NET PRESENT VALUE	$20,482,534		
NPV of Total Occupancy Costs	$14,531,508	$5,951,026	$770,852
NPV Differential	Base Line	($8,580,482)	($13,760,656)
NPV Differential (%)	Base Line	-59%	-95%
NPV Per Rentable Square Foot	$150	$78	$128
NPV Differential Per RSF	Base Line	($72)	($22)
NPV Differential Per RSF (%)	Base Line	-48%	-14%
NPV Per Usable Square Foot	$150	$78	$128
NPV Differential Per USF	Base Line	($72)	($22)
NPV Differential Per USF (%)	Base Line	-48%	-14%
ANNUAL ANNUITY			
Annual Annuity of Rent, OpEx, Capital @ 4.00%	$1,765,493	$1,156,992	$93,654
Annual Annuity of Acquisition / Disposition @ 8.00%	$0	($520,059)	$0
Total Annual Annuity	$1,765,493	$636,934	$93,654
TOTAL OCCUPANCY COSTS (NON-DISCOUNTED)			
Total Rent, Recovery & Parking Costs	$17,760,716	$11,515,422	$921,734
Total Up-Front Capital Costs	$0	($3,572,000)	$0
Total Pre-Tax Occupancy Costs	$17,760,716	$7,943,422	$921,734
Pre-Tax Occupancy Cost Differential	Base Line	($9,817,294)	($16,838,982)
Pre-Tax Occupancy Cost Differential (%)	Base Line	-55%	-95%
Ave. Ann. Occupancy Costs (Excl. Capital Items)	$812,291	$999,922	$74,173
Ave. Ann. Occupancy Costs Per FTE	$3,610.18	$4,443.65	#DIV/0!
Notes	Scenario 1 Notes	Scenario 2 Notes	



We obtained the information above from sources we believe to be reliable. However, we have not verified its accuracy and make no guarantee, warranty or representation about it. It is submitted subject to the possibility of errors, omissions, change of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice. We include projections, opinions, assumptions or estimates for example only, and they may not represent current or future performance of the property. You and your tax and legal advisors should conduct your own investigation of the property and transaction.

STATE FISCAL ACCOUNTABILITY AUTHORITY — REGULAR SESSION

MEETING OF January 29, 2019 — ITEM NUMBER 6

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: SC Department of Administration Disaster Recovery Office Lease - 636 Rosewood Drive in Columbia

The SC Department of Administration Disaster Recovery Office (DRO) requests approval to lease 17,600 rentable square feet located at 636 Rosewood Drive in Columbia from Precoat Metals Corporation (Landlord). DRO has been in this location since October 3, 2016, and wishes to continue leasing the current space with a reduction of 1,930 square feet. This space accommodates all the needs of DRO and meets the state space standards with a density of approximately 144 SF/person. DRO's current leases at the location expire January 16, 2019.

A solicitation was conducted, and three proposals were received, with the selected location representing the lowest bid.

The lease term will be five (5) years commencing January 17, 2019. Rent will be $12.57 per square foot for the first year of the lease, with three (3) percent annual escalations thereafter as shown on the chart below:

Year	Rate/SF	Annual Rent
1	$12.57	$221,232
2	$12.95	$227,920
3	$13.34	$234,784
4	$13.74	$241,824
5	$14.15	$249,040
Total		**$1,174,800**

The rent includes all operating costs, office furniture and cubicles, as well as free access to the surface lot which contains adequate parking spaces for staff and visitors. Lease payments will be made from federal funds, and there are adequate funds for the lease according to the Budget Approval Form and multi-year plan submitted by the Agency.

The following are comparables of similar commercial space in Columbia area:

Location	Rate/SF
1901 Main Street	$17.95
317 Zimalcrest Drive	$13.50
246 Stoneridge Drive	$16.50

Above rates are subject to escalations over the term and do not reflect tenant improvement costs.

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: SC Department of Administration Disaster Recovery Office Lease - 636 Rosewood Drive in Columbia

The lease was approved by JBRC at its January 16, 2019, meeting.

AUTHORITY ACTION REQUESTED:

Approve the proposed lease for the SC Department of Administration Disaster Recovery Office at 636 Rosewood Drive in Columbia as recommended by the Department of Administration, Facilities Management and Property Services.

ATTACHMENTS:

Agenda item worksheet; SC Code of Laws Section 1-11-55 and 1-11-56

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: January 29, 2019 **Regular Agenda**

1. **Submitted by:**
   (a) Agency: Department of Administration
   (b) Authorized Official Signature:

Ashlie Lancaster, Director
Facilities Management and Property Services

2. **Subject:** SC Department of Administration Disaster Recovery Office Lease- 636 Rosewood Drive in Columbia

3. **Summary Background Information:**

The SC Department of Administration Disaster Recovery Office (DRO) requests approval to lease 17,600 rentable square feet located at 636 Rosewood Drive in Columbia from Precoat Metals Corporation (Landlord). DRO has been in this location since October 3, 2016 and wishes to continue leasing the current space with a reduction of 1,930 square feet. This space accommodates all the needs of DRO and meets the state space standards with a density of approximately 144 SF/person. DRO's current leases at the location expired January 16, 2019.

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Above rates are subject to escalations over the term and do not reflect tenant improvement costs.

The lease was recommended by JBRC at its January 16, 2019 meeting.

---

4. **What is the Authority asked to do?** Approve the proposed lease for the SC Department of Administration Disaster Recovery Office at 636 Rosewood Drive in Columbia.

---

5. **What is recommendation of the Department of Administration?** Approve the proposed lease for the SC Department of Administration Disaster Recovery Office at 636 Rosewood Drive in Columbia.

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6. **List of Supporting Documents:**
   - SC Code of Laws Section 1-11-55 and 1-11-56

SECTION 1-11-55. Leasing of real property for governmental bodies.

(1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, agency, government corporation, or other establishment or official of the executive branch of this State. Governmental body excludes the General Assembly, Legislative Council, the Legislative Services Agency, the judicial department and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.

(2) The Division of General Services of the Department of Administration is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section. However, a technical college, with the approval by the State Board for Technical and Comprehensive Education, and a public institution of higher learning, may enter into any lease agreement or renew any lease agreement up to one hundred thousand dollars annually for each property or facility.

(3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Division of General Services of its requirement on rental request forms prepared by the division. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the division agree meets necessary requirements and standards for state leasing as prescribed in procedures of the department as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.

(4) The department shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.

(5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Division of General Services of the Department of Administration or his designee.

HISTORY: 1997 Act No. 153, Section 2; 2002 Act No. 333, Section 1; 2002 Act No. 356, Section 1, Pt VI.P(1); 2011 Act No. 74, Pt VI, Section 13, eff August 1, 2011; 2013 Act No. 31, Section 1, eff May 21, 2013; 2014 Act No. 121 (S.22), Pt V, Section 7.A, eff July 1, 2015.

Code Commissioner's Note

The last sentence in subsection (2), which was added by 2011 Act No. 74, was inadvertently omitted from 2014 Act No. 121 due to a scrivener's error. At the direction of the Code Commissioner, this sentence has been retained in subsection (2).

Effect of Amendment

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(1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;

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(a) a nonappropriation for the renting agency;

(b) a dissolution of the agency; and

(c) the availability of public space in substitution for private space being leased by the agency;

(4) rejecting an agency's request for additional space or space at a specific location, or both;

(5) directing agencies to be located in public space, when available, before private space can be leased;

(6) requiring the agency to submit a multiyear financial plan for review by the department with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and

(7) requiring prior review by the Joint Bond Review Committee and the requirement of State Fiscal Accountability Authority approval before the adoption of any new or renewal lease that commits more than two hundred thousand dollars annually in rental or lease payments or more than one million dollars in such payments in a five-year period.

(B) Leases or rental agreements involving amounts below the thresholds provided in subsection (A)(7) may be executed by the Department of Administration without this prior review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority.

(C) The threshold requirements requiring review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority as contained in subsection (A)(7) also apply to leases or rental agreements with nonstate entities whether or not the state or its agencies or departments is the lessee or lessor.

HISTORY: 1997 Act No. 153, Section 2; 2014 Act No. 121 (S.22), Pt V, Section 7.B, eff July 1, 2015.

Effect of Amendment

2014 Act No. 121, Section 7.B, added subsection designator (A); in subsection (A), substituted "Division of General Services of the Department of Administration" for "State Budget and Control Board", substituted "a governmental body" for "state agencies", and added the second sentence relating to regulations; in subsection (A)(6), substituted "department" for "board's budget office", and deleted text relating to prior review by the Joint Bond Review Committee; rewrote subsection (A)(7); and added subsections (B) and (C) .

STATE FISCAL ACCOUNTABILITY AUTHORITY — REGULAR SESSION

MEETING OF January 29, 2019 — ITEM NUMBER 7

AGENCY: Medical University Hospital Authority

SUBJECT: Not Exceeding $137,000,000 Bridge Loan Indebtedness of the Medical University Hospital Authority, Series 2019

The Authority is asked to adopt a resolution making provision for the issuance and sale of not exceeding $137,000,000 Bridge Loan and Permanent Indebtedness of the Medical University Hospital Authority, Series 2019.

The Medical University Hospital Authority (MUHA) intends to purchase four hospitals in Florence, Marion, Lancaster, and Chester, and, ultimately, to finance the purchase by way of a HUD insured mortgage loan. The Asset Purchase Agreement requires the sale to be closed in February, and the lead time on the HUD loan will not allow for permanent financing to be in place by that time. Therefore, MUHA's plan is to have a bridge loan provide initial funding for the purchase and for the HUD loan to take out the bridge loan.

MUHA has indicated that the purchase of the hospitals does not require a separate CON (Certificate of Need) from DHEC.

AUTHORITY ACTION REQUESTED:

Adopt a resolution approving the Medical University Hospital Authority to incur or issue bridge loan indebtedness in a principal amount not to exceed $137,000,000 to provide initial financing for the acquisition of certain hospital facilities in Florence, Marion, Lancaster, and Chester Counties, South Carolina, for the purpose of defraying the costs of the acquisition of such hospital facilities and other matters related thereto.

ATTACHMENTS:

Johnson 12/14/18 letter; Resolution

HAYNSWORTH
SINKLER BOYD

HAYNSWORTH SINKLER BOYD, P.A.
134 MEETING STREET, 3RD FLOOR
P.O. BOX 340 (29402)
CHARLESTON, SOUTH CAROLINA 29401
MAIN 843.722.3366
FAX 843.722.2266
www.hsblawfirm.com

F. MITCHELL JOHNSON, JR.
DIRECT 843.720.4444
mjohnson@hsblawfirm.com

December 14, 2018

Delbert H. Singleton, Jr.
South Carolina State Fiscal Accountability Authority
Wade Hampton Office Building, 6th Floor
Columbia, South Carolina 29201

Re: Not Exceeding $137,000,000 Bridge Loan and Permanent Indebtedness of the Medical University Hospital Authority (an Agency of the State of South Carolina), Series 2019

Dear Delbert:

The Medical University Hospital Authority requests that the captioned borrowings be considered at the January 29, 2019, meeting of the State Fiscal Accountability Authority.

The Medical University Hospital Authority intends to purchase four hospitals in Florence, Marion, Lancaster, and Chester, and, ultimately, to finance the purchase by way of a HUD insured mortgage loan. The Asset Purchase Agreement requires the sale to be closed in February, and the lead time on the HUD loan will not allow us to have permanent financing in place by that time. Therefore, the plan is to have a bridge loan provide initial funding for the purchase and for the HUD loan to take out the bridge loan.

The purchase of the hospitals does not require a separate CON from DHEC.

Accompanying this letter are the Transmittal Forms, the Petitions, the SFAA Resolutions and draft bond counsel opinions for each of the proposed financings.

Please let me know if you have any questions or if I may provide any additional information.

Very truly yours,

F. Mitchell Johnson, Jr.

Enclosures
cc: Lisa Goodlett, CFO
Annette Drachman, General Counsel

TRANSMITTAL FORM, REVENUE BONDS

TO: Delbert H. Singleton, Jr.,
State Fiscal Accountability Authority
601 Wade Hampton Building
Columbia, SC 29201

OR *P.O. Box 12444, Columbia, SC 29211*

DATE: December 14, 2018

Submitted for SFAA Meeting on
January 29, 2019

FROM:

Haynsworth Sinkler Boyd, P.A.
Name of Law Firm

134 Meeting Street, Third Floor (P.O. Box 340, 29402)
Street Address/Box Number

Charleston, South Carolina 29401
City, State, Zip Code

(843) 722-3366
Area Code/Telephone Number

RE:

Not Exceeding $137,000,000
Amount of Issue

Medical University Hospital Authority (An Agency of the State of South Carolina)
Name of Issuing Authority

Bridge Loan Indebtedness
Type of Bonds or Notes

February 21, 2019
Projected Issue Date

Project Name: Purchase of Community Health Systems, Inc. Hospitals

Project Description: Defraying (i) the costs of the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina, and associated clinical sites and services and (ii) the costs associated with the issuance of the obligations.

Employment as a result of the project: None

Ceiling Allocation Required			Refunding Involved			Project Approved Previously		
___ Yes	$ _____	X No	___ Yes	$ _____	X No	___ Yes	$ _____	X No
	Amount			**Amount**			**Amount**	

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. X Petition

B. ___ Inducement Agreement

C. X Resolution

D. ___ Department of Health and Environmental Control Certificate *(see attached letter from DHEC)*

E. X SFAA Resolution and Public Notice *(original)*
Plus 5 *copies for certification and return to bond counsel*

F. X Draft bond counsel opinion letter

G. n/a Processing Fee
Amount: $ _____ *Check No:* _____
Payor: _____

Bond Counsel: F. Mitchell Johnson, Jr.
Haynsworth Sinkler Boyd, P.A.
Typed Name of Bond Counsel

By: _____
Signature

8/94

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

TO THE STATE FISCAL ACCOUNTABILITY AUTHORITY)	)	PETITION

This Petition of the Board of Trustees (the "***Board of Trustees***") of the Medical University Hospital Authority (the "***Authority***") respectfully shows:

1. The Authority is an agency of the State of South Carolina (the "***State***") and is an entity created by Act of the General Assembly of South Carolina, codified as §59-123-60, Code of Laws of South Carolina 1976, as amended (the "***Enabling Act***"). The Enabling Act at paragraph (E)(3)(a) grants the Board of Trustees the power to "make contracts and have, hold, purchase, and lease real estate and personal property for corporate purposes." The Enabling Act at paragraph (E)(3)(b) also grants the Board of Trustees the power to "sell, convey, mortgage, lease, exchange, and otherwise dispose of any real property subject to the authority and approval of the State Fiscal Accountability Authority or the Department of Administration, as appropriate." The Enabling Act at paragraph (E)(5) further grants the Board of Trustees the power to "construct, operate, and maintain the hospital and related premises, buildings and facilities, and infrastructure."

2. In fulfilling these powers, the Enabling Act at paragraph (E)(3)(c) permits the Authority to "make contracts and guarantees, to incur liabilities, to issue its notes, bonds and other obligations, and secure any of its obligations by mortgage or pledge of any of its property, or income in a manner to be in the best interest of the authority." In addition, the Act provides at paragraph (E)(3)(d) that for purposes of effectuating the provisions of paragraph (E)(3)(c), the Board of Trustees shall utilize the provisions of §§44-7-1410 to 44-7-1720, Code of Laws of South Carolina, 1976, as amended (the "***Hospital Revenue Bond Act***").

3. In furtherance of these powers and responsibilities, paragraph (E)(3)(d) of the Act also provides that the Authority's "obligations or indebtedness…shall be subject to the approval thereof by resolution of the State Fiscal Accountability Authority."

4. In its meeting on November 19, 2018, the Board of Trustees determined that the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina, and associated clinical sites and services (collectively, the "***Hospitals***") should be financed initially with the proceeds of one or more borrowings (the "***Bridge Loan Indebtedness***") in an amount not to exceed $137,000,000.

5. The Board of Trustees estimates that the cost of the acquisition of the Hospitals, the funding of any necessary reserve or similar fund, and the payment of associated costs of issuance (collectively, the "***Project Costs***") require the incurring or issuance of the Bridge Loan Indebtedness in a principal amount not to exceed $137,000,000.

6. The Board of Trustees determined in its meeting on December 14, 2018, that the Authority should enter into such documents and agreements to take all action as shall be required to incur or issue the Bridge Loan Indebtedness, and has authorized the President, the Executive Director, and the Chief Financial Officer, upon advice received and in consultation with the Office of the State Treasurer, to execute such documents and agreements and to take all action required to incur or issue the Bridge Loan Indebtedness, including without limitation, all such documents as may be appropriate and/or required under State or federal law including specifically the Enabling Act and the Hospital Revenue Bond Act (collectively, the "***Acts***"). Pursuant to such authorization, this Petition is presented to request approval for the incurrence or issuance by the Authority pursuant to the Acts of the Bridge Loan Indebtedness in an aggregate principal amount not to exceed $137,000,000 at interest rates not to exceed six percent (6%) per annum and for terms not to exceed the statutory limit of forty (40) years set forth at §44-7-1450 of the Hospital Revenue Bond Act, which Bridge Loan Indebtedness will be used to defray and finance the Project Costs.

7. In connection with the incurrence or issuance of the Bridge Loan Indebtedness, the Board of Trustees expects that the Authority will execute and deliver documents and agreements, and take such actions as are necessary or desirable, in connection with such borrowing or borrowings. As permitted by the Hospital Revenue Bond Act and paragraphs (E)(3)(b), (c), and (d) of the Enabling Act, the Board of Trustees expects that the Authority may execute one or more mortgages granting a lien or liens on the Authority's interest in certain real property and one or more security agreements granting a lien or liens on certain of the Authority's personal property.

8. For the reasons above set forth and hereinafter disclosed and as contemplated by §44-7-1480 and required by §44-7-1590 of the Hospital Revenue Bond Act, the Board of Trustees has determined that:

(a) the aggregate of the Project Costs to be defrayed by the proceeds of the Bridge Loan Indebtedness shall not exceed $137,000,000;

(b) no approval of the South Carolina Department of Health and Environmental Control of the undertaking of the Authority to acquire the Hospitals will be required under Article 3, Chapter 7, Title 44 of the Code of Laws of South Carolina, 1976;

(c) the terms and conditions of the Bridge Loan Indebtedness shall contain those provisions customary in connection with such financings; and

(d) neither the Bridge Loan Indebtedness nor any provision securing the same shall create a pecuniary liability or charge upon the State's general credit or taxing powers.

9. The Bridge Loan Indebtedness will be incurred or issued by the Authority pursuant to a resolution or resolutions, and authorizations provided therein, which will impose upon the Authority the obligation to pay, in addition to the moneys required for the repayment thereof, all other costs and expenses relating thereto and the transactions contemplated to take place in connection therewith.

Upon the basis of the foregoing, the Board of Trustees hereby respectfully petitions the State Fiscal Accountability Authority to (i) accept the filing of the Petition presented herewith; (ii) find that the proposed financing is intended to promote the purposes of the Hospital Revenue Bond Act; (iii) on the basis of such finding, approve the incurrence or issuance of the Bridge Loan Indebtedness by the Authority in one or more borrowings and in such final form as may be approved by the State Treasurer; and (iv) cause to be published notice of its approval in the manner set forth in the Act.

Respectfully Submitted,

MEDICAL UNIVERSITY HOSPITAL AUTHORITY

By_____
Patrick J. Cawley, M.D, Executive Director

By_____
Lisa M. Goodlett, CPA, FACHE, Chief Financial Officer

December 14, 2018

A RESOLUTION

AUTHORIZING THE MEDICAL UNIVERSITY HOSPITAL AUTHORITY TO INCUR OR ISSUE BRIDGE LOAN INDEBTEDNESS IN A PRINCIPAL AMOUNT NOT TO EXCEED $137,000,000 TO PROVIDE INITIAL FINANCING FOR THE ACQUISITION OF CERTAIN HOSPITAL FACILITIES IN FLORENCE COUNTY, MARION COUNTY, LANCASTER COUNTY, AND CHESTER COUNTY, SOUTH CAROLINA, AND TO FILE WITH THE STATE FISCAL ACCOUNTABILITY AUTHORITY OF A PETITION REQUESTING THE APPROVAL OF THE STATE FISCAL ACCOUNTABILITY AUTHORITY FOR THE INCURRENCE OR ISSUANCE OF SUCH BRIDGE LOAN INDEBTEDNESS AND OTHER MATTERS RELATED THERETO.

WHEREAS, on June 3, 1999, the South Carolina General Assembly passed legislation now codified as §59-123-60, Code of Laws of South Carolina, 1976, as amended (the "***Enabling Act***"), that established the Medical University Hospital Authority (the "***Authority***"); and

WHEREAS, the Board of Trustees of the Authority (the "***Board of Trustees***") is authorized at §59-123-60(E)(3)(b) of the Enabling Act to "purchase and acquire interest in real property and improvements thereon and to sell, convey, mortgage, lease, exchange, and otherwise dispose of any real property subject to the authority and approval of the State Fiscal Accountability Authority or the Department of Administration, as appropriate;" and

WHEREAS, the Board of Trustees is authorized at §59-123-60(E)(3)(c) of the Enabling Act to "make contracts and guarantees, to incur liabilities, to issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of any of its property, or income in a manner to be in the best interest of the Authority;" and

WHEREAS, the Board of Trustees determined, in a meeting held on November 19, 2018, that the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina, and associated clinical sites and services (collectively, the "***Hospitals***") is in the best interest of the Authority; and

WHEREAS, the Board of Trustees has determined that the purchase of the Hospitals, the funding of any necessary reserve or similar fund, and the payment of the associated costs of issuance (collectively, the "***Project Costs***") should be financed initially with the proceeds of one or more borrowings (the "***Bridge Loan Indebtedness***") in a principal amount not to exceed $137,000,000 "in a manner to be in the best interest of the Authority;" and

WHEREAS, the Board of Trustees has determined pursuant to §59-123-60(c) and (d) of the Act, to file with the State Fiscal Accountability Authority (the "***State Board***"), and in compliance with §44-7-1590 of Title 44, Chapter 7, Code of Laws of South Carolina, 1976 as amended (the "***Hospital Revenue Bond Act***"), the petition of the Authority (the "***Petition***") requesting the approval by the State Board of the proposed incurrence or issuance of the Bridge Loan Indebtedness by the Authority; and

WHEREAS, the Petition shall be executed by one or more of the President, the Executive Director, or the Chief Financial Officer of the Authority (collectively, the "***Executing Officers***" and each, an "***Executing Officer***") and shall be substantially in the form of **EXHIBIT "A"** attached hereto with such insertions, additions, or deletions not inconsistent with this Resolution as the Executing Officer(s) shall approve, his, her, or their execution and delivery thereof being conclusive of such approval,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE MEDICAL UNIVERSITY HOSPITAL AUTHORITY IN MEETING DULY ASSEMBLED:

Section 1. It is hereby found, determined and declared as follows:

(a) The Bridge Loan Indebtedness will defray and finance the purchase of the Hospitals, which Hospitals constitute "hospital facilities," as defined in the Hospital Revenue Bond Act, provide funding of any necessary reserve or similar fund, and defray and finance the associated costs of issuance thereof.

(b) The Authority is a "hospital agency," as defined in the Hospital Revenue Bond Act, with established credit and is financially responsible and capable of fulfilling its obligations and discharging the responsibilities that may be imposed upon it under the documents governing the Bridge Loan Indebtedness.

(c) Adequate provisions shall be made for the repayment of the Bridge Loan Indebtedness, all other costs relating thereto, the transactions contemplated to take place in connection therewith, and for the operation, repair, and maintenance of the Hospitals.

(d) Public facilities, including utilities and public services necessary for the Hospital Facilities, are available to the Hospitals.

(e) The Bridge Loan Indebtedness will subserve the purposes and in all respects conform to the provisions and requirements of the Enabling Act and the Hospital Revenue Bond Act.

(f) Neither the Hospitals nor any documents or agreements entered into by the Authority in connection with the Bridge Loan Indebtedness, will constitute an indebtedness of the State of South Carolina (the "***State***") within the meaning of any State constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the State or a charge against its general credit or taxing powers.

(g) The incurrence or issuance of the Bridge Loan Indebtedness in an aggregate principal amount not to exceed $137,000,000 will be required in order to defray and finance the Project Costs.

Section 2. The purchase of the Hospitals, the funding of any necessary reserve or similar fund, and the payment of the associated costs of issuance shall be financed with the proceeds of the Bridge Loan Indebtedness "in a manner to be in the best interest of the Authority."

Section 3. Pursuant to §59-123-60(c) and (d) of the Enabling Act and in compliance with §44-7-590 of the Hospital Revenue Bond Act, the Authority shall file the Petition with the State Board requesting approval of the State Board of the proposed incurrence or issuance of the Bridge Loan Indebtedness by the Authority.

Section 4. The Petition shall be executed by one or more of the Executing Officers and shall be substantially in the form of **EXHIBIT "A"** attached hereto with such insertions, additions, or deletions as the Executing Officer(s) shall approve, his, her, or their execution and delivery thereof being conclusive of such approval.

Section 5. The Executing Officers are hereby authorized to negotiate and execute such documents and/or agreements as are required to effect the financing of the acquisition of the Hospitals.

APPROVED this 14th day of December, 2018.

MEDICAL UNIVERSITY HOSPITAL AUTHORITY
BOARD OF TRUSTEES

By _____
Charles W. Schulze, Chairman

By _____
Mark C. Sweatman, Secretary

EXHIBIT "A"

FORM OF THE PETITION

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

TO THE STATE FISCAL ACCOUNTABILITY AUTHORITY)	)	PETITION

This Petition of the Board of Trustees (the "***Board of Trustees***") of the Medical University Hospital Authority (the "***Authority***") respectfully shows:

1. The Authority is an agency of the State of South Carolina (the "***State***") and is an entity created by Act of the General Assembly of South Carolina, codified as §59-123-60, Code of Laws of South Carolina 1976, as amended (the "***Enabling Act***"). The Enabling Act at paragraph (E)(3)(a) grants the Board of Trustees the power to "make contracts and have, hold, purchase and lease real estate and personal property for corporate purposes." The Enabling Act at paragraph (E)(3)(b) also grants the Board of Trustees the power to "sell, convey, mortgage, lease, exchange, and otherwise dispose of any real property subject to the authority and approval of the State Fiscal Accountability Authority or the Department of Administration, as appropriate." The Enabling Act at paragraph (E)(5) further grants the Board of Trustees the power to "construct, operate, and maintain the hospital and related premises, buildings and facilities, and infrastructure."

2. In fulfilling these powers, the Enabling Act at paragraph (E)(3)(c) permits the Authority to "make contracts and guarantees, to incur liabilities, to issue its notes, bonds and other obligations, and secure any of its obligations by mortgage or pledge of any of its property, or income in a manner to be in the best interest of the authority." In addition, the Act provides at paragraph (E)(3)(d) that for purposes of effectuating the provisions of paragraph (E)(3)(c), the Board of Trustees shall utilize the provisions of §§44-7-1410 to 44-7-1720, Code of Laws of South Carolina, 1976, as amended (the "***Hospital Revenue Bond Act***").

3. In furtherance of these powers and responsibilities, paragraph (E)(3)(d) of the Act also provides that the Authority's "obligations or indebtedness...shall be subject to the approval thereof by resolution of the State Fiscal Accountability Authority."

4. In its meeting on December 14, 2018, the Board of Trustees determined that the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina, and associated clinical sites and services (collectively, the "***Hospitals***") should be financed initially with the proceeds of one or more borrowings (the "***Bridge Loan Indebtedness***") in an amount not to exceed $137,000,000.

5. The Board of Trustees estimates that the cost of the acquisition of the Hospitals, the funding of any necessary reserve or similar fund, and the payment of associated costs of issuance (collectively, the "***Project Costs***") require the incurring or issuance of the Bridge Loan Indebtedness in a principal amount not to exceed $137,000,000.

6. The Board of Trustees determined in its meeting on December 14, 2018, that the Authority should enter into such documents and agreements to take all action as shall be required to incur or issue the Bridge Loan Indebtedness, and has authorized the President, the Executive Director, and the Chief Financial Officer, upon advice received and in consultation with the Office of the State Treasurer, to execute such documents and agreements and to take all action required to incur or issue the Bridge Loan Indebtedness, including without limitation, all such documents as may be appropriate and/or required under State or federal law including specifically the Enabling Act and the Hospital Revenue Bond Act (collectively, the "***Acts***"). Pursuant to such authorization, this Petition is presented to request approval for the incurrence or issuance by the Authority pursuant to the Acts of the Bridge Loan Indebtedness in an aggregate principal amount not to exceed $137,000,000 at interest rates not to exceed six percent (6%) per annum and for terms

not to exceed the statutory limit of forty (40) years set forth at §44-7-1450 of the Hospital Revenue Bond Act, which Bridge Loan Indebtedness will be used to defray and finance the Project Costs.

7. In connection with the incurrence or issuance of the Bridge Loan Indebtedness, the Board of Trustees expects that the Authority will execute and deliver documents and agreements, and take such actions as are necessary or desirable, in connection with such borrowing or borrowings. As permitted by the Hospital Revenue Bond Act and paragraphs (E)(3)(b), (c), and (d) of the Enabling Act, the Board of Trustees expects that the Authority may execute one or more mortgages granting a lien or liens on the Authority's interest in certain real property and one or more security agreements granting a lien or liens on certain of the Authority's personal property.

8. For the reasons above set forth and hereinafter disclosed and as contemplated by §44-7-1480 and required by §44-7-1590 of the Hospital Revenue Bond Act, the Board of Trustees has determined that:

(a) the aggregate of the Project Costs to be defrayed by the proceeds of the Bridge Loan Indebtedness shall not exceed $137,000,000;

(b) no approval of the South Carolina Department of Health and Environmental Control of the undertaking of the Authority to acquire the Hospitals will be required under Article 3, Chapter 7, Title 44 of the Code of Laws of South Carolina, 1976;

(c) the terms and conditions of the Bridge Loan Indebtedness shall contain those provisions customary in connection with such financings; and

(d) neither the Bridge Loan Indebtedness nor any provision securing the same shall create a pecuniary liability or charge upon the State's general credit or taxing powers.

9. The Bridge Loan Indebtedness will be incurred or issued by the Authority pursuant to a resolution or resolutions, and authorizations provided therein, which will impose upon the Authority the obligation to pay, in addition to the moneys required for the repayment thereof, all other costs and expenses relating thereto and the transactions contemplated to take place in connection therewith.

Upon the basis of the foregoing, the Board of Trustees hereby respectfully petitions the State Fiscal Accountability Authority to (i) accept the filing of the Petition presented herewith; (ii) find that the proposed financing is intended to promote the purposes of the Hospital Revenue Bond Act; (iii) on the basis of such finding, approve the incurrence or issuance of the Bridge Loan Indebtedness by the Authority in one or more borrowings and in such final form as may be approved by the State Treasurer; and (iv) cause to be published notice of its approval in the manner set forth in the Act.

Respectfully Submitted,

MEDICAL UNIVERSITY HOSPITAL AUTHORITY

By_____
Patrick J. Cawley, M.D, Executive Director

By_____
Lisa M. Goodlett, CPA, FACHE, Chief Financial Officer

December 14, 2018

RESOLUTION

APPROVING THE INCURRENCE OR ISSUANCE BY THE MEDICAL UNIVERSITY HOSPITAL AUTHORITY OF BRIDGE LOAN INDEBTEDNESS IN A PRINCIPAL AMOUNT NOT TO EXCEED $137,000,000 TO PROVIDE INITIAL FINANCING FOR THE ACQUISITION OF CERTAIN HOSPITAL FACILITIES IN FLORENCE COUNTY, MARION COUNTY, LANCASTER COUNTY, AND CHESTER COUNTY, SOUTH CAROLINA, PURSUANT TO THE PROVISIONS OF TITLE 59, CHAPTER 123 AND TITLE 44, CHAPTER 7 OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED, FOR THE PURPOSE OF DEFRAYING THE COSTS OF THE ACQUISITION OF SUCH HOSPITAL FACILITIES AND OTHER MATTERS RELATED THERETO.

WHEREAS, the Medical University Hospital Authority (the "***Authority***"), an agency of the State of South Carolina, has been authorized at §59-123-60, Code of Laws of South Carolina, 1976 as amended (the "***Enabling Act***") to utilize all provisions of the Hospital Revenue Bond Act, codified at Title 44, Chapter 7, Code of Laws of South Carolina, 1976 as amended (the "***Hospital Revenue Bond Act***") for the purpose of effectuating the powers set forth in the Enabling Act in order to raise monies for Medical University of South Carolina hospitals, clinics, and other health care and related facilities for the Authority; and

WHEREAS, the Board of Trustees is authorized at §59-123-60(E)(3)(c) of the Enabling Act to "make contracts and guarantees, to incur liabilities, to issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of any of its property, or income in a manner to be in the best interest of the Authority;" and

WHEREAS, the Board of Trustees is authorized at §59-123-60(E)(3)(d) of the Enabling Act "for the purpose of effectuating the provisions of subitem (c) above,[to] utilize all provisions of the Hospital Revenue Bond Act;" and

WHEREAS, the Board of Trustees has determined that the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in connection with the ownership and/or operation of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina, and associated clinical sites and services (collectively, the "***Hospitals***") should be financed with the proceeds of a borrowing or borrowings secured, if necessary, as provided by §59-123-60(E)(3)(c) above, "by[a] mortgage…in a manner to be in the best interest of the Authority;" and

WHEREAS, the Board of Trustees has determined that the incurrence or issuance by the Authority of indebtedness (the "***Bridge Loan Indebtedness***") in a principal amount not to exceed $137,000,000 for the purchase of the Hospitals, the funding of any necessary reserve or similar fund, and the payment of associated costs of issuance (collectively, the "***Project Costs***") is in the best interest of the Authority; and

WHEREAS, pursuant to §59-123-60(E)(3)(d) of the Enabling Act and §44-7-1590(A) of the Hospital Revenue Bond Act, the Board of Trustees has authorized and caused a petition (the "***Petition***") to be filed with the State Fiscal Accountability Authority; and

WHEREAS, the Authority, under and pursuant to the provisions of the Enabling Act and the Hospital Revenue Bond Act (collectively, the "***Acts***"), has petitioned the State Fiscal Accountability Authority for its approval of the incurrence or issuance by the Authority of the Bridge Loan Indebtedness in an aggregate principal amount not to exceed $137,000,000 at interest rates not to exceed six percent (6%) per annum and for terms not to exceed forty (40) years, all set forth at §44-7-1450 of the Hospital Revenue Bond Act, the proceeds of which Indebtedness will defray the Project Costs.

NOW, THEREFORE, BE IT RESOLVED, by the State Fiscal Accountability Authority of the State of South Carolina as follows:

Section 1. It is hereby found, determined and declared by the State Fiscal Accountability Authority that the Petition contains all matters required by law to be set forth therein, and that in consequence thereof the jurisdiction of this State Fiscal Accountability Authority has been properly invoked under and pursuant to §44-7-1590 of the Hospital Revenue Bond Act.

Section 2. The proposal of the Authority to incur or issue the Bridge Loan Indebtedness as described herein is hereby approved.

Section 3. Approval is hereby given for the incurrence or issuance of the Bridge Loan Indebtedness in a principal amount not to exceed $137,000,000 for the purposes described herein and as set forth in the Petition, such Bridge Loan Indebtedness to be in such principal amounts and subject to such terms as the State Treasurer shall approve; provided, however, the interest rates on the Bridge Loan Indebtedness shall not exceed six percent (6%) per annum and the terms thereof not exceed forty (40) years; and (ii) the taking by the Office of State Treasurer of such further action and the granting of approval by the State Treasurer of such further action by the Authority as shall not be inconsistent with the foregoing provisions of this Resolution as may be necessary or desirable in connection with the incurrence or issuance of the Bridge Loan Indebtedness.

Section 4. It is specifically provided that the Bridge Loan Indebtedness may be incurred or issued in one or several series of borrowings.

Section 5. There shall be published a notice of approval as required by Section 44-7-1590(B) in substantially the form attached hereto as **EXHIBIT "A."**

Section 6. This Resolution shall take effect immediately.

EXHIBIT "A"

NOTICE PURSUANT TO THE PROVISIONS OF SECTION 44-7-1590 OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED

NOTICE IS HEREBY GIVEN pursuant to the provisions and requirements of Title 44, Chapter 7, Article 11, Code of Laws of South Carolina 1976, as amended, that the State Fiscal Accountability Authority of South Carolina, pursuant to Petition filed by the Medical University Hospital Authority (the "***Authority***"), has given its approval for the incurrence or issuance by the Authority of indebtedness in an aggregate principal amount not to exceed $137,000,000 for the purpose of defraying and financing the costs of the purchase of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina, and associated clinical sites and services, the funding of any necessary reserve or similar fund, and the payment of the associated costs of issuance.

Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this Notice, but not afterwards, challenge the validity of the action taken by the State Fiscal Accountability Authority or the Authority, by action *de novo* instituted in the Court of Common Pleas for Charleston County, South Carolina.

STATE FISCAL ACCOUNTABILITY AUTHORITY

By: Delbert H. Singleton, Jr., Secretary

Dated: January 30, 2019

HAYNSWORTH
SINKLER BOYD

HAYNSWORTH SINKLER BOYD, P.A.
134 MEETING STREET, 3RD FLOOR
P.O. BOX 340 (29402)
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January 29, 2019

South Carolina State Fiscal Accountability Authority
Columbia, South Carolina

Re: Not Exceeding $137,000,000 Bridge Loan Financing for the Medical University Hospital Authority ("***MUHA***")

Ladies and Gentlemen:

We are acting as bond counsel in connection with the proposed incurrence by MUHA of the above-captioned indebtedness (the "***Bridge Loan Indebtedness***"). At your request, we are delivering this opinion in connection with MUHA's Petition (the "***Petition***") to the South Carolina State Fiscal Accountability Authority ("***SFAA***") dated December 14, 2018, to approve the incurrence of the Bridge Loan Indebtedness pursuant to §59-123-60, Code of Laws of South Carolina, 1976, as amended (the "***Enabling Act***"), which established MUHA, and §44-7-1590 of Title 44, Chapter 7, Code of Laws of South Carolina, 1976 as amended (the "***Hospital Revenue Bond Act***" and, together with the Enabling Act, the "***Acts***").

In that capacity, we have examined originals or copies of the Resolution of the Board of Trustees of MUHA adopted on December 14, 2018, the Petition, the form of a proposed Resolution, which we have prepared for SFAA's consideration and which, if adopted by SFAA, permits the incurrence of the Bridge Loan Indebtedness, the form of a certificate to be executed by the Executive Director and Chief Financial Officer of MUHA, and the forms of certificates to be executed by State Treasurer of South Carolina (collectively, the "***Authorization Documents***").

In rendering the opinions expressed below, we have relied only upon our examination of the Authorization Documents and such other documents, certificates and correspondence referenced above. We have not made or undertaken to make any investigation as to factual matters 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 or may hereafter may be made by or on behalf of MUHA, SFAA, or the parties to the any of the documents related to the Bridge Loan Indebtedness. Further, in rendering the opinions expressed below, we do not purport to be experts in, 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 (the "***State***"), and the opinions are limited to the federal laws of the United States of America and the laws of the State.

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 Authorization Documents comply with all requirements of the Acts and are legally sufficient and contain all facts, information, and findings by the respective authorities legally required to authorize SFAA to approve the incurrence of the Bridge Loan Indebtedness.

Except as set forth above, we express no opinion in connection with the incurrence of the Bridge Loan Indebtedness. The opinions expressed above are rendered solely for your benefit in considering the approval of the incurrence of the Bridge Loan Indebtedness under the Acts. The opinions expressed above may neither be relied on by you for any other purpose nor be used, circulated, quoted, or relied on by any other person or entity for any other purpose, without, in each instance, our prior written consent. 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,

Haynsworth Sinkler Boyd, P.A.

[Closing Date], 2019

Board of Trustees of Medical University Hospital Authority
Charleston, South Carolina

Re: $_____ Medical University Hospital Authority Mortgage Note Series 2019A (the "***Obligation***")

Ladies and Gentlemen:

We have acted as bond counsel to the Medical University Hospital Authority ("***MUHA***"), an agency of the State of South Carolina (the "***State***") established by Act 116 of the 1999 Acts and Joint Resolutions of the General Assembly of South Carolina, codified as §59-123-60 of the Code of Laws of South Carolina 1976, as amended (the "***Enabling Act***"), in connection with the issuance by MUHA of the Obligation. The Obligation has been issued to finance the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina, and associated clinical sites and services (collectively, the "***Project***"). The Obligation evidences a loan (the "***Mortgage Loan***") from _____ (the "***Lender***") to MUHA in a maximum principal amount equal to the face amount of the Obligation made under and pursuant to the provisions of a Loan Agreement (the "***Loan Agreement***") of even date herewith by and between MUHA and the Lender.

The Obligation is secured by four Mortgages, Assignments of Rents, Collateral Pledge Agreements and Fixture Filings (collectively the "***Mortgages***") of even date herewith between MUHA and the Lender.

In our capacity as bond counsel to MUHA, we have prepared or reviewed the following:

1. The Enabling Act.

2. A certified copy of the Bylaws (the "***Bylaws***" and, together with the Enabling Act, the "***Organizational Documents***") of the Board of Trustees of MUHA.

3. The Hospital Revenue Bond Act (the "***Hospital Revenue Bond Act***" and, together with the Enabling Act, the "***Acts***"), codified at Title 44, Chapter 7, Code of Laws of South Carolina, 1976 as amended.

4. A certified copy of the resolution of the Board of Trustees of MUHA adopted on November 19, 2018 authorizing the acquisition of the Project.

5. A certified copy of the resolution of the Board of Trustees of MUHA adopted on December 14, 2018 authorizing the issuance of the Obligation.

6. A Certificate of the Chief Executive Officer and Executive Director of MUHA and the Chief Financial Officer of MUHA of even date herewith.

7. Resolution of the State Fiscal Accountability Authority adopted on January 29, 2019, authorizing the issuance of the Obligation subject to the approval of the State Treasurer of South Carolina (the "***State Treasurer***") as to the final terms of the Obligation.

8. A Certificate of the State Treasurer of even date herewith.

9. The Obligation, the Loan Agreement, the Mortgage, the _____, and the _____ (collectively, the "***Loan Documents***").

[

10. The Tax Certificate (the "***Tax Certificate***") of MUHA of even date herewith.

]

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. As to questions of fact material to our opinion, we have relied upon representations of MUHA, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished by or on behalf of MUHA without undertaking to verify the same by independent investigation.

In preparation for the issuance of these opinions, we have examined the Constitution and laws of the State including, particularly, the Acts and such other papers, instruments, and documents in this matter as we have deemed necessary or advisable.

Based on the foregoing, we are of the opinion that:

(i) MUHA is duly created and validly existing as a public body corporate and politic and an agency of the State with the corporate power to enter into and perform the Loan Documents.

(ii) The Loan Documents have been duly authorized, executed, and delivered by MUHA and each constitutes a valid and binding agreement of MUHA, enforceable in accordance with its terms.

(iii) The Organizational Documents are in full force and effect.

(iv) [Interest on the Obligation is excludable from gross income of the owner thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that MUHA comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Obligation in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the Obligation to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Obligation. MUHA has covenanted to comply with such requirements in the Tax Certificate. We express no opinion regarding other federal tax consequences arising with respect to the Obligation.

(v)]The Obligation and the interest thereon is exempt from all State, county, school district, municipal, and all other taxes or assessments of the State, except inheritance, estate, transfer, or certain franchise taxes. It should be noted, however, that §12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in the State a fee or

franchise tax computed on the entire net income of such bank, which includes interest paid on the Obligation.

([v/vi]) The Mortgages are in proper form for filing in the office of the [Register of Mesne Conveyances/Register of Deeds for [Florence, Marion, Lancaster, and Chester] Counties, South Carolina (the ***"Local Filing Offices"***), and, when recorded in the Local Filing Offices, will be effective to create valid liens on the interests of MUHA in the real property interests described therein.

([vi/vii]) No state or local mortgage tax, stamp tax or other fee or tax (other than customary per-page or document filing and recording fees imposed by law) is required to be paid in the State in connection with the delivery, filing or recording of the Mortgages with the Local Filing offices.

It is to be understood that the rights of the parties under the Loan Documents are subject to general principles of equity which may permit the exercise of judicial discretion, the exercise of the sovereign police powers of the State and the constitutional powers of the United States of America and to applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws relating to or affecting creditors' rights generally. In addition, we express no opinion as to the validity of any indemnification obligation upon MUHA or any provisions of the Loan Documents that purport to excuse a party from liability for its own acts or that authorize a party to act in its sole discretion.

§36-9-109(b)(14) of the Uniform Commercial Code – Secured Transactions, as adopted in the State (§§36-9-101 et seq.) provides that the South Carolina UCC – Secured Transactions does not apply to "a transfer by a government or governmental unit." Accordingly, we express no opinion as to the perfection or priority of the pledge of the Project Fund referred to in paragraph (ii) above.

This opinion is given as of the date hereof, and we assume no obligation to update, 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,

ALAN WILSON
ATTORNEY GENERAL

January 8, 2019

Delbert H. Singleton, Jr., Esquire
South Carolina State Fiscal Accountability Authority
612 Wade Hampton Office Building
P. O. Box 12444
Columbia, South Carolina 29211

Re: Medical University Hospital Authority
Not Exceeding $137,000,000 Bridge Loan Indebtedness
Purchase of Community Health Systems, Inc. Hospitals Project

Dear Mr. Singleton:

Regarding the above-referenced obligation, we have reviewed the Petition and other documents forwarded to us by the South Carolina State Fiscal Accountability Authority (Authority). The documents appear to comply with the requirements of the referenced Code sections in the submitted material that certain specific information be addressed in these documents and, also, when validly executed as required and delivered, should be legally adequate.

This opinion addresses only the fact that the documents appear to meet the conditions imposed by State law that certain specific matters be included in the documentation. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Office of the Attorney General

By: T. Parkin Hunter
T. Parkin Hunter
Senior Assistant Attorney General

TPH/shb

New Debt Information Form (NDIF) - Initial Form

SFAA Approval Date: 01/29/19 Final Version Date: 00/00/00

1. AGENCY/ISSUER & FINANCING INFORMATION

Agency #: H511 Issuer: Medical University Hospital Authority Series: 2019

Borrower (if not Issuer):

Bond Caption: Bridge Loan Mortgage Indebtedness

Bond Resolution Amount: $137,000,000.00 Est. Production/Par Amt: $129,477,873.00

(Used to calculate initial COI percentages; STO bond issues must use Par Amt **

Final Production/Par Amt: $0.00

Submitted By:

ENTITY	Medical University Hospital Authority
BY:	Lisa M. Goodlett
ITS:	Chief Financial Officer
Tel:	843.792.4775
Email:	goodlettl@musc.edu

Transaction Type/Method of Sale:

	Public Offering:	Competitive: ___ Negotiated: ___
x	Direct Placement:	Competitive: x Negotiated: ___
	Governmental Loan/Governmental Purchaser	
	Other:	

MSRB (EMMA) Continuing Disclosure Requirement (Y/N): No

MSRB (EMMA) Continuing Disclosure Responsible Party: N/A

2. FINANCING (NEW PORTION)

Project #: Project Name: MUSC - CHS

Project Address/Location: Various Amount: $129,477,873.00

Project Type: Bridge Loan County: Varies

Projected Avg Interest Rate: 3.50% Final Maturity: est. 2020; 1 year term

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:	Kaufman Hall	Disclosure Counsel:	Howell Linkous & Nettles
Bond Counsel:	Haynsworth Sinkler Boyd	Issuer's Counsel:	Annette Drachman (MUHA Corp. Counsel
Bank Counsel	TBD	Bank:	
FHA Advisor :	Armadale Capital Inc.	FHA Counsel:	Harris Beach PLLC

5. FINANCING/PROJECT DESCRIPTION

(Briefly, explain the financing/project, the anticipated costs, & the basis for these cost estimates. Use an attachment if needed)

** Please see the supplemental NDIF attachment which describes this transaction **

6. FINANCING/PROJECT APPROVAL DATES

Financing Approvals		Notes:
Issuer/Borrower Approval:	12/14/18	MUHA BoT
JBRC Approval:	00/00/00	N/A
SFAA Approval:	01/29/19	

Project Approvals - Phase II (State Entities Only)		Notes:
Issuer/Borrower Approval:	00/00/00	N/A
JBRC Approval:	00/00/00	N/A
SFAA Approval:	00/00/00	N/A

7. TAX AND ARBITRAGE MATTERS & SPEND DOWN SCHEDULE

	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 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?		x

c. If yes to any of the above, please provide a square footage and cost estimate of the portion affected.

Sq. Footage - Not Applicable

Cost Estimate - $0

	Bond Proceeds	FYE	Spend Down Schedule Notes
Est. Expenditures - Through 6 Months	$ 129,477,873.00	3/1/2019	Purchase of CHS Assets and payment of costs of issuance
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:	**$ 129,477,873.00**		

8. ESTIMATED/ACTUAL PROJECT SOURCES AND USES

Sources	Est. Project Budget (Sources)		Est. Project Budget (Uses)	Uses
(1) Bond Proceeds: (a) Par	$ 129,477,873.00		$ 129,477,873.00	Project Fund
(b) Premium/Accr. Int.	$		$	Capitalized Interest Fund
(2) Issuer/Borrower Contr.	$ 333,978.00		$	Debt Service Reserve Fund
(3) Debt Service Fund Trans.	$		$	Redemption Price/Escrow Deposit
(4) Debt Service Reserve Fund Contribution	$		$ 333,978.00	Cost of Issuance
			$	Other
(5) Other (Specify)			$	Other
Type -	$		$	Other
Residual Project Sources			$	Other
(6) Other			$	Other
(a) GF -	$		$	Other
(a) FF -	$		$	Other
(c) OF -	$		$	Other
Total Project Sources	**$ 129,811,851.00**		**$ 129,811,851.00**	**Total Project Uses**
		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	Kaufman Hall			75,000.00		75,000.00
Bond Counsel	Haynsworth Sinkler Boyd			129,478.00		129,478.00
Disclosure Counsel	Howell Linkous			17,000.00		17,000.00
Issuer's Counsel	MUHA internal					
Underwriter's Counsel	N/A					
FHA Counsel	Harris Beach PLLC			40,000.00		40,000.00
FHA Advisor	Armadale Capital			25,000.00		25,000.00
Bank Counsel				40,000.00		40,000.00
Rating Agency - S&P						
Rating Agency - Moody's						
Rating Agency - Fitch						
Underwriter's Compensation						
Trustee	US Bank			2,500.00		2,500.00
Contingency				5,000.00		5,000.00
				333,978.00	0.00	333,978.00

Est. / Actual COI Fees (% of Transaction):

Financial Advisor: % of Transaction	*0.06%*	*#DIV/0!*
Bond Counsel: % of Transaction	*0.10%*	*#DIV/0!*
Total Legal Costs: % of Transaction	*0.19%*	*#DIV/0!*
Rating Agencies: % of Transaction	*0.00%*	*#DIV/0!*

UW Comp: % of Transaction	0.00%	#DIV/0!
Other COI: % of Transaction	0.01%	#DIV/0!
Total COI: % of Transaction	**0.26%**	**#DIV/0!**

South Carolina Office of State Treasurer

New Debt Information Form Attachment

01.29.2019 – Medical University Hospital Authority – Taxable Bridge Loan - $137,000,000

Supplemental Response to Section 5:

$137,000,000 Taxable Bridge Loan

The Medical University Hospital Authority ("MUHA") has executed a definitive agreement to acquire four hospitals from Community Health Systems ("CHS") on or about February 28, 2019 to further improve the quality and efficiency of care for the area's population, and provide a solid operational foundation for the implementation of MUHA's strategic plan and vision for healthcare in the region.

CHS currently owns and operates these hospitals, urgent care/free-standing emergency departments, inpatient and outpatient rehabilitation, surgery centers, imaging centers, wellness center, nursing homes, and 300-member physician practice in the Pee Dee/Upstate region.

HOSPITAL	BEDS	LOCATION
Carolinas Hospital System – Florence	396 beds	Florence, South Carolina
Carolinas Hospital System – Marion	124 beds	Mullins, South Carolina
Chester Regional Medical Center	82 beds	Chester, South Carolina
Springs Memorial Hospital	225 beds	Lancaster, South Carolina

Carolinas Hospital Health System – Florence – is a regional acute care facility comprised of 396 beds, with 300 physicians and 1,800 healthcare professionals. Florence provides all major specialties dedicated to serving the healthcare needs of the citizens of Northeastern South Carolina including acute care, women's health, orthopedic services, cancer care, cardiac services, specialized rehabilitation programs, and an accredited Chest Pain Center.

Carolinas Hospital System – Marion – is a 124-bed, acute care facility in Mullins, South Carolina. This acute care facility provides complete inpatient, outpatient, diagnostic, medical, surgical and emergency care, as well as the 92-bed Mullins Nursing Center and hospital-owned physician practices.

Chester Regional Medical Center consists of 82 acute care hospital beds and 100 nursing home beds, four medical office buildings and four ancillary buildings located in Chester, South Carolina. This is the only hospital in all of Chester County.

Springs Memorial Hospital is a 225-bed, all-private room acute care facility located in Lancaster, South Carolina. Springs has a medical staff in excess of 200 providers.

Financing Plans

MUHA is currently negotiating for a taxable fixed rate bridge loan to fund the acquisition of the four hospitals on or about February 28, 2019. It is contemplated that the taxable fixed rate bridge loan will be outstanding until MUHA can obtain a Federal Housing Administration ("FHA") insured mortgage loan commitment from the U.S. Department of Housing and Urban Development ("HUD"). This FHA-insured mortgage loan commitment will serve as the basis for a GNMA-guaranteed mortgage-backed security ("MBS") financing transaction that will provide the necessary funds to refinance the taxable bridge loan and serve as the permanent financing for the acquisition of the four CHS hospitals.

To obtain this bridge loan financing, an RFP was issued by the South Carolina Office of State Treasurer. The parameters of MUHA's existing HUD financing structure influenced the design of this financing structure by limiting the collateral options and covenants available.

The preferred plan is for an upfront financing of the entire amount at a rate that will be locked by the date of the SFAA meeting in the range of 3.00% - 3.25% for a twelve-month commitment. The taxable fixed rate obligations are expected to be refinanced 3-4 months after being issued without any prepayment penalty with the GNMA-guaranteed MBS financing. A taxable bridge loan was selected because it provides MUHA with the flexibility to close on the acquisitions on a timely basis without also having to coordinate completion of a FHA-insured mortgage loan/ GNMA-guaranteed MBS financing process.

Eleven banks were approached with four responding back with proposals. We believe that the response rate was largely driven by the restrictions in the structure due to the complexities of a FHA-insured mortgage loan/ GNMA-guaranteed MBS financing process.

The dynamics of the FHA mortgage loan insurance program and the specialized nature of the GNMA MBS market drive the need for additional financial and legal advisors. Overall, the cost of issuance for the bridge loan and the FHA-insured mortgage loan/ GNMA-guaranteed MBS financing are relatively low and in line with expectations of the Treasurer's Office. Additional verification of the rate offered was performed and also in line with the STO's expectations.

Key Notes

The timeline for closing commitments are scheduled as follows:

- Bridge loan close: 2/21/2019
- CHS acquisition close: On or about 2/28/2019

STATE FISCAL ACCOUNTABILITY AUTHORITY — REGULAR SESSION

MEETING OF January 29, 2019 — ITEM NUMBER 8

AGENCY: Medical University Hospital Authority

SUBJECT: Not Exceeding $137,000,000 Permanent Loan Indebtedness of the Medical University Hospital Authority, Series 2019

The Authority is asked to adopt a resolution making provision for the issuance and sale of not exceeding $137,000,000 Permanent Loan Indebtedness of the Medical University Hospital Authority, Series 2019 of the State of South Carolina.

The proceeds will be used for refinancing bridge loan indebtedness incurred to defray (i) the costs of the purchase substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence located in Florence, South Carolina; Carolinas Hospital System – Marion located in Mullins, South Carolina; Springs Memorial Hospital located in Lancaster, South Carolina; and Chester Regional Medical Center located in Chester, South Carolina, and associated clinical sites and services.

AUTHORITY ACTION REQUESTED:

Adopt a resolution authorizing the Medical University Hospital Authority to incur or issue indebtedness in a principal amount not to exceed $137,000,000 to provide permanent financing for the acquisition of certain hospital facilities in Florence, Marion, Lancaster, and Chester Counties, South Carolina, for the purpose of defraying the costs of the acquisition of such hospital facilities and other matters related thereto.

ATTACHMENTS:

Resolution

HAYNSWORTH
SINKLER BOYD

HAYNSWORTH SINKLER BOYD, P.A.
134 MEETING STREET, 3RD FLOOR
P.O. BOX 340 (29402)
CHARLESTON, SOUTH CAROLINA 29401
MAIN 843.722.3366
FAX 843.722.2266
www.hsblawfirm.com

F. MITCHELL JOHNSON, JR.
DIRECT 843.720.4444
mjohnson@hsblawfirm.com

December 14, 2018

Delbert H. Singleton, Jr.
South Carolina State Fiscal Accountability Authority
Wade Hampton Office Building, 6th Floor
Columbia, South Carolina 29201

Re: Not Exceeding $137,000,000 Bridge Loan and Permanent Indebtedness of the Medical University Hospital Authority (an Agency of the State of South Carolina), Series 2019

Dear Delbert:

The Medical University Hospital Authority requests that the captioned borrowings be considered at the January 29, 2019, meeting of the State Fiscal Accountability Authority.

The Medical University Hospital Authority intends to purchase four hospitals in Florence, Marion, Lancaster, and Chester, and, ultimately, to finance the purchase by way of a HUD insured mortgage loan. The Asset Purchase Agreement requires the sale to be closed in February, and the lead time on the HUD loan will not allow us to have permanent financing in place by that time. Therefore, the plan is to have a bridge loan provide initial funding for the purchase and for the HUD loan to take out the bridge loan.

The purchase of the hospitals does not require a separate CON from DHEC.

Accompanying this letter are the Transmittal Forms, the Petitions, the SFAA Resolutions and draft bond counsel opinions for each of the proposed financings.

Please let me know if you have any questions or if I may provide any additional information.

Very truly yours,

F. Mitchell Johnson, Jr.

Enclosures
cc: Lisa Goodlett, CFO
Annette Drachman, General Counsel

TRANSMITTAL FORM, REVENUE BONDS

TO: Delbert H. Singleton, Jr.,
State Fiscal Accountability Authority
601 Wade Hampton Building
Columbia, SC 29201

OR *P.O. Box 12444, Columbia, SC 29211*

DATE: December 14, 2018

Submitted for SFAA Meeting on
January 29, 2019

FROM:

Haynsworth Sinkler Boyd, P.A.
Name of Law Firm

134 Meeting Street, Third Floor (P.O. Box 340, 29402)
Street Address/Box Number

Charleston, South Carolina 29401
City, State, Zip Code

(843) 722-3366
Area Code/Telephone Number

RE:

Not Exceeding $137,000,000
Amount of Issue

Medical University Hospital Authority (An Agency of the State of South Carolina)
Name of Issuing Authority

Permanent Loan Indebtedness
Type of Bonds or Notes

June 30, 2019
Projected Issue Date

Project Name: Refinance purchase of Community Health Systems, Inc. Hospitals

Project Description: Refinancing bridge loan indebtedness incurred to defray (i) the costs of the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina, and associated clinical sites and services.

Employment as a result of the project: None

Ceiling Allocation Required			Refunding Involved			Project Approved Previously		
___ Yes	$ _____ Amount	X No	___ Yes	$ _____ Amount	X No	___ Yes	$ _____ Amount	X No

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. X Petition

B. ___ Inducement Agreement

C. X Resolution

D. ___ Department of Health and Environmental Control Certificate *(see attached letter from DHEC)*

E. X SFAA Resolution and Public Notice *(original)*
Plus 5 *copies for certification and return to bond counsel*

F. X Draft bond counsel opinion letter

G. n/a Processing Fee
Amount: $ _____ *Check No:* _____
Payor: _____

Bond Counsel: F. Mitchell Johnson, Jr.
Haynsworth Sinkler Boyd, P.A.
Typed Name of Bond Counsel

By: _____
Signature

8/94

COUNTY OF CHARLESTON

TO THE STATE FISCAL ACCOUNTABILITY AUTHORITY)	)	**PETITION**

This Petition of the Board of Trustees (the "***Board of Trustees***") of the Medical University Hospital Authority (the "***Authority***") respectfully shows:

1. The Authority is an agency of the State of South Carolina (the "***State***") and is an entity created by Act of the General Assembly of South Carolina, codified as §59-123-60, Code of Laws of South Carolina 1976, as amended (the "***Enabling Act***"). The Enabling Act at paragraph (E)(3)(a) grants the Board of Trustees the power to "make contracts and have, hold, purchase, and lease real estate and personal property for corporate purposes." The Enabling Act at paragraph (E)(3)(b) also grants the Board of Trustees the power to "sell, convey, mortgage, lease, exchange, and otherwise dispose of any real property subject to the authority and approval of the State Fiscal Accountability Authority or the Department of Administration, as appropriate." The Enabling Act at paragraph (E)(5) further grants the Board of Trustees the power to "construct, operate, and maintain the hospital and related premises, buildings and facilities, and infrastructure."

2. In fulfilling these powers, the Enabling Act at paragraph (E)(3)(c) permits the Authority to "make contracts and guarantees, to incur liabilities, to issue its notes, bonds and other obligations, and secure any of its obligations by mortgage or pledge of any of its property, or income in a manner to be in the best interest of the authority." In addition, the Act provides at paragraph (E)(3)(d) that for purposes of effectuating the provisions of paragraph (E)(3)(c), the Board of Trustees shall utilize the provisions of §§44-7-1410 to 44-7-1720, Code of Laws of South Carolina, 1976, as amended (the "***Hospital Revenue Bond Act***").

3. In furtherance of these powers and responsibilities, paragraph (E)(3)(d) of the Act also provides that the Authority's "obligations or indebtedness…shall be subject to the approval thereof by resolution of the State Fiscal Accountability Authority."

4. In its meeting on November 19, 2018, the Board of Trustees determined that the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina, and associated clinical sites and services (collectively, the "***Hospitals***") should be financed initially with the proceeds of one or more borrowings (the "***Bridge Loan Indebtedness***") in an amount not to exceed $137,000,000.

5. In its meeting on December 14, 2018, the Board of Trustees also determined that the repayment of the Bridge Loan Indebtedness should be financed with the proceeds of one or more borrowings (the "***Permanent Indebtedness***") in a principal amount not to exceed $137,000,000 "in a manner to be in the best interest of the Authority;" and

6. The Board of Trustees estimates that the repayment of the Bridge Loan Indebtedness and the payment of associated costs of issuance (collectively, the "***Refinancing Costs***") require the incurring or issuance of the Permanent Indebtedness in a principal amount not to exceed $137,000,000.

7. The Board of Trustees determined in its meeting on December 14, 2018, that the Authority should enter into such documents and agreements to take all action as shall be required to incur or issue the Permanent Indebtedness, and has authorized the President, the Executive Director, and the Chief Financial Officer, upon advice received and in consultation with the Office of the State Treasurer, to execute such documents and agreements and to take all action required to incur or issue the Permanent Indebtedness, including without limitation, all such documents as may be appropriate and/or required under State or federal law including specifically the Enabling Act and the Hospital Revenue Bond Act (collectively, the "***Acts***"). Pursuant to such authorization, this Petition is presented to request approval for the incurrence or issuance by the Authority pursuant to the Acts of the Permanent Indebtedness in an aggregate principal

amount not to exceed $137,000,000 at interest rates not to exceed six percent (6%) per annum and for terms not to exceed the statutory limit of forty (40) years set forth at §44-7-1450 of the Hospital Revenue Bond Act, which Permanent Indebtedness will be used to defray and finance the Refinancing Costs.

8. In connection with the incurrence or issuance of the Permanent Indebtedness, the Board of Trustees expects that the Authority will execute and deliver documents and agreements, and take such actions as are necessary or desirable, in connection with such borrowing or borrowings. As permitted by the Hospital Revenue Bond Act and paragraphs (E)(3)(b), (c), and (d) of the Enabling Act, the Board of Trustees expects that the Authority may execute one or more mortgages granting a lien or liens on the Authority's interest in certain real property and one or more security agreements granting a lien or liens on certain of the Authority's personal property.

9. For the reasons above set forth and hereinafter disclosed and as contemplated by §44-7-1480 and required by §44-7-1590 of the Hospital Revenue Bond Act, the Board of Trustees has determined that:

(a) the aggregate of the Refinancing Costs to be defrayed by the proceeds of the Permanent Indebtedness shall not exceed $137,000,000;

(b) no approval of the South Carolina Department of Health and Environmental Control of the undertaking of the Authority to effect the repayment of the Bridge Loan Indebtedness will be required under Article 3, Chapter 7, Title 44 of the Code of Laws of South Carolina, 1976;

(c) the terms and conditions of the Permanent Indebtedness shall contain those provisions customary in connection with such financings; and

(d) neither the Permanent Indebtedness nor any provision securing the same shall create a pecuniary liability or charge upon the State's general credit or taxing powers.

10. The Permanent Indebtedness will be incurred or issued by the Authority pursuant to a resolution or resolutions, and authorizations provided therein, which will impose upon the Authority the obligation to pay, in addition to the moneys required for the repayment thereof, all other costs and expenses relating thereto and the transactions contemplated to take place in connection therewith.

Upon the basis of the foregoing, the Board of Trustees hereby respectfully petitions the State Fiscal Accountability Authority to (i) accept the filing of the Petition presented herewith; (ii) find that the proposed refinancing is intended to promote the purposes of the Hospital Revenue Bond Act; (iii) on the basis of such finding, approve the incurrence or issuance of the Permanent Indebtedness by the Authority in one or more borrowings and in such final form as may be approved by the State Treasurer; and (iv) cause to be published notice of its approval in the manner set forth in the Act.

Respectfully Submitted,

MEDICAL UNIVERSITY HOSPITAL AUTHORITY

By_____
Patrick J. Cawley, M.D, Executive Director

By_____
Lisa M. Goodlett, CPA, FACHE, Chief Financial Officer

December 14, 2018

A RESOLUTION

AUTHORIZING THE MEDICAL UNIVERSITY HOSPITAL AUTHORITY TO PURCHASE THE ASSETS OF CERTAIN HOSPITALS AND OTHER MEDICAL FACILITIES IN FLORENCE COUNTY, MARION COUNTY, LANCASTER COUNTY, AND CHESTER COUNTY, SOUTH CAROLINA AND OTHER MATTERS RELATED THERETO.

WHEREAS, on June 3, 1999, the South Carolina General Assembly passed legislation now codified as §59-123-60, Code of Laws of South Carolina, 1976, as amended (the "***Enabling Act***"), that established the Medical University Hospital Authority (the "***Authority***"); and

WHEREAS, the Board of Trustees of the Authority (the "***Board of Trustees***") is authorized at §59-123-60(E)(3)(b) of the Enabling Act to "purchase and acquire interest in real property and improvements thereon and to sell, convey, mortgage, lease, exchange, and otherwise dispose of any real property subject to the authority and approval of the State Fiscal Accountability Authority or the Department of Administration, as appropriate;" and

WHEREAS, the Board of Trustees is authorized at §59-123-60(E)(3)(c) of the Enabling Act to "make contracts and guarantees, to incur liabilities, to issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of any of its property, or income in a manner to be in the best interest of the Authority;" and

WHEREAS, the Board of Trustees has determined that the purchase of substantially all of the assets of certain affiliates of CHS/Community Health Systems, Inc. ("***CHS***") that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina (collectively, the "***Hospitals***"), and associated clinical sites and services is in the best interest of the Authority; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE MEDICAL UNIVERSITY HOSPITAL AUTHORITY IN MEETING DULY ASSEMBLED:

Section 1. It is hereby declared that the facts set forth in the preambles to this Resolution are in all respects true and correct.

Section 2. It is hereby declared that the Authority intends to purchase substantially all of the assets of certain affiliates of CHS that are associated with or used in the operation of the Hospitals.

Section 3. The purchase of the Hospitals shall be financed with the proceeds of the Indebtedness "in a manner to be in the best interest of the Authority."

Section 4. The President, the Executive Director, and the Chief Financial Officer of the Authority (collectively, the "***Executing Officers***") are hereby authorized to negotiate and execute such documents and/or agreements as are required to effect the acquisition and the financing of the acquisition of the of the property, leases, easements, or other transfers of property and assets discussed in the November 19, 2018 meeting of the Board of Trustees. The Executing Officers are further authorized to seek all necessary approvals to affect these transfers.

[The remainder of this page is intentionally left blank.]

APPROVED this 19th day of November, 2018.

MEDICAL UNIVERSITY HOSPITAL AUTHORITY
BOARD OF TRUSTEES

By _____
Charles W. Schulze, Chairman

By _____
Mark C. Sweatman, Secretary

EXHIBIT "A"

FORM OF THE PETITION

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

TO THE STATE FISCAL ACCOUNTABILITY AUTHORITY	)	**PETITION**

This Petition of the Board of Trustees (the "***Board of Trustees***") of the Medical University Hospital Authority (the "***Authority***") respectfully shows:

1. The Authority is an agency of the State of South Carolina (the "***State***") and is an entity created by Act of the General Assembly of South Carolina, codified as §59-123-60, Code of Laws of South Carolina 1976, as amended (the "***Enabling Act***"). The Enabling Act at paragraph (E)(3)(a) grants the Board of Trustees the power to "make contracts and have, hold, purchase and lease real estate and personal property for corporate purposes." The Enabling Act at paragraph (E)(3)(b) also grants the Board of Trustees the power to "sell, convey, mortgage, lease, exchange, and otherwise dispose of any real property subject to the authority and approval of the State Fiscal Accountability Authority or the Department of Administration, as appropriate." The Enabling Act at paragraph (E)(5) further grants the Board of Trustees the power to "construct, operate, and maintain the hospital and related premises, buildings and facilities, and infrastructure."

2. In fulfilling these powers, the Enabling Act at paragraph (E)(3)(c) permits the Authority to "make contracts and guarantees, to incur liabilities, to issue its notes, bonds and other obligations, and secure any of its obligations by mortgage or pledge of any of its property, or income in a manner to be in the best interest of the authority." In addition, the Act provides at paragraph (E)(3)(d) that for purposes of effectuating the provisions of paragraph (E)(3)(c), the Board of Trustees shall utilize the provisions of §§44-7-1410 to 44-7-1720, Code of Laws of South Carolina, 1976, as amended (the "***Hospital Revenue Bond Act***").

3. In furtherance of these powers and responsibilities, paragraph (E)(3)(d) of the Act also provides that the Authority's "obligations or indebtedness…shall be subject to the approval thereof by resolution of the State Fiscal Accountability Authority."

4. In its meeting on December 14, 2018, the Board of Trustees determined that the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina, and associated clinical sites and services (collectively, the "***Hospitals***") should be financed initially with the proceeds of one or more borrowings (the "***Bridge Loan Indebtedness***") in an amount not to exceed $137,000,000.

5. In its meeting on December 14, 2018, the Board of Trustees also determined that the repayment of the Bridge Loan Indebtedness should be financed with the proceeds of one or more borrowings (the "***Permanent Indebtedness***") in a principal amount not to exceed $137,000,000 "in a manner to be in the best interest of the Authority;" and

6. The Board of Trustees estimates that the repayment of the Bridge Loan Indebtedness and the payment of associated costs of issuance (collectively, the "***Refinancing Costs***") require the incurring or issuance of the Permanent Indebtedness in a principal amount not to exceed $137,000,000.

7. The Board of Trustees determined in its meeting on December 14, 2018, that the Authority should enter into such documents and agreements to take all action as shall be required to incur or issue the Permanent Indebtedness, and has authorized the President, the Executive Director, and the Chief Financial Officer, upon advice received and in consultation with the Office of the State Treasurer, to execute such documents and agreements and

to take all action required to incur or issue the Permanent Indebtedness, including without limitation, all such documents as may be appropriate and/or required under State or federal law including specifically the Enabling Act and the Hospital Revenue Bond Act (collectively, the "***Acts***"). Pursuant to such authorization, this Petition is presented to request approval for the incurrence or issuance by the Authority pursuant to the Acts of the Permanent Indebtedness in an aggregate principal amount not to exceed $137,000,000 at interest rates not to exceed six percent (6%) per annum and for terms not to exceed the statutory limit of forty (40) years set forth at §44-7-1450 of the Hospital Revenue Bond Act, which Permanent Indebtedness will be used to defray and finance the Refinancing Costs.

8. In connection with the incurrence or issuance of the Permanent Indebtedness, the Board of Trustees expects that the Authority will execute and deliver documents and agreements, and take such actions as are necessary or desirable, in connection with such borrowing or borrowings. As permitted by the Hospital Revenue Bond Act and paragraphs (E)(3)(b), (c), and (d) of the Enabling Act, the Board of Trustees expects that the Authority may execute one or more mortgages granting a lien or liens on the Authority's interest in certain real property and one or more security agreements granting a lien or liens on certain of the Authority's personal property.

9. For the reasons above set forth and hereinafter disclosed and as contemplated by §44-7-1480 and required by §44-7-1590 of the Hospital Revenue Bond Act, the Board of Trustees has determined that:

(a) the aggregate of the Refinancing Costs to be defrayed by the proceeds of the Permanent Indebtedness shall not exceed $137,000,000;

(b) no approval of the South Carolina Department of Health and Environmental Control of the undertaking of the Authority to effect the repayment of the Bridge Loan Indebtedness will be required under Article 3, Chapter 7, Title 44 of the Code of Laws of South Carolina, 1976;

(c) the terms and conditions of the Permanent Indebtedness shall contain those provisions customary in connection with such financings; and

(d) neither the Permanent Indebtedness nor any provision securing the same shall create a pecuniary liability or charge upon the State's general credit or taxing powers.

10. The Permanent Indebtedness will be incurred or issued by the Authority pursuant to a resolution or resolutions, and authorizations provided therein, which will impose upon the Authority the obligation to pay, in addition to the moneys required for the repayment thereof, all other costs and expenses relating thereto and the transactions contemplated to take place in connection therewith.

Upon the basis of the foregoing, the Board of Trustees hereby respectfully petitions the State Fiscal Accountability Authority to (i) accept the filing of the Petition presented herewith; (ii) find that the proposed refinancing is intended to promote the purposes of the Hospital Revenue Bond Act; (iii) on the basis of such finding, approve the incurrence or issuance of the Permanent Indebtedness by the Authority in one or more borrowings and in such final form as may be approved by the State Treasurer; and (iv) cause to be published notice of its approval in the manner set forth in the Act.

Respectfully Submitted,

MEDICAL UNIVERSITY HOSPITAL AUTHORITY

By_____
Patrick J. Cawley, M.D, Executive Director

By_____
Lisa M. Goodlett, CPA, FACHE, Chief Financial Officer

December 14, 2018

RESOLUTION

APPROVING THE INCURRENCE OR ISSUANCE BY THE MEDICAL UNIVERSITY HOSPITAL AUTHORITY OF INDEBTEDNESS IN A PRINCIPAL AMOUNT NOT TO EXCEED $137,000,000 TO PROVIDE PERMANENT FINANCING FOR THE ACQUISITION OF CERTAIN HOSPITAL FACILITIES IN FLORENCE COUNTY, MARION COUNTY, LANCASTER COUNTY, AND CHESTER COUNTY, SOUTH CAROLINA, PURSUANT TO THE PROVISIONS OF TITLE 59, CHAPTER 123 AND TITLE 44, CHAPTER 7 OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED, FOR THE PURPOSE OF DEFRAYING THE COSTS OF THE ACQUISITION OF SUCH HOSPITAL FACILITIES AND OTHER MATTERS RELATED THERETO.

WHEREAS, the Medical University Hospital Authority (the "***Authority***"), an agency of the State of South Carolina, has been authorized at §59-123-60, Code of Laws of South Carolina, 1976 as amended (the "***Enabling Act***") to utilize all provisions of the Hospital Revenue Bond Act, codified at Title 44, Chapter 7, Code of Laws of South Carolina, 1976 as amended (the "***Hospital Revenue Bond Act***") for the purpose of effectuating the powers set forth in the Enabling Act in order to raise monies for Medical University of South Carolina hospitals, clinics, and other health care and related facilities for the Authority; and

WHEREAS, the Board of Trustees of the Authority (the "***Board of Trustees***") is authorized at §59-123-60(A)(3) of the Enabling Act "to make contracts and to have, to hold, to purchase, and to lease real estate and personal property for corporate purposes;" and

WHEREAS, §59-123-60(E)(3)(a) of the Enabling Act grants the Board of Trustees the power to "sell, convey, mortgage, lease, exchange, and otherwise dispose of any real property subject to the authority and approval of the State Fiscal Accountability Authority or the Department of Administration, as appropriate;" and

WHEREAS, the Board of Trustees is authorized at §59-123-60(E)(3)(c) of the Enabling Act to "make contracts and guarantees, to incur liabilities, to issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of any of its property, or income in a manner to be in the best interest of the Authority;" and

WHEREAS, the Board of Trustees is authorized at §59-123-60(E)(3)(d) of the Enabling Act "for the purpose of effectuating the provisions of subitem (c) above,[to] utilize all provisions of the Hospital Revenue Bond Act;" and

WHEREAS, the Board of Trustees has determined that the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in connection with the ownership and/or operation of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina, and associated clinical sites and services (collectively, the "***Hospitals***") should be financed with the proceeds of a borrowing or borrowings secured, if necessary, as provided by §59-123-60(E)(3)(c) above, "by[a] mortgage…in a manner to be in the best interest of the Authority;" and

WHEREAS, the Board of Trustees has determined that the incurrence or issuance by the Authority of indebtedness (the "***Bridge Loan Indebtedness***") in a principal amount not to exceed $137,000,000 for the purchase of the Hospitals, the funding of any necessary reserve or similar fund, and the payment of associated costs of issuance is in the best interest of the Authority; and

WHEREAS, the Board of Trustees has determined that the incurrence or issuance by the Authority of indebtedness (the "***Permanent Indebtedness***") in a principal amount not to exceed $137,000,000 for the repayment of the Bridge Loan Indebtedness and the payment of associated costs of issuance (collectively, the "***Refinancing Costs***") is in the best interest of the Authority; and

WHEREAS, pursuant to §59-123-60(E)(3)(d) of the Enabling Act and §44-7-1590(A) of the Hospital Revenue Bond Act, the Board of Trustees has authorized and caused a petition (the "***Petition***") to be filed with the State Fiscal Accountability Authority; and

WHEREAS, the Authority, under and pursuant to the provisions of the Enabling Act and the Hospital Revenue Bond Act (collectively, the "***Acts***"), has petitioned the State Fiscal Accountability Authority for its approval of the incurrence or issuance by the Authority of the Permanent Indebtedness in an aggregate principal amount not to exceed

$137,000,000 at interest rates not to exceed six percent (6%) per annum and for terms not to exceed forty (40) years, all set forth at §44-7-1450 of the Hospital Revenue Bond Act, the proceeds of which Indebtedness will defray the Refinancing Costs.

NOW, THEREFORE, BE IT RESOLVED, by the State Fiscal Accountability Authority of the State of South Carolina as follows:

Section 1. It is hereby found, determined and declared by the State Fiscal Accountability Authority that the Petition contains all matters required by law to be set forth therein, and that in consequence thereof the jurisdiction of this State Fiscal Accountability Authority has been properly invoked under and pursuant to §44-7-1590 of the Hospital Revenue Bond Act.

Section 2. The proposal of the Authority to incur or issue the Permanent Indebtedness as described herein is hereby approved.

Section 3. Approval is hereby given for the incurrence or issuance of the Permanent Indebtedness in a principal amount not to exceed $137,000,000 for the purposes described herein and as set forth in the Petition, such Permanent Indebtedness to be in such principal amount and subject to such terms as the State Treasurer shall approve; provided, however, the interest rates on the Permanent Indebtedness shall not exceed six percent (6%) per annum and the terms thereof not exceed forty (40) years; and (ii) the taking by the Office of State Treasurer of such further action and the granting of approval by the State Treasurer of such further action by the Authority as shall not be inconsistent with the foregoing provisions of this Resolution as may be necessary or desirable in connection with the incurrence or issuance of the Permanent Indebtedness.

Section 4. It is specifically provided that the Permanent Indebtedness may be incurred or issued in one or several series of borrowings.

Section 5. There shall be published a notice of approval as required by Section 44-7-1590(B) in substantially the form attached hereto as **EXHIBIT "A."**

Section 6. This Resolution shall take effect immediately.

EXHIBIT "A"

NOTICE PURSUANT TO THE PROVISIONS OF SECTION 44-7-1590 OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED

NOTICE IS HEREBY GIVEN pursuant to the provisions and requirements of Title 44, Chapter 7, Article 11, Code of Laws of South Carolina 1976, as amended, that the State Fiscal Accountability Authority of South Carolina, pursuant to Petition filed by the Medical University Hospital Authority (the "***Authority***"), has given its approval for the incurrence or issuance by the Authority of indebtedness in an aggregate principal amount not to exceed $137,000,000 for the purpose of refinancing the costs of the purchase of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina, and associated clinical sites and services, the funding of any necessary reserve or similar fund, and the payment of the associated costs of issuance.

Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this Notice, but not afterwards, challenge the validity of the action taken by the State Fiscal Accountability Authority or the Authority, by action *de novo* instituted in the Court of Common Pleas for Charleston County, South Carolina.

STATE FISCAL ACCOUNTABILITY AUTHORITY

By: Delbert H. Singleton, Jr., Secretary

Dated: January 30, 2019

HAYNSWORTH
SINKLER BOYD

HAYNSWORTH SINKLER BOYD, P.A.
134 MEETING STREET, 3RD FLOOR
P.O. BOX 340 (29402)
CHARLESTON, SOUTH CAROLINA 29401
MAIN 843.722.3366
FAX 843.722.2266
www.hsblawfirm.com

January 29, 2019

South Carolina State Fiscal Accountability Authority
Columbia, South Carolina

Re: Not Exceeding $137,000,000 Permanent Loan Financing for the Medical University Hospital Authority ("***MUHA***")

Ladies and Gentlemen:

We are acting as bond counsel in connection with the proposed incurrence by MUHA of the above-captioned indebtedness (the "***Permanent Loan Indebtedness***"). At your request, we are delivering this opinion in connection with MUHA's Petition (the "***Petition***") to the South Carolina State Fiscal Accountability Authority ("***SFAA***") dated December 14, 2018, to approve the incurrence of the Permanent Loan Indebtedness pursuant to §59-123-60, Code of Laws of South Carolina, 1976, as amended (the "***Enabling Act***"), which established MUHA, and §44-7-1590 of Title 44, Chapter 7, Code of Laws of South Carolina, 1976 as amended (the "***Hospital Revenue Bond Act***" and, together with the Enabling Act, the "***Acts***").

In that capacity, we have examined originals or copies of the Resolution of the Board of Trustees of MUHA adopted on December 14, 2018, the Petition, the form of a proposed Resolution, which we have prepared for SFAA's consideration and which, if adopted by SFAA, permits the incurrence of the Permanent Loan Indebtedness, the form of a certificate to be executed by the Executive Director and Chief Financial Officer of MUHA, and the forms of certificates to be executed by State Treasurer of South Carolina (collectively, the "***Authorization Documents***").

In rendering the opinions expressed below, we have relied only upon our examination of the Authorization Documents and such other documents, certificates and correspondence referenced above. We have not made or undertaken to make any investigation as to factual matters 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 or may hereafter may be made by or on behalf of MUHA, SFAA, or the parties to the any of the documents related to the Permanent Loan Indebtedness. Further, in rendering the opinions expressed below, we do not purport to be experts in, 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 (the "***State***"), and the opinions are limited to the federal laws of the United States of America and the laws of the State.

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 Authorization Documents comply with all requirements of the Acts and are legally sufficient and contain all facts, information, and findings by the respective authorities legally required to authorize SFAA to approve the incurrence of the Permanent Loan Indebtedness.

Except as set forth above, we express no opinion in connection with the incurrence of the Permanent Loan Indebtedness. The opinions expressed above are rendered solely for your benefit in considering the approval of the incurrence of the Permanent Loan Indebtedness under the Acts. The opinions expressed above may neither be relied on by you for any other purpose nor be used, circulated, quoted, or relied on by any other person or entity for any other purpose, without, in each instance, our prior written consent. 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,

Haynsworth Sinkler Boyd, P.A.

Haynsworth
Sinkler Boyd, P.A.

ATTORNEYS AND COUNSELORS AT LAW

134 MEETING STREET, THIRD FLOOR (29401-2240)
POST OFFICE BOX 340 (29402-0340)
CHARLESTON, SOUTH CAROLINA
TELEPHONE 843.722.3366
FACSIMILE 843.722.2266
WEBSITE www.hsblawfirm.com

[Closing Date, 2019

Board of Trustees of Medical University Hospital Authority

Re: $_____ FHA Insured Mortgage Acquisition Obligation of the Medical University Hospital Authority (an Agency of the State of South Carolina), Series 2018 (the "***Obligation***")

Ladies and Gentlemen:

We have acted as bond counsel to the Medical University Hospital Authority (the "***Authority***"), an agency of the State of South Carolina established by Act 116 of the 1999 Acts and Joint Resolutions of the General Assembly of South Carolina, codified as Section 59-123-60 of the Code of Laws of South Carolina 1976, as amended (the "***Enabling Act***"), in connection with the incurrence by the Authority of the captioned Obligation. To provide permanent financing for the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina, and associated clinical sites and services (collectively, the "***Project***") as set forth in the Resolutions (as defined below), the Authority is entering into a mortgage loan in the original principal amount of $_____(the "***Mortgage Loan***"). The Mortgage Loan will be funded by _____ (the "***Lender***") in connection with the sale of Government National Mortgage Association ("***GNMA***") guaranteed Mortgage-Backed Securities ("***MBS***") to its investor(s). The proceeds of the Mortgage Loan will be used to provide permanent financing for the Project.

The Obligation is secured by a note and mortgage dated _____, 2019, in the original principal amount of $_____ (the "***Note***" and the "***Mortgage***," respectively) and is insured by the Federal Housing Administration ("***FHA***"), an organizational unit of the United States Department of Housing and Urban Development ("***HUD***").

In our capacity as bond counsel to the Authority, we have prepared or reviewed the following:

A. The proceedings relating to financing of the purchase of the Project.

B. The Act together with certified copy of the resolutions of the Board of Trustees of the Authority adopted November 19, 2018, and December 14, 2018 (collectively, the "***Resolutions***") authorizing the purchase of the Project and the issuance of the Obligation.

C. Section 44-7-1590 of the Hospital Revenue Bond Act, together with the resolution of the State Fiscal Accountability Authority approving the issuance of the Obligation and the Certificate of the State Treasurer required by such resolution.

D. A certified copy of the Bylaws (the "***Bylaws***" and, together with the Enabling Act, the "***Organizational Documents***") of the Board of Trustees of MUHA

E. The action by the Authority engaging the Lender as FHA Mortgagee and GNMA Lender and the Authorization for Purchase Commitment letter between the Authority and Lender (collectively, the "***MBS Documents***").

F. The Regulatory Agreement by and between HUD and the Authority.

G. The Note.

H. The Mortgage.

The documents listed in F through H above are referred to collectively as the "***Loan Documents***."

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. As to questions of fact material to our opinion, we have relied upon representations of the Authority, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished by or on behalf of the Authority without undertaking to verify the same by independent investigation.

In preparation for the issuance of these opinions, we have examined (i) the Constitution and laws of the State of South Carolina; (ii) the form of the Loan Documents, the Note and the Mortgage; (iii) certified or duplicate executed copies of the Organizational Documents; and (iv) such other papers, instruments and documents in this matter as we have deemed necessary or advisable.

Based on the foregoing, we are of the opinion that:

1. The Authority is duly created and validly existing as a public body corporate and politic and an agency of the State of South Carolina with the corporate power to enter into and perform the Loan Documents. The Loan Documents have been duly authorized, executed and delivered by the Authority and each constitutes a valid and binding agreement of the Authority enforceable in accordance with its terms.

2. The Authority is in good standing under the laws of the State of South Carolina.

3. The Organizational Documents have been duly authorized, executed and delivered and are in full force and effect.

4. The acquisition of the Project has been duly authorized. The Organizational Documents and the Loan Documents executed and delivered by the Authority are valid and binding special obligations of the Authority, payable in accordance with their terms and are not a general obligation or indebtedness of the Authority within the meaning of any constitutional or statutory limitation, but are payable solely from the sources and other property pledged thereto under the Loan Documents.

It is to be understood that the rights of the parties under the Loan Documents and the documents contemplated by the Organizational Documents are subject to general principles of equity which may permit the exercise of judicial discretion, the exercise of the sovereign police powers of the State of South Carolina and the constitutional powers of the United States of America and to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally. In addition, we express no opinion as to the validity of any indemnification obligation upon the Authority or any provisions of the Loan Documents that purport to excuse a party from liability for its own acts or that authorize a party to act in its sole discretion.

This opinion is given as of the date hereof, and we assume no obligation to update, 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,

[Closing Date], 2019

Board of Trustees of Medical University Hospital Authority
Charleston, South Carolina

Re: $_____ FHA Insured Mortgage Acquisition Obligation of the Medical University Hospital Authority (an Agency of the State of South Carolina), Series 2019B (the "***Obligation***")

Ladies and Gentlemen:

We have acted as bond counsel to the Medical University Hospital Authority (the "***Authority***"), an agency of the State of South Carolina established by Act 116 of the 1999 Acts and Joint Resolutions of the General Assembly of South Carolina, codified as Section 59-123-60 of the Code of Laws of South Carolina 1976, as amended (the "***Enabling Act***"), in connection with the issuance by the Authority of the captioned Obligation.

To provide permanent financing for the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, South Carolina; Carolinas Hospital System – Marion in Mullins, South Carolina; Springs Memorial Hospital in Lancaster, South Carolina; and Chester Regional Medical Center in Chester, South Carolina, and associated clinical sites and services (collectively, the "***Project***") as set forth in the Resolutions (as defined below), the Authority is entering into a mortgage loan in the original principal amount of $_____(the "***Mortgage Loan***"). The Mortgage Loan will be funded by _____ (the "***Lender***") in connection with the sale of Government National Mortgage Association ("***GNMA***") guaranteed Mortgage-Backed Securities to its investor(s). The proceeds of the Mortgage Loan will be used to provide permanent financing for the Project..

The Obligation is secured by a note and mortgage dated _____ ___, 2019, in the original principal amount of $_____ (the "***Note***" and the "***Mortgage***," respectively) and is insured by the Federal Housing Administration ("***FHA***"), an organizational unit of the United States Department of Housing and Urban Development ("***HUD***").

In our capacity as bond counsel to the Authority, we have prepared or reviewed the following:

1. The proceedings relating to financing of the purchase of the Project..

2. The Enabling Act together with certified copy of the resolutions of the Board of Trustees of the Authority adopted November 19, 2018, and December 14, 2018 (collectively, the "***Resolutions***") authorizing the purchase of the Project and the issuance of the Obligation.

3. Section 44-7-1590 of the Hospital Revenue Bond Act, together with the resolution of the State Fiscal Accountability Authority approving the issuance of the Obligation and the Certificate of the State Treasurer required by such resolution.

4. A certified copy of the Bylaws (the "***Bylaws***" and, together with the Enabling Act, the "***Organizational Documents***") of the Board of Trustees of the Authority

5. The action by the Authority engaging the Lender as FHA Mortgagee and GNMA Lender and the Authorization for Purchase Commitment letter between the Authority and Lender.

6. The Regulatory Agreement by and between HUD and the Authority.

7. The Note.

8. The Mortgage.

The documents listed in 5 through 8 above are referred to collectively as the "***Loan Documents***."

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. As to questions of fact material to our opinion, we have relied upon representations of the Authority, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished by or on behalf of the Authority without undertaking to verify the same by independent investigation.

In preparation for the issuance of these opinions, we have examined (i) the Constitution and laws of the State of South Carolina; (ii) the form of the Loan Documents; (iii) certified or duplicate executed copies of the Organizational Documents; and (iv) such other papers, instruments and documents in this matter as we have deemed necessary or advisable.

Based on the foregoing, we are of the opinion that:

(i) The Authority is duly created and validly existing as a public body corporate and politic and an agency of the State of South Carolina with the corporate power to enter into and perform the Loan Documents. The Loan Documents have been duly authorized, executed and delivered by the Authority and each constitutes a valid and binding agreement of the Authority enforceable in accordance with its terms.

(ii) The Authority is in good standing under the laws of the State of South Carolina.

(iii) The Organizational Documents are in full force and effect.

(iv) The acquisition of the Project has been duly authorized.

(v) The Obligation and the Loan Documents valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

It is to be understood that the rights of the parties under the Loan Documents and the documents contemplated by the Organizational Documents are subject to general principles of equity which may permit the exercise of judicial discretion, the exercise of the sovereign police powers of the State of South Carolina and the constitutional powers of the United States of America and to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally. In addition, we express no opinion as to the validity of any indemnification obligation upon the Authority or any provisions of the Loan Documents that purport to excuse a party from liability for its own acts or that authorize a party to act in its sole discretion.

This opinion is given as of the date hereof, and we assume no obligation to update, 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,

ALAN WILSON
ATTORNEY GENERAL

January 8, 2019

Delbert H. Singleton, Jr., Esquire
South Carolina State Fiscal Accountability Authority
612 Wade Hampton Office Building
P. O. Box 12444
Columbia, South Carolina 29211

Re: Medical University Hospital Authority
Not Exceeding $137,000,000 Permanent Loan Indebtedness
Refinance purchase of Community Health Systems, Inc. Hospitals Project

Dear Mr. Singleton:

Regarding the above-referenced obligation, we have reviewed the Petition and other documents forwarded to us by the South Carolina State Fiscal Accountability Authority (Authority). The documents appear to comply with the requirements of the referenced Code sections in the submitted material that certain specific information be addressed in these documents and, also, when validly executed as required and delivered, should be legally adequate.

This opinion addresses only the fact that the documents appear to meet the conditions imposed by State law that certain specific matters be included in the documentation. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Office of the Attorney General

By: T. Parkin Hunter

T. Parkin Hunter
Senior Assistant Attorney General

TPH/shb

New Debt Information Form (NDIF) - Initial Form

SFAA Approval Date: 01/29/19 Final Version Date: 00/00/00

1. AGENCY/ISSUER & FINANCING INFORMATION

Agency #: H511 Issuer: Medical University Hospital Authority Series: 2019

Borrower (if not Issuer):

Bond Caption: GNMA Mortgage Backed Securities; Series 2019

Bond Resolution Amount: $137,000,000.00 Est. Production/Par Amt: $133,179,884.00

(Used to calculate initial COI percentages; STO bond issues must use Par Amt **

Final Production/Par Amt: $0.00

Submitted By:

ENTITY	Medical University Hospital Authority
BY:	Lisa M. Goodlett
ITS:	Chief Financial Officer
Tel:	843.792.4775
Email:	goodlettl@musc.edu

Transaction Type/Method of Sale:

	Public Offering:	Competitive:		Negotiated:	
x	Direct Placement:	Competitive:	x	Negotiated:	
	Governmental Loan/Governmental Purchaser				
	Other:				

MSRB (EMMA) Continuing Disclosure Requirement (Y/N): No

MSRB (EMMA) Continuing Disclosure Responsible Party: N/A

2. FINANCING (NEW PORTION)

Project #: Project Name: MUSC - CHS

Project Address/Location:	Various	Amount:	$133,179,884.00
Project Type:	Hospital Acquistions	County:	Varies
Projected Avg Interest Rate:	5.50%	Final Maturity:	est. 2044; 25 year terms

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:	Kaufman Hall	Disclosure Counsel:	Howell Linkous & Nettles
Bond Counsel:	Haynsworth Sinkler Boyd	Issuer's Counsel:	Annette Drachman (MUHA Corp. Counsel
Underwriter:	N/A	GNMA Lender	
FHA Lender:	Armadale Capital Inc.	FHA/ GNMA Lender Counsel:	Harris Beach PLLC

5. FINANCING/PROJECT DESCRIPTION

(Briefly, explain the financing/project, the anticipated costs, & the basis for these cost estimates. Use an attachment if needed)

** Please see the supplemental NDIF attachment which describes this transaction **

6. FINANCING/PROJECT APPROVAL DATES

Financing Approvals		Notes:
Issuer/Borrower Approval:	12/14/18	MUHA BoT
JBRC Approval:	00/00/00	N/A
SFAA Approval:	01/29/19	

Project Approvals - Phase II (State Entities Only)		Notes:
Issuer/Borrower Approval:	00/00/00	N/A
JBRC Approval:	00/00/00	N/A
SFAA Approval:	00/00/00	N/A

7. TAX AND ARBITRAGE MATTERS & SPEND DOWN SCHEDULE

	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 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?		x

c. If yes to any of the above, please provide a square footage and cost estimate of the portion affected.

Sq. Footage - Not Applicable

Cost Estimate - $0

	Bond Proceeds	FYE	Spend Down Schedule Notes
Est. Expenditures - Through 6 Months	$ 133,179,884.00	5/15/2019	Pay off bridge loan and pay costs of issuance
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:	**$ 133,179,884.00**		

8. ESTIMATED/ACTUAL PROJECT SOURCES AND USES

Sources	Est. Project Budget (Sources)		Est. Project Budget (Uses)	Uses
(1) Bond Proceeds: (a) Par	$ 133,179,884.00		$ 129,477,873.00	Project Fund
(b) Premium/Accr. Int.	$		$	Capitalized Interest Fund
(2) Issuer/Borrower Contr.	$		$	Debt Service Reserve Fund
(3) Debt Service Fund Trans.	$		$	Redemption Price/Escrow Deposit
(4) Debt Service Reserve Fund Contribution	$		$ 2,902,011.00	Cost of Issuance
			$	
(5) Other (Specify)			$ 175,000.00	Title/Builder's Risk Insurance
Type -	$		$ 150,000.00	Appraisals
Residual Project Sources			$ 100,000.00	Phase I Environmental Study
(6) Other			$ 375,000.00	Feasibility Study
(a) GF -	$		$	Other
(a) FF -	$		$	Other
(c) OF -	$		$	Other
Total Project Sources	**$ 133,179,884.00**		**$ 133,179,884.00**	**Total Project Uses**
		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)	Base Case: FHA Backed GNMA Placement	Act. Fee For Services	($ Δ)
Financial Advisor	Kaufman Hall			75,000.00		75,000.00
Bond Counsel	Haynsworth Sinkler Boyd			134,000.00		134,000.00
Disclosure Counsel	Howell Linkous			51,500.00		51,500.00
Issuer's Counsel	MUHA internal					
Underwriter's Counsel	TBD					
FHA Counsel	Harris Beach PLLC			240,000.00		240,000.00
Other						
Other						
Rating Agency - S&P						
Rating Agency - Moody's						
Rating Agency - Fitch						
Underwriter's Compensation						
FHA Mortgage Insurance Premium				873,034.00		873,034.00
FHA Exam Fee/ Inspection Fee				537,252.00		537,252.00
FHA Loan Origination				695,000.00		695,000.00
GNMA Lender				150,000.00		150,000.00
Trustee	US Bank					
Auditor						
Contingency				146,225.00		146,225.00
				2,902,011.00	0.00	2,902,011.00

Est. / Actual COI Fees (% of Transaction):

Financial Advisor: % of Transaction	*0.06%*	*#DIV/0!*
Bond Counsel: % of Transaction	*0.10%*	*#DIV/0!*
Total Legal Costs: % of Transaction	*0.32%*	*#DIV/0!*
Rating Agencies: % of Transaction	*0.00%*	*#DIV/0!*

UW Comp: % of Transaction	0.00%	#DIV/0!
Other COI: % of Transaction	1.80%	#DIV/0!
Total COI: % of Transaction	**2.18%**	**#DIV/0!**

South Carolina Office of State Treasurer

New Debt Information Form Attachment

01.29.2019 – Medical University Hospital Authority

FHA Permanent Financing - $137,000,000

Supplemental Response to Section 5:

$137,000,000 Permanent Financing

The Medical University Hospital Authority ("MUHA") has executed a definitive agreement to acquire four hospitals from Community Health Systems ("CHS") on or about February 28, 2019 to further improve the quality and efficiency of care for the area's population, and provide a solid operational foundation for the implementation of MUHA's strategic plan and vision for healthcare in the region. The current financing plan contemplates that MUHA will initially use a taxable fixed rate bridge loan to complete the acquisition. The taxable fixed rate bridge loan is currently expected to close on February 21, 2019.

Financing Plans – Permanent FHA Financing

Once MUHA obtains a commitment from the U.S. Department of Housing and Urban Development ("HUD") for a Federal Housing Administration ("FHA") insured mortgage loan, MUHA expects to close on a 25 year taxable GNMA guaranteed mortgage-backed security ("MBS") financing transaction that will refinance the taxable bridge loan and provide it with permanent financing for the acquisition of the four CHS hospitals. Proceeds of the GNMA MBS transaction will also be sufficient to pay costs incurred in connection with the FHA-insure mortgage loan.

The proposed transaction will involve MUHA's fourth FHA-insured mortgage loan, having previously secured FHA-insured mortgage loans to (i) finance portions of its main campus (2004), (ii) acquire its central energy plant (2013), and (iii) finance the construction of its Shawn Jenkins Children's Hospital and Pearl Tourville Women's Pavilion (2016).

MUHA and its advisors began working with HUD in the Fall 2018 to seek credit approval for a FHA-insured mortgage loan commitment and FHA is currently in the process of reviewing a preliminary summary and credit package of the proposed financing transaction. Work is also being conducted to complete a financial feasibility study that will accompany MUHA's formal application for mortgage loan insurance. That application is expected to be submitted to HUD by the end of February 2019.

Once MUHA receives HUD's approval for FHA mortgage loan insurance, MUHA will work with a GNMA lender to finalize and close on the GNMA-guaranteed MBS private placement. Based on current market conditions, MUHA expects to price at an all-in rate of approximately 5.25%.

The dynamics of the FHA mortgage loan insurance program and the specialized nature of the GNMA MBS market drive the need for additional financial and legal advisors. MUHA will select a GNMA mortgage lender to issue the GNMA-guaranteed MBS, identify potential MBS investors and price and sell the GNMA-guaranteed MBS on behalf of MUHA consistent with the process it has followed in the past. Interest rates, fees, and expenses are preliminary estimates at this point based on MUHA's expectation for the financing as currently contemplated. Overall, the cost of issuance for the GNMA-guaranteed MBS transaction are in line with expectations of the Treasurer's Office. Additional verification of the rate offered was performed and also in line with the STO's expectations.

STATE FISCAL ACCOUNTABILITY AUTHORITY — REGULAR SESSION

MEETING OF January 29, 2019 — ITEM NUMBER 9

AGENCY: Office of the State Auditor

SUBJECT: Auditors' Communications with Those Charged with Governance

Auditing standards require that at the conclusion of an audit of financial statements, the auditor communicate certain matters to those charged with governance. The attached communication addresses all matters required to be communicated for the audit of the statewide financial statements for the year ended June 30, 2018. The audited financial statements were issued with a report date of November 15, 2018, and are available on the Office of the State Auditor website at osa.sc.gov/reports/.

AUTHORITY ACTION REQUESTED:

Receive the communication from the Office of the State Auditor as information.

ATTACHMENTS:

Agenda item worksheet; Letter to Authority members dated November 15, 2018

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: 1/29/2019 **Regular Agenda**

1. **Submitted By:**
   (a) Agency: Office of the State Auditor
   (b) Authorized Official Signature: George L. Kennedy, III

2. **Subject:** Auditors' communications with those charged with governance

3. **Summary Background Information:** Auditing standards require that at the conclusion of an audit of financial statements, the auditor communicate certain matters to those charged with governance. The attached communication addresses all matters required to be communicated for the audit of the statewide financial statements for the year ended June 30, 2018. The audited financial statements were issued with a report date of November 15, 2018 and are available on the Office of the State Auditor website at osa.sc.gov/reports/ .

4. **What is Authority asked to do?** Receive the communication as information. There is no planned presentation associated with this item as has been done the past two years.

5. **What is recommendation of the Agency involved?** That the members of the Authority receive the communication as information. The State Auditor will contact each principal directly to provide them an opportunity to discuss the communication.

6. **Recommendation of other Division/Agency (as required)**

   (a) Authorized Signature:_____
   (b) Division/Agency Name:_____

7. **List of Supporting Documents**: Letter to Authority members dated November 15, 2018

SOUTH CAROLINA OFFICE OF THE STATE AUDITOR

CliftonLarsonAllen

November 15, 2018

The Honorable Henry D. McMaster, Governor
Members of the State Fiscal Accountability Authority
and
Members of the General Assembly
State of South Carolina
Columbia, South Carolina

We have jointly audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of State of South Carolina (the State) as of and for the year ended June 30, 2018, and have issued our report thereon dated November 15, 2018. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the State are described in Note 1 of the financial statements.

As described in Note 2, the financial statements, for the year ended June 30, 2018, include the impact of the adoption of Governmental Accounting Standards Board Statement (GASB) numbers 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* and 85, *Omnibus* 2017.

We noted no transactions entered into by the State during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Capital Assets and Depreciation Expense – Capital assets are valued at historical cost or at estimated historical cost if actual historical data is not available. Donated capital assets are recorded at acquisition value on the donation date. Infrastructure assets acquired prior to fiscal years ended after June 30, 1980 are reported at estimated cost beginning in the year 1917.

  Guidance found in implementation guides for GASB Statement No. 34 published by the Governmental Accounting Standards Board was followed in determining the useful lives for various asset classes including the depreciation of infrastructure. Depreciation was calculated under the straight-line method based on the useful lives. The State does not depreciate capitalized individual works of art and historical treasures determined to have inexhaustible useful lives.

  We evaluated the key factors and assumptions used to estimate the useful lives for various asset classes including the depreciation of infrastructure in determining that it is reasonable in relation to the financial statements taken as a whole.

- *Net Other Post-Employment Benefits (OPEB) Plan Liability* –Management's estimate of the OPEB liability (asset) is based on computations performed by outside specialists, including actuarial computations and assumptions that were relied upon to determine the Net OPEB Liability. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- *Allowance for Doubtful Accounts Receivable* – Allowances are estimated using historical collection experience. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

- *Medicaid Claims Liability* – The payable for claims incurred but not reported, or reported but not paid as of or prior to the fiscal year ended June 30, 2018, is estimated by the Department of Health and Human Services. This estimate uses actual claim payments made during the first two months of the subsequent fiscal year, for the claims that were incurred during the current fiscal year, and projects the results to the remaining ten months of the subsequent fiscal year using historical trends for claim payment activity to determine the current fiscal year's estimated liability. We evaluated the key factors and assumptions used to develop the Medicaid claims liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- *Unclaimed Property Liability* – The liability related to unclaimed property is estimated by the State Treasurer's Office. This estimate uses actual collections and claim payments made from inception through June 30, 2018 and projects the results to the current outstanding balance year using historical trends for claim payment activity to determine the current fiscal year's estimated liability. We evaluated the key factors and assumptions used to develop the unclaimed property liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- *Net Pension Liability* – Management's estimate of the pension liability (asset) is based on computations performed by outside specialists, including actuarial computations and assumptions that were relied upon to determine the Net Pension Liability. We evaluated the key factors and assumptions used to develop the pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- Note 15 to the financial statements, Fund Equity Reclassifications and Restatements. The State restated beginning balances resulting from the correction of accounting errors that occurred in the prior period for component units as well as changes in accounting principles for the implementation of GASB 75.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached Exhibit A summarize uncorrected misstatement of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Corrected Misstatements

One misstatement resulted from an error in posting the income tax accrual which was detected as a result of audit procedures that was corrected by management. The attached Exhibit B summarize corrected misstatement of the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management Representations

We requested certain representations from management that are included in the management representation letter dated November 15, 2018, attached at Exhibit C.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the State's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting

accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant Issues Discussed with Management Prior to Engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the State's auditors. However, those discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other Audit Findings or Issues

We have provided a separate letter to you dated November 15, 2018, communicating internal control related matters identified during the audit.

Audits of Group Financial Statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

We have provided a separate letter to you dated November 15, 2018, communicating internal control related matters relevant to the group audit and identified by us or by a component auditor during the audit.

Quality of Component Auditor's Work

There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.

Limitations on the Group Audit

There were no restrictions on our access to information of components or other limitations on the group audit.

Other Information in Documents Containing Audited Financial Statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete

in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 15, 2018.

The introductory section and statistical section accompanying the financial statements, which are the responsibility of management, were prepared for purposes of additional analysis and are not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on them.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

This communication is intended solely for the information and use of the parties addressed above and management of the State of South Carolina, and is not intended to be and should not be, used by anyone other than these specified parties. Please contact George L. Kennedy, III, State Auditor, or Remi Omisore., Principal at CliftonLarsonAllen, LLP, if you have any questions regarding the matters included in this letter.

George L. Kennedy, III

Columbia, South Carolina
November 15, 2018

CliftonLarsonAllen LLP

Baltimore, Maryland
November 15, 2018

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
State of South Carolina
Governmental Activities
Year Ended June 30, 2018

UNCORRECTED ADJUSTMENTS	Effect of misstatements on:			
Description	Assets	Liabilities	Fund Balance / Net Assets	Net Expense/Revenue and Change in Net Assets / Fund Balance
Offsetting Grants Receivable balances with Deferred Revenue amounts	$ 15,922,194	$ (15,922,194)		
Subtotals	15,922,194	(15,922,194)	-	-
Income tax effect				
Net current year misstatements (Iron Curtain Method)	15,922,194	(15,922,194)	-	-
Net prior year misstatements	-	-		-
Combined current and prior year misstatements (Rollover Method)	$ 15,922,194	$ (15,922,194)	$ -	$ -
Financial statement totals	$ 28,446,530,000	$ (10,419,534,000)	$ 18,710,412,000	$ (1,318,351,000)
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%	0%		
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%	0%		

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
State of South Carolina
Departmental Program Services
Year Ended June 30, 2018

UNCORRECTED ADJUSTMENTS	Effect of misstatements on:			
Description	Assets	Liabilities	Fund Balance / Net Assets	Net Expense/Revenue and Change in Net Assets / Fund Balance
Offsetting Grants Receivable balances with Deferred Revenue amounts	$ 15,922,194	$ (15,922,194)		
Subtotals	15,922,194	(15,922,194)	-	-
Net current year misstatements (Iron Curtain Method)	15,922,194	(15,922,194)	-	-
Net prior year misstatements	-	-		-
Combined current and prior year misstatements (Rollover Method)	$ 15,922,194	$ (15,922,194)	$ -	$ -
Financial statement totals	$ 1,110,892,000	$ (683,322,000)	$ (406,736,000)	$ 144,108,000
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	1%	2%		
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	1%	2%		

Exhibit B

SUMMARY OF CORRECTED MISSTATEMENTS - AUDIT
State of South Carolina
Governmental Activities
Year Ended June 30, 2018

CORRECTED ADJUSTMENTS	Effect of misstatements on:			
Description	Assets	Liabilities	Fund Balance / Net Assets	Net Expense/Revenue and Change in Net Assets / Fund Balance
Income Tax Recievable	(33,761,000)			
Income Tax Revenue				33,761,000
To correct closing entry per detail				
Subtotals	(33,761,000)	-	-	33,761,000
Income tax effect				
Net current year misstatements (Iron Curtain Method)	(33,761,000)	-	-	33,761,000
Net prior year misstatements	-	-		-
Combined current and prior year misstatements (Rollover Method)	$ (33,761,000)	$ -	$ -	$ 33,761,000
Financial statement totals	$ 30,538,432,000	$ 13,558,008,000	$ 17,568,985,000	$ 1,676,137,000
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%			2%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%			2%

SUMMARY OFCORRECTED MISSTATEMENTS - AUDIT
State of South Carolina
General Fund
Year Ended June 30, 2018

CORRECTED ADJUSTMENTS	Effect of misstatements on:			
Description	Assets	Liabilities	Fund Balance / Net Assets	Net Expense/Revenue and Change in Net Assets / Fund Balance
Income Tax Recievable	(33,761,000)			
Income Tax Revenue				33,761,000
To correct closing entry per detail				
Subtotals	(33,761,000)	-	-	33,761,000
Combined current and prior year misstatements (Rollover Method)	$ (33,761,000)	$ -	$ -	$ 33,761,000
Financial statement totals	$ 5,963,944,000	$ 1,737,354,000	$ 4,207,578,000	$ 465,511,000
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	-1%			7%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	-1%			7%

Exhibit C

State of South Carolina
Office of Comptroller General

1200 Senate Street
305 Wade Hampton Office Building
Columbia, South Carolina 29201

Telephone: (803) 734-2121
Fax: (803) 734-1765
E-Mail: cgoffice@cg.sc.gov

RICHARD ECKSTROM, CPA
COMPTROLLER GENERAL

WILLIAM E. GUNN
CHIEF OF STAFF

November 15, 2018

Mr. Remi Omisore, CPA
CliftonLarsonAllen LLP
1966 Greenspring Drive, Suite 300
Timonium, Maryland 21093

Mr. George L. Kennedy, III, CPA
State Auditor
South Carolina Office of the State Auditor
1401 Main Street, Suite 1200
Columbia, South Carolina 29201

This representation letter is provided in connection with your audit of the financial statements of State of South Carolina (the State), which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than $1,000,000 are not considered to be exceptions requiring disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm, to the best of our knowledge and belief, as of November 15, 2018, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated May 22, 2018 and South Carolina 2017-2018 Appropriations Act Section 97.2, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

2. We acknowledge and have fulfilled our responsibility 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.

3. We acknowledge the State's responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. We have recorded or disclosed all accounting estimates that could be material to the financial statements in accordance with the requirements of U.S. GAAP. We believe the estimate and the key factors and significant assumptions underlying those estimate, including those measured at fair value, are reasonable and have been consistently applied. While our estimates are reviewed periodically, estimates could change materially within the next year.

5. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events occurring subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

7. Special and extraordinary items have been appropriately classified and reported, if applicable.

8. The effects of uncorrected misstatements identified in the accompanying Exhibits I and II are immaterial, both individually and in the aggregate, to the financial statements for each applicable opinion unit. In addition, you have proposed adjusting journal entries that have been posted to the State's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.

9. We have made all adjustments to convert our financial information from budgetary to accrual and modified accrual basis and acknowledge that we are responsible for the accuracy and completeness of such accrual basis adjustments.

10. The State's reporting entity includes all entities that are component units of the State. Such component units have been properly presented as either blended or discretely presented. Investments in joint ventures in which the State holds an equity interest have been properly recorded on the statement of net position. The basic financial statements disclose all other joint ventures and other related organizations.

11. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

12. Guarantees, whether written or oral, under which the State is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.

13. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.

14. The State has no material amounts of obsolete, damaged, or unusable items included in inventories at greater than salvage values.

15. The State has no loss to be sustained as a result of other-than-temporary declines in the fair value of investments, except for the amounts that have been reflected in the financial statements.

16. The State has no transfers, reservations or designations of fund equity or interfund borrowings that were not properly authorized and approved, or uncollectible interfund loans that have not been properly reflected in the financial statements or disclosed to you.

17. We have no knowledge that during the year the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the State's name" significantly exceeded the amounts in those categories as of the financial statement date.

18. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.

19. The State has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred outflows and inflows of financial resources, fund balance, or net position.

20. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.

21. The State is responsible for determining the fair value of certain investments as required by GASB Statements. The amounts reported represent the State's best estimate of fair value of investments required to be reported under the Statements. The State also has disclosed the methods and significant assumptions used to estimate the fair value of its investments, and the nature of investments reported at net asset value or amortized cost, as applicable.

22. The State has identified and properly accounted for all nonexchange transactions.

23. The following information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk, if applicable, has been properly disclosed in the basic financial statements:

    a) The extent, nature, and terms, of financial instruments with off-balance sheet risk;

    b) The amount of credit risk for financial instruments with off-balance sheet credit risk and information about the collateral supporting such financial instruments.

    c) Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.

24. We believe that all material expenditures that have been deferred to future periods will be recoverable.

25. The State has complied with all debt related covenants with a possible exception of South Carolina State University's 120-day reporting requirement for its student housing notes.

26. We believe that the actuarial assumptions and methods the State uses to measure pension and post retirement liabilities and costs for financial accounting and disclosure purposes are consistent with prevailing assumptions and methods used.

27. We believe the methodology used to measure the State's Medicaid liability is proper based on available data and that there have not been any material subsequent claims or events that would require a change in that methodology.

28. We have no knowledge that the State plans to make frequent amendments to its pension or other post-employment benefit plans.

29. We are not aware of any pollution remediation obligations which would require an adjustment to, or disclosure in, the financial statements in accordance with GASB 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* except as already reported.

30. We are not aware of any intangible assets which would require an adjustment to or disclosure in the financial statements in accordance with GASB Statements, except as already reported.

31. We have properly accounted for financing arrangements that use derivatives in accordance with GASB Statements.

32. We have evaluated GASB Statement No. 77 *Tax Abatement Disclosures* and have determined that there are no tax abatements for which the State would have to disclose in the financial statements.

Information Provided

33. We have provided you with:

    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.

    b) Additional information that you have requested from us for the purpose of the audit.

    c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d) All minutes, which we make available to you at www.sfaa.sc.gov, of the meetings of the State Fiscal Accountability Authority, except that you must obtain summaries of actions for recent meetings for which minutes have not yet been prepared from the Secretary of the State Fiscal Accountability Authority because our office customarily is not provided such summaries before the Authority's official minutes are drafted.

    e) All communications, of which we are aware, from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with the provisions of laws, regulations, contracts, and grant agreements.

    f) Access to all audit or relevant monitoring reports of which we are aware, if any, received from funding sources.

34. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

35. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We understand the term "fraud" includes misstatements arising from fraudulent reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements intended to deceive financial users. Misstatements arising from misappropriations of assets involve the theft of the State's assets where the effect of the

theft causes basic financial statements not to be presented in conformity with U.S. GAAP.

36. Except for what we have disclosed to you, we have no knowledge, nor have we been informed by State investigative agencies (including the State Inspector General's Office and the State Law Enforcement Division), of any fraud or suspected fraud that affects the entity and involves:

    a) Management;

    b) Employees who have significant roles in internal control; or

    c) Others when the fraud could have a material effect on the financial statements.

37. Except for what we have disclosed to you, we have no knowledge, nor have we been informed by State investigative agencies (including the State Inspector General's Office and State Law Enforcement Division), of any allegations of fraud, or suspected fraud, affecting the State's financial statements communicated by employees, former employees, regulators, or others beyond that which we or law enforcement officials who investigate or prosecute such conduct have previously disclosed where such actual or suspected fraudulent conduct could have a material effect on the State's financial statements, involving management, employees who have significant roles in internal control, or others.

38. Except for what we have disclosed to you, we have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts, and grant agreements, or abuse whose effects should be considered when preparing financial statements.

39. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

40. There are no unasserted claims or assessments that we have been advised of that are probable of assertion and required to be disclosed that have not been previously reported to you. In addition, there are no other material liabilities or gains or loss contingencies that are required to be disclosed that have not been disclosed in the financial statements or previously disclosed to you.

41. We have disclosed to you the identity of the State's related parties and all the related party relationships and transactions of which we are aware. We understand that the term "related party" refers to affiliates of the State; entities for which investments are accounted for using the equity method by the State; and trusts for benefit of employees, such as pension and other post-employment benefit trusts that are managed by or under the trusteeship of management.

42. The State has satisfactory title to all owned assets, and there are no liens or encumbrances

on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.

43. We have a process to track the status of audit findings and recommendations.

44. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

45. We will provide our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report upon the receipt of such items from you.

46. The State is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the State of South Carolina, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

47. Except those that have been disclosed to you, we are not aware of any violations or possible violations of budget ordinances, laws and regulations, provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

48. We are not aware of any noncompliance with any restrictions on resources or on any aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance.

49. The State has followed all applicable laws and regulations in adopting, approving, and amending budgets.

50. All funds that meet the quantitative criteria in GASB Statements for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

51. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

52. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

53. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

54. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, additions to endowments, and transfers.

55. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

56. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.

57. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

58. We have appropriately disclosed the State's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

59. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period, except for the impact of the implementation of new accounting pronouncements as disclosed in the financial statements. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

60. We acknowledge our responsibility for the combining and other schedules presented in the financial statements as supplementary information (and listed as such in the table of contents) and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, except for the impact of the implementation of new accounting pronouncements as disclosed in the financial statements, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Signature: _____ Title: Comptroller Gener

Signature: _____ Title: Senior Assistant Comptroller Gener

STATE FISCAL ACCOUNTABILITY AUTHORITY — REGULAR SESSION

MEETING OF January 29, 2019 — ITEM NUMBER 10

AGENCY: State Fiscal Accountability Authority, Insurance Reserve Fund

SUBJECT: Insurance Rates

The Insurance Reserve Fund (IRF) has as its mission the provision of property and liability insurance coverage at the lowest possible cost for its insureds. The IRF has worked diligently to avoid rate increases.

In March 2017, IRF communicated to the Authority that the IRF's actuaries determined the need for a rate increase and recommended in the first phase to implement a property rate increase for the Seacoast and Beach areas beginning July 1, 2017. At that time, IRF also reported the actuarial recommendation for taking rate increases in Property, Tort Liability and Medical Professional Liability in the future to be phased in over a 4 year period. Following that recommendation, and based on updated information, in 2018, IRF communicated to the Authority that the actuaries determined the need for a rate increase for multiple lines which was implemented the second year of the phased in approach beginning July 1, 2018. Again, following that recommendation for the phased in approach, and based on updated information, the actuaries have determined the need for a rate increase for multiple lines beginning July 1, 2019.

Rate Increase For Insurance Lines to be effective July 1, 2019

Insurance Line	Rate Increase % Inland	Rate Increase % SeaCoast
Business Interruption (B)	15	23
Data Processing (D)	15	23
Building & Personal Property (F)	15	23
Builders Risk (R)	15	23
Inland Marine (M)	15	15
Auto Comprehensive & Collision (C)	25	25
General Tort Libility (T)	25	25
Auto Liabliity (L)	25	25
School Bus Liability (S)	0	0
Professional Medical Liability (P) - State	30	30
Professional Medical Liability (P) - Non State	25	25
Underground Storage Tank Liability (U)	0	0

IRF staff will be available to brief the Authority on the rate increase status.

AUTHORITY ACTION REQUESTED:

Approve the proposed insurance rates increases as requested by the Insurance Reserve Fund.

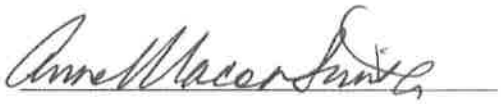
ATTACHMENTS: Agenda item worksheet

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: January 29, 2019

1. **Submitted By:**
   (a) Agency: SFAA Insurance Reserve Fund

   (b) Authorized Official Signature:



2. **Subject:** Insurance Rates

3. **Summary Background Information:**

The Insurance Reserve Fund (IRF) has as its mission the provision of property and liability insurance coverage at the lowest possible cost for its insureds. The IRF has worked diligently to avoid rate increases.

In March 2017, IRF communicated to the Authority that the IRF's actuaries determined the need for a rate increase and recommended in the first phase to implement a property rate increase for the Seacoast and Beach areas beginning July 1, 2017. At that time, IRF also reported the actuarial recommendation for taking rate increases in Property, Tort Liability and Medical Professional Liability in the future to be phased in over a 4 year period. Following that recommendation, and based on updated information, in 2018, IRF communicated to the Authority that the actuaries determined the need for a rate increase for multiple lines which was implemented the second year of the phased in approach beginning July 1, 2018. Again, following that recommendation for the phased in approach, and based on updated information, the actuaries have determined the need for a rate increase for multiple lines beginning July 1, 2019.

Rate Increase For Insurance Lines to be effective July 1, 2019

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Builders Risk (R)	15	23
Inland Marine (M)	15	15
Auto Comprehensive & Collision (C)	25	25
General Tort Libility (T)	25	25
Auto Liabliity (L)	25	25
School Bus Liability (S)	0	0
Professional Medical Liability (P) - State	30	30
Professional Medical Liability (P) - Non State	25	25
Underground Storage Tank Liability (U)	0	0

IRF staff will be available to brief the Authority on the rate increase status.

---

4. **What is Authority asked to do?**
Approve the recommended increases.

---

5. **What is recommendation of the Agency involved?**
Approve the recommended increases.

---

6. **Recommendation of other Division/Agency (as required)**

(a) Authorized Signature: Anne Macon Smith

(b) Division/Agency Name: SFAA - Insurance Reserve Fund

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7. **List of Supporting Documents**:

STATE FISCAL ACCOUNTABILITY AUTHORITY
MEETING OF January 29, 2019

REGULAR SESSION
ITEM NUMBER 11

AGENCY: Executive Director

SUBJECT: Revenue Bonds

The required review on the following proposal to issue revenue bonds has been completed with satisfactory results. The project requires approval under State law.

a.	Issuing Authority:	Marion County
	Amount of Issue:	Not Exceeding $1,500,000 Special Source Revenue Bonds
	Allocation Needed:	-0-
	Name of Project:	Marion County Industrial Park
	Employment Impact:	Will depend on ultimate use
	Project Description:	constructing, furnishing, and equipping an approximately 101,500 square foot spec building to be owned by county in Marion County Industrial Park and related infrastructure
	Bond Counsel:	Ben Zeigler, Haynsworth Sinkler Boyd
b.	Issuing Authority:	State Housing Finance and Development Authority
	Amount of Issue:	Not Exceeding $24,000,000 Multifamily Housing Revenue Bonds (previously approved October 23, 2018, at $21,000,000)
	Allocation Needed:	-0-
	Name of Project:	Killian Terrace
	Employment Impact:	N/A
	Project Description:	to provide financing for the acquisition and construction of a 288-unit apartment development located in the City of Columbia, Richland County
	Bond Counsel:	Samuel W. Howell, IV, Howell Linkous & Nettles, LLC

AUTHORITY ACTION REQUESTED:

Adopt the resolutions approving the referenced proposals to issue revenue bonds.

ATTACHMENTS:

Resolution with attachments

Marion County

Marion County Industrial Park

A RESOLUTION

STATE FISCAL ACCOUNTABILITY AUTHORITY OF SOUTH CAROLINA

WHEREAS, heretofore Marion County, South Carolina (the "Issuer"), by and through its County Council (the "County Council"), did, pursuant to the provisions of Title 4, Chapters 1 and 29, of the Code of Laws of South Carolina 1976, as amended (the "Act"), petition the State Fiscal Accountability Authority (the "Authority") seeking the approval of the Authority for an undertaking by the Issuer pursuant to the Act; and

WHEREAS, the proposed undertaking (the "Undertaking") consists of paying a portion of the costs of improvements to the Marion County Industrial Park, to include the construction of an approximately 101,500 square foot spec building and related infrastructure (together, "Projects"), through the issuance of a not exceeding $1,500,000 Marion County, South Carolina Special Source Revenue Note (Marion County Industrial Park Project) (the "Note"), pursuant to the Act and an ordinance (the "Ordinance") enacted by the County Council of the Issuer; and

WHEREAS, the Note will be secured by and payable from revenues which the Issuer is entitled to retain pursuant to one or more joint county industrial or business park agreements established pursuant to Section 4-1-170 of the Act and Article VIII, Section 13, of the South Carolina Constitution, and for the purposes set forth in Section 4-29-68 of the Act; and

WHEREAS, in order to finance the Project, the Issuer proposes to provide for the issuance and delivery of the Note pursuant to the Act and the Ordinance; and

NOW, THEREFORE, BE IT RESOLVED BY THE STATE FISCAL ACCOUNTABILITY AUTHORITY OF SOUTH CAROLINA IN MEETING DULY ASSEMBLED:

1. It has been found and determined by the Authority that the Undertaking is intended to promote the purposes of the Act and is reasonably anticipated to effect such purposes.

2. On the basis of the foregoing, the proposed undertaking of the Issuer to finance the cost of the Project through the issuance of not exceeding $1,500,000 principal amount of the Note, all pursuant to the Act (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), be and the same are hereby approved.

3. Notice of the action taken by the Authority in giving approval to the Undertaking shall be published in a newspaper of general circulation in the County. Such notice to be published shall be in form substantially as set forth as Exhibit A of this Resolution.

EXHIBIT A

NOTICE PURSUANT TO TITLE 4, CHAPTER 29,
CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED

Notice is hereby given that following the filing of a Petition by the Marion County Council, South Carolina (the "County Council"), to the State Fiscal Accountability Authority of South Carolina (the "Authority"), approval has been given by the Authority to the following undertaking (the "Undertaking") (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking): reimbursing the Issuer for expenditures previously made to defray a portion of the costs of improvements to the Marion County Industrial Park, to include the construction of an approximately 101,500 square foot spec building and related infrastructure (together, "Projects").

To finance the Projects, the County will issue its not exceeding $1,500,000 Marion County, South Carolina, Special Source Revenue Note (Marion County Industrial Park Project) (the "Note"), pursuant to Title 4, Chapters 1 and 29, Code of Laws of South Carolina 1976, as amended (the "Act"). The Note will be payable by the County solely from revenues which the County is entitled to retain pursuant to one or more joint county industrial or business park agreements established pursuant to Section 4-1-170 of the Act and Article VIII, Section 13, of the South Carolina Constitution, and for the purposes set forth in Section 4-29-68 of the Act. The Note will be issued pursuant to the Act and to an ordinance enacted by the County Council.

Notice is further given that any interested party may at any time within twenty (20) days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the Authority in approving the Undertaking of the County Council by action de novo instituted in the Court of Common Pleas for Marion County.

STATE FISCAL ACCOUNTABILITY AUTHORITY OF SOUTH CAROLINA

By: Delbert Singleton
Executive Secretary

Dated: _____, 2019

HAYNSWORTH
SINKLER BOYD

HAYNSWORTH SINKLER BOYD, P.A.
135 S. DARGAN STREET, SUITE 300
P.O. BOX 6617 (29502)
FLORENCE, SOUTH CAROLINA 29506
MAIN 843.669.6002
FAX 843.669.3815
www.hsblawfirm.com

BENJAMIN T. ZEIGLER
DIRECT 843.673.5304
bzeigler@hsblawfirm.com

December 12, 2018

VIA EMAIL AND U.S. MAIL

Mr. Delbert H. Singleton, Jr.
Authority Secretary
SC State Fiscal Accountability Authority
PO Box 12444
Columbia SC 29211

Re: SFAA Meeting Package regarding Marion County, South Carolina Not Exceeding $1,500,000 Special Source Revenue Note (Marion County Industrial Park Project) (the "Note")

Dear Delbert:

As we discussed last week, this replaces our previous submission with regard to the above-referenced matter; however, you are already in possession of the original of the signed Petition of Marion County to SFAA and two checks from Marion County to SFAA totaling the $3,000 as payment of SFAA's processing fee.

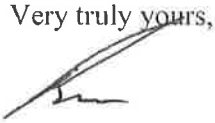
Enclosed please find the Transmittal Form for the SFAA meeting to be held on January 29, 2019 as well as copies of the County Council Petition, County Council Ordinance, County Council Resolution, SFAA Resolution (4 copies – 3 to be returned), and draft Bond Counsel Opinion, all in reference to the Note described above. As set forth in these materials, the proceeds of the Note will be used by Marion County (the "County") to construct, furnish, and equip a County-owned industrial spec building and related infrastructure in the Marion County Industrial Park, and the Note will be secured by a pledge of fee in lieu of tax payments received by the County from properties located in Multi-County Business Parks in the County and a mortgage with respect to the spec building.

The total cost of the spec building project is anticipated to be approximately $3,081,000, and the cost of the project beyond the Note proceeds will be paid from grants received by the County from various sources. The purchaser of the Note will be the South Carolina Public Service Authority by and through its Economic Development Revolving Loan Program.

Also enclosed as part of SFAA's approval of the issuance of the Note are the originals of (1) the Agreement to Pay Certain Costs, and (2) the Requirements Opinion.

Thank you for your consideration of this matter.

Very truly yours,



Benjamin T. Zeigler

BTZ/srm

cc (via email only): Mr. Tim Harper, County Administrator
Charles L. McLain, Esq., County Attorney

TRANSMITTAL FORM, REVENUE BONDS

TO: Delbert H. Singleton, Jr., Authority Secretary
State Fiscal Accountability Authority
600 Wade Hampton Building
Columbia, SC 29201
OR *P. O. Box 12444, Columbia, SC 29211*

DATE: December 12, 2018

Submitted for SFAA Meeting on:

January 29, 2019

FROM:

Haynsworth Sinkler Boyd, P.A.
Name of Law Firm

135 S. Dargan Street, Suite 300
Street Address/Box Number

Florence, SC 29506
City, State, Zip Code

(843) 669-6002
Area Code/Telephone Number

RE:

N/E $1,500,000
Amount of Issue

Marion County
Name of Issuing Authority

Special Source Revenue Note
Type of Bonds or Notes

February 28, 2018
Projected Issue Date

Project Name: Marion County Industrial Park

Project Description:
Constructing, furnishing, and equipping an approximately 101,500 sq ft spec building to be owned by county in Marion County Industrial Park and related infrastructure

Employment as a result of the project: Will depend on ultimate use of the building.

Ceiling Allocation Required	Refunding Involved	Project Approved Previously
__Yes ($_____) __No	__Yes ($_____) __No	__Yes ($_____) __No
Amount	Amount	Amount

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 3 *copies for certification and return to bond counsel*

F. ✓ Draft bond counsel opinion letter

G. ✓ Processing Fee
Amount: $ 3,000.00 *Check No:* previously submitted
Payor: Marion County

Bond Counsel: Haynsworth Sinkler Boyd, P.A.
Typed Name of Bond Counsel

By: _____
Signature

SFAA 9/15

STATE OF SOUTH CAROLINA	)	
	)	
COUNTY OF MARION	)	
	)	
	)	
_____	)	
	)	
TO THE STATE FISCAL ACCOUNTABILITY	)	
	)	PETITION
AUTHORITY OF SOUTH CAROLINA	)	
_____	)	

This Petition of Marion County, South Carolina (the "County"), pursuant to Title 4, Chapters 1 and 29 of the Code of Laws of South Carolina 1976, as amended (collectively the "Act"), and specifically Section 4-29-140 thereof, respectfully shows:

1. The County Council of Marion County, South Carolina (the "County Council") is the governing body of the County and as such the "governing board" of the County referred to in the Act.

2. The Act empowers the County, subject to obtaining the approval of the State Fiscal Accountability Authority of South Carolina, to issue special source revenue bonds for the purpose of defraying the cost of designing, acquiring, constructing, improving or expanding infrastructure as defined in Section 4-29-68(A)(2) of the Act and to secure the payment of such bonds from payments in lieu of taxes pursuant to certain joint county industrial or business park agreements received and retained by the County under Section 4-1-170 of the Act and Section 13 of Article VIII of the Constitution of the State of South Carolina 1895, as amended (the "State Constitution").

3. The County will issue its special source revenue bonds (Marion County Industrial Park Project) in one or more series of bonds (the "Bonds") in the aggregate principal amount of not exceeding $1,500,000 to defray a portion of the costs of certain improvements to the Marion County Industrial Park, including without limitation an approximately 101,500 square foot spec building (the "Spec Building") and related infrastructure (together, "Projects").

4. The County has determined that the total costs of the Projects will be approximately $3,081,000, a portion of which costs will be payable from grant funds secured by the Projects by the County and other funds available to the County, and desires to execute and deliver its Special Source Revenue Bonds (Marion County Industrial Park Project), in one or more series of bonds (the "Bonds"), in the aggregate principal amount of not exceeding $1,500,000 to defray the remaining portion of the costs of the Projects.

5. Pursuant to Section 4-29-60 of the Act, the County Council has made the requisite findings that: (i) the Projects will subserve the purposes of the Act; (ii) it is anticipated that the Projects will benefit the general public welfare of the County by providing employment and other public benefits not otherwise provided locally; (iii) the Projects will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iv) the principal amount of the Bonds required to finance the portion of the costs of the Projects in excess of other amounts available to the County is expected to be not exceeding $1,500,000; (v) the County may, but shall not be required to, establish a reserve fund in connection with the retirement of the proposed Bonds and (vi) the County Council will make the requisite finding as to the amount necessary in each year to pay the principal and the interest on the Bonds proposed to be issued to defray said portion of the cost of the Projects.

6. Pursuant to Section 4-29-140 of the Act, the County sets forth the following information:

(a) The amounts expended by the County with respect to the Projects include reimbursement for land acquisition. It is anticipated that, the Projects will provide stimulation to the economy of the County and neighboring areas thereto by increased payrolls, capital investment and tax revenues.

(b) It is estimated that the cost of the Projects that have been paid by the County, including the items of cost authorized in the Act, will be approximately $1,500,000.

(c) Pursuant to Section 4-1-170 of the Act and Article VIII, Section 13 of the State Constitution, the County is authorized to establish, through agreement with partner counties (collectively, the "Park Agreements"), one or more joint county industrial or business parks, and to receive certain payments in lieu of taxes from the industries and businesses located therein.

(d) Pursuant to Section 4-29-68 of the Act, the County is authorized to issue revenue bonds, payable from and secured by the payments in lieu of taxes referred to in (c) above, and to make an irrevocable pledge and assignment for the benefit of the holder of the Bonds of the County's right, title and interest in and to said payments in lieu of taxes.

(e) Copies of the Ordinance and the Bond are available from the County. The following summary of their terms is in no wise intended to affect or alter the actual terms of the documents themselves:

(i) The Bonds shall be payable from, and secured by payments in lieu of taxes payable in respect of the Park Agreements;

(ii) Pursuant to the Act, the County has made an irrevocable pledge and assignment for the benefit of the holder of the Bonds of the County's right, title and interest in and to said payments in lieu of taxes, and may also give to the holder of the Bonds a mortgage a mortgage with respect to the Spec Building and the property on which it is located; and

(iii) The enactment of the Ordinance and the issuance of the Bonds will serve to impose no pecuniary liability on the County except to the extent of payments in lieu of taxes pledged to the repayment of the Bonds and do not create a charge upon the general credit or taxing power of the County.

Upon the basis of the foregoing, the County respectfully prays that the State Fiscal Accountability Authority (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such review as it deems advisable, (iii) if it finds that the Projects are intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Projects and the execution and delivery of the Bonds by the County pursuant to the Act to defray the cost of reimbursing the County for its expenditures with respect to the Projects (including changes in any details of the said financing as finally consummated which do not materially affect the undertaking of the County), and (iv) give published notice of its approval in the manner set forth in Section 4-29-140 of the Act.

Respectfully submitted,

MARION COUNTY, SOUTH CAROLINA

Buddy Collins

Chairman
Marion County Council

ATTEST:

Sabrina Davis

Clerk to County Council
Marion County, South Carolina

2018-13

AN ORDINANCE

AUTHORIZING THE ISSUANCE AND SALE OF A MARION COUNTY, SOUTH CAROLINA, SPECIAL SOURCE REVENUE BOND (MARION COUNTY INDUSTRIAL PARK PROJECT PROJECT), SERIES 2018, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING $1,500,000; THE APPLICATION OF THE PROCEEDS OF SAID BOND TO PAY A PORTION OF THE COST OF CERTAIN IMPROVEMENTS TO THE MARION COUNTY INDUSTRIAL PARK IN MARION COUNTY SERVING ECONOMIC DEVELOPMENT PROJECTS; AND OTHER MATTERS RELATING THERETO.

Recitals and Statements of Purpose.

As an incident to the enactment of this Ordinance, the County Council (the ***"Council"***), the governing body of Marion County, South Carolina (the ***"County"***), has made the following findings.

(A) The several counties in the State of South Carolina (the ***"State"***) are empowered pursuant to Title 4, Chapters 1 and 29, Code of Laws of South Carolina, 1976, as amended (collectively, the ***"Act"***), to defray the cost of acquisition and construction of infrastructure serving the counties in order to enhance the economic development of such counties through the issuance of revenue bonds payable solely from all or a specifically described part of the payments in lieu of taxes received and retained by the counties under Section 4-1-170 of the Act and Section 13 of Article VIII of the South Carolina Constitution.

(B) In furtherance of the authorizations contained in the Act, the County has determined to construct, furnish, and equip an approximately 101,500 square foot Spec Building (the "***Spec Building***") on property owned by the County (the "***Spec Building Property***") in the Marion County Industrial Park and to undertake related improvements (together, the Spec Building and the related improvements, the "***Infrastructure Improvements***"). The total projected cost of the Infrastructure Improvements is approximately $3,081,000, a portion of which will be paid from grant funds secured by the County and other funds available to the County (the "***Additional County Funds***").

(C) Pursuant to Section 4-1-170 of the Act and Article VIII, Section 13 of the South Carolina Constitution, the County has established a number of joint county industrial and business parks pursuant to agreements with adjoining South Carolina counties (the ***"MCIP Agreements"***).

(D) Pursuant to Section 4-1-175 of the Act, the County has determined to issue a $1,500,000 principal amount revenue bond, payable from revenues received pursuant to the MCIP Agreements which are to be received and retained by the Marion County Treasurer, in order to reimburse the County for a portion of the cost of construction and installation of the Infrastructure Improvements (the ***"Bond"***).

(E) The County Council, having found that the Infrastructure Improvements will serve the County, and as a direct result of the construction and installation thereof will assist the County in its economic development efforts, proposes to issue the Bond for purchase by the South Carolina Public Service Authority ("Santee Cooper") and to provide for the securing of the Bond with a pledge of the revenues from the FILOT Agreements and a mortgage with respect to the Spec Building Property.

(F) The estimated amount necessary to pay the costs of the Infrastructure Improvements above and beyond the Additional County Funds requires that the Bond be authorized to be issued in the principal amount of not exceeding $1,500,000 as hereinafter provided.

(G) It appears that the form of the Bond which is now before this meeting, is in appropriate form and is an appropriate instrument to be executed and delivered or approved by the County for the purposes intended.

NOW, THEREFORE, BE IT ORDAINED by the County Council of Marion County, as follows:

SECTION 1. ***Authorization of Construction and Installation of Infrastructure Improvements.*** In order to enhance the economic development of the County, the construction and installation of the Infrastructure Improvements is hereby authorized, ratified, and approved.

SECTION 2. ***Authorization of Bond; Details Thereof.*** Pursuant to the authority of Section 4-1-175 of the Act, and for the purpose of defraying the cost of the Infrastructure Improvements, there is hereby authorized to be issued a revenue bond of the County in the principal amount of not exceeding $1,500,000 to be designated "Marion County, South Carolina, Special Source Revenue Bond (Marion County Industrial Park Project) Series 2018" with such further and other designation as is deemed appropriate therefor. The Bond shall be issuable in fully registered form without coupons. The Bond shall be payable as to principal and interest, if any, in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts.

Principal of and interest, if any, on the Bond shall be due and payable on the dates provided in the Bond. The Bond shall be dated the date of its original delivery, shall bear interest at the rate or rates agreed upon between the County and Santee Cooper as purchaser of the Bond; provided, however, that the Bond shall not bear interest at a rate in excess of 6% per annum and shall mature not more than fifteen (15) years from the date of delivery of the Bond.

SECTION 3. ***Sources of Payment for Bond; Pledge of Net FILOT Payments; Mortgage; Liability of County.***

(a) The Bond shall be payable from the revenues retained by the County pursuant to the MCIP Agreements (the "***Net FILOT Payments***"), but only to the extent necessary to provide for payments of annual debt service on the Bond as provided in the Bond. The County hereby irrevocably pledges to the purchaser of the Bond, among other things, the County's right, title and interest in the Net FILOT Payments received by it as security for the Bond, and authorizes the granting to Santee Cooper as holder of the Bond a mortgage with respect to the Spec Building Property as further security for the Bond.

(b) The Bond shall be a limited obligation of the County, the principal and interest, if any, on which shall be payable solely from that portion of the Net FILOT Payments required under (a) above. The Bond and the interest, if any, thereon are not secured by, or in any way entitled to, a pledge of the full faith, credit or taxing power of the County. The Bond and the interest, if any, thereon shall never constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation and shall be payable solely from the Net FILOT Payments as are pledged therefor hereunder and shall never constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers. The foregoing limitations shall be plainly stated on the face of the Bond.

(c) Nothing in this Ordinance or the MCIP Agreement shall be construed as an obligation or commitment by the County to expend any of its funds other than (i) the proceeds of the Bond, (ii) the Net FILOT Payments, and (iii) any moneys arising out of the investment or reinvestment of said proceeds, revenues or moneys.

SECTION 4. ***Execution of Bond.*** The Bond shall be executed in the name of the County with the manual or facsimile signature of the County Administrator, shall be attested by the manual or facsimile

signature of the Clerk to County Council, and shall have the seal of the County Council impressed or imprinted thereon.

SECTION 5. ***Form of Bond.*** The Bond shall be in substantially the form set forth in the Exhibit A hereto, with necessary or appropriate variations, omissions and insertions as permitted or required hereby.

SECTION 6. ***Conformity with Certain Acts.*** The Bond shall be issued in compliance with and under authority of the provisions of the Act and this Ordinance.

SECTION 7. ***Findings.*** It is hereby found, determined and declared by County Council, as follows:

(a) The Infrastructure Improvements will constitute economic development improvements as described in Section 4-29-68(A)(2) of the Act, and the issuance of the Bond in the principal amount of $1,500,000 to pay a portion of the costs of the Infrastructure Improvements will serve to enhance the economic development of the County and in all respects conform to the provisions and requirements of the Act;

(b) It is anticipated that the Infrastructure Improvements will benefit the general public welfare of the County by maintaining employment and other public benefits not otherwise provided locally;

(c) Neither the Infrastructure Improvements, the Bond proposed to be issued by the County to fund a portion of the costs of the Infrastructure Improvements, the mortgage with respect to the Spec Building Property, nor any documents or agreements entered into by the County in connection therewith will constitute or give rise to any pecuniary liability of the County or a charge against its general credit or taxing power.

SECTION 8. ***Sale and Payment for Bond.*** The Bond is hereby authorized to be delivered to the purchaser of the Bond in consideration for the advances thereunder by the purchaser thereof towards qualified costs of the Infrastructure Improvements, as provided in the Bond. With each such purchase, expenditure or payment, the value thereof shall be considered as an advance of the principal amount of the Bond.

SECTION 9. ***General Authorization for Certain Officials.*** The County Administrator, the Chairman of County Council and the Clerk to County Council, for and on behalf of the County, are hereby each authorized and directed to do any and all things necessary to effect the execution and delivery of the Bond and the performance of all obligations of the County under and pursuant to the Bond.

SECTION 10. ***Severability, Captions.*** The provisions of this Ordinance are hereby declared to be separable and if any section, phrase or provision shall for any reason be declared by a court of competent jurisdiction to be invalid or unenforceable, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereunder. The captions, section headings and table of contents are provided for convenience of reference and are not a part of this Ordinance.

SECTION 11. ***County Officials.*** All covenants, stipulations, promises, agreements and obligations of the County to be contained in the Bond shall be deemed to be covenants, stipulations, promises, agreements and obligations of the County and shall be binding upon any member of the County Council or any officer, agent, servant or employee of the County only in his or her official capacity and not in his or her individual capacity, and no recourse shall be had for the payment of any moneys thereunder against any member of the governing body of the County or any officer, agent, servants or employee of the County and norrecourse shall be had against any member of the County Council or any officer, agent, servant or employee of the County for the performance of any of the covenants and agreements of the County therein contained or for any claims based thereon except solely in their official capacity.

SECTION 12. ***General Repealer.*** All orders, resolutions, ordinances and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed and this Ordinance shall take effect and be in full force from and after its passage and approval.

DONE, RATIFIED AND ADOPTED this 13th day of November, 2018.

MARION COUNTY, SOUTH CAROLINA

(SEAL)

By: _____
Marion County Administrator

Attest:

_____
Clerk, County Council of
Marion County

First Reading:	October 11, 2018
Second Reading:	October 25, 2018
Third Reading:	November 13, 2018
Public Hearing:	November 13, 2018

EXHIBIT A

[Form of Special Source Revenue Bond]

*This security has not been registered under the Securities Act of 1933, as amended (the **"Securities Act"**) or the securities laws of any state (**"blue sky laws"**). The registered owner hereof, by purchasing this security, agrees that this security may be resold, pledged or otherwise transferred, only in compliance with Rule 144A under the Securities Act, to a person whom such registered owner believes is a qualified institutional buyer, within the meaning of said Rule 144A and as may be otherwise required to comply with applicable blue sky laws.*

STATE OF SOUTH CAROLINA
MARION COUNTY
SPECIAL SOURCE REVENUE BOND
(_____ PROJECT)
SERIES 2018

No. 1 **$_____**

KNOW ALL MEN BY THESE PRESENTS that Marion County, South Carolina, a body politic and corporate, and a political subdivision of the State of South Carolina (the ***"County"***), for value received, does promise to pay, but only from the sources and upon the terms hereinafter set forth, to the South Carolina Public Service Authority (the ***"Purchaser"***), or registered assigns (the ***"registered owner"***), the principal sum of **ONE MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS** ($1,500,000.00) or such lesser amount as is advanced hereunder in accordance with the provisions of the Bond Ordinance, hereinafter defined, and interest on the outstanding balance of said principal sum from the date of the initial advance hereunder at the rate of _____ percent (_____%) per annum, until maturity or the payment of such principal sum, whichever occurs first. Payments hereunder are due on _____ of each year beginning _____ and ending _____ (the ***"Bond Payment Dates"***). On each Bond Payment Date, the payment shall be applied, first to the amount of interest then due and payable, and second to the outstanding principal payable hereunder. It is anticipated that principal and interest shall be payable with respect hereto in accordance with Schedule I attached hereto; provided, however, that [the Purchaser may prepay this Bond, in whole or in part, at par, at any time and without being subject to any penalty.]

In the event that any payment date hereunder shall fall on a Saturday, Sunday or banking holiday in the State of South Carolina (the ***"State"***), then payment shall be made on the next business day.

This Bond is issued pursuant to and in accordance with Section 4-1-175, Code of Laws of South Carolina 1976, as amended (collectively, the ***"SSRB Act"***) and an ordinance of the County Council of Marion County, South Carolina (the "County Council") with respect hereto enacted on November 13, 2018 (the ***"Bond Ordinance"***), for the purpose of providing the County with a means of improving or expanding certain infrastructure improvements to enhance economic development in the County (the ***"Infrastructure Improvements"***).

Principal of and interest, if any, on this Bond is payable by check or draft or wire transfer of collected funds of the United States of America, which at the respective times of payment is legal tender for the payment of public and private debts. The final installment of the principal of and interest, if any, on this Bond shall be paid upon presentation and surrender hereof to the County. All other installments of principal and interest, if any, hereon shall be paid by check or draft (via first class mail) or wire transfer of collected funds to the registered owner.

As prescribed by the Bond Ordinance, the sole source of payments on this Bond shall be the payments in lieu of taxes retained by the County pursuant to the multi-county park agreements described in Schedule II attached hereto (the ***"MCIP Agreements"***), in accordance with Section 4-1-170, Code of Laws of South Carolina, 1976, as amended, (the ***"Net FILOT Revenues"***). For security of the payment of this Bond, the County hereby irrevocably pledges to the registered owner hereof, the Net FILOT Revenues received by the County; provided, however, that all Net FILOT Revenues received by it in any year in excess of the amounts payable hereunder in that year shall be retained by the County and applied as provided in the MCIP Agreement.

By its purchase of this Bond, the registered owner assents to and takes its interest in this Bond subject to the terms of the Bond Ordinance. In this respect, the Bond Ordinance may not be amended without the prior written consent of the registered owner.

This Bond is secured by and payable solely from the Net FILOT Revenues. THIS BOND AND THE INTEREST HEREON IS NOT SECURED BY, OR IN ANY WAY ENTITLED TO, A PLEDGE OF THE FULL FAITH, CREDIT OR TAXING POWER OF THE COUNTY. THIS BOND AND THE INTEREST, IF ANY, HEREON SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL BE PAYABLE SOLELY FROM THE NET FILOT PAYMENTS AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE COUNTY OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS.

This Bond is further secured by a mortgage given by the County to the holder hereof with respect to certain real property and improvements thereon dated _____, 2018 and recorded in Book __ at Page __ in the office of the Clerk of Court for the County.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and for the execution and delivery of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this bond, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, MARION COUNTY, SOUTH CAROLINA, has caused this bond to be duly executed, sealed and delivered as of the 13th day of November, 2018.

MARION COUNTY, SOUTH CAROLINA

(SEAL)

By: _____
Marion County Administrator

Attest:

Sabrina Davis
Clerk, County Council of

Marion County

Schedule I
Anticipated Payment Schedule

Schedule II
MCIP Agreements

STATE OF SOUTH CAROLINA)
)
COUNTY OF MARION)

I, the undersigned, Clerk to the County Council (the ***"County Council"***) of Marion County (the ***"County"***), **DO HEREBY CERTIFY:**

That the foregoing constitutes a true, correct and verbatim copy of an Ordinance enacted by the County Council. The Ordinance was read and received a favorable vote at three public meetings of the County Council on three separate days. At least one day passed between first and second reading and at least seven days between second and third reading. At each meeting, a quorum of the County Council was present and remained present throughout the meeting.

The Ordinance is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my Hand this 13th day of November, 2018.

Sabrina Davis
Clerk to County Council
Marion County, South Carolina

RESOLUTION

A RESOLUTION MAKING APPLICATION TO THE STATE FISCAL ACCOUNTABILITY AUTHORITY OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE BY MARION COUNTY, SOUTH CAROLINA, OF SPECIAL SOURCE REVENUE BONDS (MARION COUNTY INDUSTRIAL PARK PROJECT) IN ONE OR MORE SERIES OF BONDS, PURSUANT TO THE PROVISIONS OF TITLE 4, CHAPTER 29 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING $1,500,000.

WHEREAS, Marion County, South Carolina (the "County"), acting by and through its County Council, is authorized and empowered under and pursuant to the provisions of Title 4, Chapters 1 and 29, of the Code of Laws of South Carolina 1976, as amended (collectively the "Act"), to issue special source revenue bonds whereby the industrial development of the State of South Carolina (the "State") will be promoted and trade developed by inducing industrial enterprises to locate in and remain in the State and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, the County is further authorized by the Act to issue special source revenue bonds, as provided in the Act, secured and payable from all or a part of that portion of revenues which the County is entitled to retain pursuant to one or more joint county industrial or business park agreements established pursuant to Section 4-1-170 of the Act and Article VIII, Section 13, of the South Carolina Constitution, and for the purposes set forth in Section 4-29-68, and further secured by a mortgage of any real or personal property being improved; and

WHEREAS, the County has entered or will enter into agreements with one or more counties in the State providing for the establishment of certain joint county industrial or business parks pursuant to Section 4-1-170 of the Act in order to implement the public purposes enumerated in the Act; and

WHEREAS, in furtherance thereof, the County proposes to issue its Special Source Revenue Bonds (Marion County Industrial Park Project) in one or more series of bonds (the "Bonds") in the aggregate principal amount of not exceeding $1,500,000 to defray a portion of the costs of certain improvements to the Marion County Industrial Park, including without limitation an approximately 101,500 square foot spec building (the "Spec Building") and related infrastructure (together, "Projects"); and

WHEREAS, the remaining costs of the Projects will be paid from grant funds secured by the Projects by the County and other funds available to the County; and

WHEREAS, it is now deemed advisable by the County to file with the State Fiscal Accountability Authority of South Carolina, in compliance with Section 4-29-140 of the Act, the Petition of the County requesting approval by the State Fiscal Accountability Authority of the proposed issuance of the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the County Council of Marion County, South Carolina as follows:

Section 1. It is hereby found, determined and declared as follows:

(a) The issuance of the Bonds, in one or more series, to defray the cost of the County's contribution to the cost of the Projects and the costs of issuance with respect to the Bonds, in the principal

amount of not exceeding $1,500,000, will subserve the purposes and in all respects conform to the provisions and requirements of the Act applicable to the Bonds.

(b) It is anticipated that the Projects will benefit the general public welfare of the County by providing infrastructure necessary for the continued economic development of the County, and by providing additional employment opportunities for people from the County and adjacent areas when the Project is placed in full operation with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of industrial development not otherwise provided locally.

(c) Except as to the fees in lieu of taxes as shall be pledged for the repayment of the Bonds and a mortgage with respect to the Spec Building and the property on which it is located, neither the Projects, the Bonds proposed to be issued by the County, nor any documents or agreements entered into by the County in connection therewith will constitute or give rise to a pecuniary liability of the County or a charge against any of its general credit or taxing power.

(d) The issuance of the Bonds by the County in the principal amount of not exceeding $1,500,000 will be required to defray the cost of the Projects that has been contributed to the Projects by the County and to pay costs of issuance with respect to the Bonds.

(e) The total costs of the Projects are anticipated to be $3,081,000.

(e) The amount necessary in each year to pay the principal of and interest on the Bonds shall be set forth in an Ordinance to be adopted by the County.

Section 2. There is hereby authorized and directed the submission on behalf of the County, of a Petition requesting the approval by the State Fiscal Accountability Authority of the proposal of the County to issue the Bonds pursuant to the provisions of Section 4-29-140 of the Act, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in substantially the form attached hereto.

Section 3. The Chairman or Vice-Chairman of the County Council of the County is hereby authorized and directed to execute said Petition in the name and on behalf of the County; and the Clerk of the County Council is hereby authorized and directed to attest the same and thereafter to submit an executed copy of this resolution to the State Fiscal Accountability Authority in Columbia, South Carolina.

Section 4. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its adoption and approval.

Adopted and approved October 25, 2018.

MARION COUNTY, SOUTH CAROLINA

Buddy Collins
Chairman
Marion County Council

ATTEST:

Sabrina Davis
Clerk to County Council
Marion County, South Carolina

STATE OF SOUTH CAROLINA)
)
COUNTY OF MARION)

I, the undersigned Clerk to Marion County Council (the "County Council"), do hereby certify that the foregoing is a true, correct and verbatim copy of an Resolution duly adopted by the County Council, on October 25, 2018, at whcih meeting all/a majority of the members of the County Council were present and voted.

Witness my Hand, this 25th day of October, 2018.

MARION COUNTY, SOUTH CAROLINA

Clerk to County Council
Marion County, South Carolina

DRAFT

[Form of Bond Counsel Opinion]

February 28, 2019

Marion County, South Carolina
c/o Marion County Council
Marion, South Carolina

South Carolina Public Service Authority
Moncks Corner, South Carolina

Re: $1,500,000 Marion County, South Carolina Special Source Revenue Note (Marion County Industrial Park Project), Series 2018

Ladies/Gentlemen:

We have examined the Transcript of Proceedings filed with the Clerk of the Court of Common Pleas and General Sessions for Marion County, South Carolina (the "County") and the Constitution and statutes of the State of South Carolina (the "State"), including specifically Title 4, Chapters 1 and 29, Code of Laws of South Carolina 1976, as amended (the "Act"), all in connection with the authorization by the County of the $1,500,000 Marion County, South Carolina Special Source Revenue Note (Marion County Industrial Park Project) (the "Note") pursuant to an ordinance (the "Ordinance") enacted by Marion County Council ("County Council"), the governing body of the County, on November 13, 2018. The Note is being issued by the County to pay a portion of the costs of certain improvements to the Marion County Industrial Park, including without limitation an approximately 101,500 square foot spec building (the "Spec Building") and related infrastructure (together, "Projects"). The Note will be secured and payable from revenues which the County is entitled to retain pursuant to the joint county industrial park agreements relating to the Projects established pursuant to Section 4-1-170 of the Act and Article VIII, Section 13 of the South Carolina constitution, and for the purposes set forth in Section 4-29-68 of the Act and described in Schedule I attached hereto (the "Park Agreements") as well as a mortgage with respect to the Spec Building and the real property on which it is to be located.

In addition, we have examined the following:

1. A certified copy of the Ordinance authorizing, among other things, the issuance and delivery of the Note.

2. The Note, as executed.

3. The opinion of Charles L. McLain, III, Esq., Marion County Attorney, dated the date hereof, as to the action taken by the County in enacting the Ordinance and in authorizing the issuance and delivery of the Note, and to other related matters.

As to questions of fact material to our opinion, we have relied upon representations of the

County contained in the Ordinance, the certified proceedings and other certifications of public officials furnished to us and other information as we have deemed necessary for purposes of this opinion without undertaking to verify the same by independent investigation.

As Bond Counsel, we have been retained solely for the purpose of examining the validity and legality of the Note and of rendering certain specific opinions herein stated and for no other purpose. We have not verified the accuracy, completeness or fairness of any representations or information concerning the business or financial condition of the County in connection with the sale of the Note. In rendering this opinion, we have assumed, and have not verified, that the signatures on all documents which we have examined are genuine.

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

(i) the County is a political subdivision and body corporate and a political subdivision of the State and has full power and authority to issue and deliver the Note, to defray the cost of acquisition and construction of the Projects and to execute and deliver, and to perform its obligations under, the Note;

(ii) no additional or further approval, consent or authorization of any governmental or public agency or authority is required by the County in connection with the issuance and delivery of the Note or the performance by the County of its obligations thereunder;

(iii) the Note has been duly authorized, executed and delivered by the County and constitutes a legal, valid and binding obligation of the County, enforceable in accordance with its terms and the terms of the Ordinance, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies; and

(iv) the Note is a limited obligation of the County payable by the County solely out of the amounts payable by the Company pursuant to Park Agreements and shall not constitute an indebtedness of the County within the meaning of any state constitutional or statutory limitation and shall not constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

Very truly yours,

AGREEMENT TO PAY CERTAIN COSTS

THIS AGREEMENT, effective December 5, 2018, is made by and between Marion County, South Carolina ("County") and the South Carolina State Fiscal Accountability Authority ("SFAA").

WITNESSETH

A. The County Council ("Council") adopted a Resolution on October 25, 2018, authorizing a petition to the SFAA requesting approval for the issuance and delivery of $1,500,000 of Special Source Revenue Note ("Note") of the County pursuant to S.C. Code Ann. § 4-1-175 and § 4-29-68.

B. The County submitted its Petition to the SFAA for approval at the SFAA meeting on January 29, 2019, along with the supporting documents required by § 4-29-68 and South Carolina Regulation 19-102.

C. The Note will be used to construct, furnish, and equip an approximately 101,500 square foot Spec Building on property owned by the County in the Marion County Industrial Park and to undertake related improvements serving economic development in the County ("Project") as allowed by S.C. Code Ann. § 4-29-68.

D. SFAA has requested the County to execute and deliver this Agreement to the SFAA.

NOW, THEREFORE, in consideration of the SFAA's approval of the Note, to the extent permitted by law:

Except as otherwise provided herein below, County shall reimburse the SFAA, its past, present, and future employees, elected officials, officers and agents (hereinafter "Covered Parties") for all costs, expenses and attorney's fees incurred as a result of or in response to any investigations, administrative actions, claims, fines, or suits (hereinafter "Actions") of any character by or on behalf of any person arising out of or related to the SFAA's consideration or approval of the Note. County's obligations hereunder apply regardless of whether the act or omission giving rise to the Action occurred prior to the effective date of this Agreement and regardless of whether the Action is based in part on an act or omission of a Covered Party. County's obligations hereunder shall be limited to fifty thousand dollars ($50,000.00) in the aggregate.

After the County's current fiscal year, the County's performance of this Agreement is conditioned on, and may be limited by, the availability of lawfully appropriated funds for the purposes of this Agreement for the applicable fiscal period. At all times while the Note remains outstanding, County will act in good faith and use its best efforts to ensure that appropriated funds are available for its obligations hereunder in each succeeding fiscal period. In the event that the County either plans to discontinue or actually discontinues appropriating funding for the obligations created by this Agreement, County will provide thirty (30) days written notice of the discontinuance.

This agreement is the parties' entire agreement on this matter, superseding all previous negotiations or agreements. This Agreement is the product of full and fair negotiations by the parties and the language in this Agreement shall be interpreted as to its fair meaning and not for or against any party.

IN WITNESS WHEREOF, the County has duly executed and delivered this Agreement to the SFAA on the first date set forth above.

MARION COUNTY, SOUTH CAROLINA

By: _____

Its: County Administrator

Attest:

Sabrina Davis

Clerk to Marion County Council

Date: December 5, 2018

HAYNSWORTH
SINKLER BOYD

HAYNSWORTH SINKLER BOYD, P.A.
135 S. DARGAN STREET, SUITE 300
P.O. BOX 6617 (29502)
FLORENCE, SOUTH CAROLINA 29506
MAIN 843.669.6002
FAX 843.669.3815
www.hsblawfirm.com

December 12, 2018

South Carolina State Fiscal Accountability Authority
Columbia, South Carolina

Re: Not Exceeding $1,500,000 Marion County, South Carolina, Special Source Revenue Note, Series 2018 (Marion County Industrial Park Project)

Ladies and Gentlemen:

We are serving as bond counsel to Marion County, South Carolina (the "County") in connection with the proposed issuance by the County of the above-referenced note (the "Note"). At your request, we are delivering this opinion in connection with the County's petition to the South Carolina State Fiscal Accountability Authority (the "State Authority") dated October 25, 2018 (the "Petition"), to approve the issuance of the Note pursuant to the South Carolina Constitution and Acts of the General Assembly of the State of South Carolina, including particularly Title 4, Chapters 1 and 29 of the Code of Laws of South Carolina 1976, as amended (the "Act") to enable the County to construct, furnish, and equip an approximately 101,500 square foot Spec Building on property owned by the County in the Marion County Industrial Park, to undertake related improvements, and pay the costs of issuance of the Note.

In that capacity, we have examined originals or copies of the Petition, certain multi-county park agreements, the ordinance authorizing the issuance of the Note, and a proposed approving resolution of the State Authority in the form submitted with the Petition (the "Transaction Documents"), and such 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 County, the State Authority or the parties to any of the documents related to the Note. 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.

Based on 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 and are legally sufficient and contain all required findings by the respective authorities to authorize the State Authority to approve the Note.

Except as set forth above, we express no opinion in connection with the issuance and sale of the Note. 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,

Haynsworth Sinkler Boyd, P.A.

ALAN WILSON
ATTORNEY GENERAL

January 8, 2019

Delbert H. Singleton, Jr., Esquire
South Carolina State Fiscal Accountability Authority
612 Wade Hampton Office Building
P. O. Box 12444
Columbia, South Carolina 29211

Re: Marion County
Not Exceeding $1,500,000 Special Source Revenue Bonds
Marion County Industrial Park Project

Dear Mr. Singleton:

Regarding the above-referenced obligation, we have reviewed the Petition and other documents forwarded to us by the South Carolina State Fiscal Accountability Authority (Authority). The documents appear to comply with the requirements of the referenced Code sections in the submitted material that certain specific information be addressed in these documents and, also, when validly executed as required and delivered, should be legally adequate.

This opinion addresses only the fact that the documents appear to meet the conditions imposed by State law that certain specific matters be included in the documentation. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Office of the Attorney General

By: T. Parkin Hunter
T. Parkin Hunter
Senior Assistant Attorney General

TPH/shb

OFFICE OF STATE TREASURER

New Debt Information Form (NDIF) - Initial Form

SFAA Approval Date: 01/29/19 Final Version Date: 00/00/00

1. AGENCY/ISSUER & FINANCING INFORMATION

Agency #: Issuer: Marion County, South Carolina Series: 2019

Borrower (if not Issuer):

Bond Caption: Marion County, South Carolina Special Source Revenue Note (Marion County Industrial Park Project)

Bond Resolution Amount: $1,500,000.00 Est. Production/Par Amt: $1,500,000.00

(Used to calculate initial COI percentages; STO bond issues must use Par Amt **

Final Production/Par Amt: $0.00

Submitted By:

ENTITY	Marion County, South Carolina
BY:	G. Timothy Harper
ITS:	County Administrator
Tel:	843-423-3904
Email:	tharper@marionsc.org

Transaction Type/Method of Sale:

	Public Offering:	Competitive:	Negotiated:
X	Direct Placement:	Competitive:	Negotiated: X
X	Governmental Loan/Governmental Purchaser		
	Other:		

MSRB (EMMA) Continuing Disclosure Requirement (Y/N): N

MSRB (EMMA) Continuing Disclosure Responsible Party: N/a - Direct Placement

2. FINANCING (NEW PORTION)

Project #: 1 Project Name: Marion County Industrial Park

Project Address/Location: US Hwy 501 at US Hwy 76, Marion, SC Amount: $1,500,000.00

Project Type: 101,500 sf spec building at industrial park County: Marion

Projected Avg Interest Rate: Y1-3 0%;4-5 LIBOR+1%;6-10 LIBOR+2% Final Maturity: 03/01/29

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:	none	Disclosure Counsel:	none
Bond Counsel:	Haynsworth Sinkler Boyd	Issuer's Counsel:	Charles L. McLain, Esq.
Underwriter:	SC Public Service Authority	Trustee:	none
Paying Agent:	Marion County Treasurer	Other:	

5. FINANCING/PROJECT DESCRIPTION

(Briefly, explain the financing/project, the anticipated costs, & the basis for these cost estimates. Use an attachment if needed)

Constructing, furnishing, and equipping an approximately 101,500 square foot spec building on property owned by Marion County and undertaking related improvements. The costs consist of $20,000 bond counsel fee, $5,000 issuer counsel fee, and $3,000 for advertising and SFAA processing fee.

6. FINANCING/PROJECT APPROVAL DATES

Financing Approvals		Notes:
Issuer/Borrower Approval:	11/13/18	County Council
JBRC Approval:	00/00/00	N/A
SFAA Approval:	01/29/19	

Project Approvals - Phase II (State Entities Only)		Notes:
Issuer/Borrower Approval:	00/00/00	
JBRC Approval:	00/00/00	
SFAA Approval:	00/00/00	

7. TAX AND ARBITRAGE MATTERS & SPEND DOWN SCHEDULE

	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 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?		X

c. If yes to any of the above, please provide a square footage and cost estimate of the portion affected.

Sq. Footage - N/A

Cost Estimate - $0

	Bond Proceeds	FYE	Spend Down Schedule Notes
Est. Expenditures - Through 6 Months	$ 1,500,000.00	6/30/2019	COI, A&E, and Construction
Est. Expenditures - Through 12 Months	$	00/00/00	
Est. Expenditures - Through 18 Months	$	00/00/00	
Est. Expenditures - Through 24 Months	$	00/00/00	
Est. Expenditures - Through 36 Months	$	00/00/00	
Est. Expenditures - Through 48 Months	$	00/00/00	
- Estimated Expenditures: Thru FY:	**$ 1,500,000.00**		

8. ESTIMATED/ACTUAL PROJECT SOURCES AND USES

Sources	Est. Project Budget (Sources)	Est. Project Budget (Uses)	Uses
(1) Bond Proceeds: (a) Par	$ 1,500,000.00	$ 3,053,000.00	Project Fund
(b) Premium/Accr. Int.	$	$	Capitalized Interest Fund
(2) Issuer/Borrower Contr.	$	$	Debt Service Reserve Fund
(3) Debt Service Fund Trans.	$	$	Redemption Price/Escrow Deposit
(4) Debt Service Reserve Fund Contribution	$	$ 28,000.00	Cost of Issuance (Incl. UW Disc.)
		$	Accrued Interest
(5) Other (Specify)		$	Other
Type - Grants	$ 1,581,000.00	$	Other
Residual Project Sources		$	Other
(6) Other		$	Other
(a) GF -	$	$	Other
(a) FF -	$	$	Other
(c) OF -	$	$	Other
Total Project Sources	**$ 3,081,000.00**	**$ 3,081,000.00**	**Total Project Uses**
	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	N/A			$	$	$
Bond Counsel	Haynsworth Sinkler Boyd			$ 20,000.00	$	$ 20,000.00
Disclosure Counsel	N/A			$	$	$
Issuer's Counsel	Charles L. McLain, Esq.			$ 5,000.00	$	$ 5,000.00
Underwriter's Counsel	N/A			$	$	$
Transaction Counsel	N/A			$	$	$
Legal Expenses				$	$	$
				$	$	$
Rating Agency - S&P				$	$	$
Rating Agency - Moody's				$	$	$
Rating Agency - Fitch				$	$	$
Underwriter's Compensation				$	$	$
Registrar / Paying Agent	County Treasurer			$	$	$
Escrow Agent				$	$	$
Accountant				$	$	$
Verification Agent				$	$	$
Printing				$	$	$
Publishing				$	$	$
Advertising				$ 1,000.00	$	$ 1,000.00
Contingency				$ 2,000.00	$	$ 2,000.00
Issuer's Fee	SC JEDA / SC SHFDA			$	$	$
				$ 28,000.00	$	$ 28,000.00

Est. / Actual COI Fees (% of Transaction):

Financial Advisor: % of Transaction	*0.00%*	*#DIV/0!*
Bond Counsel: % of Transaction	*1.33%*	*#DIV/0!*
Total Legal Costs: % of Transaction	*1.67%*	*#DIV/0!*
Rating Agencies: % of Transaction	*0.00%*	*#DIV/0!*

UW Comp: % of Transaction	0.00%	#DIV/0!
Other COI: % of Transaction	0.20%	#DIV/0!
Total COI: % of Transaction	**1.87%**	**#DIV/0!**

SHFDA

Killian Terrace

A RESOLUTION

GRANTING APPROVAL TO THE ISSUANCE BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY OF ITS TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS (KILLIAN 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 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 authorised 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 the notes; and

WHEREAS, the Authority has presented to the SFAA its Petition dated January 16, 2019 (the "Petition"), which, together with the exhibits thereto attached, sets forth certain information with respect to the Authority's multifamily housing revenue bonds (Killian Terrace) in the principal amount not to exceed $24,000,000 (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;

(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);

(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 $24,000,000.

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); 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 4. This Resolution shall take effect immediately upon its adoption.

HOWELL LINKOUS & NETTLES, LLC
Bond Attorneys & Counsellors at Law

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Charleston, South Carolina 29401

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Charleston, South Carolina 29402

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Samuel W. Howell, IV
Writer's Direct No. 843.266.3801
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Concentrating in Municipal Bonds, Local Government Law, Economic Development Incentives, Affordable Housing Development

17 December 2018

VIA FEDERAL EXPRESS
Delbert H. Singleton, Esq.
Assistant Executive Director and Board Secretary
State Fiscal Accountability Authority
Wade Hampton Office Building
1200 Senate Street, 6th Floor
Columbia, South Carolina 29201

Re: Not exceeding $24,000,000 South Carolina State Housing Finance and Development Authority Multifamily Tax-Exempt Mortgage-Backed Bonds (Killian Terrace), Series 2019

Dear Delbert:

As you may recall, my firm serves as bond counsel to Killian Terrace SC, LLC, a South Carolina limited liability company (the "Housing Sponsor"), with respect to the issuance of multifamily housing revenue bonds by the State Housing Finance and Development Authority to provide a portion of the construction financing for the acquisition and construction of a 288-unit affordable housing development to be located in the City of Columbia, Richland County, South Carolina, known as Killian Terrace. This request was approved by the State Fiscal Accountability Authority at its October 23, 2018 meeting. The bonds have not yet been issued.

The bonds were originally expected to only provide a portion of the construction financing for this project. The financing has been restructured to use the bonds to provide construction and permanent financing for this project. As a result, the amount of the bond issue needs to increase from not to exceed $21 million to $24 million. As a result, the cash flows and other numbers submitted in the last agenda package have been revised to reflect the larger principal amount for a longer-term bond issue. Total project costs remain at approximately $42.1 million. Tax credit equity, in an amount over $15 million, is still expected to be raised as the result of financing the project with tax-exempt private activity bonds.

Enclosed is the agenda package for the January meeting of the State Fiscal Accountability Authority requesting State law approval for the issuance of the bonds. Included with the agenda package is our opinion letter to the SFAA with respect to the agenda package complying with the bond act.

Also enclosed are a schedule of estimated Sources and Uses of funds relating to the project and Bond Cash Flows showing the debt service schedule for the Bonds (pages 18-29), and payment of debt service in full on the Bonds (pages 33-41) from the cash collateral and Fannie Mae payments made under the mortgage backed security described below. I understand that Tracey Easton will provide the State Treasurer's office with schedules of debt service on the State Housing Authority's outstanding bonds as well as the revenues available to pay such debt service.

Also enclosed is the New Debt Information Form (NDIF) with respect to this transaction. By copy of this letter, I am also providing Kevin Kibler with the NDIF for this transaction.

It is anticipated that the Bonds will receive an investment grade rating based on the Fannie Mae guarantee of the bonds. Until the conversion date upon completion of construction, the bonds will be cash collateralized from bond proceeds. After conversion, the bond proceeds will be used to purchase a mortgage backed security (MBS) guaranteed by Fannie Mae. Payments from the MBS (as shown in the attached cash flows) will fully pay debt service on the bonds through their final maturity. Stiffel Nicolaus & Company, Incorporated will serve as underwriter for 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 State Housing Authority from carry-forward volume cap that has previously been allocated to the State Housing Authority. The attached Petition and final Bond Resolution are being sent to you unsigned. Signed copies will be sent to you upon adoption of the final bond resolution by the State Housing Authority on January 16th.

I will attend the Authority's meeting to answer any questions which may arise at the meeting. In the meantime, should you have any questions or concerns, please give me a call. With kindest personal regards, I remain,

Very truly yours,

Samuel W. Howell

SWH,IV/sls
Enclosures

cc: Tracey C. Easton, Esq.(via fed ex)
Mr Kevin Kibler (via fed ex)

TRANSMITTAL FORM, REVENUE BONDS

TO: Delbert H. Singleton, Jr., Authority Secretary
State Fiscal Accountability Authority
600 Wade Hampton Building
Columbia, SC 29201
OR *P. O. Box 12444, Columbia, SC 29211*

DATE: December 18, 2018

Submitted for SFAA Meeting on:

January 29, 2019

FROM:

Howell Linkous & Nettles, LLC
Name of Law Firm

106 Broad Street
Street Address/Box Number

Charleston, South Carolina 29401
City, State, Zip Code

(843) 266-3800
Area Code/Telephone Number

RE:

Not exceeding $24,000,000
Amount of Issue

South Carolina State Housing Finance and Development Authority
Name of Issuing Authority

Multifamily Housing Revenue Bonds
Type of Bonds or Notes

February 21, 2019
Projected Issue Date

Project Name: Killian Terrace

Project Description: to provide financing for the acquisition and construction of a 288-unit apartment development located in the City of Columbia, Richland County, South Carolina.

Employment as a result of the project: N/A

Ceiling Allocation Required	Refunding Involved	Project Approved Previously
__Yes ($_____) _X_ No	__Yes ($_____) _X_ No	_X_ Yes ($21,000,000) ___No
Amount	Amount	Amount

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. _X_ Petition

B. _n/a_ Resolution or Ordinance

C. _X_ Inducement Resolution or comparable preliminary approval

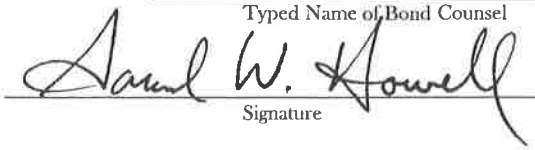
D. _n/a_ Department of Health and Environmental Control Certificate *if required*

E. _X_ State Fiscal Accountability Authority Resolution and Public Notice *(original)*
Plus _6_ copies for certification and return to bond counsel

F. _X_ Draft bond counsel opinion letter

G. _n/a_ Processing Fee
Amount: $_____ *Check No: _____*
Payor: _____

Bond Counsel: Samuel W. Howell, IV
Typed Name of Bond Counsel

By: 
Signature

SFAA 9/15

PETITION FOR APPROVAL

TO: STATE FISCAL ACCOUNTABILITY AUTHORITY	)	KILLIAN 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 authorised 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 authorised 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. Killian Terrace SC, LLC (the "Housing Sponsor"), a limited liability company duly organized under the laws of the State of South Carolina, 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 288-unit apartment development located in the City of Columbia, Richland County, South Carolina, to be known as Killian Terrace (the "Project").

3. The Authority proposes to fund the Mortgage Loan to the Housing Sponsor by issuing its multifamily housing revenue bonds (the "Bonds") pursuant to a Resolution to be adopted by the Authority (the "Resolution"), to be issued in the aggregate principal amount of not to exceed $24,000,000, 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 Low Income Housing Tax Credits.

4. The Authority previously requested the approval of the SFAA to the issuance of bonds in the principal amount not to exceed $21,000,000 to provide construction financing for the Project, which request was conditionally approved by the SFAA in resolution adopted on October 23, 2018.

5. The Authority now comes to the SFAA requesting approval of an increase in the expected principal amount of the Bonds to not to exceed $24,000,000 for the purposes of providing both construction and long-term permanent financing for the Project.

6. 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 Internal Revenue Code of 1986, as amended (the "Code"), a portion of which shall be allocated to the Bonds.

7. 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 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 Housing Sponsor has advised the Authority that the Bonds will be rated by one of the national rating agencies at an acceptable investment grade rating satisfactory to the Authority, and the Indenture provides that (i) prior to the delivery of a Fannie Mae Certificate ("MBS") by the Federal National Mortgage Association ("Fannie Mae"), payment of the Bonds will be assured and collateralized by the deposit with the bond trustee of proceeds received from the sale of the Bonds and other eligible funds held under the Indenture in an amount equal to the outstanding principal amount of the Bonds and (ii) upon satisfaction of the conditions set forth in the Indenture (as defined below) and the commitment of the permanent lender, the MBS will be issued to the bond trustee and debt service on the Bonds will be payable from pass-through payments received by the bond trustee on the MBS through the maturity of the Bonds, which funds and guarantee the Authority has determined are sufficient under the Act for a negotiated sale

of the Bonds to an underwriter and subsequent public distribution of the Bonds by the underwriter.

8. On January 16, 2018, the Authority adopted its Bond Resolution authorizing the issuance and sale of not to exceed $24,000,000 aggregate principal amount of the Bonds, subject to the approval of the SFAA as requested by this Petition, and which Bond Resolution establishes 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.

9. It is expected that the Bonds will be issued pursuant to an Indenture of Trust (the "Indenture") between the Authority and a corporate trust company or department to be approved by the Authority to serve as bond trustee (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 the costs of acquisition and construction of the Project and the costs of issuance of the Bonds. The interest rates to be borne by the Bonds have not been determined. It is expected that the average interest rate on the Bonds will be approximately three and 70/100 per centum (3.70%) per annum.

10. 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. As described below, there are hereby filed with the SFAA pro forma schedules with respect to the Bonds based on current estimates and market conditions.

11. 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 of 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 requirement established by the schedules referenced in item (c);
(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;
(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);
(v) the method to be employed in selling the Bonds.

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 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 are attached.

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 $24,000,000 for the purpose of financing the Mortgage Loan to provide construction and permanent financing for 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: _____
General Counsel

January __, 2019

A RESOLUTION

MAKING PROVISION FOR THE ISSUANCE OF NOT TO EXCEED $24,000,000 AGGREGATE PRINCIPAL AMOUNT MULTIFAMILY TAX-EXEMPT MORTGAGE-BACKED BONDS (M-TEMS) (KILLIAN TERRACE) (FN) OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY FOR THE PURPOSE OF PROVIDING CONSTRUCTION AND PERMANENT 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 "State FAA"), 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 (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 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 authorised 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 State FAA; 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; and

WHEREAS, Killian Terrace SC LLC, a limited liability company duly organized under the laws of the State of South Carolina (the "Housing Sponsor"), has requested the Authority to assist it in the acquisition and construction of a 288-unit apartment development located in the City of Columbia, Richland County, South Carolina, to be known as "Killian Terrace" (the "Project") by the funding of a mortgage loan (the "Mortgage Loan") through the issuance of its revenue bonds; and

WHEREAS, the Authority proposes to fund the Mortgage Loan to the Housing Sponsor pursuant to the terms of the Financing Agreement (the "Financing Agreement"), among the Authority, the bond trustee, and the Housing Sponsor, from the proceeds of its revenue bonds to be designated "South Carolina State Housing Finance and Development Authority Multifamily Tax-Exempt Mortgage-Backed Bonds (M-TEMS) (Killian Terrace) (FN)" (the "Bonds"), with such series designation as approved by the Executive Director, pursuant to the terms of the Indenture of Trust (the "Indenture") between the Authority and _____, as trustee (or such other corporate trustee as approved by the Authority, the "Trustee"); and

WHEREAS, the Bond Committee of the Authority on May 16, 2018, adopted its Resolution making preliminary provision for the issuance of the Bonds in the principal amount of not to exceed $21,000,000 to provide construction financing for the Project and authorized a petition to the State FAA seeking its approval of the issuance of the Bonds, and the Authority hereby confirms the findings and determinations made by the Bond Committee regarding the Bonds, the Project, and the Housing Sponsor; and

WHEREAS, the Housing Sponsor has requested that the preliminary approval given by the Bond Committee be revised to authorize (i) the use of the Bond proceeds to provide both construction financing and permanent financing for the Project and (ii) the issuance of the Bonds in the principal amount of not to exceed $24,000,000; and

WHEREAS, the Authority has determined to issue the Bonds in the initial principal amount not to exceed $24,000,000 to provide construction and permanent financing for the Project and to qualify the Project for federal Low Income Housing Tax Credits (the "Tax Credits"), and has further 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

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 hereby authorizes a petition to the State FAA seeking its approval of the issuance of the Bonds in the principal amount of not to exceed $24,000,000; and

WHEREAS, the Authority has previously requested of the State FAA, 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, pursuant to the Indenture, the proceeds of the Bonds will be paid to the Trustee for deposit thereunder and used to finance a portion of the costs of acquisition and construction 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 (i) prior to the delivery of a Fannie Mae Certificate ("MBS") by the Federal National Mortgage Association ("Fannie Mae"), payment of the Bonds will be assured and collateralized by the deposit with the Trustee of proceeds received from the sale of the Bonds and other eligible funds held under the Indenture in an amount equal to the outstanding principal amount of the Bonds and (ii) upon satisfaction of the conditions set forth in the Indenture and the commitment of Prudential Huntoon Paige Associates, LLC, as permanent lender, the MBS will be issued to the Trustee and debt service on the Bonds will be payable from pass-through payments received by the Trustee on the MBS through the maturity of the Bonds, which funds and guarantee the Authority and the State FAA have determined are sufficient under the Act for a public distribution of the Bonds by the Underwriter (as hereinafter defined); and

WHEREAS, the Financing 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 Financing 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 Financing 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 and construction of the Project, there is hereby authorized and shall forthwith be issued an issue of revenue bonds to be designated as "South Carolina State Housing Finance and Development Authority Multifamily Tax-Exempt Mortgage-Backed Bonds (M-TEMS) (Killian 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 Financing Agreement. The transactions described in the recitals to this Resolution shall be consummated pursuant to the terms of the Financing 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 Financing 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 authorised to sell the Bonds to Stiffel, Nicolaus & Company, Incorporated (or an affiliate thereof) (the "Underwriter"), 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 average interest rate on the Bonds does not exceed 5.25% 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 Financing 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 Financing Agreement, the Restrictive Covenants, and the Bond Purchase Agreement, 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 Financing 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 Financing 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 Financing 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 Financing 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 January, 2019.

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 January __, 2019.

WITNESS MY HAND this ____ day of January, 2019.

_____

Secretary, South Carolina State Housing Finance and Development Authority

[FORM OF BOND COUNSEL OPINION]

_____, 2019

Board of Commissioners
South Carolina State Housing
Finance and Development Authority
Columbia, South Carolina

Re: $24,000,000 South Carolina State Housing Finance and Development Authority Multifamily Tax-Exempt Mortgage-Backed Bonds (M-TEMS) (Killian Terrace), Series 2019 (FN)

Ladies and Gentlemen:

As bond counsel to Killian Terrace SC, 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 $24,000,000 Multifamily Tax-Exempt Mortgage-Backed Bonds (M-TEMS) (Killian Terrace), Series 2019 (FN) (the "Bonds"). The Bonds are issued pursuant to the provisions of (i) Title 31, Chapter 13 of the Code of Laws of South Carolina 1976, as amended (the "Act"), (ii) a Financing Agreement, dated as of February 1, 2019 (the "Financing Agreement"), among the Issuer, _____, as trustee (the "Trustee"), and the Housing Sponsor, (iii) an Indenture of Trust, dated as of February 1, 2019 (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 construction and permanent financing for the acquisition and construction of a multifamily rental housing development (the "Project") described in the Financing Agreement and Indenture. Under the Financing 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 Bonds, as well as other payments, property, and revenues pledged to the payment thereof under the Indenture (collectively, the "Security").

The Project is subject to an Agreement as to Restrictive Covenants (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 our opinion 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 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 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 valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their terms.

3. 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 Security. 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 Security.

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 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 imposed on individuals and corporations nor is it included in adjusted current earnings for the purpose of computing alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes). 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 Security under the Indenture.

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.

We have examined the executed Bond 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

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Concentrating in Municipal Bonds,
Local Government Law, Economic
Development Incentives,
Affordable Housing Development

December 17, 2018

State Fiscal Accountability Authority
Columbia, South Carolina

$24,000,000
South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-Backed Bonds
(M-TEMS) (Killian Terrace), Series 2019 (FN)

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 Killian Terrace SC, 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, the Preliminary Bond Resolution adopted by the Board of Commissioners of the Issuer (the "Preliminary Bond Resolution"), and the final Bond Resolution adopted by the Board of Commissioners of the Issuer (the "Final Bond Resolution"), and the forms of the Financing Agreement, and the Indenture of Trust (collectively with the Preliminary Bond Resolution, the Final 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 the Transaction Documents comply with all requirements of the Act and are legally sufficient and contain all required findings by the respective authorities to authorise the SFAA to approve the Bonds.

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

Killian Terrace

SOURCES			PGIM REF
PGIM REF Loan Amount (1)			$23,398,000
Tax Credit Equity			15,030,019
Deferred Developer Fee			2,372,033
5 Years Interest-only Savings			1,244,000
Credit from FHA Processing Fee			7,500
Return of Working Capital Reserves			-
Return of Negative Arbitrage (FHA)			-
	Total sources		$42,051,552
	Excess / (Shortfall)		$0

USES			PGIM REF
Land/Acquisition Costs			$2,167,000
Upfront reserves			2,206,496
Initital Operating Deficit			
Working Capital			
Developer Fee			5,250,000
Construction			
Hard Construction Costs			25,130,077
	Onsite Improvements		
	Offsite Improvements		
	New Building Hard Costs		
General Requirements			1,081,511
Builder's Overhead			521,800
Builder's Profit			1,519,427
Hard Cost Contingency (2)			-
Architect and Engineering Fees			550,000
	Architect Design		
	Architect Inspection		
	Architect Reimbursable		
	Civil Engineer Design		
	Civil Engineer Inspection		
Traffic Study			5,000
Geotechnical Study			20,000
Bond Premium			330,950
	Contractor Insurance		
	Builder's Risk Insurance		
Furniture, fixtures and equipment			99,600
Soft costs			
Accounting			1,500
Cost Certification			8,500
Borrower - Legal			72,000
Organization			19,000
	Organization		
	Developer Travel		
Permits & Impact Fees			448,040
	Building Permits		
	Tap and Impact Fees		
Real Estate Taxes			12,500
Interest reserve			887,892
Financing costs			
PGIM REF Financing Fee ($160,000 minimum required by FNMA; due at closing)			160,000
PGIM REF Third Party Costs (estimate to update FHA reports; due at application)			39,100
	Appraisal Update (per quote from Kevin Lynch)	4,500	
	Market Study Update (per quote from RPRG)	3,800	
	Enviornmental Phase I (per quote from Property Solutions)	2,200	
	Plan & Cost Review (per quote from Property Solutions)	2,850	
	Monitoring Reports/Inspections (per quote from Property Solutions) (3)	22,500	
	Final Post-construction PCA (quote from Property Solutions)	1,750	
	Final Post-contruction Analysis Report (quote from Property Solutions)	1,500	
PGIM REF Agency Processing Fee ($5,000; due at application)			5,000
PGIM REF Lender Legal (estimate; $25,000 deposit due at application)			75,000
FNMA Standby Fee (0.15%/year of forward period)			70,194
FHA mortgage insurance premium			-
FHA application fee			-
FHA inspection fee			-
Construction Lender Fee (estimate - 0.75%)			175,485
Construction Lender Expenses (estimate)			50,000
Title & recording, survey			119,405
	Title Insurance		
	Recording Fees		
	Topo Survey		
	As Built Survey		
Bond costs of issuance (estimates provided by Stifel on 11/19/2018)			1,006,875
	Issuer Fee	156,750	
	Bond Counsel Fee	75,000	
	Bond Counsel Fee (to convert from FHA Loan - Howell Linkous & Nettles, LLC)	20,000	
	Underwriter's Fee	209,000	
	Underwriter's Expense	-	
	Underwriter's Counsel & Expense	55,000	
	Underwriter's Counsel & Expense (to convert from FHA Loan - Tiber Hudson)	15,000	
	Cash Flows/Verification/Blue Sky	-	
	Trustee Acceptance and 1st Year Annual	8,000	
	Trustee Counsel	6,000	
	DAC Fee	500	
	Closing Administrative Expenses	5,000	
	Bond Rating Fee	12,500	
	Negative Arbitrage, net upon earnings (4)	444,125	
Tax credit syndication expenses			19,200
	Application Fees		
	Compliance Monitoring		
	Total		$42,051,552

(1) FHA loan amount submitted was $22,918,000 at a 4.60% rate with 0.25% MIP.

(2) Contingency for new construction transactions is typically found acceptable by PGIM REF/third parties at 5.0% of hard construction costs. **Assumes this 5.0% contingency is within the hard construction costs.**

(3) Assuming an 18-month construction period with monthly monitoring reports at a cost of $1,250/each.

(4) Negative arbitrage equal to interest expense of $1,933,250 less $1,489,125 in interest earnings for a net figure of $444,125.

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

Table of Contents

Section		Page
1	Table of Contents	1
2	Assumptions	2
3	Mortgage Loan Amortization	3
4	MBS Schedule	7
5	M-TEMS Schedule	18
8	Eligible Investment Revenues	30
9	Negative Arbitrage Assumptions	31
10	M-TEMS Cash Flows - Expected MBS Settlement Date	33

South Carolina State Housing Finance and Development Authori
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

CASHFLOW STRUCTURING ASSUMPTIONS

M-TEMS Bond Assumptions

Principal Amount:	$23,398,000	
Interest Rate:	3.655%	
Dated Date:	2/1/2019	
Settlement Date:	2/15/2019	
Maturity Date:	3/1/2038	
Final Payment Date:	3/26/2038	
Payment Frequency:	Monthly	
First Interest Payment Date:	3/26/2019	
First Principal Payment Date:	3/26/2027	
Interest Payment Dates:	One Business Day later than Underlying MBS	
Assumed MBS Delivery Date	3/25/2021	
Outside Conversion Date	3/1/2022	
Anticipated Conversion + 60 days:	5/1/2021	
Term (months):	229	

Mortgage Loan Assumptions

Principal Amount:	$23,398,000	
Closing Date:	2/15/2019	
Assumed Conversion Date	3/1/2021	
Origination Date:	3/1/2021	
Optional Extension:	3/1/2022	
Assumed First Interest Payment:	4/1/2021	
Commencement of Amortization:	3/1/2027	
First Principal Payment:	3/1/2027	
Maturity Date:	3/1/2038	
Payment Dates:	1st of the Month	
Payment Frequency:	Monthly	
Term of Loan (Months):	204	
Amortization (months):	420	
Mortgage Rate:	4.700%	
Servicing Rate:	0.650%	1.045%
Guarantee Rate:	0.395%	
Mortgage Payment	$113,648.31	

MBS Information

Principal Amount:	$23,398,000
MBS Pass Through Rate	3.655%
MBS Payment Dates:	25th of the month
Assumed MBS Dated Date:	3/1/2021
Assumed MBS Delivery Date:	3/25/2021
Assumed MBS First Payment:	4/25/2021
MBS Maturity Date:	3/1/2038
Assumed MBS Last Payment:	3/25/2038
Accrued Interest on Purchase	$57,013

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

MORTGAGE LOAN - Ammortization Schedule

Mortgage Loan Assumptions

Principal Amount:	$ 23,398,000.00
Closing Date:	2/15/2019
Assumed Conversion Date	3/1/2021
Origination Date:	3/1/2021
Optional Extension:	3/1/2022
Commencement of Amortization:	3/1/2027
Maturity Date:	3/1/2038
Payment Dates:	1st of the Month
Payment Frequency:	Monthly
Term of Loan (Months):	204.00
Amortization (Months):	420.00
Mortgage Rate:	4.70%
Servicing Rate:	0.65%
Guarantee Rate:	0.40%
Mortgage Payment	$113,648.31

Cash Flows

Date	Period	Mortgage Payment	Principal	Interest 4.700%	Outstanding Principal Balance	Servicing Fee 0.650%	Guarantee Fee 0.395%	Pass Through Interest 3.655%	Pass Through Principal	Pass Through Payment
2/15/2019					$ 23,398,000.00					
3/1/2019	1	-	-	-	23,398,000.00	-	-	33,257.66	-	33,257.66
4/1/2019	2	-	-	-	23,398,000.00	-	-	73,641.96	-	73,641.96
5/1/2019	3	-	-	-	23,398,000.00	-	-	71,266.41	-	71,266.41
6/1/2019	4	-	-	-	23,398,000.00	-	-	73,641.96	-	73,641.96
7/1/2019	5	-	-	-	23,398,000.00	-	-	71,266.41	-	71,266.41
8/1/2019	6	-	-	-	23,398,000.00	-	-	73,641.96	-	73,641.96
9/1/2019	7	-	-	-	23,398,000.00	-	-	73,641.96	-	73,641.96
10/1/2019	8	-	-	-	23,398,000.00	-	-	71,266.41	-	71,266.41
11/1/2019	9	-	-	-	23,398,000.00	-	-	73,641.96	-	73,641.96
12/1/2019	10	-	-	-	23,398,000.00	-	-	71,266.41	-	71,266.41
1/1/2020	11	-	-	-	23,398,000.00	-	-	73,641.96	-	73,641.96
2/1/2020	12	-	-	-	23,398,000.00	-	-	73,641.96	-	73,641.96
3/1/2020	13	-	-	-	23,398,000.00	-	-	68,890.86	-	68,890.86
4/1/2020	14	-	-	-	23,398,000.00	-	-	73,641.96	-	73,641.96
5/1/2020	15	-	-	-	23,398,000.00	-	-	71,266.41	-	71,266.41
6/1/2020	16	-	-	-	23,398,000.00	-	-	73,641.96	-	73,641.96
7/1/2020	17	-	-	-	23,398,000.00	-	-	71,266.41	-	71,266.41
8/1/2020	18	-	-	-	23,398,000.00	-	-	73,641.96	-	73,641.96
9/1/2020	19	-	-	-	23,398,000.00	-	-	73,641.96	-	73,641.96
10/1/2020	20	-	-	-	23,398,000.00	-	-	71,266.41	-	71,266.41
11/1/2020	21	-	-	-	23,398,000.00	-	-	73,641.96	-	73,641.96
12/1/2020	22	-	-	-	23,398,000.00	-	-	71,266.41	-	71,266.41
1/1/2021	23	-	-	-	23,398,000.00	-	-	73,641.96	-	73,641.96
2/1/2021	24	-	-	-	23,398,000.00	-	-	73,641.96	-	73,641.96
3/1/2021	25	-	-	-	23,398,000.00	-	-	66,515.31	-	66,515.31
4/1/2021	26	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
5/1/2021	27	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
6/1/2021	28	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
7/1/2021	29	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
8/1/2021	30	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
9/1/2021	31	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
10/1/2021	32	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
11/1/2021	33	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
12/1/2021	34	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
1/1/2022	35	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
2/1/2022	36	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
3/1/2022	37	85,532.69	-	85,532.69	23,398,000.00	11,828.99	7,188.39	66,515.31	-	66,515.31
4/1/2022	38	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
5/1/2022	39	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
6/1/2022	40	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
7/1/2022	41	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
8/1/2022	42	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
9/1/2022	43	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
10/1/2022	44	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
11/1/2022	45	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
12/1/2022	46	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
1/1/2023	47	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
2/1/2023	48	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
3/1/2023	49	85,532.69	-	85,532.69	23,398,000.00	11,828.99	7,188.39	66,515.31	-	66,515.31
4/1/2023	50	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
5/1/2023	51	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
6/1/2023	52	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
7/1/2023	53	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
8/1/2023	54	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
9/1/2023	55	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
10/1/2023	56	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
11/1/2023	57	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
12/1/2023	58	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
1/1/2024	59	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
2/1/2024	60	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
3/1/2024	61	88,587.43	-	88,587.43	23,398,000.00	12,251.45	7,445.11	68,890.86	-	68,890.86
4/1/2024	62	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
5/1/2024	63	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
6/1/2024	64	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
7/1/2024	65	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

MORTGAGE LOAN - Ammortization Schedule

Mortgage Loan Assumptions

Principal Amount:	$ 23,398,000.00
Closing Date:	2/15/2019
Assumed Conversion Date	3/1/2021
Origination Date:	3/1/2021
Optional Extension:	3/1/2022
Commencement of Amortization:	3/1/2027
Maturity Date:	3/1/2038
Payment Dates:	1st of the Month
Payment Frequency:	Monthly
Term of Loan (Months):	204.00
Amortization (Months):	420.00
Mortgage Rate:	4.70%
Servicing Rate:	0.65%
Guarantee Rate:	0.40%
Mortgage Payment	$113,648.31

Cash Flows

Date	Period	Mortgage Payment	Principal	Interest 4.700%	Outstanding Principal Balance	Servicing Fee 0.650%	Guarantee Fee 0.395%	Pass Through Interest 3.655%	Pass Through Principal	Pass Through Payment
8/1/2024	66	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
9/1/2024	67	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
10/1/2024	68	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
11/1/2024	69	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
12/1/2024	70	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
1/1/2025	71	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
2/1/2025	72	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
3/1/2025	73	85,532.69	-	85,532.69	23,398,000.00	11,828.99	7,188.39	66,515.31	-	66,515.31
4/1/2025	74	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
5/1/2025	75	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
6/1/2025	76	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
7/1/2025	77	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
8/1/2025	78	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
9/1/2025	79	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
10/1/2025	80	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
11/1/2025	81	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
12/1/2025	82	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
1/1/2026	83	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
2/1/2026	84	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
3/1/2026	85	85,532.69	-	85,532.69	23,398,000.00	11,828.99	7,188.39	66,515.31	-	66,515.31
4/1/2026	86	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
5/1/2026	87	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
6/1/2026	88	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
7/1/2026	89	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
8/1/2026	90	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
9/1/2026	91	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
10/1/2026	92	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
11/1/2026	93	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
12/1/2026	94	91,642.17	-	91,642.17	23,398,000.00	12,673.92	7,701.84	71,266.41	-	71,266.41
1/1/2027	95	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
2/1/2027	96	94,696.91	-	94,696.91	23,398,000.00	13,096.38	7,958.57	73,641.96	-	73,641.96
3/1/2027	97	113,648.31	28,115.62	85,532.69	23,369,884.38	11,828.99	7,188.39	66,515.31	28,115.62	94,630.93
4/1/2027	98	113,648.31	19,065.19	94,583.12	23,350,819.18	13,080.64	7,949.01	73,553.47	19,065.19	92,618.66
5/1/2027	99	113,648.31	22,190.93	91,457.38	23,328,628.25	12,648.36	7,686.31	71,122.70	22,190.93	93,313.63
6/1/2027	100	113,648.31	19,232.17	94,416.14	23,309,396.08	13,057.55	7,934.97	73,423.62	19,232.17	92,655.79
7/1/2027	101	113,648.31	22,353.18	91,295.13	23,287,042.90	12,625.92	7,672.68	70,996.54	22,353.18	93,349.72
8/1/2027	102	113,648.31	19,400.47	94,247.84	23,267,642.42	13,034.28	7,920.83	73,292.73	19,400.47	92,693.20
9/1/2027	103	113,648.31	19,478.99	94,169.32	23,248,163.43	13,023.42	7,914.23	73,231.67	19,478.99	92,710.66
10/1/2027	104	113,648.31	22,593.00	91,055.31	23,225,570.43	12,592.76	7,652.52	70,810.03	22,593.00	93,403.03
11/1/2027	105	113,648.31	19,649.27	93,999.04	23,205,921.16	12,999.87	7,899.92	73,099.26	19,649.27	92,748.53
12/1/2027	106	113,648.31	22,758.45	90,889.86	23,183,162.70	12,569.87	7,638.62	70,681.37	22,758.45	93,439.82
1/1/2028	107	113,648.31	19,820.90	93,827.41	23,163,341.80	12,976.13	7,885.50	72,965.78	19,820.90	92,786.68
2/1/2028	108	113,648.31	19,901.12	93,747.19	23,143,440.68	12,965.04	7,878.75	72,903.40	19,901.12	92,804.52
3/1/2028	109	113,648.31	26,024.67	87,623.64	23,117,416.01	12,118.16	7,364.11	68,141.36	26,024.67	94,166.03
4/1/2028	110	113,648.31	20,086.99	93,561.32	23,097,329.01	12,939.33	7,863.13	72,758.86	20,086.99	92,845.85
5/1/2028	111	113,648.31	23,183.77	90,464.54	23,074,145.24	12,511.05	7,602.87	70,350.61	23,183.77	93,534.38
6/1/2028	112	113,648.31	20,262.12	93,386.19	23,053,883.12	12,915.11	7,848.41	72,622.67	20,262.12	92,884.79
7/1/2028	113	113,648.31	23,353.93	90,294.38	23,030,529.19	12,487.52	7,588.57	70,218.29	23,353.93	93,572.22
8/1/2028	114	113,648.31	20,438.64	93,209.67	23,010,090.54	12,890.70	7,833.58	72,485.39	20,438.64	92,924.03
9/1/2028	115	113,648.31	20,521.36	93,126.95	22,989,569.18	12,879.26	7,826.63	72,421.06	20,521.36	92,942.42
10/1/2028	116	113,648.31	23,605.83	90,042.48	22,965,963.35	12,452.68	7,567.40	70,022.40	23,605.83	93,628.23
11/1/2028	117	113,648.31	20,699.95	92,948.36	22,945,263.40	12,854.56	7,811.62	72,282.18	20,699.95	92,982.13
12/1/2028	118	113,648.31	23,779.36	89,868.95	22,921,484.03	12,428.68	7,552.82	69,887.45	23,779.36	93,666.81
1/1/2029	119	113,648.31	20,879.97	92,768.34	22,900,604.06	12,829.66	7,796.49	72,142.19	20,879.97	93,022.16
2/1/2029	120	113,648.31	20,964.48	92,683.83	22,879,639.58	12,817.98	7,789.39	72,076.47	20,964.48	93,040.95
3/1/2029	121	113,648.31	30,010.52	83,637.79	22,849,629.06	11,566.93	7,029.13	65,041.73	30,010.52	95,052.25
4/1/2029	122	113,648.31	21,170.78	92,477.53	22,828,458.27	12,789.45	7,772.05	71,916.03	21,170.78	93,086.81
5/1/2029	123	113,648.31	24,236.85	89,411.46	22,804,221.42	12,365.41	7,514.37	69,531.68	24,236.85	93,768.53
6/1/2029	124	113,648.31	21,354.56	92,293.75	22,782,866.86	12,764.03	7,756.60	71,773.12	21,354.56	93,127.68
7/1/2029	125	113,648.31	24,415.41	89,232.90	22,758,451.45	12,340.72	7,499.36	69,392.82	24,415.41	93,808.23
8/1/2029	126	113,648.31	21,539.80	92,108.51	22,736,911.64	12,738.41	7,741.03	71,629.07	21,539.80	93,168.87
9/1/2029	127	113,648.31	21,626.98	92,021.33	22,715,284.66	12,726.35	7,733.71	71,561.27	21,626.98	93,188.25
10/1/2029	128	113,648.31	24,680.11	88,968.20	22,690,604.55	12,304.11	7,477.11	69,186.97	24,680.11	93,867.08
11/1/2029	129	113,648.31	21,814.39	91,833.92	22,668,790.15	12,700.44	7,717.96	71,415.53	21,814.39	93,229.92
12/1/2029	130	113,648.31	24,862.22	88,786.09	22,643,927.93	12,278.93	7,461.81	69,045.36	24,862.22	93,907.58
1/1/2030	131	113,648.31	22,003.30	91,645.01	22,621,924.63	12,674.31	7,702.08	71,268.62	22,003.30	93,271.92

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

MORTGAGE LOAN - Ammortization Schedule

Mortgage Loan Assumptions

Principal Amount:	$ 23,398,000.00
Closing Date:	2/15/2019
Assumed Conversion Date	3/1/2021
Origination Date:	3/1/2021
Optional Extension:	3/1/2022
Commencement of Amortization:	3/1/2027
Maturity Date:	3/1/2038
Payment Dates:	1st of the Month
Payment Frequency:	Monthly
Term of Loan (Months):	204.00
Amortization (Months):	420.00
Mortgage Rate:	4.70%
Servicing Rate:	0.65%
Guarantee Rate:	0.40%
Mortgage Payment	$113,648.31

Cash Flows

Date	Period	Mortgage Payment	Principal	Interest 4.700%	Outstanding Principal Balance	Servicing Fee 0.650%	Guarantee Fee 0.395%	Pass Through Interest 3.655%	Pass Through Principal	Pass Through Payment
2/1/2030	132	113,648.31	22,092.35	91,555.96	22,599,832.28	12,661.99	7,694.60	71,199.37	22,092.35	93,291.72
3/1/2030	133	113,648.31	31,033.37	82,614.94	22,568,798.90	11,425.47	6,943.17	64,246.30	31,033.37	95,279.67
4/1/2030	134	113,648.31	22,307.37	91,340.94	22,546,491.53	12,632.26	7,676.53	71,032.16	22,307.37	93,339.53
5/1/2030	135	113,648.31	25,341.22	88,307.09	22,521,150.31	12,212.68	7,421.55	68,672.86	25,341.22	94,014.08
6/1/2030	136	113,648.31	22,500.21	91,148.10	22,498,650.10	12,605.59	7,660.32	70,882.19	22,500.21	93,382.40
7/1/2030	137	113,648.31	25,528.60	88,119.71	22,473,121.49	12,186.77	7,405.81	68,527.14	25,528.60	94,055.74
8/1/2030	138	113,648.31	22,694.59	90,953.72	22,450,426.90	12,578.71	7,643.98	70,731.03	22,694.59	93,425.62
9/1/2030	139	113,648.31	22,786.44	90,861.87	22,427,640.46	12,566.00	7,636.26	70,659.60	22,786.44	93,446.04
10/1/2030	140	113,648.31	25,806.72	87,841.59	22,401,833.74	12,148.31	7,382.43	68,310.85	25,806.72	94,117.57
11/1/2030	141	113,648.31	22,983.11	90,665.20	22,378,850.62	12,536.80	7,619.73	70,506.66	22,983.11	93,489.77
12/1/2030	142	113,648.31	25,997.81	87,650.50	22,352,852.81	12,121.88	7,366.37	68,162.25	25,997.81	94,160.06
1/1/2031	143	113,648.31	23,181.35	90,466.96	22,329,671.46	12,511.39	7,603.07	70,352.50	23,181.35	93,533.85
2/1/2031	144	113,648.31	23,275.17	90,373.14	22,306,396.29	12,498.41	7,595.19	70,279.54	23,275.17	93,554.71
3/1/2031	145	113,648.31	32,106.04	81,542.27	22,274,290.24	11,277.12	6,853.02	63,412.13	32,106.04	95,518.17
4/1/2031	146	113,648.31	23,499.31	90,149.00	22,250,790.93	12,467.42	7,576.35	70,105.23	23,499.31	93,604.54
5/1/2031	147	113,648.31	26,499.38	87,148.93	22,224,291.55	12,052.51	7,324.22	67,772.20	26,499.38	94,271.58
6/1/2031	148	113,648.31	23,701.66	89,946.65	22,200,589.89	12,439.43	7,559.35	69,947.87	23,701.66	93,649.53
7/1/2031	149	113,648.31	26,696.00	86,952.31	22,173,893.88	12,025.32	7,307.69	67,619.30	26,696.00	94,315.30
8/1/2031	150	113,648.31	23,905.63	89,742.68	22,149,988.25	12,411.22	7,542.20	69,789.25	23,905.63	93,694.88
9/1/2031	151	113,648.31	24,002.39	89,645.92	22,125,985.86	12,397.84	7,534.07	69,714.01	24,002.39	93,716.40
10/1/2031	152	113,648.31	26,988.20	86,660.11	22,098,997.66	11,984.91	7,283.14	67,392.07	26,988.20	94,380.27
11/1/2031	153	113,648.31	24,208.76	89,439.55	22,074,788.89	12,369.30	7,516.73	69,553.53	24,208.76	93,762.29
12/1/2031	154	113,648.31	27,188.72	86,459.59	22,047,600.17	11,957.18	7,266.28	67,236.13	27,188.72	94,424.85
1/1/2032	155	113,648.31	24,416.77	89,231.54	22,023,183.40	12,340.53	7,499.25	69,391.76	24,416.77	93,808.53
2/1/2032	156	113,648.31	24,515.59	89,132.72	21,998,667.81	12,326.87	7,490.94	69,314.91	24,515.59	93,830.50
3/1/2032	157	113,648.31	30,358.91	83,289.40	21,968,308.89	11,518.75	6,999.85	64,770.80	30,358.91	95,129.71
4/1/2032	158	113,648.31	24,737.68	88,910.63	21,943,571.21	12,296.15	7,472.28	69,142.20	24,737.68	93,879.88
5/1/2032	159	113,648.31	27,702.66	85,945.65	21,915,868.55	11,886.10	7,223.09	66,836.46	27,702.66	94,539.12
6/1/2032	160	113,648.31	24,949.92	88,698.39	21,890,918.62	12,266.80	7,454.44	68,977.15	24,949.92	93,927.07
7/1/2032	161	113,648.31	27,908.88	85,739.43	21,863,009.74	11,857.58	7,205.76	66,676.09	27,908.88	94,584.97
8/1/2032	162	113,648.31	25,163.85	88,484.46	21,837,845.89	12,237.21	7,436.46	68,810.79	25,163.85	93,974.64
9/1/2032	163	113,648.31	25,265.69	88,382.62	21,812,580.20	12,223.13	7,427.90	68,731.59	25,265.69	93,997.28
10/1/2032	164	113,648.31	28,215.70	85,432.61	21,784,364.49	11,815.15	7,179.97	66,437.48	28,215.70	94,653.18
11/1/2032	165	113,648.31	25,482.15	88,166.16	21,758,882.34	12,193.19	7,409.71	68,563.26	25,482.15	94,045.41
12/1/2032	166	113,648.31	28,426.02	85,222.29	21,730,456.32	11,786.06	7,162.30	66,273.93	28,426.02	94,699.95
1/1/2033	167	113,648.31	25,700.32	87,947.99	21,704,756.00	12,163.02	7,391.37	68,393.59	25,700.32	94,093.91
2/1/2033	168	113,648.31	25,804.34	87,843.97	21,678,951.65	12,148.63	7,382.63	68,312.70	25,804.34	94,117.04
3/1/2033	169	113,648.31	34,399.70	79,248.61	21,644,551.95	10,959.91	6,660.26	61,628.44	34,399.70	96,028.14
4/1/2033	170	113,648.31	26,048.00	87,600.31	21,618,503.95	12,114.94	7,362.15	68,123.22	26,048.00	94,171.22
5/1/2033	171	113,648.31	28,975.84	84,672.47	21,589,528.11	11,710.02	7,116.09	65,846.36	28,975.84	94,822.20
6/1/2033	172	113,648.31	26,270.69	87,377.62	21,563,257.41	12,084.14	7,343.44	67,950.04	26,270.69	94,220.73
7/1/2033	173	113,648.31	29,192.22	84,456.09	21,534,065.19	11,680.10	7,097.91	65,678.09	29,192.22	94,870.31
8/1/2033	174	113,648.31	26,495.16	87,153.15	21,507,570.03	12,053.09	7,324.57	67,775.48	26,495.16	94,270.64
9/1/2033	175	113,648.31	26,602.39	87,045.92	21,480,967.64	12,038.26	7,315.56	67,692.09	26,602.39	94,294.48
10/1/2033	176	113,648.31	29,514.52	84,133.79	21,451,453.11	11,635.52	7,070.82	65,427.45	29,514.52	94,941.97
11/1/2033	177	113,648.31	26,829.51	86,818.80	21,424,623.60	12,006.86	7,296.47	67,515.47	26,829.51	94,344.98
12/1/2033	178	113,648.31	29,735.20	83,913.11	21,394,888.40	11,605.00	7,052.27	65,255.83	29,735.20	94,991.03
1/1/2034	179	113,648.31	27,058.44	86,589.87	21,367,829.96	11,975.19	7,277.23	67,337.44	27,058.44	94,395.88
2/1/2034	180	113,648.31	27,167.95	86,480.36	21,340,662.00	11,960.05	7,268.03	67,252.28	27,167.95	94,420.23
3/1/2034	181	113,648.31	35,636.33	78,011.98	21,305,025.67	10,788.89	6,556.33	60,666.76	35,636.33	96,303.09
4/1/2034	182	113,648.31	27,422.14	86,226.17	21,277,603.53	11,924.90	7,246.67	67,054.61	27,422.14	94,476.75

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

MORTGAGE LOAN - Ammortization Schedule

Mortgage Loan Assumptions

Principal Amount:	$ 23,398,000.00
Closing Date:	2/15/2019
Assumed Conversion Date	3/1/2021
Origination Date:	3/1/2021
Optional Extension:	3/1/2022
Commencement of Amortization:	3/1/2027
Maturity Date:	3/1/2038
Payment Dates:	1st of the Month
Payment Frequency:	Monthly
Term of Loan (Months):	204.00
Amortization (Months):	420.00
Mortgage Rate:	4.70%
Servicing Rate:	0.65%
Guarantee Rate:	0.40%
Mortgage Payment	$113,648.31

Cash Flows

Date	Period	Mortgage Payment	Principal	Interest 4.700%	Outstanding Principal Balance	Servicing Fee 0.650%	Guarantee Fee 0.395%	Pass Through Interest 3.655%	Pass Through Principal	Pass Through Payment
5/1/2034	183	113,648.31	30,311.03	83,337.28	21,247,292.50	11,525.37	7,003.88	64,808.03	30,311.03	95,119.06
6/1/2034	184	113,648.31	27,655.80	85,992.51	21,219,636.69	11,892.58	7,227.03	66,872.90	27,655.80	94,528.70
7/1/2034	185	113,648.31	30,538.07	83,110.24	21,189,098.62	11,493.97	6,984.80	64,631.48	30,538.07	95,169.55
8/1/2034	186	113,648.31	27,891.32	85,756.99	21,161,207.30	11,860.01	7,207.24	66,689.74	27,891.32	94,581.08
9/1/2034	187	113,648.31	28,004.20	85,644.11	21,133,203.10	11,844.40	7,197.75	66,601.96	28,004.20	94,606.16
10/1/2034	188	113,648.31	30,876.60	82,771.71	21,102,326.49	11,447.15	6,956.35	64,368.21	30,876.60	95,244.81
11/1/2034	189	113,648.31	28,242.51	85,405.80	21,074,083.98	11,811.44	7,177.72	66,416.64	28,242.51	94,659.15
12/1/2034	190	113,648.31	31,108.15	82,540.16	21,042,975.83	11,415.13	6,936.89	64,188.15	31,108.15	95,296.30
1/1/2035	191	113,648.31	28,482.71	85,165.60	21,014,493.11	11,778.22	7,157.53	66,229.84	28,482.71	94,712.55
2/1/2035	192	113,648.31	28,597.99	85,050.32	20,985,895.12	11,762.28	7,147.85	66,140.20	28,597.99	94,738.19
3/1/2035	193	113,648.31	36,933.20	76,715.11	20,948,961.92	10,609.54	6,447.33	59,658.24	36,933.20	96,591.44
4/1/2035	194	113,648.31	28,863.21	84,785.10	20,920,098.71	11,725.60	7,125.56	65,933.95	28,863.21	94,797.16
5/1/2035	195	113,648.31	31,711.26	81,937.05	20,888,387.44	11,331.72	6,886.20	63,719.13	31,711.26	95,430.39
6/1/2035	196	113,648.31	29,108.36	84,539.95	20,859,279.08	11,691.69	7,104.95	65,743.30	29,108.36	94,851.66
7/1/2035	197	113,648.31	31,949.47	81,698.84	20,827,329.61	11,298.78	6,866.18	63,533.89	31,949.47	95,483.36
8/1/2035	198	113,648.31	29,355.48	84,292.83	20,797,974.13	11,657.52	7,084.18	65,551.13	29,355.48	94,906.61
9/1/2035	199	113,648.31	29,474.29	84,174.02	20,768,499.83	11,641.09	7,074.20	65,458.73	29,474.29	94,933.02
10/1/2035	200	113,648.31	32,305.02	81,343.29	20,736,194.81	11,249.60	6,836.30	63,257.39	32,305.02	95,562.41
11/1/2035	201	113,648.31	29,724.32	83,923.99	20,706,470.49	11,606.51	7,053.19	65,264.29	29,724.32	94,988.61
12/1/2035	202	113,648.31	32,547.97	81,100.34	20,673,922.52	11,216.00	6,815.88	63,068.46	32,547.97	95,616.43
1/1/2036	203	113,648.31	29,976.35	83,671.96	20,643,946.16	11,571.65	7,032.01	65,068.30	29,976.35	95,044.65
2/1/2036	204	113,648.31	30,097.67	83,550.64	20,613,848.49	11,554.88	7,021.81	64,973.95	30,097.67	95,071.62
3/1/2036	205	113,648.31	35,601.99	78,046.32	20,578,246.50	10,793.64	6,559.21	60,693.47	35,601.99	96,295.46
4/1/2036	206	113,648.31	30,363.57	83,284.74	20,547,882.93	11,518.10	6,999.46	64,767.17	30,363.57	95,130.74
5/1/2036	207	113,648.31	33,169.10	80,479.21	20,514,713.82	11,130.10	6,763.66	62,585.43	33,169.10	95,754.53
6/1/2036	208	113,648.31	30,620.70	83,027.61	20,484,093.12	11,482.54	6,977.85	64,567.21	30,620.70	95,187.91
7/1/2036	209	113,648.31	33,418.95	80,229.36	20,450,674.17	11,095.55	6,742.68	62,391.13	33,418.95	95,810.08
8/1/2036	210	113,648.31	30,879.89	82,768.42	20,419,794.28	11,446.70	6,956.07	64,365.66	30,879.89	95,245.55
9/1/2036	211	113,648.31	31,004.86	82,643.45	20,388,789.41	11,429.41	6,945.57	64,268.47	31,004.86	95,273.33
10/1/2036	212	113,648.31	33,792.22	79,856.09	20,354,997.19	11,043.93	6,711.31	62,100.85	33,792.22	95,893.07
11/1/2036	213	113,648.31	31,267.11	82,381.20	20,323,730.08	11,393.14	6,923.53	64,064.53	31,267.11	95,331.64
12/1/2036	214	113,648.31	34,047.03	79,601.28	20,289,683.05	11,008.69	6,689.89	61,902.69	34,047.03	95,949.72
1/1/2037	215	113,648.31	31,531.45	82,116.86	20,258,151.59	11,356.59	6,901.31	63,858.96	31,531.45	95,390.41
2/1/2037	216	113,648.31	31,659.07	81,989.24	20,226,492.52	11,338.94	6,890.59	63,759.72	31,659.07	95,418.79
3/1/2037	217	113,648.31	39,709.24	73,939.07	20,186,783.28	10,225.62	6,214.03	57,499.42	39,709.24	97,208.66
4/1/2037	218	113,648.31	31,947.91	81,700.40	20,154,835.37	11,298.99	6,866.31	63,535.10	31,947.91	95,483.01
5/1/2037	219	113,648.31	34,708.54	78,939.77	20,120,126.82	10,917.20	6,634.30	61,388.27	34,708.54	96,096.81
6/1/2037	220	113,648.31	32,217.69	81,430.62	20,087,909.13	11,261.68	6,843.64	63,325.30	32,217.69	95,542.99
7/1/2037	221	113,648.31	34,970.67	78,677.64	20,052,938.46	10,880.95	6,612.27	61,184.42	34,970.67	96,155.09
8/1/2037	222	113,648.31	32,489.61	81,158.70	20,020,448.84	11,224.08	6,820.78	63,113.84	32,489.61	95,603.45
9/1/2037	223	113,648.31	32,621.10	81,027.21	19,987,827.74	11,205.89	6,809.73	63,011.58	32,621.10	95,632.68
10/1/2037	224	113,648.31	35,362.65	78,285.66	19,952,465.09	10,826.74	6,579.33	60,879.59	35,362.65	96,242.24
11/1/2037	225	113,648.31	32,896.25	80,752.06	19,919,568.84	11,167.84	6,786.61	62,797.61	32,896.25	95,693.86
12/1/2037	226	113,648.31	35,630.00	78,018.31	19,883,938.83	10,789.77	6,556.86	60,671.69	35,630.00	96,301.69
1/1/2038	227	113,648.31	33,173.59	80,474.72	19,850,765.24	11,129.48	6,763.30	62,581.94	33,173.59	95,755.53
2/1/2038	228	113,648.31	33,307.85	80,340.46	19,817,457.39	11,110.91	6,752.02	62,477.53	33,307.85	95,785.38
3/1/2038	229	113,648.31	19,817,457.39	72,443.82	-	10,018.83	6,088.36	56,336.63	19,817,457.39	19,873,794.02
		21,722,626.06	23,398,000.00	18,100,878.96		2,503,313.05	1,521,244.06	15,846,104.38	23,398,000.00	39,244,104.38

South Carolina State Housing Finance and Development Authority As of 12/14/2018
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

MBS CASH FLOWS - Expected MBS Settlement Date

MBS AMORTIZATION SCHEDULE

MBS Assumptions

Principal:	$ 23,398,000.00
MBS Pass Through Rate	3.66%
MBS Payment Dates:	25th of the month
Assumed MBS Dale Date:	3/1/2021
Assumed MBS Delivery Date:	3/25/2021
Assumed MBS First Payment:	4/25/2021
MBS Maturity Date:	3/1/2038
Assumed MBS Last Payment:	3/25/2038
Accrued Interest on Purchase	$ 57,013.13

Cash Flows

Date	MBS Principal Balance Beginning Of Period	Monthly MBS Pass Through Payment	Monthly MBS Pass Through Interest	Monthly MBS Pass Through Principal	MBS Principal Balance End Of Period
25th of the month					
2/25/2019	-	-	-	-	-
3/25/2019	-	-	-	-	-
4/25/2019	-	-	-	-	-
5/25/2019	-	-	-	-	-
6/25/2019	-	-	-	-	-
7/25/2019	-	-	-	-	-
8/25/2019	-	-	-	-	-
9/25/2019	-	-	-	-	-
10/25/2019	-	-	-	-	-
11/25/2019	-	-	-	-	-
12/25/2019	-	-	-	-	-
1/25/2020	-	-	-	-	-
2/25/2020	-	-	-	-	-
3/25/2020	-	-	-	-	-
4/25/2020	-	-	-	-	-
5/25/2020	-	-	-	-	-
6/25/2020	-	-	-	-	-
7/25/2020	-	-	-	-	-

South Carolina State Housing Finance and Development Authority As of 12/14/2018
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

MBS CASH FLOWS - Expected MBS Settlement Date

MBS AMORTIZATION SCHEDULE

MBS Assumptions

Principal:	$ 23,398,000.00
MBS Pass Through Rate	3.66%
MBS Payment Dates:	25th of the month
Assumed MBS Date Date:	3/1/2021
Assumed MBS Delivery Date:	3/25/2021
Assumed MBS First Payment:	4/25/2021
MBS Maturity Date:	3/1/2038
Assumed MBS Last Payment:	3/25/2038
Accrued Interest on Purchase	$ 57,013.13

Cash Flows

Date	MBS Principal Balance Beginning Of Period	Monthly MBS Pass Through Payment	Monthly MBS Pass Through Interest	Monthly MBS Pass Through Principal	MBS Principal Balance End Of Period
8/25/2020	-	-	-	-	-
9/25/2020	-	-	-	-	-
10/25/2020	-	-	-	-	-
11/25/2020	-	-	-	-	-
12/25/2020	-	-	-	-	-
1/25/2021	-	-	-	-	-
2/25/2021	-	-	-	-	-
3/25/2021	23,398,000.00	-	-	-	23,398,000.00
4/25/2021	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
5/25/2021	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
6/25/2021	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
7/25/2021	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
8/25/2021	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
9/25/2021	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
10/25/2021	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
11/25/2021	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
12/25/2021	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
1/25/2022	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
2/25/2022	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
3/25/2022	23,398,000.00	66,515.31	66,515.31	-	23,398,000.00

South Carolina State Housing Finance and Development Authority As of 12/14/2018
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

MBS CASH FLOWS - Expected MBS Settlement Date

MBS AMORTIZATION SCHEDULE

MBS Assumptions

Principal:	$ 23,398,000.00
MBS Pass Through Rate	3.66%
MBS Payment Dates:	25th of the month
Assumed MBS Date Date:	3/1/2021
Assumed MBS Delivery Date:	3/25/2021
Assumed MBS First Payment:	4/25/2021
MBS Maturity Date:	3/1/2038
Assumed MBS Last Payment:	3/25/2038
Accrued Interest on Purchase	$ 57,013.13

Cash Flows

Date	MBS Principal Balance Beginning Of Period	Monthly MBS Pass Through Payment	Monthly MBS Pass Through Interest	Monthly MBS Pass Through Principal	MBS Principal Balance End Of Period
4/25/2022	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
5/25/2022	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
6/25/2022	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
7/25/2022	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
8/25/2022	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
9/25/2022	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
10/25/2022	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
11/25/2022	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
12/25/2022	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
1/25/2023	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
2/25/2023	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
3/25/2023	23,398,000.00	66,515.31	66,515.31	-	23,398,000.00
4/25/2023	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
5/25/2023	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
6/25/2023	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
7/25/2023	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
8/25/2023	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
9/25/2023	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
10/25/2023	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
11/25/2023	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00

South Carolina State Housing Finance and Development Authority As of 12/14/2018
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

MBS CASH FLOWS - Expected MBS Settlement Date

MBS AMORTIZATION SCHEDULE

MBS Assumptions

Principal:	$ 23,398,000.00
MBS Pass Through Rate	3.66%
MBS Payment Dates:	25th of the month
Assumed MBS Date Date:	3/1/2021
Assumed MBS Delivery Date:	3/25/2021
Assumed MBS First Payment:	4/25/2021
MBS Maturity Date:	3/1/2038
Assumed MBS Last Payment:	3/25/2038
Accrued Interest on Purchase	$ 57,013.13

Cash Flows

Date	MBS Principal Balance Beginning Of Period	Monthly MBS Pass Through Payment	Monthly MBS Pass Through Interest	Monthly MBS Pass Through Principal	MBS Principal Balance End Of Period
12/25/2023	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
1/25/2024	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
2/25/2024	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
3/25/2024	23,398,000.00	68,890.86	68,890.86	-	23,398,000.00
4/25/2024	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
5/25/2024	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
6/25/2024	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
7/25/2024	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
8/25/2024	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
9/25/2024	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
10/25/2024	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
11/25/2024	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
12/25/2024	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
1/25/2025	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
2/25/2025	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
3/25/2025	23,398,000.00	66,515.31	66,515.31	-	23,398,000.00
4/25/2025	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
5/25/2025	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
6/25/2025	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
7/25/2025	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
8/25/2025	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
9/25/2025	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00

South Carolina State Housing Finance and Development Authority As of 12/14/2018
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

MBS CASH FLOWS - Expected MBS Settlement Date

MBS AMORTIZATION SCHEDULE

MBS Assumptions

Principal:	$ 23,398,000.00
MBS Pass Through Rate	3.66%
MBS Payment Dates:	25th of the month
Assumed MBS Date Date:	3/1/2021
Assumed MBS Delivery Date:	3/25/2021
Assumed MBS First Payment:	4/25/2021
MBS Maturity Date:	3/1/2038
Assumed MBS Last Payment:	3/25/2038
Accrued Interest on Purchase	$ 57,013.13

Cash Flows

Date	MBS Principal Balance Beginning Of Period	Monthly MBS Pass Through Payment	Monthly MBS Pass Through Interest	Monthly MBS Pass Through Principal	MBS Principal Balance End Of Period
10/25/2025	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
11/25/2025	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
12/25/2025	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
1/25/2026	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
2/25/2026	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
3/25/2026	23,398,000.00	66,515.31	66,515.31	-	23,398,000.00
4/25/2026	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
5/25/2026	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
6/25/2026	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
7/25/2026	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
8/25/2026	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
9/25/2026	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
10/25/2026	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
11/25/2026	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
12/25/2026	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
1/25/2027	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
2/25/2027	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
3/25/2027	23,398,000.00	94,630.93	66,515.31	28,115.62	23,369,884.38
4/25/2027	23,369,884.38	92,618.66	73,553.47	19,065.19	23,350,819.18
5/25/2027	23,350,819.18	93,313.63	71,122.70	22,190.93	23,328,628.25
6/25/2027	23,328,628.25	92,655.79	73,423.62	19,232.17	23,309,396.08
7/25/2027	23,309,396.08	93,349.72	70,996.54	22,353.18	23,287,042.90

South Carolina State Housing Finance and Development Authority As of 12/14/2018
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

MBS CASH FLOWS - Expected MBS Settlement Date

MBS AMORTIZATION SCHEDULE

MBS Assumptions

Principal:	$ 23,398,000.00
MBS Pass Through Rate	3.66%
MBS Payment Dates:	25th of the month
Assumed MBS Date Date:	3/1/2021
Assumed MBS Delivery Date:	3/25/2021
Assumed MBS First Payment:	4/25/2021
MBS Maturity Date:	3/1/2038
Assumed MBS Last Payment:	3/25/2038
Accrued Interest on Purchase	$ 57,013.13

Cash Flows

Date	MBS Principal Balance Beginning Of Period	Monthly MBS Pass Through Payment	Monthly MBS Pass Through Interest	Monthly MBS Pass Through Principal	MBS Principal Balance End Of Period
8/25/2027	23,287,042.90	92,693.20	73,292.73	19,400.47	23,267,642.42
9/25/2027	23,267,642.42	92,710.66	73,231.67	19,478.99	23,248,163.43
10/25/2027	23,248,163.43	93,403.03	70,810.03	22,593.00	23,225,570.43
11/25/2027	23,225,570.43	92,748.53	73,099.26	19,649.27	23,205,921.16
12/25/2027	23,205,921.16	93,439.82	70,681.37	22,758.45	23,183,162.70
1/25/2028	23,183,162.70	92,786.68	72,965.78	19,820.90	23,163,341.80
2/25/2028	23,163,341.80	92,804.52	72,903.40	19,901.12	23,143,440.68
3/25/2028	23,143,440.68	94,166.03	68,141.36	26,024.67	23,117,416.01
4/25/2028	23,117,416.01	92,845.85	72,758.86	20,086.99	23,097,329.01
5/25/2028	23,097,329.01	93,534.38	70,350.61	23,183.77	23,074,145.24
6/25/2028	23,074,145.24	92,884.79	72,622.67	20,262.12	23,053,883.12
7/25/2028	23,053,883.12	93,572.22	70,218.29	23,353.93	23,030,529.19
8/25/2028	23,030,529.19	92,924.03	72,485.39	20,438.64	23,010,090.54
9/25/2028	23,010,090.54	92,942.42	72,421.06	20,521.36	22,989,569.18
10/25/2028	22,989,569.18	93,628.23	70,022.40	23,605.83	22,965,963.35
11/25/2028	22,965,963.35	92,982.13	72,282.18	20,699.95	22,945,263.40
12/25/2028	22,945,263.40	93,666.81	69,887.45	23,779.36	22,921,484.03
1/25/2029	22,921,484.03	93,022.16	72,142.19	20,879.97	22,900,604.06
2/25/2029	22,900,604.06	93,040.95	72,076.47	20,964.48	22,879,639.58
3/25/2029	22,879,639.58	95,052.25	65,041.73	30,010.52	22,849,629.06
4/25/2029	22,849,629.06	93,086.81	71,916.03	21,170.78	22,828,458.27
5/25/2029	22,828,458.27	93,768.53	69,531.68	24,236.85	22,804,221.42

South Carolina State Housing Finance and Development Authority As of 12/14/2018
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

MBS CASH FLOWS - Expected MBS Settlement Date

MBS AMORTIZATION SCHEDULE

MBS Assumptions

Principal:	$ 23,398,000.00
MBS Pass Through Rate	3.66%
MBS Payment Dates:	25th of the month
Assumed MBS Date Date:	3/1/2021
Assumed MBS Delivery Date:	3/25/2021
Assumed MBS First Payment:	4/25/2021
MBS Maturity Date:	3/1/2038
Assumed MBS Last Payment:	3/25/2038
Accrued Interest on Purchase	$ 57,013.13

Cash Flows

Date	MBS Principal Balance Beginning Of Period	Monthly MBS Pass Through Payment	Monthly MBS Pass Through Interest	Monthly MBS Pass Through Principal	MBS Principal Balance End Of Period
6/25/2029	22,804,221.42	93,127.68	71,773.12	21,354.56	22,782,866.86
7/25/2029	22,782,866.86	93,808.23	69,392.82	24,415.41	22,758,451.45
8/25/2029	22,758,451.45	93,168.87	71,629.07	21,539.80	22,736,911.64
9/25/2029	22,736,911.64	93,186.25	71,561.27	21,626.98	22,715,284.66
10/25/2029	22,715,284.66	93,867.08	69,186.97	24,680.11	22,690,604.55
11/25/2029	22,690,604.55	93,229.92	71,415.53	21,814.39	22,668,790.15
12/25/2029	22,668,790.15	93,907.58	69,045.36	24,862.22	22,643,927.93
1/25/2030	22,643,927.93	93,271.92	71,268.62	22,003.30	22,621,924.63
2/25/2030	22,621,924.63	93,291.72	71,199.37	22,092.35	22,599,832.28
3/25/2030	22,599,832.28	95,279.67	64,246.30	31,033.37	22,568,798.90
4/25/2030	22,568,798.90	93,339.53	71,032.16	22,307.37	22,546,491.53
5/25/2030	22,546,491.53	94,014.08	68,672.86	25,341.22	22,521,150.31
6/25/2030	22,521,150.31	93,382.40	70,882.19	22,500.21	22,498,650.10
7/25/2030	22,498,650.10	94,055.74	68,527.14	25,528.60	22,473,121.49
8/25/2030	22,473,121.49	93,425.62	70,731.03	22,694.59	22,450,426.90
9/25/2030	22,450,426.90	93,446.04	70,659.60	22,786.44	22,427,640.46
10/25/2030	22,427,640.46	94,117.57	68,310.85	25,806.72	22,401,833.74
11/25/2030	22,401,833.74	93,489.77	70,506.66	22,983.11	22,378,850.62
12/25/2030	22,378,850.62	94,160.06	68,162.25	25,997.81	22,352,852.81
1/25/2031	22,352,852.81	93,533.85	70,352.50	23,181.35	22,329,671.46
2/25/2031	22,329,671.46	93,554.71	70,279.54	23,275.17	22,306,396.29
3/25/2031	22,306,396.29	95,518.17	63,412.13	32,106.04	22,274,290.24

South Carolina State Housing Finance and Development Authority As of 12/14/2018
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

MBS CASH FLOWS - Expected MBS Settlement Date

MBS AMORTIZATION SCHEDULE

MBS Assumptions

Principal:	$ 23,398,000.00
MBS Pass Through Rate	3.66%
MBS Payment Dates:	25th of the month
Assumed MBS Date Date:	3/1/2021
Assumed MBS Delivery Date:	3/25/2021
Assumed MBS First Payment:	4/25/2021
MBS Maturity Date:	3/1/2038
Assumed MBS Last Payment:	3/25/2038
Accrued Interest on Purchase	$ 57,013.13

Cash Flows

Date	MBS Principal Balance Beginning Of Period	Monthly MBS Pass Through Payment	Monthly MBS Pass Through Interest	Monthly MBS Pass Through Principal	MBS Principal Balance End Of Period
4/25/2031	22,274,290.24	93,604.54	70,105.23	23,499.31	22,250,790.93
5/25/2031	22,250,790.93	94,271.58	67,772.20	26,499.38	22,224,291.55
6/25/2031	22,224,291.55	93,649.53	69,947.87	23,701.66	22,200,589.89
7/25/2031	22,200,589.89	94,315.30	67,619.30	26,696.00	22,173,893.88
8/25/2031	22,173,893.88	93,694.88	69,789.25	23,905.63	22,149,988.25
9/25/2031	22,149,988.25	93,716.40	69,714.01	24,002.39	22,125,985.86
10/25/2031	22,125,985.86	94,380.27	67,392.07	26,988.20	22,098,997.66
11/25/2031	22,098,997.66	93,762.29	69,553.53	24,208.76	22,074,788.89
12/25/2031	22,074,788.89	94,424.85	67,236.13	27,188.72	22,047,600.17
1/25/2032	22,047,600.17	93,808.53	69,391.76	24,416.77	22,023,183.40
2/25/2032	22,023,183.40	93,830.50	69,314.91	24,515.59	21,998,667.81
3/25/2032	21,998,667.81	95,129.71	64,770.80	30,358.91	21,968,308.89
4/25/2032	21,968,308.89	93,879.88	69,142.20	24,737.68	21,943,571.21
5/25/2032	21,943,571.21	94,539.12	66,836.46	27,702.66	21,915,868.55
6/25/2032	21,915,868.55	93,927.07	68,977.15	24,949.92	21,890,918.62
7/25/2032	21,890,918.62	94,584.97	66,676.09	27,908.88	21,863,009.74
8/25/2032	21,863,009.74	93,974.64	68,810.79	25,163.85	21,837,845.89
9/25/2032	21,837,845.89	93,997.28	68,731.59	25,265.69	21,812,580.20
10/25/2032	21,812,580.20	94,653.18	66,437.48	28,215.70	21,784,364.49
11/25/2032	21,784,364.49	94,045.41	68,563.26	25,482.15	21,758,882.34
12/25/2032	21,758,882.34	94,699.95	66,273.93	28,426.02	21,730,456.32
1/25/2033	21,730,456.32	94,093.91	68,393.59	25,700.32	21,704,756.00

South Carolina State Housing Finance and Development Authority As of 12/14/2018
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

MBS CASH FLOWS - Expected MBS Settlement Date

MBS AMORTIZATION SCHEDULE

MBS Assumptions

Principal:	$ 23,398,000.00
MBS Pass Through Rate	3.66%
MBS Payment Dates:	25th of the month
Assumed MBS Date Date:	3/1/2021
Assumed MBS Delivery Date:	3/25/2021
Assumed MBS First Payment:	4/25/2021
MBS Maturity Date:	3/1/2038
Assumed MBS Last Payment:	3/25/2038
Accrued Interest on Purchase	$ 57,013.13

Cash Flows

Date	MBS Principal Balance Beginning Of Period	Monthly MBS Pass Through Payment	Monthly MBS Pass Through Interest	Monthly MBS Pass Through Principal	MBS Principal Balance End Of Period
2/25/2033	21,704,756.00	94,117.04	68,312.70	25,804.34	21,678,951.65
3/25/2033	21,678,951.65	98,028.14	61,628.44	34,399.70	21,644,551.95
4/25/2033	21,644,551.95	94,171.22	68,123.22	26,048.00	21,618,503.95
5/25/2033	21,618,503.95	94,822.20	65,846.36	28,975.84	21,589,528.11
6/25/2033	21,589,528.11	94,220.73	67,950.04	26,270.69	21,563,257.41
7/25/2033	21,563,257.41	94,870.31	65,678.09	29,192.22	21,534,065.19
8/25/2033	21,534,065.19	94,270.64	67,775.48	26,495.16	21,507,570.03
9/25/2033	21,507,570.03	94,294.48	67,692.09	26,602.39	21,480,967.64
10/25/2033	21,480,967.64	94,941.97	65,427.45	29,514.52	21,451,453.11
11/25/2033	21,451,453.11	94,344.98	67,515.47	26,829.51	21,424,623.60
12/25/2033	21,424,623.60	94,991.03	65,255.83	29,735.20	21,394,888.40
1/25/2034	21,394,888.40	94,395.88	67,337.44	27,058.44	21,367,829.96
2/25/2034	21,367,829.96	94,420.23	67,252.28	27,167.95	21,340,662.00
3/25/2034	21,340,662.00	96,303.09	60,666.76	35,636.33	21,305,025.67
4/25/2034	21,305,025.67	94,476.75	67,054.61	27,422.14	21,277,603.53
5/25/2034	21,277,603.53	95,119.06	64,808.03	30,311.03	21,247,292.50
6/25/2034	21,247,292.50	94,528.70	66,872.90	27,655.80	21,219,636.69
7/25/2034	21,219,636.69	95,169.55	64,631.48	30,538.07	21,189,098.62
8/25/2034	21,189,098.62	94,581.06	66,689.74	27,891.32	21,161,207.30
9/25/2034	21,161,207.30	94,606.16	66,601.96	28,004.20	21,133,203.10
10/25/2034	21,133,203.10	95,244.81	64,368.21	30,876.60	21,102,326.49
11/25/2034	21,102,326.49	94,659.15	66,416.64	28,242.51	21,074,083.98

South Carolina State Housing Finance and Development Authority As of 12/14/2018
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

MBS CASH FLOWS - Expected MBS Settlement Date

MBS AMORTIZATION SCHEDULE

MBS Assumptions

Principal:	$ 23,398,000.00
MBS Pass Through Rate	3.66%
MBS Payment Dates:	25th of the month
Assumed MBS Date Date:	3/1/2021
Assumed MBS Delivery Date:	3/25/2021
Assumed MBS First Payment:	4/25/2021
MBS Maturity Date:	3/1/2038
Assumed MBS Last Payment:	3/25/2038
Accrued Interest on Purchase	$ 57,013.13

Cash Flows

Date	MBS Principal Balance Beginning Of Period	Monthly MBS Pass Through Payment	Monthly MBS Pass Through Interest	Monthly MBS Pass Through Principal	MBS Principal Balance End Of Period
12/25/2034	21,074,083.98	95,296.30	64,188.15	31,108.15	21,042,975.83
1/25/2035	21,042,975.83	94,712.55	66,229.84	28,482.71	21,014,493.11
2/25/2035	21,014,493.11	94,738.19	66,140.20	28,597.99	20,985,895.12
3/25/2035	20,985,895.12	96,591.44	59,658.24	36,933.20	20,948,961.92
4/25/2035	20,948,961.92	94,797.16	65,933.95	28,863.21	20,920,098.71
5/25/2035	20,920,098.71	95,430.39	63,719.13	31,711.26	20,888,387.44
6/25/2035	20,888,387.44	94,851.66	65,743.30	29,108.36	20,859,279.08
7/25/2035	20,859,279.08	95,483.36	63,533.89	31,949.47	20,827,329.61
8/25/2035	20,827,329.61	94,906.61	65,551.13	29,355.48	20,797,974.13
9/25/2035	20,797,974.13	94,933.02	65,458.73	29,474.29	20,768,499.83
10/25/2035	20,768,499.83	95,562.41	63,257.39	32,305.02	20,736,194.81
11/25/2035	20,736,194.81	94,988.61	65,264.29	29,724.32	20,706,470.49
12/25/2035	20,706,470.49	95,616.43	63,068.46	32,547.97	20,673,922.52
1/25/2036	20,673,922.52	95,044.65	65,068.30	29,976.35	20,643,946.16
2/25/2036	20,643,946.16	95,071.62	64,973.95	30,097.67	20,613,848.49
3/25/2036	20,613,848.49	96,295.46	60,693.47	35,601.99	20,578,246.50
4/25/2036	20,578,246.50	95,130.74	64,767.17	30,363.57	20,547,882.93
5/25/2036	20,547,882.93	95,754.53	62,585.43	33,169.10	20,514,713.82
6/25/2036	20,514,713.82	95,187.91	64,567.21	30,620.70	20,484,093.12
7/25/2036	20,484,093.12	95,810.08	62,391.13	33,418.95	20,450,674.17
8/25/2036	20,450,674.17	95,245.55	64,365.66	30,879.89	20,419,794.28
9/25/2036	20,419,794.28	95,273.33	64,268.47	31,004.86	20,388,789.41

South Carolina State Housing Finance and Development Authority As of 12/14/2018
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

MBS CASH FLOWS - Expected MBS Settlement Date

MBS AMORTIZATION SCHEDULE

MBS Assumptions

Principal:	$ 23,398,000.00
MBS Pass Through Rate	3.66%
MBS Payment Dates:	25th of the month
Assumed MBS Date Date:	3/1/2021
Assumed MBS Delivery Date:	3/25/2021
Assumed MBS First Payment:	4/25/2021
MBS Maturity Date:	3/1/2038
Assumed MBS Last Payment:	3/25/2038
Accrued Interest on Purchase	$ 57,013.13

Cash Flows

Date	MBS Principal Balance Beginning Of Period	Monthly MBS Pass Through Payment	Monthly MBS Pass Through Interest	Monthly MBS Pass Through Principal	MBS Principal Balance End Of Period
10/25/2036	20,388,789.41	95,893.07	62,100.85	33,792.22	20,354,997.19
11/25/2036	20,354,997.19	95,331.64	64,064.53	31,267.11	20,323,730.08
12/25/2036	20,323,730.08	95,949.72	61,902.69	34,047.03	20,289,683.05
1/25/2037	20,289,683.05	95,390.41	63,858.96	31,531.45	20,258,151.59
2/25/2037	20,258,151.59	95,418.79	63,759.72	31,659.07	20,226,492.52
3/25/2037	20,226,492.52	97,208.66	57,499.42	39,709.24	20,186,783.28
4/25/2037	20,186,783.28	95,483.01	63,535.10	31,947.91	20,154,835.37
5/25/2037	20,154,835.37	96,096.81	61,388.27	34,708.54	20,120,126.82
6/25/2037	20,120,126.82	95,542.99	63,325.30	32,217.69	20,087,909.13
7/25/2037	20,087,909.13	96,155.09	61,184.42	34,970.67	20,052,938.46
8/25/2037	20,052,938.46	95,603.45	63,113.84	32,489.61	20,020,448.84
9/25/2037	20,020,448.84	95,632.68	63,011.58	32,621.10	19,987,827.74
10/25/2037	19,987,827.74	96,242.24	60,879.59	35,362.65	19,952,465.09
11/25/2037	19,952,465.09	95,693.86	62,797.61	32,896.25	19,919,568.84
12/25/2037	19,919,568.84	96,301.69	60,671.69	35,630.00	19,883,938.83
1/25/2038	19,883,938.83	95,755.53	62,581.94	33,173.59	19,850,765.24
2/25/2038	19,850,765.24	95,785.38	62,477.53	33,307.85	19,817,457.39
3/25/2038	19,817,457.39	19,873,794.02	56,336.63	19,817,457.39	-
		37,474,321.83	14,076,321.83	23,398,000.00	

Prepared by Stifel, Nicolaus & Company, Incorporated

This information reflects prevailing conditions and our view as of this date, all of which are subject to change.

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

M-TEMS Series 2018 CASH FLOWS - Expected MBS Settlement Date

EXPECTED MBS SETTLEMENT DATE

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00
Interest Rate:	3.655%
Dated Date:	2/1/2019
Settlement Date:	2/15/2019
Maturity Date:	3/1/2038
Final Payment Date:	3/26/2038
Payment Frequency:	Monthly
First Interest Payment Date:	3/26/2019
First Principal Payment Date:	3/26/2027

Cash Flows

Date	Principal Balance Beginning Of Period	Monthly Debt Service Payment	Monthly Interest	Monthly Principal	Principal Balance End Of Period
2/1/2019					
2/15/2019	23,398,000.00	-	-	-	23,398,000.00
2/26/2019	23,398,000.00	-	-	-	23,398,000.00
3/26/2019	23,398,000.00	66,515.31	66,515.31	-	23,398,000.00
4/26/2019	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
5/26/2019	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
6/26/2019	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
7/26/2019	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
8/26/2019	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
9/26/2019	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
10/26/2019	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
11/26/2019	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
12/26/2019	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
1/26/2020	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
2/26/2020	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
3/26/2020	23,398,000.00	68,890.86	68,890.86	-	23,398,000.00
4/26/2020	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
5/26/2020	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
6/26/2020	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

M-TEMS Series 2018 CASH FLOWS - Expected MBS Settlement Date

EXPECTED MBS SETTLEMENT DATE

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00
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Settlement Date:	2/15/2019
Maturity Date:	3/1/2038
Final Payment Date:	3/26/2038
Payment Frequency:	Monthly
First Interest Payment Date:	3/26/2019
First Principal Payment Date:	3/26/2027

Cash Flows

Date	Principal Balance Beginning Of Period	Monthly Debt Service Payment	Monthly Interest	Monthly Principal	Principal Balance End Of Period
7/26/2020	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
8/26/2020	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
9/26/2020	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
10/26/2020	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
11/26/2020	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
12/26/2020	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
1/26/2021	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
2/26/2021	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
3/26/2021	23,398,000.00	66,515.31	66,515.31	-	23,398,000.00
4/26/2021	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
5/26/2021	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
6/26/2021	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
7/26/2021	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
8/26/2021	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
9/26/2021	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
10/26/2021	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
11/26/2021	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
12/26/2021	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
1/26/2022	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
2/26/2022	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

M-TEMS Series 2018 CASH FLOWS - Expected MBS Settlement Date

EXPECTED MBS SETTLEMENT DATE

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00
Interest Rate:	3.655%
Dated Date:	2/1/2019
Settlement Date:	2/15/2019
Maturity Date:	3/1/2038
Final Payment Date:	3/26/2038
Payment Frequency:	Monthly
First Interest Payment Date:	3/26/2019
First Principal Payment Date:	3/26/2027

Cash Flows

Date	Principal Balance Beginning Of Period	Monthly Debt Service Payment	Monthly Interest	Monthly Principal	Principal Balance End Of Period
3/26/2022	23,398,000.00	66,515.31	66,515.31	-	23,398,000.00
4/26/2022	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
5/26/2022	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
6/26/2022	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
7/26/2022	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
8/26/2022	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
9/26/2022	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
10/26/2022	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
11/26/2022	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
12/26/2022	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
1/26/2023	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
2/26/2023	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
3/26/2023	23,398,000.00	66,515.31	66,515.31	-	23,398,000.00
4/26/2023	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
5/26/2023	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
6/26/2023	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
7/26/2023	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
8/26/2023	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
9/26/2023	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
10/26/2023	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

M-TEMS Series 2018 CASH FLOWS - Expected MBS Settlement Date

EXPECTED MBS SETTLEMENT DATE

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00
Interest Rate:	3.655%
Dated Date:	2/1/2019
Settlement Date:	2/15/2019
Maturity Date:	3/1/2038
Final Payment Date:	3/26/2038
Payment Frequency:	Monthly
First Interest Payment Date:	3/26/2019
First Principal Payment Date:	3/26/2027

Cash Flows

Date	Principal Balance Beginning Of Period	Monthly Debt Service Payment	Monthly Interest	Monthly Principal	Principal Balance End Of Period
11/26/2023	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
12/26/2023	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
1/26/2024	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
2/26/2024	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
3/26/2024	23,398,000.00	68,890.86	68,890.86	-	23,398,000.00
4/26/2024	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
5/26/2024	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
6/26/2024	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
7/26/2024	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
8/26/2024	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
9/26/2024	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
10/26/2024	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
11/26/2024	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
12/26/2024	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
1/26/2025	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
2/26/2025	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
3/26/2025	23,398,000.00	66,515.31	66,515.31	-	23,398,000.00
4/26/2025	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
5/26/2025	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
6/26/2025	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

M-TEMS Series 2018 CASH FLOWS - Expected MBS Settlement Date

EXPECTED MBS SETTLEMENT DATE

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00
Interest Rate:	3.655%
Dated Date:	2/1/2019
Settlement Date:	2/15/2019
Maturity Date:	3/1/2038
Final Payment Date:	3/26/2038
Payment Frequency:	Monthly
First Interest Payment Date:	3/26/2019
First Principal Payment Date:	3/26/2027

Cash Flows

Date	Principal Balance Beginning Of Period	Monthly Debt Service Payment	Monthly Interest	Monthly Principal	Principal Balance End Of Period
7/26/2025	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
8/26/2025	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
9/26/2025	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
10/26/2025	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
11/26/2025	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
12/26/2025	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
1/26/2026	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
2/26/2026	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
3/26/2026	23,398,000.00	66,515.31	66,515.31	-	23,398,000.00
4/26/2026	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
5/26/2026	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
6/26/2026	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
7/26/2026	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
8/26/2026	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
9/26/2026	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
10/26/2026	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
11/26/2026	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
12/26/2026	23,398,000.00	71,266.41	71,266.41	-	23,398,000.00
1/26/2027	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00
2/26/2027	23,398,000.00	73,641.96	73,641.96	-	23,398,000.00

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

M-TEMS Series 2018 CASH FLOWS - Expected MBS Settlement Date

EXPECTED MBS SETTLEMENT DATE

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00
Interest Rate:	3.655%
Dated Date:	2/1/2019
Settlement Date:	2/15/2019
Maturity Date:	3/1/2038
Final Payment Date:	3/26/2038
Payment Frequency:	Monthly
First Interest Payment Date:	3/26/2019
First Principal Payment Date:	3/26/2027

Cash Flows

Date	Principal Balance Beginning Of Period	Monthly Debt Service Payment	Monthly Interest	Monthly Principal	Principal Balance End Of Period
3/26/2027	23,398,000.00	94,630.93	66,515.31	28,115.62	23,369,884.38
4/26/2027	23,369,884.38	92,618.66	73,553.47	19,065.19	23,350,819.18
5/26/2027	23,350,819.18	93,313.63	71,122.70	22,190.93	23,328,628.25
6/26/2027	23,328,628.25	92,655.79	73,423.62	19,232.17	23,309,396.08
7/26/2027	23,309,396.08	93,349.72	70,996.54	22,353.18	23,287,042.90
8/26/2027	23,287,042.90	92,693.20	73,292.73	19,400.47	23,267,642.42
9/26/2027	23,267,642.42	92,710.66	73,231.67	19,478.99	23,248,163.43
10/26/2027	23,248,163.43	93,403.03	70,810.03	22,593.00	23,225,570.43
11/26/2027	23,225,570.43	92,748.53	73,099.26	19,649.27	23,205,921.16
12/26/2027	23,205,921.16	93,439.82	70,681.37	22,758.45	23,183,162.70
1/26/2028	23,183,162.70	92,786.68	72,965.78	19,820.90	23,163,341.80
2/26/2028	23,163,341.80	92,804.52	72,903.40	19,901.12	23,143,440.68
3/26/2028	23,143,440.68	94,166.03	68,141.36	26,024.67	23,117,416.01
4/26/2028	23,117,416.01	92,845.85	72,758.86	20,086.99	23,097,329.01
5/26/2028	23,097,329.01	93,534.38	70,350.61	23,183.77	23,074,145.24
6/26/2028	23,074,145.24	92,884.79	72,622.67	20,262.12	23,053,883.12
7/26/2028	23,053,883.12	93,572.22	70,218.29	23,353.93	23,030,529.19
8/26/2028	23,030,529.19	92,924.03	72,485.39	20,438.64	23,010,090.54
9/26/2028	23,010,090.54	92,942.42	72,421.06	20,521.36	22,989,569.18
10/26/2028	22,989,569.18	93,628.23	70,022.40	23,605.83	22,965,963.35

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

M-TEMS Series 2018 CASH FLOWS - Expected MBS Settlement Date

EXPECTED MBS SETTLEMENT DATE

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00
Interest Rate:	3.655%
Dated Date:	2/1/2019
Settlement Date:	2/15/2019
Maturity Date:	3/1/2038
Final Payment Date:	3/26/2038
Payment Frequency:	Monthly
First Interest Payment Date:	3/26/2019
First Principal Payment Date:	3/26/2027

Cash Flows

Date	Principal Balance Beginning Of Period	Monthly Debt Service Payment	Monthly Interest	Monthly Principal	Principal Balance End Of Period
11/26/2028	22,965,963.35	92,982.13	72,282.18	20,699.95	22,945,263.40
12/26/2028	22,945,263.40	93,666.81	69,887.45	23,779.36	22,921,484.03
1/26/2029	22,921,484.03	93,022.16	72,142.19	20,879.97	22,900,604.06
2/26/2029	22,900,604.06	93,040.95	72,076.47	20,964.48	22,879,639.58
3/26/2029	22,879,639.58	95,052.25	65,041.73	30,010.52	22,849,629.06
4/26/2029	22,849,629.06	93,086.81	71,916.03	21,170.78	22,828,458.27
5/26/2029	22,828,458.27	93,768.53	69,531.68	24,236.85	22,804,221.42
6/26/2029	22,804,221.42	93,127.68	71,773.12	21,354.56	22,782,866.86
7/26/2029	22,782,866.86	93,808.23	69,392.82	24,415.41	22,758,451.45
8/26/2029	22,758,451.45	93,168.87	71,629.07	21,539.80	22,736,911.64
9/26/2029	22,736,911.64	93,188.25	71,561.27	21,626.98	22,715,284.66
10/26/2029	22,715,284.66	93,867.08	69,186.97	24,680.11	22,690,604.55
11/26/2029	22,690,604.55	93,229.92	71,415.53	21,814.39	22,668,790.15
12/26/2029	22,668,790.15	93,907.58	69,045.36	24,862.22	22,643,927.93
1/26/2030	22,643,927.93	93,271.92	71,268.62	22,003.30	22,621,924.63
2/26/2030	22,621,924.63	93,291.72	71,199.37	22,092.35	22,599,832.28
3/26/2030	22,599,832.28	95,279.67	64,246.30	31,033.37	22,568,798.90
4/26/2030	22,568,798.90	93,339.53	71,032.16	22,307.37	22,546,491.53
5/26/2030	22,546,491.53	94,014.08	68,672.86	25,341.22	22,521,150.31
6/26/2030	22,521,150.31	93,382.40	70,882.19	22,500.21	22,498,650.10

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

M-TEMS Series 2018 CASH FLOWS - Expected MBS Settlement Date

EXPECTED MBS SETTLEMENT DATE

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00
Interest Rate:	3.655%
Dated Date:	2/1/2019
Settlement Date:	2/15/2019
Maturity Date:	3/1/2038
Final Payment Date:	3/26/2038
Payment Frequency:	Monthly
First Interest Payment Date:	3/26/2019
First Principal Payment Date:	3/26/2027

Cash Flows

Date	Principal Balance Beginning Of Period	Monthly Debt Service Payment	Monthly Interest	Monthly Principal	Principal Balance End Of Period
7/26/2030	22,498,650.10	94,055.74	68,527.14	25,528.60	22,473,121.49
8/26/2030	22,473,121.49	93,425.62	70,731.03	22,694.59	22,450,426.90
9/26/2030	22,450,426.90	93,446.04	70,659.60	22,786.44	22,427,640.46
10/26/2030	22,427,640.46	94,117.57	68,310.85	25,806.72	22,401,833.74
11/26/2030	22,401,833.74	93,489.77	70,506.66	22,983.11	22,378,850.62
12/26/2030	22,378,850.62	94,160.06	68,162.25	25,997.81	22,352,852.81
1/26/2031	22,352,852.81	93,533.85	70,352.50	23,181.35	22,329,671.46
2/26/2031	22,329,671.46	93,554.71	70,279.54	23,275.17	22,306,396.29
3/26/2031	22,306,396.29	95,518.17	63,412.13	32,106.04	22,274,290.24
4/26/2031	22,274,290.24	93,604.54	70,105.23	23,499.31	22,250,790.93
5/26/2031	22,250,790.93	94,271.58	67,772.20	26,499.38	22,224,291.55
6/26/2031	22,224,291.55	93,649.53	69,947.87	23,701.66	22,200,589.89
7/26/2031	22,200,589.89	94,315.30	67,619.30	26,696.00	22,173,893.88
8/26/2031	22,173,893.88	93,694.88	69,789.25	23,905.63	22,149,988.25
9/26/2031	22,149,988.25	93,716.40	69,714.01	24,002.39	22,125,985.86
10/26/2031	22,125,985.86	94,380.27	67,392.07	26,988.20	22,098,997.66
11/26/2031	22,098,997.66	93,762.29	69,553.53	24,208.76	22,074,788.89
12/26/2031	22,074,788.89	94,424.85	67,236.13	27,188.72	22,047,600.17
1/26/2032	22,047,600.17	93,808.53	69,391.76	24,416.77	22,023,183.40
2/26/2032	22,023,183.40	93,830.50	69,314.91	24,515.59	21,998,667.81

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

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EXPECTED MBS SETTLEMENT DATE

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00
Interest Rate:	3.655%
Dated Date:	2/1/2019
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Payment Frequency:	Monthly
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First Principal Payment Date:	3/26/2027

Cash Flows

Date	Principal Balance Beginning Of Period	Monthly Debt Service Payment	Monthly Interest	Monthly Principal	Principal Balance End Of Period
3/26/2032	21,998,667.81	95,129.71	64,770.80	30,358.91	21,968,308.89
4/26/2032	21,968,308.89	93,879.88	69,142.20	24,737.68	21,943,571.21
5/26/2032	21,943,571.21	94,539.12	66,836.46	27,702.66	21,915,868.55
6/26/2032	21,915,868.55	93,927.07	68,977.15	24,949.92	21,890,918.62
7/26/2032	21,890,918.62	94,584.97	66,676.09	27,908.88	21,863,009.74
8/26/2032	21,863,009.74	93,974.64	68,810.79	25,163.85	21,837,845.89
9/26/2032	21,837,845.89	93,997.28	68,731.59	25,265.69	21,812,580.20
10/26/2032	21,812,580.20	94,653.18	66,437.48	28,215.70	21,784,364.49
11/26/2032	21,784,364.49	94,045.41	68,563.26	25,482.15	21,758,882.34
12/26/2032	21,758,882.34	94,699.95	66,273.93	28,426.02	21,730,456.32
1/26/2033	21,730,456.32	94,093.91	68,393.59	25,700.32	21,704,756.00
2/26/2033	21,704,756.00	94,117.04	68,312.70	25,804.34	21,678,951.65
3/26/2033	21,678,951.65	96,028.14	61,628.44	34,399.70	21,644,551.95
4/26/2033	21,644,551.95	94,171.22	68,123.22	26,048.00	21,618,503.95
5/26/2033	21,618,503.95	94,822.20	65,846.36	28,975.84	21,589,528.11
6/26/2033	21,589,528.11	94,220.73	67,950.04	26,270.69	21,563,257.41
7/26/2033	21,563,257.41	94,870.31	65,678.09	29,192.22	21,534,065.19
8/26/2033	21,534,065.19	94,270.64	67,775.48	26,495.16	21,507,570.03
9/26/2033	21,507,570.03	94,294.48	67,692.09	26,602.39	21,480,967.64
10/26/2033	21,480,967.64	94,941.97	65,427.45	29,514.52	21,451,453.11

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

M-TEMS Series 2018 CASH FLOWS - Expected MBS Settlement Date

EXPECTED MBS SETTLEMENT DATE

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00
Interest Rate:	3.655%
Dated Date:	2/1/2019
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Cash Flows

Date	Principal Balance Beginning Of Period	Monthly Debt Service Payment	Monthly Interest	Monthly Principal	Principal Balance End Of Period
11/26/2033	21,451,453.11	94,344.98	67,515.47	26,829.51	21,424,623.60
12/26/2033	21,424,623.60	94,991.03	65,255.83	29,735.20	21,394,888.40
1/26/2034	21,394,888.40	94,395.88	67,337.44	27,058.44	21,367,829.96
2/26/2034	21,367,829.96	94,420.23	67,252.28	27,167.95	21,340,662.00
3/26/2034	21,340,662.00	96,303.09	60,666.76	35,636.33	21,305,025.67
4/26/2034	21,305,025.67	94,476.75	67,054.61	27,422.14	21,277,603.53
5/26/2034	21,277,603.53	95,119.06	64,808.03	30,311.03	21,247,292.50
6/26/2034	21,247,292.50	94,528.70	66,872.90	27,655.80	21,219,636.69
7/26/2034	21,219,636.69	95,169.55	64,631.48	30,538.07	21,189,098.62
8/26/2034	21,189,098.62	94,581.06	66,689.74	27,891.32	21,161,207.30
9/26/2034	21,161,207.30	94,606.16	66,601.96	28,004.20	21,133,203.10
10/26/2034	21,133,203.10	95,244.81	64,368.21	30,876.60	21,102,326.49
11/26/2034	21,102,326.49	94,659.15	66,416.64	28,242.51	21,074,083.98
12/26/2034	21,074,083.98	95,296.30	64,188.15	31,108.15	21,042,975.83
1/26/2035	21,042,975.83	94,712.55	66,229.84	28,482.71	21,014,493.11
2/26/2035	21,014,493.11	94,738.19	66,140.20	28,597.99	20,985,895.12
3/26/2035	20,985,895.12	96,591.44	59,658.24	36,933.20	20,948,961.92
4/26/2035	20,948,961.92	94,797.16	65,933.95	28,863.21	20,920,098.71
5/26/2035	20,920,098.71	95,430.39	63,719.13	31,711.26	20,888,387.44
6/26/2035	20,888,387.44	94,851.66	65,743.30	29,108.36	20,859,279.08

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

M-TEMS Series 2018 CASH FLOWS - Expected MBS Settlement Date

EXPECTED MBS SETTLEMENT DATE

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00
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Settlement Date:	2/15/2019
Maturity Date:	3/1/2038
Final Payment Date:	3/26/2038
Payment Frequency:	Monthly
First Interest Payment Date:	3/26/2019
First Principal Payment Date:	3/26/2027

Cash Flows

Date	Principal Balance Beginning Of Period	Monthly Debt Service Payment	Monthly Interest	Monthly Principal	Principal Balance End Of Period
7/26/2035	20,859,279.08	95,483.36	63,533.89	31,949.47	20,827,329.61
8/26/2035	20,827,329.61	94,906.61	65,551.13	29,355.48	20,797,974.13
9/26/2035	20,797,974.13	94,933.02	65,458.73	29,474.29	20,768,499.83
10/26/2035	20,768,499.83	95,562.41	63,257.39	32,305.02	20,736,194.81
11/26/2035	20,736,194.81	94,988.61	65,264.29	29,724.32	20,706,470.49
12/26/2035	20,706,470.49	95,616.43	63,068.46	32,547.97	20,673,922.52
1/26/2036	20,673,922.52	95,044.65	65,068.30	29,976.35	20,643,946.16
2/26/2036	20,643,946.16	95,071.62	64,973.95	30,097.67	20,613,848.49
3/26/2036	20,613,848.49	96,295.46	60,693.47	35,601.99	20,578,246.50
4/26/2036	20,578,246.50	95,130.74	64,767.17	30,363.57	20,547,882.93
5/26/2036	20,547,882.93	95,754.53	62,585.43	33,169.10	20,514,713.82
6/26/2036	20,514,713.82	95,187.91	64,567.21	30,620.70	20,484,093.12
7/26/2036	20,484,093.12	95,810.08	62,391.13	33,418.95	20,450,674.17
8/26/2036	20,450,674.17	95,245.55	64,365.66	30,879.89	20,419,794.28
9/26/2036	20,419,794.28	95,273.33	64,268.47	31,004.86	20,388,789.41
10/26/2036	20,388,789.41	95,893.07	62,100.85	33,792.22	20,354,997.19
11/26/2036	20,354,997.19	95,331.64	64,064.53	31,267.11	20,323,730.08
12/26/2036	20,323,730.08	95,949.72	61,902.69	34,047.03	20,289,683.05
1/26/2037	20,289,683.05	95,390.41	63,858.96	31,531.45	20,258,151.59
2/26/2037	20,258,151.59	95,418.79	63,759.72	31,659.07	20,226,492.52

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

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EXPECTED MBS SETTLEMENT DATE

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00
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Settlement Date:	2/15/2019
Maturity Date:	3/1/2038
Final Payment Date:	3/26/2038
Payment Frequency:	Monthly
First Interest Payment Date:	3/26/2019
First Principal Payment Date:	3/26/2027

Cash Flows

Date	Principal Balance Beginning Of Period	Monthly Debt Service Payment	Monthly Interest	Monthly Principal	Principal Balance End Of Period
3/26/2037	20,226,492.52	97,208.66	57,499.42	39,709.24	20,186,783.28
4/26/2037	20,186,783.28	95,483.01	63,535.10	31,947.91	20,154,835.37
5/26/2037	20,154,835.37	96,096.81	61,388.27	34,708.54	20,120,126.82
6/26/2037	20,120,126.82	95,542.99	63,325.30	32,217.69	20,087,909.13
7/26/2037	20,087,909.13	96,155.09	61,184.42	34,970.67	20,052,938.46
8/26/2037	20,052,938.46	95,603.45	63,113.84	32,489.61	20,020,448.84
9/26/2037	20,020,448.84	95,632.68	63,011.58	32,621.10	19,987,827.74
10/26/2037	19,987,827.74	96,242.24	60,879.59	35,362.65	19,952,465.09
11/26/2037	19,952,465.09	95,693.86	62,797.61	32,896.25	19,919,568.84
12/26/2037	19,919,568.84	96,301.69	60,671.69	35,630.00	19,883,938.83
1/26/2038	19,883,938.83	95,755.53	62,581.94	33,173.59	19,850,765.24
2/26/2038	19,850,765.24	95,785.38	62,477.53	33,307.85	19,817,457.39
3/26/2038	19,817,457.39	19,873,794.02	56,336.63	19,817,457.39	-
		39,277,362.03	15,879,362.03	23,398,000.00	

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

Assumed Investment Revenue

Assumed Investment Revenue

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00	Assumed MBS Delivery Date	3/25/2021
Interest Rate:	3.66%	Outside Conversion Date	3/1/2022
Dated Date:	2/1/2019	Anticipated Delivery + 60 days:	5/1/2021
Settlement Date:	2/15/2019		
Maturity Date:	3/1/2038		
Final Payment Date:	3/26/2038		
Payment Frequency:	Monthly		
First Interest Payment Date:	3/26/2019		
First Principal Payment Date:	3/26/2027		
Interest Payment Dates:	One Business Day later than Underlying MBS		

Cash Flows

Assumed Investment Rate: 2.68%

Month Ending	Total Bond Fund Receipts
2/1/2019	
2/15/2019	-
2/25/2019	-
3/25/2019	66,190.34
4/25/2019	53,997.38
5/25/2019	52,255.53
6/25/2019	53,997.38
7/25/2019	52,255.53
8/25/2019	53,997.38
9/25/2019	53,997.38
10/25/2019	52,255.53
11/25/2019	53,997.38
12/25/2019	52,255.53
1/25/2020	53,997.38
2/25/2020	53,997.38
3/25/2020	50,513.68
4/25/2020	53,997.38
5/25/2020	52,255.53
6/25/2020	53,997.38
7/25/2020	52,255.53
8/25/2020	53,997.38
9/25/2020	53,997.38
10/25/2020	52,255.53
11/25/2020	53,997.38
12/25/2020	52,255.53
1/25/2021	53,997.38
2/25/2021	53,997.38
3/25/2021	48,771.83
	1,339,483.50

NEGATIVE ARBITRAGE ASSUMPTIONS

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00	Assumed MBS Delivery Date	3/25/2021
Interest Rate:	3.66%	Outside Conversion Date	3/1/2022
Dated Date:	2/1/2019	Anticipated Delivery + 60 days:	5/1/2021
Settlement Date:	2/15/2019	Accrued Interest:	$ 33,257.66
Maturity Date:	3/1/2038		
Final Payment Date:	3/26/2038		
Payment Frequency:	Monthly		
First Interest Payment Date:	3/26/2019		
First Principal Payment Date:	3/26/2027		
Interest Payment Dates:	One Business Day later than Underlying MBS		

Cash Flows

Date	Interest	Principal	Debt Service Payment	Reinvestment Revenue	Monthly Negative Arbitrage
2/1/2019	-	-	-	-	-
2/15/2019	-	-	-	-	-
3/25/2019	-	-	-	66,190.34	-
3/26/2019	66,515.31	-	66,515.31	-	324.97
4/25/2019	-	-	-	53,997.38	-
4/26/2019	73,641.96	-	73,641.96	-	19,644.58
5/25/2019	-	-	-	52,255.53	-
5/26/2019	71,266.41	-	71,266.41	-	19,010.88
6/25/2019	-	-	-	53,997.38	-
6/26/2019	73,641.96	-	73,641.96	-	19,644.58
7/25/2019	-	-	-	52,255.53	-
7/26/2019	71,266.41	-	71,266.41	-	19,010.88
8/25/2019	-	-	-	53,997.38	-
8/26/2019	73,641.96	-	73,641.96	-	19,644.58
9/25/2019	-	-	-	53,997.38	-
9/26/2019	73,641.96	-	73,641.96	-	19,644.58
10/25/2019	-	-	-	52,255.53	-
10/26/2019	71,266.41	-	71,266.41	-	19,010.88
11/25/2019	-	-	-	53,997.38	-
11/26/2019	73,641.96	-	73,641.96	-	19,644.58
12/25/2019	-	-	-	52,255.53	-
12/26/2019	71,266.41	-	71,266.41	-	19,010.88
1/25/2020	-	-	-	53,997.38	-
1/26/2020	73,641.96	-	73,641.96	-	19,644.58
2/25/2020	-	-	-	53,997.38	-
2/26/2020	73,641.96	-	73,641.96	-	19,644.58
3/25/2020	-	-	-	50,513.68	-
3/26/2020	68,890.86	-	68,890.86	-	18,377.18
4/25/2020	-	-	-	53,997.38	-
4/26/2020	73,641.96	-	73,641.96	-	19,644.58
5/25/2020	-	-	-	52,255.53	-
5/26/2020	71,266.41	-	71,266.41	-	19,010.88
6/25/2020	-	-	-	53,997.38	-
6/26/2020	73,641.96	-	73,641.96	-	19,644.58
7/25/2020	-	-	-	52,255.53	-
7/26/2020	71,266.41	-	71,266.41	-	19,010.88

South Carolina State Housing Finance and Development Authority
Multifamily Tax-Exempt Mortgage-backed Bonds
(Killian Terrace)
Series 2019

As of 12/14/2018

M-TEMS CASH FLOWS - Negative Arbitrage Assumptions

NEGATIVE ARBITRAGE ASSUMPTIONS

M-TEMS Assumptions

Principal Amount:	$ 23,398,000.00	Assumed MBS Delivery Date	3/25/2021
Interest Rate:	3.66%	Outside Conversion Date	3/1/2022
Dated Date:	2/1/2019	Anticipated Delivery + 60 days:	5/1/2021
Settlement Date:	2/15/2019	Accrued Interest:	$ 33,257.66
Maturity Date:	3/1/2038		
Final Payment Date:	3/26/2038		
Payment Frequency:	Monthly		
First Interest Payment Date:	3/26/2019		
First Principal Payment Date:	3/26/2027		
Interest Payment Dates:	One Business Day later than Underlying MBS		

Cash Flows

Date	Interest	Principal	Debt Service Payment	Reinvestment Revenue	Monthly Negative Arbitrage
8/25/2020	-	-	-	53,997.38	-
8/26/2020	73,641.96	-	73,641.96	-	19,644.58
9/25/2020	-	-	-	53,997.38	-
9/26/2020	73,641.96	-	73,641.96	-	19,644.58
10/25/2020	-	-	-	52,255.53	-
10/26/2020	71,266.41	-	71,266.41	-	19,010.88
11/25/2020	-	-	-	53,997.38	-
11/26/2020	73,641.96	-	73,641.96	-	19,644.58
12/25/2020	-	-	-	52,255.53	-
12/26/2020	71,266.41	-	71,266.41	-	19,010.88
1/25/2021	-	-	-	53,997.38	-
1/26/2021	73,641.96	-	73,641.96	-	19,644.58
2/25/2021	-	-	-	53,997.38	-
2/26/2021	73,641.96	-	73,641.96	-	19,644.58
3/25/2021	-	-	-	48,771.83	-
3/26/2021	66,515.31	-	66,515.31	-	17,743.48
4/25/2021	-	-	-	-	-
4/26/2021	73,641.96	-	73,641.96	-	73,641.96
5/1/2021	-	-	-	-	-
5/25/2021	-	-	-	-	-
5/26/2021	71,266.41	-	71,266.41	-	71,266.41
	1,947,948.57	-		1,339,483.50	608,465.07

ALAN WILSON
ATTORNEY GENERAL

January 8, 2019

Delbert H. Singleton, Jr., Esquire
South Carolina State Fiscal Accountability Authority
612 Wade Hampton Office Building
P. O. Box 12444
Columbia, South Carolina 29211

Re: State Housing Finance and Development Authority
Not Exceeding $24,000,000 Multifamily Housing Revenue Bonds
Killian Terrace Project

Dear Mr. Singleton:

Regarding the above-referenced obligation, we have reviewed the Petition and other documents forwarded to us by the South Carolina State Fiscal Accountability Authority (Authority). The documents appear to comply with the requirements of the referenced Code sections in the submitted material that certain specific information be addressed in these documents and, also, when validly executed as required and delivered, should be legally adequate.

This opinion addresses only the fact that the documents appear to meet the conditions imposed by State law that certain specific matters be included in the documentation. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Office of the Attorney General

By: T. Parkin Hunter

T. Parkin Hunter
Senior Assistant Attorney General

TPH/shb

SC State Housing Finance and Development Authority
Single Family Bond Program - Debt Service by Year
As of 11/30/2018

PERIOD	PRINCIPAL LAST PERIOD	THIS PERIOD ACCRETION	CURR PRINCIPAL OUTSTANDING	INTEREST PAYABLE	PRINCIPAL PAYABLE	DEBT SERVICE	EST P & I RECEIPTS	DEBT SERVICE COVERAGE RATIO	
07/18 - 06/19	410,220,000.00	-	480,220,000.00	14,687,277.38	72,525,000.00	87,212,277.38	74,551,619.81	0.85	B
07/19 - 06/20	407,695,000.00	-	407,695,000.00	14,459,835.82	15,385,000.00	29,844,835.82	67,096,457.83	2.25	
07/20 - 06/21	392,310,000.00	-	392,310,000.00	13,964,342.20	16,540,000.00	30,504,342.20	60,386,812.04	1.98	
07/21 - 06/22	375,770,000.00	-	375,770,000.00	13,419,009.59	17,085,000.00	30,504,009.59	54,348,130.84	1.78	
07/22 - 06/23	358,685,000.00	-	358,685,000.00	12,828,233.26	17,735,000.00	30,563,233.26	48,913,317.76	1.60	
07/23 - 06/28	340,950,000.00	-	340,950,000.00	54,557,047.28	82,345,000.00	136,902,047.28	183,424,941.59	1.34	
07/28 - 06/33	258,605,000.00	-	258,605,000.00	40,638,506.26	80,505,000.00	121,143,506.26	91,712,470.79	0.76	A
07/33 - 06/38	178,100,000.00	-	178,100,000.00	25,836,712.30	74,920,000.00	100,756,712.30	45,856,235.40	0.46	
07/38 - 06/43	103,180,000.00	-	103,180,000.00	13,459,479.03	66,055,000.00	79,514,479.03	22,928,117.70	0.29	
07/43 - 06/48	37,125,000.00	-	37,125,000.00	4,313,727.50	32,945,000.00	37,258,727.50	11,464,058.85	0.31	
07/48 - 06/53	4,180,000.00	-	4,180,000.00	122,457.50	4,180,000.00	4,302,457.50	5,732,029.42	1.33	
07/53 - 06/58	-	-	-	-	-	-			
			TOTAL	208,840,609.05	480,220,000.00	689,060,609.05			

Note A Single Family Mortgage Revenue Bonds, as opposed to many other types of bonds, are designed to be repaid ahead of the maturity schedule. The Authority issues 30-year Bonds to purchase 30-year fixed-rate mortgages. Many borrowers pay extra, move or refinance their mortgage. On average, the Authority's 30-year mortgages are paid-off in 12-14 years. The Authority uses these funds to "Optionally Call" bonds before maturity. The Authority's Bonds are generally paid-off within 10 years.

Note B On July 1, 2018, $49 million in Bonds were "optionally called" prior to their maturity with Principal and Interest receipts collected by the Authority in prior years. Without this call, the Debt Service Coverage Ratio would have been 1.95.

OFFICE OF STATE TREASURER

New Debt Information Form (NDIF) - Initial Form

SFAA Approval Date: 01/29/19 Final Version Date: 00/00/00

1. AGENCY/ISSUER & FINANCING INFORMATION

Agency #: Issuer: South Carolina State Housing Finance & Development Authority Series: 2019

Borrower (if not Issuer): Killian Terrace SC. LLC

Bond Caption: Multifamily Housing Revenue Bonds (Killian Terrace), Series 2019

Bond Resolution Amount: $24,000,000.00 Est. Production/Par Amt: $23,398,000.00

(Used to calculate initial COI percentages; STO bond issues must use Par Amt *)*

Final Production/Par Amt: $0.00

Submitted By:

ENTITY	Killian Terrace SC, LLC
BY:	Samuel W. Howell
ITS:	Bond Counsel
Tel:	843.266.3801
Email:	samuelhowell@bond-law.com

Transaction Type/Method of Sale:

X	Public Offering:	Competitive:	Negotiated: X
	Direct Placement:	Competitive:	Negotiated:
	Governmental Loan/Governmental Purchaser		
	Other:		

MSRB (EMMA) Continuing Disclosure Requirement (Y/N): Y

MSRB (EMMA) Continuing Disclosure Responsiible Party: Killian Terrace SC, LLC

2. FINANCING (NEW PORTION)

Project #: Project Name: Killian Terrace

Project Address/Location: Clemson Road/Olga Road; Columbia, SC Amount: $23,398,000.00

Project Type: Multifamily Housing Facility County: Richland

Projected Avg Interest Rate: 3.70% Final Maturity: 08/01/21

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)
N/A		$			$	
		$			$	
		$			$	
	Total	$	*********	*********	$	

4. FINANCING WORKING GROUP

Financial Advisor:	None	Disclosure Counsel:	None
Bond Counsel:	Howell Linkous & Nettles, LLC	Issuer's Counsel:	Tracey Easton
Underwriter:	Stiffel Nicolaus & Company, Inc.	Trustee:	Bank of New York Mellon Trust, N.A.
Paying Agent:	Bank of New York Mellon Trust, N.	Other:	

5. FINANCING/PROJECT DESCRIPTION

(Briefly, explain the financing/project, the anticipated costs, & the basis for these cost estimates. Use an attachment if needed)

** Please see attachment supplement **

6. FINANCING/PROJECT APPROVAL DATES

Financing Approvals		Notes:
Issuer/Borrower Approval:	01/16/19	SC Housing
JBRC Approval:	00/00/00	
SFAA Approval:	01/29/19	SFAA

Project Approvals - Phase II (State Entities Only)		Notes:
Issuer/Borrower Approval:	00/00/00	N/A
JBRC Approval:	00/00/00	N/A
SFAA Approval:	00/00/00	N/A

7. TAX AND ARBITRAGE MATTERS & SPEND DOWN SCHEDULE

	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 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?		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 - $0

	Bond Proceeds	FYE	Spend Down Schedule Notes
Est. Expenditures - Through 6 Months	$ 8,387,087.00	00/00/00	Project Costs & Costs of Issuance
Est. Expenditures - Through 12 Months	$ 15,010,913.00	00/00/00	Project Costs
Est. Expenditures - Through 18 Months	$	00/00/00	
Est. Expenditures - Through 24 Months	$	00/00/00	
Est. Expenditures - Through 36 Months	$	00/00/00	
Est. Expenditures - Through 48 Months	$	00/00/00	
- Estimated Expenditures: Thru FY:	**$ 23,398,000.00**		

8. ESTIMATED/ACTUAL PROJECT SOURCES AND USES

Sources	Est. Project Budget (Sources)	Est. Project Budget (Uses)	Uses
(1) Bond Proceeds: (a) Par	$ 23,398,000.00	$ 23,398,000.00	Project Fund
(b) Premium/Accr. Int.	$	$ 750,000.00	Capitalized Interest Fund
(2) Issuer/Borrower Contr.-LIHTC	$ 2,495,337.00	$	Debt Service Reserve Fund
(3) Debt Service Fund Trans.	$	$	Redemption Price/Escrow Deposit
(4) Debt Service Reserve		$ 599,965.00	Cost of Issuance (Incl. UW Disc.)
Fund Contribution	$	$ 5,250,000.00	Developer Fee
(5) Other (Specify)		$ 2,167,000.00	Land Purchase Costs
Type - Prudential Loan	$ 23,398,000.00	$	Less Market Value of Land
Residual Project Sources		$ 29,830,000.00	Construction
(6) Other		$ 646,000.00	Financing
(a) GF - LIHTC	$ 15,030,019.00	$ 1,680,391.00	Other
(a) FF -	$	$	Other
(c) OF -	$	$	Other
Total Project Sources	**$ 64,321,356.00**	**$ 64,321,356.00**	**Total Project Uses**

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	($ △)
Financial Advisor	None			$	$	$
Bond Counsel	Howell Linkous & Nettles	N/A	N/A	$ 95,000.00	$	$ 95,000.00
Disclosure Counsel	None			$	$	$
Issuer's Counsel	Tracey Easton			$	$	$
Underwriter's Counsel	Tiber Hudson	N/A	N/A	$ 70,000.00	$	$ 70,000.00
Underwriter Expenses	Stiffel Nicolaus & Co	N/A	N/A	$ 5,000.00	$	$ 5,000.00
Trustee's Counsel	Akerman LLP	N/A	N/A	$ 6,000.00	$	$ 6,000.00
LIHTC Fees	Boston Capital	N/A	N/A	$	$	$
Rating Agency - S&P	S&P			$ 12,500.00	$	$ 12,500.00
Rating Agency - Moody's	n/a			$	$	$
Rating Agency - Fitch	n/a			$	$	$
Underwriter's Compensation	Stiffel Nicolaus & Co	N/A	N/A	$ 233,980.00	$	$ 233,980.00
Trustee Fees	Bank of NY Mellon	N/A	N/A	$ 2,000.00	$	$ 2,000.00
Escrow Agent	n/a			$	$	$
Accountant	n/a			$	$	$
Verification Agent	n/a			$	$	$
Printing	n/a			$	$	$
Publishing	n/a			$	$	$
Advertising	n/a			$	$	$
Contingency				$	$	$
Issuer's Fee	SC JEDA / SC SHFDA		N/A	$ 175,485.00	$	$ 175,485.00
				$ 599,965.00	$	$ 599,965.00

Est. / Actual COI Fees (% of Transaction):

Financial Advisor: % of Transaction	*0.00%*	*#DIV/0!*
Bond Counsel: % of Transaction	*0.41%*	*#DIV/0!*
Total Legal Costs: % of Transaction	*0.75%*	*#DIV/0!*
Rating Agencies: % of Transaction	*0.05%*	*#DIV/0!*

UW Comp: % of Transaction	1.00%	#DIV/0!
Other COI: % of Transaction	0.76%	#DIV/0!
Total COI: % of Transaction	**2.56%**	**#DIV/0!**

South Carolina Office of State Treasurer

New Debt Information Form Attachment

01.29.19– Killian Terrace – Multi-Family Revenue Bonds – $24,000,000

Supplemental Response to Section 5:

The Project consists of the construction of a 288-unit affordable housing facility in Columbia, South Carolina to be known as Killian Terrace. Bonds will be issued to qualify the Project for federal Low Income Housing Tax Credits (LIHTC). Total tax credit equity is projected to be approximately $15,000,000.00. The Bonds will be fully cash collaterized during construction, and debt service during construction will be paid by a combination of the income from a portfolio of Treasury Securities and cash deposited at closing on behalf of the Borrower. Upon conversion, currently projected to be 24 months after closing, funds in the Collateral Fund will be used to purchase a single mortgage backed security (MBS) backed by a Fannie Mae guarantee, which will serve as collateral for the bonds until maturity. The MBS is backed by 16-year fixed rate loan secured by a mortgage constituting a first lien on the project. After MBS delivery, payments on the mortgage loan are passed through to bond holders to pay debt service on the bonds.

STATE FISCAL ACCOUNTABILITY AUTHORITY
MEETING OF January 29, 2019

REGULAR SESSION
ITEM NUMBER 12

AGENCY: Executive Director

SUBJECT: Economic Development (2019 Ceiling Allocations)

The initial balance of the 2019 state ceiling allocation is $533,833,335. In accord with Code Section 1-11-520, $213,533,334 (40% of the total) is designated as the state pool and $320,300,001 (60% of the total) is designated as the local pool. There is presently a state ceiling balance of $533,833,335 remaining for 2019. Allocation requests for 2019 totaling $20,000,000 have been received thus far.

The recommendation from the Department of Commerce for allocations for this cycle totals $20,000,000. The Department of Commerce makes the following recommendation for allocation from the local pool:

JEDA The Muffin Mam, Inc. (Laurens County), $10,000,000; and
JEDA, Probitas Ventures, LLC (Marlboro County), $10,000,000

If the Authority approves the recommended request, this will leave an unexpended state ceiling balance of $513,833,335 (state pool - $213,533,334; local pool - $300,300,001) to be allocated later in the calendar year.

Relating to requests for calendar year 2019 ceiling allocations, the Authority is also asked to authorize shifts as necessary between the state pool and the local pool for the remainder of the calendar year.

AUTHORITY ACTION REQUESTED:

1) In accord with Code Section 1-11-500 et seq. and upon the recommendation of the Department of Commerce, grant the following tentative ceiling allocation from the local pool:

JEDA The Muffin Mam, Inc. (Laurens County), $10,000,000; and
JEDA, Probitas Ventures, LLC (Marlboro County), $10,000,000

2) Authorize shifts as necessary between the state pool and the local pool for the remainder of the calendar year.

ATTACHMENTS:

2019 Ceiling Allocation Certification, 2019 Ceiling Allocation Requests; Young 1/8/19 Memo; Code Section 1-11-500 et seq.

HENRY MCMASTER, CHAIR
GOVERNOR

CURTIS M. LOFTIS, JR.
STATE TREASURER

RICHARD ECKSTROM, CPA
COMPTROLLER GENERAL

SFAA
State Fiscal Accountability Authority

OFFICE OF THE EXECUTIVE DIRECTOR
GRANT GILLESPIE
EXECUTIVE DIRECTOR
(803) 734-8018
GGILLESPIE@SFAA.SC.GOV

HUGH K. LEATHERMAN, SR.
CHAIRMAN, SENATE FINANCE COMMITTEE

G. MURRELL SMITH, JR.
CHAIRMAN, HOUSE WAYS AND MEANS COMMITTEE

January 2, 2019

CERTIFICATION OF
2019 STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS
ESTABLISHED IN TAX REFORM ACT OF 1986, AS AMENDED

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 2018 is 5,084,127.

That population estimate is included in Census Bureau release CB18-193 dated December 19, 2018.

For calendar year 2018, the amount used under IRS Code § 146(d) to calculate the State ceiling for the volume cap for private activity bonds is $105 per capita (as published by the IRS in Revenue Procedure 2018-57) multiplied by the State's population.

On that basis, I have calculated and I certify the 2019 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 $533,833,335.

Delbert H. Singleton, Jr.
Secretary to the Authority

2019 Ceiling Allocation Requests

	Recd.	Issuing Authority	Project	Request	Cumulative	Bond Counsel	Request Alloc	Request St.Law	Location	NOTES
1	12/18/18	JEDA	The Muffin Mam, Inc.	10,000,000	10,000,000	Kathleen McKinneny	x		Laurens	
2	12/18/18	JEDA	Probitas Ventures, LLC	10,000,000		ıneny	x		Marlboro	

2019 South Carolina State Ceiling Allocations

Summary, CY 2019

2019 State Ceiling	***533,833,335***
Initial Allocations	20,000,000
Expired/Relinquished	0
Actual Allocations	20,000,000
Certified for Issue	0
Carried Forward	0

Balance Available: ***513,833,335***

Issuer	Name of Project	Allocation Amount	Expired/ Relinquished	Certified for Issue	Issue Date	Attorney
Allocation:1/29/19	***Expiration: 4/29/19***					
JEDA	The Muffin Mam, Inc.	10,000,000				McKinney
JEDA	Probitas Ventures, LLC	10,000,000				McKinney

2019 South Carolina State Ceiling

Balance as of January 2, 2019

State Pool (40%)	213,533,334
Total State Pool (40%)	213,533,334
Local Pool (60%)	320,300,001
Total Local Pool (60%)	320,300,001
Certified State Ceiling 2019	***533,833,335***

Date Allocated	*Governmental Unit*	*Name of Project*	*Pool Total*	*Amount Allocated*	*Balance Available*	*Certified for Issue*	*Issue Date*	*Attorney*
01/02/19	STATE POOL		213,533,334					
	TOTAL, STATE POOL		**213,533,334**	**0**	**213,533,334**	**0**		
01/02/19	LOCAL POOL		320,300,001					
01/29/19	JEDA	The Muffin Mam, Inc.		10,000,000				McKinney
01/29/19	JEDA	Probitas Ventures, LLC		10,000,000				McKinney
	TOTAL, LOCAL POOL		**320,300,001**	**20,000,000**	**300,300,001**	**0**		
	GRAND TOTAL		**533,833,335**	**20,000,000**	**513,833,335**	**0**		

2019 South Carolina State Ceiling Allocations

Summary, CY 2019

2019 State Ceiling	***533,833,335***
Initial Allocations	20,000,000
Expired/Relinquished	0
Actual Allocations	20,000,000
Certified for Issue	0
Carried Forward	0

Balance Available: ***513,833,335***

Issuer	Name of Project	Allocation Amount	Expired/ Relinquished	Certified for Issue	Issue Date	Attorney
Allocation:1/29/19	***Expiration: 4/29/19***					
JEDA	The Muffin Mam, Inc.	10,000,000				McKinney
JEDA	Probitas Ventures, LLC	10,000,000				McKinney

Henry McMaster
Governor

SOUTH CAROLINA
DEPARTMENT OF COMMERCE

Robert M. Hitt III
Secretary

MEMORANDUM

To: Delbert Singleton

From: Daniel Young DY

Date: 1/8/2019

Re: January 29, 2019 meeting

Upon the request of SC State Fiscal Accountability Authority, the South Carolina Department of Commerce evaluates allocation requests that pertain to economic development.

After reviewing the information provided by the law firm of Haynesworth Sinkler Boyd, PA, the Department of Commerce recommends approval of Economic Development Revenue Bonds at the January 29, 2019, meeting of the State Fiscal Accountability Authority for the Muffin Mam Bakery and Probitas. These are two manufacturing facilities creating 144 jobs in Laurens County and Marlboro Counties

Name	Amount	Score	County
Probitas	$10,000,000	7	Marlboro
Muffin Mam Bakery	$10,000,000	8	Laurens

Please let me know if you have any questions.

Thank you.

1201 Main Street, Suite 1600, Columbia, SC 29201
Tel: (803) 737-0400 • Fax: (803) 737-0418 • www.sccommerce.com

JEDA

The Muffin Mam

TRANSMITTAL FORM, REVENUE BONDS

TO: Delbert H. Singleton, Jr., Authority Secretary
State Fiscal Accountability Authority
600 Wade Hampton Building
Columbia, SC 29201
OR *P. O. Box 12444, Columbia, SC 29211*

DATE: December 18, 2018

Submitted for SFAA Meeting on:

January 29, 2019

FROM:

Kathleen C. McKinney, Haynsworth Sinkler Boyd, P.A.
Name of Law Firm

1 North Main Street, 2nd Floor
Street Address/Box Number

Greenville, SC 29601
City, State, Zip Code

864-240-3243
Area Code/Telephone Number

RE:

$10,000,000
Amount of Issue

SC Jobs-Economic Development Authority
Name of Issuing Authority

Industrial Revenue Development Bonds
Type of Bonds or Notes

2019
Projected Issue Date

Project Name: The Muffin Mam, Inc. –

Project Description: Acquisition and equipping of a manufacturing facility to produce a variety of commercial bakery products to be located in Laurens, S.C.

Employment as a result of the project: Estimated minimum of 114 jobs within 24 months

Ceiling Allocation Required	Refunding Involved	Project Approved Previously
X Yes ($10,000,000) Amount No	Yes ($_____) Amount X No	Yes ($_____) Amount X No

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. X Petition

B. N/A Resolution or Ordinance

C. N/A Inducement Resolution or comparable preliminary approval

D. N/A Department of Health and Environmental Control Certificate *if required*

E. N/A State Fiscal Accountability Authority Resolution and Public Notice *(original)*

Plus _____ *copies for certification and return to bond counsel*

F. N/A Draft bond counsel opinion letter

G. N/A Processing Fee
Amount: $_____ *Check No:*_____
*Payor:*_____

Bond Counsel: Kathleen C. McKinney
Typed Name of Bond Counsel

By: Kathleen C. McKinney
SFAA Signature

STATE OF SOUTH CAROLINA	)	
	)	
COUNTY OF RICHLAND	)	
	)	
TO THE STATE FISCAL	)	**PETITION OF SOUTH**
	)	**CAROLINA JOBS-ECONOMIC**
ACCOUNTABILITY AUTHORITY	)	**DEVELOPMENT AUTHORITY**
	)	

This Petition of the South Carolina Jobs-Economic Development Authority (the ***"Authority"***), pursuant to South Carolina Code Annotated, Title 1, Chapter 11 (1976), as amended (the ***"Act"***), respectfully shows:

1. The Act, among other things authorizes the State Fiscal Accountability Authority (the ***"SFAA"***) to allocate the State of South Carolina's (the ***"State"***) ceiling on the issuance of private activity bonds in response to authorized requests from issuing authorities.

2. Each State ceiling allocation made by the SFAA, unless eligible and approved for carry-forward election is valid only for the calendar year in which the State ceiling allocation is made.

3. The Authority has agreed to assist The Muffin Mam, Inc., a South Carolina corporation (together with its affiliates and assignees, the ***"Borrower"***), by issuing its industrial revenue bonds in one or more series in order to defray the cost of (i) acquiring and equipping a manufacturing facility to produce a variety of commercial bakery products to be located in the City of Laurens, South Carolina (the ***"Project"***); and (ii) paying certain costs of issuance of the Bonds. The Authority has petitioned the South Carolina Coordinating Council for Economic Development for approval of the Bonds, pursuant to Section 41-43-110 of the Code of Laws of South Carolina 1976, as amended.

4. The Project is expected to be a manufacturing facility as described under Section 142 of the Internal Revenue Code (the ***"Code"***).

5. The Bonds to be issued for the Project would require an allocation of $10,000,000 of the State ceiling. The Bonds constitute all of the private activity bond financing contemplated for the Project as of the date of this Petition.

Upon the basis of the foregoing, the Authority respectfully prays that the State Fiscal Accountability Authority (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such review as it deems advisable and (iii) allocate to the Bonds $10,000,000 from the State ceiling for calendar year 2019.

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Respectfully submitted,

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

By: _____
Harry A. Huntley
Executive Director

Dated: [_____]

INDUCEMENT AGREEMENT

THIS AGREEMENT made and entered into by and between the **SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY**, a public body corporate and politic and an agency of the State of South Carolina (the ***"Authority"***), and **THE MUFFIN MAM, INC.**, a South Carolina corporation (together with its affiliates and assignees, the ***"Borrower"***).

W I T N E S S E T H :

ARTICLE I

RECITATION OF FACTS

As a means of setting forth the matters of mutual inducement which have resulted in the making and entering into of this Agreement, the following statements of fact are herewith recited:

Section 1.01. The Authority, acting by and through its Board of Directors, is authorized and empowered under and pursuant to the provisions of Title 41, Chapter 43 of the Code of Laws of South Carolina 1976, as amended (the ***"Act"***), to utilize any of its program funds to establish loan programs for the purpose of reducing the cost of capital to business enterprises which meet the eligibility requirements of Section 41-43-150 of the Act and for other purposes described in Section 41-43-160 of the Act and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina (the ***"State"***) and in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State.

Section 1.02. The Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds, as defined in the Act to include notes, payable by the Authority solely from a revenue producing source and secured by a pledge of said revenues in order to provide funds for any program authorized by the Act.

Section 1.03. The Borrower has applied to the Authority to issue not exceeding $10,000,000 of its industrial revenue bonds (The Muffin Mam, Inc. Project) (the ***"Bonds"***) in one or more series, in order to defray the cost of (i) acquiring and equipping of a manufacturing facility to produce a variety of commercial bakery products to be located in the City of Laurens, South Carolina (the ***"Project"***); and (ii) paying certain costs of issuance of the Bonds; and the Authority wishes to induce the Borrower to cause the Project to be acquired and constructed within the State; and

Section 1.04. (a) The Borrower is a responsible party engaged in the production of commercial bakery products.

(b) The Borrower has demonstrated to the Authority that the assistance of the Authority by the issuance of the Bonds will result in the creation or maintenance of employment for those engaged in construction of the facilities of which the Project is an essential and necessary part, by maintaining existing employment for approximately ninety (90) people and by providing additional employment for approximately one-hundred and fourteen (114) people within twenty-four (24) months when the Project is placed in full operation, with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance authorized herein bears a reasonable relationship to the principal amount of the Bonds.

(c) The principal amount of the Bonds bears a reasonable relationship to the amount of private funds committed to the Project.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State, and City of Laurens, South Carolina and the surrounding area (the ***"City"***) in particular, is reasonably expected to result therefrom.

Section 1.05. The Authority has given due consideration to all the proposals and requests of the Borrower and has agreed to endeavor to effect the issuance of the Bonds at the time and on the terms and conditions hereafter set forth.

ARTICLE II

UNDERTAKING ON THE PART OF THE AUTHORITY

The Authority agrees as follows:

Section 2.01. The Authority will, subject to such approval by the State Fiscal Accountability Authority (as authorizer of State ceiling allocation), the Coordinating Council for Economic Development, and the governing body of the City, as may be required by law and subject to the limitations set forth herein, authorize the issuance of the Bonds at such time as the Borrower may request the Authority to do so.

Section 2.02. The proceeds of any sale of the Bonds may be applied to the payment of the costs of the Project as determined under the Act including, without limitations, the expenses incurred in connection with the issuance and sale of the Bonds, the acquisition, renovation and construction of the Project including all buildings, necessary machinery and equipment, and other items permitted by the Act, and the repayment of any funds, advances, or loans incurred by the Borrower for such purposes.

Section 2.03. Prior to issuing the Bonds, the Authority may enter into a loan agreement with the Borrower and a security agreement with the trustee (to be requested by the Borrower and approved by the Authority and the State Treasurer) or directly with the purchasers of the Bonds, pursuant to which the Bonds will be secured and issued. Such documents shall be substantially in the form used in connection with the issuance of other State revenue bonds and shall constitute a lien on the revenues derived from the Borrower with respect to the Project to secure the payment of the Bonds. Provisions, terms, and conditions of the agreements to be entered into in connection with the issuance of the Bonds by the Authority, and the form, details, rate or rates of interest, maturity, redemption provisions, if any, of the Bonds, and other details of any loan agreement relating to the Bonds, shall be prescribed by subsequent resolution of the Authority and shall be reasonable and proper, taking into account such facts as type of program involved, the principal amount of the Bonds, and the number and type of jobs involved; the public interest shall be adequately protected by the terms thereof.

Section 2.04. The Authority will perform such other acts and adopt such further proceedings as may be required faithfully to implement its undertaking and to consummate the proposed financing.

Section 2.05. The undertakings of the Authority hereunder are contingent upon the Authority continuing to evaluate the Project as beneficial to the public interest after considering all additional circumstances of which the Authority may hereafter become aware and upon the Borrower providing the Authority with such further evidence as may be satisfactory to the Authority as to compliance with all applicable statutes and regulations.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE BORROWER

Section 3.01. The Borrower agrees that the Authority will have no obligation to find a purchaser of the Bonds and acknowledges that the Authority's approval of this Agreement is preliminary and is conditioned upon the Authority continuing to evaluate the Project as beneficial to the public interest after considering all additional circumstances of which the Authority may hereafter become aware.

Section 3.02. The Borrower further agrees, if the plan proceeds as contemplated, as follows:

(a) to finance the Project, provided that the Borrower may choose to issue the Bonds in one or more series to finance components of the Project;

(b) to enter into a loan agreement with the Authority, under the terms of which the Borrower will obligate itself to pay to the Authority sums sufficient to pay the principal, interest and premium, if any, on the Bonds, as and when the same become due and payable;

(c) to hold the Authority harmless from all pecuniary liability and to reimburse it for all expenses to which it might be put in the fulfillment of its obligations under this Agreement;

(d) to perform such further acts and adopt such further proceedings as may be required faithfully to implement its undertakings and to consummate the proposed financing; and

(e) to covenant and agree in the loan agreement referred to above to maintain the Project and to install in the buildings which are to become a part of the Project all necessary equipment and machinery and initially to operate the Project in the manner described in Section 1.03 hereof.

ARTICLE IV

GENERAL PROVISION

Section 4.01. All commitments of the Authority under Article II hereof are subject to all of the provisions of the Act and regulations of the Authority pursuant thereto and the conditions that nothing contained in this Agreement shall constitute nor give rise to a pecuniary liability of the Authority or a charge against its general credit.

Section 4.02. The parties hereto agree, and express their official intent within the meaning of Reg. 1.150 of the Internal Revenue Code of 1986, as amended, that the Borrower may proceed with the Project, including construction, renovation and improvement of buildings and the acquisition and installation of the equipment and machinery, prior to the issuance of Bonds, and can be reimbursed from the proceeds of the Bonds to the extent permitted by state and federal laws applicable to tax-exempt bonds. Any expenditures incurred prior to the issuance of the Bonds will be paid from funds provided by the Borrower.

Section 4.03. All commitments of the Authority and the Borrower hereunder are subject to the condition that the Authority and the Borrower do agree on mutually acceptable terms and conditions of all documents, the execution and delivery of which are contemplated by the provisions hereof.

Section 4.04. To be eligible for reimbursement of any expenditures, the Borrower will allocate the proceeds of any bonds to reimburse such expenditures not later than 18 months after the later of (a) the date on which the original expenditures were paid or (b) the date the project was placed in service or abandoned, but in no event more than three years after the original expenditures were paid. Expenditures, for purposes of the declaration of official intent and the reimbursement allocation, do not apply to any "preliminary expenditures" for a project, up to an amount not in excess of 20 percent of the aggregate issue price of the bonds. ***"Preliminary expenditures"*** include architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that were incurred prior to the commencement of acquisition, construction or rehabilitation of any project. Costs such as land acquisition, site preparation, and similar costs incident to commencement of construction are not "preliminary expenditures" and official intent must be expressed as to these costs.

Any expenditures to be reimbursed from bond proceeds and initially paid from operating or capital reserve funds of the Borrower will be incurred solely to acquire, construct, or rehabilitate property having a reasonably expected economic life of at least one year.

Section 4.05. The parties understand that the Borrower or the Authority may choose not to finance the Project as herein provided, in which event this Agreement shall become void.

Section 4.06. This Agreement may be assigned by the Borrower in whole or in part to any corporate affiliate of the Borrower, any subsidiary corporation or limited liability company organized under the laws of any state of the United States to be formed, any partner or shareholder in the Borrower, or to any company in which the Borrower or one or more of its partners or shareholders has a majority interest (any of the foregoing being referred to hereinafter as a ***"Related Company"***), or any person or company which is willing to lease the Project to the Borrower or any Related Company.

Section 4.07. It is the intention of the parties hereto that this Agreement shall constitute official intent on the part of the Authority within the meaning of the applicable regulations of the Treasury Department relating to the issuance of tax-exempt bonds.

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IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Agreement on the respective dates indicated below.

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

_____

Harry A. Huntley
Executive Director

Dated:

THE MUFFIN MAM, INC.

By: _____
Its: _____

Dated:

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT BY AND BETWEEN THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY AND THE MUFFIN MAM, INC., WHEREBY UNDER CERTAIN CONDITIONS THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY WILL ISSUE NOT EXCEEDING $10,000,000 OF ITS INDUSTRIAL REVENUE BONDS PURSUANT TO THE PROVISIONS OF TITLE 41, CHAPTER 43, OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; AND AUTHORIZING THE APPLICATION UPON CERTAIN CONDITIONS TO THE SOUTH CAROLINA COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT FOR APPROVAL OF THE ISSUANCE OF SUCH BONDS AND THE STATE FISCAL ACCOUNTABILITY AUTHORITY FOR APPROVAL OF STATE CEILING ALLOCATION.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the ***"Authority"***), acting by and through its Board of Directors is authorized and empowered under and pursuant to the provisions of Title 41, Chapter 43, of the Code of Laws of South Carolina 1976, as amended (the ***"Act"***), to utilize any of its program funds to establish loan programs for the purpose of reducing the cost of capital to business enterprises which meet the eligibility requirements of Section 41-43-150 of the Act and for other purposes described in Section 41-43-160 of the Act and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina (the ***"State"***) and in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State; and

WHEREAS, the Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds, as defined in the Act to include notes, payable by the Authority solely from a revenue producing source and secured by a pledge of said revenues; and

WHEREAS, The Muffin Mam, Inc., a South Carolina corporation (together with its affiliates and assignees, the ***"Borrower"***), has applied to the Authority to issue not exceeding $10,000,000 of its industrial revenue bonds (the ***"Bonds"***) in one or more series in order to defray the cost of (i) acquring and equipping of a manufacturing facilitiy to produce a variety of commercial bakery products to be located in the City of Laurens, South Carolina (the ***"Project"***); and (ii) paying certain costs of issuance of the Bonds; and the Authority wishes to induce the Borrower to cause the Project to be acquired, renovated and constructed within the State; and

WHEREAS, it is in the public interest, for the public benefit and in furtherance of the public purposes of the Authority that its Board of Directors provide preliminary approval of the issuance of industrial revenue bonds for the aforesaid purposes; and

WHEREAS, it is deemed advisable by the Authority to file with the South Carolina Coordinating Council for Economic Development (the ***"Coordinating Council"***), in compliance with Section 41-43-110 of the Act, the Petition of the Authority requesting approval by the Coordinating Council for the issuance of the Bonds at public or private sale upon receipt by the Authority from the Borrower of evidence satisfactory to the Authority of the economic feasibility of the Project; and

WHEREAS, it is deemed advisable by the Authority to file with the State Fiscal Accountability Authority, in compliance with the provisions of Title 1, Chapter 11, of the Code of Laws of South Carolina 1976, as amended, the Petition of the Authority requesting not exceeding $10,000,000 of the State ceiling to be allocated by the State Fiscal Accountability Authority to the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

Section 1. It is hereby found, determined, and declared as follows:

(a) The Borrower is a responsible party engaged in the production of commercial bakery products.

(b) The Borrower has demonstrated to the Authority that the assistance of the Authority by the issuance of the Bonds will result in the creation or maintenance of employment for those engaged in construction of the facilities of which the Project is an essential and necessary part, by maintaining existing employment for approximately ninety (90) people and by providing additional employment for approximately one-hundred and fourteen (114) people within twenty-four (24) months when the Project is placed in full operation, with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance authorized herein bears a reasonable relationship to the principal amount of the Bonds.

(c) The principal amount of the Bonds bears a reasonable relationship to the amount of private funds committed to the Project.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State and City of Laurens, South Carolina and the surrounding area (the ***"City"***) in particular, is reasonably expected to result therefrom.

Section 2. Subject to such approval by the State Fiscal Accountability Authority (as authorizer of State ceiling allocation), the Coordinating Council, and the governing body of the City, as required by law, the Board of Directors of the Authority preliminarily approves the issuance and sale of industrial revenue bonds of the Authority pursuant to Section 41-43-110 of the Act in a principal amount of not exceeding $10,000,000 for the purpose of providing financing to the Borrower for the acquisition, renovation, equipping and construction of the Project.

Section 3. The issuance and sale of the Bonds shall be upon such terms and conditions as may be mutually agreed upon by the Authority, the Borrower, and the purchaser of the Bonds, and shall be subject to completion of proceedings for issuance, sale, and delivery of the Bonds satisfactory to the Authority. The provisions, terms, and conditions of the agreements to be entered into in connection with the issuance of the Bonds by the Authority, and the form, details, rate or rates of interest, maturity, and redemption provisions, if any, of the Bonds, other details of any loan agreement relating to the Bonds, and findings required by the Act shall be prescribed by subsequent resolution of the Authority and shall be reasonable and proper, taking into account such factors as the type of program involved, the principal amount of the Bonds, and the number and type of program involved, the principal amount of the Bonds, and the number and type of jobs involved; the public interest shall be adequately protected by the terms thereof.

Section 4. The Executive Director of the Authority is hereby authorized and directed to execute the Inducement Agreement attached hereto in the name and on behalf of the Authority, and is hereby further authorized and directed to deliver said executed Inducement Agreement to the Borrower.

Section 5. It is the intention of the Authority that this resolution shall constitute official intent on the part of the Authority within the meaning of the applicable regulations of the Treasury Department relating to the issuance of tax-exempt revenue bonds.

Section 6. To be eligible for reimbursement of any expenditures, the Borrower will allocate the proceeds of any bonds to reimburse such expenditures not later than 18 months after the later of (a) the date on which the original expenditures were paid or (b) the date the project was placed in service or abandoned, but in no event more than three years after the original expenditures were paid. Expenditures, for purposes of the declaration of official intent and the reimbursement allocation, do not apply to any "preliminary expenditures" for a project, up to an amount not in excess of 20 percent of the aggregate issue price of the bonds. ***"Preliminary expenditures"*** include architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that were incurred prior to the commencement of acquisition, construction or rehabilitation of any project. Costs such as land acquisition, site preparation, and similar costs incident to commencement of construction are not "preliminary expenditures" and official intent must be expressed as to these costs.

Any expenditures to be reimbursed from bond proceeds and initially paid from operating or capital reserve funds of the Borrower will be incurred solely to acquire, construct, or rehabilitate property having a reasonably expected economic life of at least one year.

Section 7. The Bonds shall never constitute an indebtedness of the Authority or the State within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Authority or the State or a charge against the general credit of the Authority or the State or the taxing powers of the State.

Section 8. Upon receipt by the Authority from the Borrower of evidence, which shall be satisfactory to the Authority, of the economic feasibility of the Project, there shall be and is hereby authorized and directed the submission on behalf of the Authority, of (i) a Petition requesting approval by the Coordinating Council pursuant to the provisions of Section 41-43-110 of the Act of the issuance of the Bonds through public or private sale, said Petition, and (ii) a Petition requesting approval by the State Fiscal Accountability Authority of allocation to the Bonds of $10,000,000 from the state ceiling for calendar year 2019, which Petitions constitute and are hereby made a part of this authorizing resolution, to be in form acceptable to the Coordinating Council and State Fiscal Accountability Authority, respectively.

Section 9. The Executive Director of the Authority shall be and is hereby authorized and directed to execute said Petition in the name and on behalf of the Authority and thereafter, upon the conditions set forth hereinabove, to submit an executed copy of this resolution to the Coordinating Council and the State Fiscal Accountability Authority.

Section 10. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its passage and approval.

Passed and approved _____.

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

_____

Harry A. Huntley
Executive Director

STATE OF SOUTH CAROLINA	)	
	)	
COUNTY OF RICHLAND	)	
	)	
TO THE STATE FISCAL	)	**PETITION OF SOUTH**
	)	**CAROLINA JOBS-ECONOMIC**
ACCOUNTABILITY AUTHORITY	)	**DEVELOPMENT AUTHORITY**
	)	

This Petition of the South Carolina Jobs-Economic Development Authority (the ***"Authority"***), pursuant to South Carolina Code Annotated, Title 1, Chapter 11 (1976), as amended (the ***"Act"***), respectfully shows:

1. The Act, among other things authorizes the State Fiscal Accountability Authority (the ***"SFAA"***) to allocate the State of South Carolina's (the ***"State"***) ceiling on the issuance of private activity bonds in response to authorized requests from issuing authorities.

2. Each State ceiling allocation made by the SFAA, unless eligible and approved for carry-forward election is valid only for the calendar year in which the State ceiling allocation is made.

3. The Authority has agreed to assist The Muffin Mam, Inc., a South Carolina corporation (together with its affiliates and assignees, the ***"Borrower"***), by issuing its industrial revenue bonds in one or more series in order to defray the cost of (i) acquiring and equipping a manufacturing facility to produce a variety of commercial bakery products to be located in the City of Laurens, South Carolina (the ***"Project"***); and (ii) paying certain costs of issuance of the Bonds. The Authority has petitioned the South Carolina Coordinating Council for Economic Development for approval of the Bonds, pursuant to Section 41-43-110 of the Code of Laws of South Carolina 1976, as amended.

4. The Project is expected to be a manufacturing facility as described under Section 142 of the Internal Revenue Code (the ***"Code"***).

5. The Bonds to be issued for the Project would require an allocation of $10,000,000 of the State ceiling. The Bonds constitute all of the private activity bond financing contemplated for the Project as of the date of this Petition.

Upon the basis of the foregoing, the Authority respectfully prays that the State Fiscal Accountability Authority (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such review as it deems advisable and (iii) allocate to the Bonds $10,000,000 from the State ceiling for calendar year 2019.

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Respectfully submitted,

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

By: _____
Harry A. Huntley
Executive Director

Dated: [_____]

STATE OF SOUTH CAROLINA	)	
	)	
COUNTY OF RICHLAND	)	
	)	
TO THE SOUTH CAROLINA	)	**PETITION OF SOUTH**
	)	**CAROLINA JOBS-ECONOMIC**
COORDINATING COUNCIL FOR	)	**DEVELOPMENT AUTHORITY**
	)	
ECONOMIC DEVELOPMENT	)	
	)	

This Petition of the South Carolina Jobs-Economic Development Authority (the ***"Authority"***), pursuant to South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended (the ***"Act"***), and specifically Section 41-43-110 thereof, respectfully shows:

1. The Act, among other things, empowers the Authority: (i) to utilize any of its program funds to establish loan programs for the purpose of reducing the cost of capital to business enterprises which meet the eligibility requirements of Section 41-43-150 of the Act and for other purposes described in Section 41-43-160 of the Act and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina (the ***"State"***) and act in conjunction with other persons and organizations, public or private, in the promotion and advancement of industrial, commercial, agricultural, and recreational development in this State; and (ii) subject to the approval of the South Carolina Coordinating Council for Economic Development of the issuance of its bonds through public or private sale pursuant to Section 41-43-110 of the Act, to issue revenue bonds in order to provide funds for any program authorized by the Act, and to secure the payment of such bonds all as in the Act provided.

2. The Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds, payable by the Authority solely from a revenue producing source or from a special source which does not include revenues from any tax or license and secured by a pledge of said revenues, to defray the cost of constructing and equipping a business enterprise as provided under the Act.

3. The Authority has agreed to assist The Muffin Mam, Inc., a South Carolina corporation (together with its affiliates and assignees, the ***"Borrower"***), by issuing its industrial revenue bonds in one or more series in order to defray the cost of (i) Acquiring and equipping of a manufacturing facility to product a variety of commercial bakery products to be located in the City of Laurens, South Carolina (the ***"Project"***); and (ii) paying certain costs of issuance of the Bonds.

4. The undersigned authorized officer of the Authority certifies that approval of the Project was not made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

5. The Authority has been advised by the Borrower that the estimated cost of financing the Project will be not exceeding $10,000,000, and the Borrower has requested the Authority to execute and deliver its industrial revenue bonds (The Muffin Mam, Inc. Project) in the aggregate principal amount of not exceeding $10,000,000 (the ***"Bonds"***).

6. The Bonds will be placed by a financial institution acceptable to the Authority through a private placement (or underwriting), which arrangement has been determined by the Authority to be most advantageous.

7. Pursuant to Section 41-43-150 of the Act, the Authority has made the requisite findings that:

(a) The Borrower is a responsible party engaged in the production of commercial bakery products.

(b) The Project constitutes an integral part of a "business enterprise," as said term is referred to in Section 41-43-160 of the Act, and the issuance of the Bonds in the aggregate principal amount of not exceeding $10,000,000 to finance the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(c) It is anticipated that the Project will benefit the general public welfare of the State, and City of Laurens in particular, by maintaining existing employment for approximately ninety (90) people and by providing employment for approximately one-hundred and fourteen (114) people within twenty-four (24) months when the Project is placed in full operation, with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance authorized herein bears a reasonable relationship to the principal amount of the Bonds.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State and City of Laurens, South Carolina (the ***"City"***) in particular, is reasonably expected to result therefrom.

Prior to issuance of the Bonds, the Authority will, as part of its proceedings:

(a) Require a resolution from the governing body of the City, as may be required by law, containing the following findings: (1) that the Project will subserve the purposes of the Act; (2) that the Project are anticipated to benefit the general public welfare of the City by providing services, employment, or other public benefits not otherwise provided locally; (3) that the Project will give rise to no pecuniary liability of the City, or a charge against the general credit or taxing power of the Cityor the State; and (4) the amount of bonds required to finance the Project;

(b) Hold a public hearing in the City, as required by law, in connection with such resolution;

(c) Make findings that the terms of the agreements to be entered into in connection with the Project are reasonable and proper as to the adequacy of protection for the public interest provided by such terms;

(d) Negotiate the terms of such agreements to the extent necessary to conclude that neither the Project, the Bonds proposed to be issued by the Authority to defray the cost of financing the Project, nor any documents or agreements entered into by the Authority in connection therewith will constitute or give rise to a pecuniary liability of the Authority or the State or a charge against the general credit or taxing power of either, and only program funds (as defined in the Act) will be made available to finance the cost of the Project;

(e) Undertake such review as is necessary to conclude that the Borrower is a responsible party with established credit; and

(f) Undertake such review as is necessary to conclude that the issuance of the Bonds by the Authority in the final principal amount requested by the Borrower will be required to defray the cost of financing the Project, and such principal amount bears a reasonable relationship to the amount of private funds also committed to the Project.

Upon the basis of the foregoing, the Authority respectfully prays that the South Carolina Coordinating Council for Economic Development (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such review as it deems advisable, and (iii) approve the issuance of the Bonds by the Authority through public or private sale pursuant to the Act to defray the cost of financing the Project (including changes in any details of the said financing as finally consummated which do not materially affect the undertaking of the Authority).

Respectfully submitted,

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

By: _____
Harry A. Huntley
Executive Director

Dated:

JEDA

Probitas Ventures, LLC

TRANSMITTAL FORM, REVENUE BONDS

TO: Delbert H. Singleton, Jr., Authority Secretary
State Fiscal Accountability Authority
600 Wade Hampton Building
Columbia, SC 29201
OR *P. O. Box 12444, Columbia, SC 29211*

DATE: December 18, 2018

Submitted for SFAA Meeting on:

January 29, 2019

FROM:

Kathleen C. McKinney, Haynsworth Sinkler Boyd, P.A.
Name of Law Firm

1 North Main Street, 2nd Floor
Street Address/Box Number

Greenville, SC 29601
City, State, Zip Code

864-240-3243
Area Code/Telephone Number

RE:

$10,000,000
Amount of Issue

SC Jobs-Economic Development Authority
Name of Issuing Authority

Industrial Revenue Development Bonds
Type of Bonds or Notes

2019
Projected Issue Date

Project Name: Probitas Ventures, LLC – Bennettsville SC AAC Manufacturing Plant

Project Description: Completion of a manufacturing facility to produce Autoclaved Aerated Concrete ("AAC") in Bennettsville, S.C. To include leasehold improvements; purchase and installation of equipment; and expansion from 50,000 sq ft to 70,000 sq ft.

Employment as a result of the project: Estimated minimum of 30 jobs within 24 months

Ceiling Allocation Required	Refunding Involved	Project Approved Previously
X Yes ($ 10,000,000) Amount __No	__Yes ($_____) Amount X No	X Yes ($ 10,000,000) Amount __No

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. X Petition

B. N/A Resolution or Ordinance

C. X Inducement Resolution or comparable preliminary approval

D. N/A Department of Health and Environmental Control Certificate *if required*

E. N/A State Fiscal Accountability Authority Resolution and Public Notice *(original)*

Plus _____ copies for certification and return to bond counsel

F. N/A Draft bond counsel opinion letter

G. N/A Processing Fee
Amount: $_____ *Check No:_____*
Payor:_____

Bond Counsel: Kathleen C. McKinney
Typed Name of Bond Counsel

By: Kathleen C. McKinney
SFAA Signature

STATE OF SOUTH CAROLINA	)	
	)	
COUNTY OF RICHLAND	)	
	)	
TO THE STATE FISCAL	)	**PETITION OF SOUTH**
	)	**CAROLINA JOBS-ECONOMIC**
ACCOUNTABILITY AUTHORITY	)	**DEVELOPMENT AUTHORITY**

This Petition of the South Carolina Jobs-Economic Development Authority (the ***"Authority"***), pursuant to South Carolina Code Annotated, Title 1, Chapter 11 (1976), as amended (the ***"Act"***), respectfully shows:

1. The Act, among other things authorizes the State Fiscal Accountability Authority (the ***"SFAA"***) to allocate the State of South Carolina's (the ***"State"***) ceiling on the issuance of private activity bonds in response to authorized requests from issuing authorities.

2. Each State ceiling allocation made by the SFAA, unless eligible and approved for carry-forward election is valid only for the calendar year in which the State ceiling allocation is made.

3. The Authority has agreed to assist Probitas Ventures, LLC, a South Carolina limited liability company (together with its affiliates and assignees, the ***"Borrower"***), by issuing its industrial revenue bonds in one or more series in order to defray the cost of (i) constructing and equipping of an approximately 20,000 square foot addition to a 50,000,000 square foot manufacturing facility located in Marlboro County, South Carolina that produces autoclaved aerated concrete (the ***"Project"***); and (ii) paying certain costs of issuance of the Bonds. The Authority has petitioned the South Carolina Coordinating Council for Economic Development for approval of the Bonds, pursuant to Section 41-43-110 of the Code of Laws of South Carolina 1976, as amended.

4. The Project and Bonds are expected to meet the requirements of Section 144 of the Internal Revenue Code (the ***"Code"***).

5. The Bonds to be issued for the Project would require an allocation of $10,000,000 of the State ceiling. The Bonds constitute all of the private activity bond financing contemplated for the Project as of the date of this Petition.

Upon the basis of the foregoing, the Authority respectfully prays that the State Fiscal Accountability Authority (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such review as it deems advisable and (iii) allocate to the Bonds $10,000,000 from the State ceiling for calendar year 2019.

Respectfully submitted,

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

By: _____
Harry Huntley, Executive Director

Dated: December 17, 2018

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT BY AND BETWEEN THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY AND PROBITAS VENTURES, LLC, WHEREBY UNDER CERTAIN CONDITIONS THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY WILL ISSUE NOT EXCEEDING $10,000,000 OF ITS INDUSTRIAL REVENUE BONDS PURSUANT TO THE PROVISIONS OF TITLE 41, CHAPTER 43, OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; AND AUTHORIZING THE APPLICATION UPON CERTAIN CONDITIONS TO THE SOUTH CAROLINA COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT FOR APPROVAL OF THE ISSUANCE OF SUCH BONDS AND THE STATE FISCAL ACCOUNTABILITY AUTHORITY FOR APPROVAL OF STATE CEILING ALLOCATION.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the ***"Authority"***), acting by and through its Board of Directors is authorized and empowered under and pursuant to the provisions of Title 41, Chapter 43, of the Code of Laws of South Carolina 1976, as amended (the ***"Act"***), to utilize any of its program funds to establish loan programs for the purpose of reducing the cost of capital to business enterprises which meet the eligibility requirements of Section 41-43-150 of the Act and for other purposes described in Section 41-43-160 of the Act and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina (the ***"State"***) and in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State; and

WHEREAS, the Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds, as defined in the Act to include notes, payable by the Authority solely from a revenue producing source and secured by a pledge of said revenues; and

WHEREAS, Probitas Ventures, LLC, a South Carolina limited liability company (together with its affiliates and assignees, the ***"Borrower"***), has applied to the Authority to issue not exceeding $10,000,000 of its industrial revenue bonds (the ***"Bonds"***) in one or more series in order to defray the cost of (i) constructing and equipping of an approximately 20,000 square foot addition to a 50,000 square foot manufacturing facility located in Marlboro County, South Carolina that produces autoclaved aerated concrete (the ***"Project"***); and (ii) paying certain costs of issuance of the Bonds; and the Authority wishes to induce the Borrower to cause the Project to be acquired, renovated and constructed within the State; and

WHEREAS, it is in the public interest, for the public benefit and in furtherance of the public purposes of the Authority that its Board of Directors provide preliminary approval of the issuance of industrial revenue bonds for the aforesaid purposes; and

WHEREAS, it is deemed advisable by the Authority to file with the South Carolina Coordinating Council for Economic Development (the ***"Coordinating Council"***), in compliance with Section 41-43-110 of the Act, the Petition of the Authority requesting approval by the Coordinating Council for the issuance of the Bonds at public or private sale upon receipt by the Authority from the Borrower of evidence satisfactory to the Authority of the economic feasibility of the Project; and

WHEREAS, it is deemed advisable by the Authority to file with the State Fiscal Accountability Authority, in compliance with the provisions of Title 1, Chapter 11, of the Code of Laws of South Carolina 1976, as amended, the Petition of the Authority requesting not exceeding $10,000,000 of the State ceiling to be allocated by the State Fiscal Accountability Authority to the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

Section 1. It is hereby found, determined, and declared as follows:

(a) The Borrower is a responsible party engaged in the production of aerated autoclaved concrete for the construction industry in South Carolina.

(b) The Borrower has demonstrated to the Authority that the assistance of the Authority by the issuance of the Bonds will result in the creation or maintenance of employment for those engaged in construction of the facilities of which the Project is an essential and necessary part, by maintaining existing employment for approximately two (2) people and by providing additional employment for approximately thirty (30) people within twenty-four (24) months when the Project is placed in full operation, with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance authorized herein bears a reasonable relationship to the principal amount of the Bonds.

(c) The principal amount of the Bonds bears a reasonable relationship to the amount of private funds committed to the Project.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State and Marlboro County, South Carolina (the ***"County"***) in particular, is reasonably expected to result therefrom.

Section 2. Subject to such approval by the State Fiscal Accountability Authority (as authorizer of State ceiling allocation), the Coordinating Council, and the governing body of the County, as required by law, the Board of Directors of the Authority preliminarily approves the issuance and sale of industrial revenue bonds of the Authority pursuant to Section 41-43-110 of the Act in a principal amount of not exceeding $10,000,000 for the purpose of providing financing to the Borrower for the acquisition, renovation, equipping and construction of the Project.

Section 3. The issuance and sale of the Bonds shall be upon such terms and conditions as may be mutually agreed upon by the Authority, the Borrower, and the purchaser of the Bonds, and shall be subject to completion of proceedings for issuance, sale, and delivery of the Bonds satisfactory to the Authority. The provisions, terms, and conditions of the agreements to be entered into in connection with the issuance of the Bonds by the Authority, and the form, details, rate or rates of interest, maturity, and redemption provisions, if any, of the Bonds, other details of any loan agreement relating to the Bonds, and findings required by the Act shall be prescribed by subsequent resolution of the Authority and shall be reasonable and proper, taking into account such factors as the type of program involved, the principal amount of the Bonds, and the number and type of program involved, the principal amount of the Bonds, and the number and type of jobs involved; the public interest shall be adequately protected by the terms thereof.

Section 4. The Executive Director of the Authority is hereby authorized and directed to execute the Inducement Agreement attached hereto in the name and on behalf of the Authority, and is hereby further authorized and directed to deliver said executed Inducement Agreement to the Borrower.

Section 5. It is the intention of the Authority that this resolution shall constitute official intent on the part of the Authority within the meaning of the applicable regulations of the Treasury Department relating to the issuance of tax-exempt revenue bonds.

Section 6. To be eligible for reimbursement of any expenditures, the Borrower will allocate the proceeds of any bonds to reimburse such expenditures not later than 18 months after the later of (a) the date on which the original expenditures were paid or (b) the date the project was placed in service or abandoned, but in no event more than three years after the original expenditures were paid. Expenditures, for purposes of the declaration of official intent and the reimbursement allocation, do not apply to any "preliminary expenditures" for a project, up to an amount not in excess of 20 percent of the aggregate issue price of the bonds. ***"Preliminary expenditures"*** include architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that were incurred prior to the commencement of acquisition, construction or rehabilitation of any project. Costs such as land acquisition, site preparation, and similar costs incident to commencement of construction are not "preliminary expenditures" and official intent must be expressed as to these costs.

Any expenditures to be reimbursed from bond proceeds and initially paid from operating or capital reserve funds of the Borrower will be incurred solely to acquire, construct, or rehabilitate property having a reasonably expected economic life of at least one year.

Section 7. The Bonds shall never constitute an indebtedness of the Authority or the State within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Authority or the State or a charge against the general credit of the Authority or the State or the taxing powers of the State.

Section 8. Upon receipt by the Authority from the Borrower of evidence, which shall be satisfactory to the Authority, of the economic feasibility of the Project, there shall be and is hereby authorized and directed the submission on behalf of the Authority, of (i) a Petition requesting approval by the Coordinating Council pursuant to the provisions of Section 41-43-110 of the Act of the issuance of the Bonds through public or private sale, said Petition, and (ii) a Petition requesting approval by the State Fiscal Accountability Authority of allocation to the Bonds of $10,000,000 from the state ceiling for calendar year 2018, which Petitions constitute and are hereby made a part of this authorizing resolution, to be in form acceptable to the Coordinating Council and State Fiscal Accountability Authority, respectively.

Section 9. The Executive Director of the Authority shall be and is hereby authorized and directed to execute said Petition in the name and on behalf of the Authority and thereafter, upon the conditions set forth hereinabove, to submit an executed copy of this resolution to the Coordinating Council and the State Fiscal Accountability Authority.

Section 10. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its passage and approval.

Passed and approved March 21, 2018.

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

Harry A. Huntley
Executive Director

STATE OF SOUTH CAROLINA	)	
	)	
COUNTY OF RICHLAND	)	
	)	
TO THE STATE FISCAL	)	**PETITION OF SOUTH**
	)	**CAROLINA JOBS-ECONOMIC**
ACCOUNTABILITY AUTHORITY	)	**DEVELOPMENT AUTHORITY**

This Petition of the South Carolina Jobs-Economic Development Authority (the ***"Authority"***), pursuant to South Carolina Code Annotated, Title 1, Chapter 11 (1976), as amended (the ***"Act"***), respectfully shows:

1. The Act, among other things authorizes the State Fiscal Accountability Authority (the ***"SFAA"***) to allocate the State of South Carolina's (the ***"State"***) ceiling on the issuance of private activity bonds in response to authorized requests from issuing authorities.

2. Each State ceiling allocation made by the SFAA, unless eligible and approved for carry-forward election is valid only for the calendar year in which the State ceiling allocation is made.

3. The Authority has agreed to assist Probitas Ventures, LLC, a South Carolina limited liability company (together with its affiliates and assignees, the ***"Borrower"***), by issuing its industrial revenue bonds in one or more series in order to defray the cost of (i) constructing and equipping of an approximately 20,000 square foot addition to a 50,000,000 square foot manufacturing facility located in Marlboro County, South Carolina that produces autoclaved aerated concrete (the ***"Project"***); and (ii) paying certain costs of issuance of the Bonds. The Authority has petitioned the South Carolina Coordinating Council for Economic Development for approval of the Bonds, pursuant to Section 41-43-110 of the Code of Laws of South Carolina 1976, as amended.

4. The Project and Bonds are expected to meet the requirements of Section 144 of the Internal Revenue Code (the ***"Code"***).

5. The Bonds to be issued for the Project would require an allocation of $10,000,000 of the State ceiling. The Bonds constitute all of the private activity bond financing contemplated for the Project as of the date of this Petition.

Upon the basis of the foregoing, the Authority respectfully prays that the State Fiscal Accountability Authority (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such review as it deems advisable and (iii) allocate to the Bonds $10,000,000 from the State ceiling for calendar year 2018.

Respectfully submitted,

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

By: _____

Harry A. Huntley
Executive Director

Dated: March 21, 2018

INDUCEMENT AGREEMENT

THIS AGREEMENT made and entered into by and between the **SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY**, a public body corporate and politic and an agency of the State of South Carolina (the ***"Authority"***), and **PROBITAS VENTURES, LLC**, a South Carolina limited liability company (together with its affiliates and assignees, the ***"Borrower"***).

W I T N E S S E T H :

ARTICLE I

RECITATION OF FACTS

As a means of setting forth the matters of mutual inducement which have resulted in the making and entering into of this Agreement, the following statements of fact are herewith recited:

Section 1.01. The Authority, acting by and through its Board of Directors, is authorized and empowered under and pursuant to the provisions of Title 41, Chapter 43 of the Code of Laws of South Carolina 1976, as amended (the ***"Act"***), to utilize any of its program funds to establish loan programs for the purpose of reducing the cost of capital to business enterprises which meet the eligibility requirements of Section 41-43-150 of the Act and for other purposes described in Section 41-43-160 of the Act and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina (the ***"State"***) and in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State.

Section 1.02. The Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds, as defined in the Act to include notes, payable by the Authority solely from a revenue producing source and secured by a pledge of said revenues in order to provide funds for any program authorized by the Act.

Section 1.03. The Borrower has applied to the Authority to issue not exceeding $10,000,000 of its industrial revenue bonds (Probitas Ventures, LLC Project) (the ***"Bonds"***) in one or more series, in order to defray the cost of (i) constructing and equipping of an approximately 20,000 square foot addition to a 50,000 square foot manufacturing facility located in Marlboro County, South Carolina that produces autoclaved aerated concrete (the ***"Project"***); and (ii) paying certain costs of issuance of the Bonds; and the Authority wishes to induce the Borrower to cause the Project to be acquired and constructed within the State; and

Section 1.04. (a) The Borrower is a responsible party engaged in the production of aerated autoclaved concrete for the construction industry.

(b) The Borrower has demonstrated to the Authority that the assistance of the Authority by the issuance of the Bonds will result in the creation or maintenance of employment for those engaged in construction of the facilities of which the Project is an essential and necessary part, by maintaining existing employment for approximately two (2) people and by providing additional employment for approximately thirty (30) people within twenty-four (24) months when the Project is placed in full operation, with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance authorized herein bears a reasonable relationship to the principal amount of the Bonds.

(c) The principal amount of the Bonds bears a reasonable relationship to the amount of private funds committed to the Project.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State, and Marlboro County, South Carolina (the *"County"*) in particular, is reasonably expected to result therefrom.

Section 1.05. The Authority has given due consideration to all the proposals and requests of the Borrower and has agreed to endeavor to effect the issuance of the Bonds at the time and on the terms and conditions hereafter set forth.

ARTICLE II

UNDERTAKING ON THE PART OF THE AUTHORITY

The Authority agrees as follows:

Section 2.01. The Authority will, subject to such approval by the State Fiscal Accountability Authority (as authorizer of State ceiling allocation), the Coordinating Council for Economic Development, and the governing body of the County, as may be required by law and subject to the limitations set forth herein, authorize the issuance of the Bonds at such time as the Borrower may request the Authority to do so.

Section 2.02. The proceeds of any sale of the Bonds may be applied to the payment of the costs of the Project as determined under the Act including, without limitations, the expenses incurred in connection with the issuance and sale of the Bonds, the acquisition, renovation and construction of the Project including all buildings, necessary machinery and equipment, and other items permitted by the Act, and the repayment of any funds, advances, or loans incurred by the Borrower for such purposes.

Section 2.03. Prior to issuing the Bonds, the Authority may enter into a loan agreement with the Borrower and a security agreement with the trustee (to be requested by the Borrower and approved by the Authority and the State Treasurer) or directly with the purchasers of the Bonds, pursuant to which the Bonds will be secured and issued. Such documents shall be substantially in the form used in connection with the issuance of other State revenue bonds and shall constitute a lien on the revenues derived from the Borrower with respect to the Project to secure the payment of the Bonds. Provisions, terms, and conditions of the agreements to be entered into in connection with the issuance of the Bonds by the Authority, and the form, details, rate or rates of interest, maturity, redemption provisions, if any, of the Bonds, and other details of any loan agreement relating to the Bonds, shall be prescribed by subsequent resolution of the Authority and shall be reasonable and proper, taking into account such facts as type of program involved, the principal amount of the Bonds, and the number and type of jobs involved; the public interest shall be adequately protected by the terms thereof.

Section 2.04. The Authority will perform such other acts and adopt such further proceedings as may be required faithfully to implement its undertaking and to consummate the proposed financing.

Section 2.05. The undertakings of the Authority hereunder are contingent upon the Authority continuing to evaluate the Project as beneficial to the public interest after considering all additional circumstances of which the Authority may hereafter become aware and upon the Borrower providing the

Authority with such further evidence as may be satisfactory to the Authority as to compliance with all applicable statutes and regulations.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE BORROWER

Section 3.01. The Borrower agrees that the Authority will have no obligation to find a purchaser of the Bonds and acknowledges that the Authority's approval of this Agreement is preliminary and is conditioned upon the Authority continuing to evaluate the Project as beneficial to the public interest after considering all additional circumstances of which the Authority may hereafter become aware.

Section 3.02. The Borrower further agrees, if the plan proceeds as contemplated, as follows:

(a) to finance the Project, provided that the Borrower may choose to issue the Bonds in one or more series to finance components of the Project;

(b) to enter into a loan agreement with the Authority, under the terms of which the Borrower will obligate itself to pay to the Authority sums sufficient to pay the principal, interest and premium, if any, on the Bonds, as and when the same become due and payable;

(c) to hold the Authority harmless from all pecuniary liability and to reimburse it for all expenses to which it might be put in the fulfillment of its obligations under this Agreement;

(d) to perform such further acts and adopt such further proceedings as may be required faithfully to implement its undertakings and to consummate the proposed financing; and

(e) to covenant and agree in the loan agreement referred to above to maintain the Project and to install in the buildings which are to become a part of the Project all necessary equipment and machinery and initially to operate the Project in the manner described in Section 1.03 hereof.

ARTICLE IV

GENERAL PROVISION

Section 4.01. All commitments of the Authority under Article II hereof are subject to all of the provisions of the Act and regulations of the Authority pursuant thereto and the conditions that nothing contained in this Agreement shall constitute nor give rise to a pecuniary liability of the Authority or a charge against its general credit.

Section 4.02. The parties hereto agree, and express their official intent within the meaning of Reg. 1.150 of the Internal Revenue Code of 1986, as amended, that the Borrower may proceed with the Project, including construction, renovation and improvement of buildings and the acquisition and installation of the equipment and machinery, prior to the issuance of Bonds, and can be reimbursed from the proceeds of the Bonds to the extent permitted by state and federal laws applicable to tax-exempt bonds. Any expenditures incurred prior to the issuance of the Bonds will be paid from funds provided by the Borrower.

Section 4.03. All commitments of the Authority and the Borrower hereunder are subject to the condition that the Authority and the Borrower do agree on mutually acceptable terms and conditions of all documents, the execution and delivery of which are contemplated by the provisions hereof.

Section 4.04. To be eligible for reimbursement of any expenditures, the Borrower will allocate the proceeds of any bonds to reimburse such expenditures not later than 18 months after the later of (a) the date on which the original expenditures were paid or (b) the date the project was placed in service or abandoned, but in no event more than three years after the original expenditures were paid. Expenditures, for purposes of the declaration of official intent and the reimbursement allocation, do not apply to any "preliminary expenditures" for a project, up to an amount not in excess of 20 percent of the aggregate issue price of the bonds. ***"Preliminary expenditures"*** include architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that were incurred prior to the commencement of acquisition, construction or rehabilitation of any project. Costs such as land acquisition, site preparation, and similar costs incident to commencement of construction are not "preliminary expenditures" and official intent must be expressed as to these costs.

Any expenditures to be reimbursed from bond proceeds and initially paid from operating or capital reserve funds of the Borrower will be incurred solely to acquire, construct, or rehabilitate property having a reasonably expected economic life of at least one year.

Section 4.05. The parties understand that the Borrower or the Authority may choose not to finance the Project as herein provided, in which event this Agreement shall become void.

Section 4.06. This Agreement may be assigned by the Borrower in whole or in part to any corporate affiliate of the Borrower, any subsidiary corporation or limited liability company organized under the laws of any state of the United States to be formed, any partner or shareholder in the Borrower, or to any company in which the Borrower or one or more of its partners or shareholders has a majority interest (any of the foregoing being referred to hereinafter as a ***"Related Company"***), or any person or company which is willing to lease the Project to the Borrower or any Related Company.

Section 4.07. It is the intention of the parties hereto that this Agreement shall constitute official intent on the part of the Authority within the meaning of the applicable regulations of the Treasury Department relating to the issuance of tax-exempt bonds.

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IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Agreement on the respective dates indicated below.

SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY

Harry A. Huntley
Executive Director

Dated: March 21, 2018

PROBITAS VENTURES, LLC

By: _____

Its: MANAGING MEMBER

Dated: March 22 2018

STATE FISCAL ACCOUNTABILITY AUTHORITY — REGULAR SESSION

MEETING OF January 29, 2019 — ITEM NUMBER 13

AGENCY: State Fiscal Accountability Authority

SUBJECT: Future Meeting

The next regular meeting of the State Fiscal Accountability Authority will be held at 9:30 a.m. on Tuesday, March 5, 2019, in Room 252, Edgar A. Brown Building.

AUTHORITY ACTION REQUESTED:

Agree to meet at 9:30 a.m. on Tuesday, March 5, 2019, in Room 252, Edgar A. Brown Building.

ATTACHMENTS: