

Lancaster County Council Administration Committee

Thursday, May 21, 2015

**County Council Conference Room
Council Administration Building
100 N. Main Street
Lancaster, SC 29720**

1. Call to Order – Committee Chair Brian Carnes 4:30 p.m.

2. Approval of the agenda *[deletions and additions of non-substantive matters]*

3. Minutes of the following Administration Committee meetings

- a. April 10th - pgs. 2-5
- b. April 16th - pgs. 6-10

4. Citizens Comments

5. Discussion / Action Items

- a. Walnut Creek – *Frannie Heizer, Scott Bayliss and John Schotz – pgs. 11-29*
- b. Possible Sun City Refunding – *Frannie Heizer, pgs. 30-31*
- c. Defeasance Bailes Ridge Bonds – *Frannie Heizer, pgs. 32-34*
- d. Continued discussion of Procurement Policy – *Steve Willis*
- e. Budget discussion/update – *Steve Willis*

6. Miscellaneous Reports and Correspondence

- a. Application process – *pgs. 35-36*

7. Adjournment

Anyone requiring special services to attend this meeting should contact 285-1565 at least 24 hours in advance of this meeting.

Lancaster County Council Administration Committee agendas are posted at the Lancaster County Administration Building and are available on the Website: www.mylancastersc.org



Brian Carnes, District 7, Chairman
Bob Bundy, District 3
Charlene McGriff, District 2

Minutes of the Lancaster County Council Administration Committee Meeting

101 N. Main Street, Lancaster, SC 29720

Thursday, April 10, 2015

5:30 p.m.

Council Members present were Brian Carnes, Bob Bundy and Charlene McGriff. Also present was Steve Willis, John Weaver, Veronica Thompson, Kimberly Hill, Debbie Hardin, various Department Heads and spectators. A quorum of the Lancaster County Administration Committee was present for the meeting.

The following press was notified of the meeting by e-mail or by fax in accordance with the Freedom of Information Act: Lancaster News, Kershaw News Era, The Rock Hill Herald, Fort Mill Times, Cable News 2, Channel 9 and the local Government Channel. The agenda was also posted in the lobby of the County Administration Building the required length of time and on the county website.

Approval of the agenda

Charlene McGriff moved to approve the agenda as written. SECONDED by Bob Bundy. Passed 3-0.

Minutes of the April 2, 2015

The April 2, 2015 minutes were not complete at the time of this meeting. These minutes will be brought back to the next meeting for approval.

Citizens Comments

John Wilt, 903 Rock Hill Highway, spoke regarding the 4H program, criminal justice system, and the stormwater project.

Discussion / Action Items

FY 2015-201 Budget Review

Solicitor and Public Defender's Office

Mike Lifesay and Randy Newman were present to discuss budgets for the Public Defender's Office and the Solicitor's Office. The Administrator's recommended budget included additional funding for the two positions that were only funded for 10 months last year. Solicitor Newman is also asking for an additional person, and the Victim's Advocate position that is presently funded by a grant that is running out and can no longer be applied for. Public Defender Lifesay also requested additional staff.

DRAFT

Circuit Court – decreased the juror line item due to trend data.

Clerk of Court – increase in postage.

Family Court – increase only in 10 year veteran employees.

Mr. Willis noted that in the budget across the board, the salary increases include 1% cost of living and an increase for those employees that have worked for the county 10 years or longer. The 10 year or longer increase is based on getting the employees to their market value – one half funding this year and one half in next years budget.

Probate Court – no changes.

Sheriff's Office – recommending the following staff increase:

1. LASO – Officer
2. Chemist
3. Two deputies that are coming off the grant.

DRAFT

Sheriff Faile spoke about the need for an expungement clerk.

Steve Willis noted that the apartments in Bailes Ridge will not generate any tax funds since it was part of a bond. Steve Harper asked if we could pay off the bond, so as to get the apartments on the tax rolls. Mr. Willis stated that this will be reviewed and he will report back findings.

The Sheriff and Mr. Willis spoke of the body cameras and the issue that this could cause in additional operation, personnel and fringe cost to the county.

Sheriff Faile also discussed the Detention Center and the need to hire more females. He stated that the daily average of the jail is 145 people. Mr. Willis noted that the recommended budget includes a study for a new detention facility.

Communications – Chris Nunnery spoke of the need for more personnel and IT staff.

EMS – increase in salary for paramedic an additional \$3. Mr. Willis discussed that the thoughts of a 4th shift have been abandoned due to lack of funding. Clay Catoe, EMS Director, discussed the need for a 4th shift because of the large overtime. Overtime is an issue in part because of the open, unfilled positions. The positons of paramedic that remain

unfilled is because of the low salary. Mr. Willis mentioned to cut cost, the County may need to look at closing one of the stations and running seven instead of eight.

Clay Catoe stated that he is totally against closing a station and that he would like to maintain the integrity of EMS by keeping a certain level of response for public safety. He reported that last year EMS ran 14,000 calls at an average of 11 minutes of response time. Mr. Catoe also discussed that there are numerous bills that are in the works that would have a direct impact on EMS and the budget.

Bob Bundy and Charlene McGriff commented that the topic regarding EMS overtime and possibly shutting down a station will need a closer look and serious discussion.

Clay Catoe discussed that the pay increase for paramedics would allow him to fully staff the stations, then we would not need as much overtime and could keep all stations open. Kimberly Hill will monitor the numbers.

Roads and Bridges – Jeff Catoe requested additional asphalt and stone for creek crossing upgrades that were not recommended in the Administrator's budget. The Administrator did recommend an expense of \$75,000 to work with Fish and Wildlife on the Langley Road upgrade.

Fleet Operations – recommended a maintenance technician.

Building Maintenance – upgrade to lighting.

Solid Waste – Mr. Willis discussed the new Indian Land Convenience site.

Health Department / DSS – no changes.

Veteran Affairs – no changes. Robin Helms discussed the VA budget and the new building.

Library – Mr. Willis discussed transitioning this department into the County Department system.

Steve Willis reviewed the Capital Improvement Fund and revenues. He also discussed the staffing need for a Program Supervisor for the Indian Land Recreation Facility that was not recommended in the Administrator's budget. Councilman Carnes requested information on the staffing at all other locations. Councilwoman McGriff asked if the fees could be increased to accommodate a full time position.

Committee members directed Mr. Willis to provide a priority list of that that we are not able to fund that can be funded later.

Adjournment

Bob Bundy moved to adjourn. Passed 2-0. (Charlene McGriff left the meeting early).

Respectfully Submitted:

Approved by the Administration Committee Chair

Debbie C. Hardin
Clerk to Council

Brian Carnes, Chairman

DRAFT



Members of Lancaster County Council
Administration Committee

Brian Carnes, District 7, Chairman
Bob Bundy, District 3
Charlene McGriff, District 2

Minutes of the Lancaster County Council Administration Committee Meeting
101 N. Main Street, Lancaster, SC 29720

Thursday, April 16, 2015
4:30 p.m.

Council Members present were Brian Carnes and Bob Bundy. Councilwoman Charlene McGriff was absent. Also present was Steve Willis, John Weaver, Veronica Thompson, Kimberly Hill, Debbie Hardin, various Department Heads and spectators. A quorum of the Lancaster County Administration Committee was present for the meeting.

The following press was notified of the meeting by e-mail or by fax in accordance with the Freedom of Information Act: Lancaster News, Kershaw News Era, The Rock Hill Herald, Fort Mill Times, Cable News 2, Channel 9 and the local Government Channel. The agenda was also posted in the lobby of the County Administration Building the required length of time and on the county website.

Approval of the agenda

Bob Bundy moved to approve the agenda as written. SECONDED by Brian Carnes. Passed 2-0.

Minutes of the April 2, 2015

Bob Bundy moved to approve the minutes of the April 2, 2015 meeting. SECONDED by Brian Carnes. Passed 2-0.

Citizens Comments

Melvin Threatt, spoke regarding the need for additional staff for the Solicitor and Public Defender's offices and Sheriff's office.

Hubie Tolson, spoke regarding the tract of land on 521 and Shelly Mulls Road that he has a contract on that has suffered setbacks and thousands of dollars due to the errors in PDD26, Ordinance 959. He has requested a change in the development agreement that roof top fees be paid when building permits are issued. This item is on the agenda for discussion as Item 5f – proposed amendment to Ordinance 960.

Steve Willis noted for the record that Brian Beer with the Clemson Extension had a conflict and could not be at this meeting.

DRAFT

Discussion / Action Items

Heath Springs Industrial Park Speculative Building

Mr. Weaver presented options regarding the Heath Springs Industrial Park Speculative Building with respect to the proposed loan with Santee Cooper Economic Development Loan as follows:

- Pay from Fund Balance
- Pledge General Fund revenue
- Decline to move forward with the spec building project
- Accept LCEDC projections of the 7% fund and move forward with the loan application

Keith Tunnell reported that he spoke with Municap and will have Mr. Thad Wilson work on projections of the 7% fund at the cost to the Economic Development Corporation. He also recommended that Council move forward with the spec building.

Councilman Bundy discussed that we would need to wait on the information from Thad Wilson prior to proceeding. He also requested that Kim Hill look at the fund balance and the impact.

Bob Bundy moved to defer to the next meeting pending further information. Brian Carnes seconded. Passed 2-0.

Process Improvement – Procurement

Bryant Cook reviewed the attached strategic procurement process. John Weaver commented that this would come back before Council in the form of an ordinance.

Steve Willis requested that we defer the proposed ordinance to give Mr. Cook a chance to try it out.

Bob Bundy and Brian Carnes stated that they had no objection to the proposed process and to get it implemented.

Application for Employment

Lisa Robinson, Human Resource Director, spoke to the committee regarding the employment application and hiring practices.

Bob Bundy requested that Ms. Robinson look into the matter of background checks on all new hires and the cost associated with this vs. our current practice.

Brian Carnes requested that full applications be kept on all employees.

Proposed Ordinance regarding Nutramax Fee Agreement

John Weaver reported that Nutramax is a \$29 million dollar investment and is looking to invest \$21 million more. Nutramax is requesting an extension of incentives for this new investment.

Bob Bundy moved to recommend to Council. Brian Carnes seconded. Passed 2-0.

Proposed Resolution regarding the Fee Agreement transfer of MacMillian Investments

John Weaver explained that this Resolution is to transfer the fee agreement of IA Fort Mill to ARC CTFTMSC001, LLC. Mr. Weaver further explained that this was an administrative oversight between the Grantor and the Grantee of the companies in August of 2014 when a request was not made to Lancaster County Council for approval of an assignment of rights, interest and obligations under the Fee Agreement on property that was subject to the Agreement.

Bob Bundy moved to recommend approval to Council. Brian Carnes seconded. Passed 2-0.

Proposed amendment to Ordinance 960

John Weaver discussed that this item is a request of the developer to amend Ordinance 960 so as to permit the Developer to pay the One Million (\$1,000,000) Dollar fee on a "per house" basis rather than on a lump sum basis as required in the original Development Agreement. The Developer's request is related to Ordinance 959 and the errors made with that ordinance that the Developer claims to have caused a financial impact on the Development.

Bob Bundy moved to recommend to Council that instead of the lump sum payment of the 1 Million, that the payment be made with the pulling of the permits per house. Seconded by Brian Carnes. Passed 2-0.

Annual Council of Government grants

Steve Willis stated that the Catawba Council of Governments has requested that we once again serve as the lead entity for the annual Council of Governments Planning Grant. Mr. Willis recommends that we serve again this year and will bring it before full Council at the next Council meeting.

Proposed Ordinance in regards to expanding the boundaries of the Multi-County Park with Chesterfield County

John Weaver explained that Lancaster County is being asked to amend the Master Multi-County Park agreement with Chesterfield so as to permit Chesterfield County to expand the boundaries in its County. He further stated that the final form of this ordinance will not come to Council until the exhibits are sent in by the counsel for Chesterfield County.

LCEDC Employees – Employer/Employee Relationship

Steve Willis explained that he is concerned that LCEDC Employees, who are no longer county employees, are still reporting to PEBA (state health plan) as employees. Mr. Willis reported that since the bylaws were passed in October 2014, Lancaster County has continued to carry the employees on the county's HR records as if they were still county employees, thus allowing them to remain covered by the state benefits temporarily while LCEDC made application to PEBA for its own stand-alone coverage as the economic development arm of Lancaster County.

Brian Carnes stated that there has been more than enough up roar on this matter and that there should have been a date put in place for the application to PEBA. Councilman Carnes also stated that LCEDC will be passing another set of bylaws similar to the Greenville model and those will be brought to County Council for consideration.

Keith Tunnell spoke regarding the bylaws that are being considered by the LCEDC board and that those would be brought to Council for consideration and asked that we wait until that process was complete before we go to PEBA.

Bernie Maybank, Attorney for LCEDC, stated that PEBA could have a problem passing the bylaws as written and could cause a ripple effect around the state. He suggested that Council consider the Greenville model bylaws and leave PEBA alone.

Mr. Willis pointed out that Greenville County is self insured and is not under the state health plan.

Bob Bundy moved to bring this item to full Council. Seconded by Brian Carnes. Passed 2-0.

FY 2015-2016 Budget Review

Steve Willis picked up budget discussions with the remaining few departments, beginning with Emergency Management, which had very little change.

Fire Service – Morris Russell conveyed to the Committee that Fire Commission did not understand the cuts and stated that because we took on rescue, we lost on the fire side. The recommended budget did not include additional funding for turn out gear and the retention grant was approved and it was taken out of the budget.

Bob Bundy assured Mr. Russell that Council has to look at everyone's budget and Fire Service did not receive less than other budgetary needs.

Mr. Russell also discussed the fire truck purchases through the bond and stated that the specifications are completed and wanted to know the next steps. Steve Willis informed Mr. Russell that the specifications will go to the Public Safety Committee.

Recreation – Katherine Walters expressed the tremendous amount of activity in the Indian Land Recreation building and that the Joint Recreation Commission doesn't support raising surcharges and fees to hire a full time person. She voiced concerns about the activity and potential activity in Indian Land and the need for a full time person.

Adjournment

Bob Bundy moved to adjourn. Passed 2-0.

Respectfully Submitted:

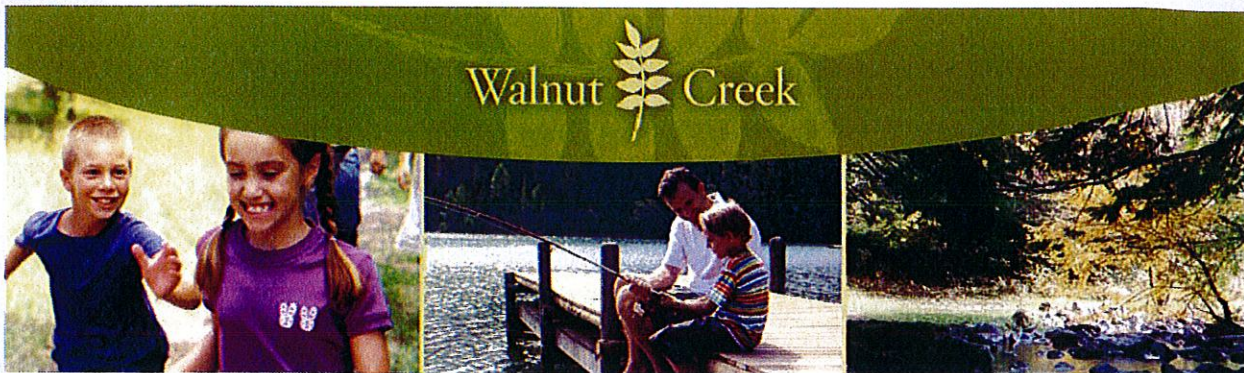
Approved by the Administration Committee Chair

Debbie C. Hardin
Clerk to Council

Brian Carnes, Chairman

WALNUT CREEK

Summary of Proposed District Restructuring



May 2015



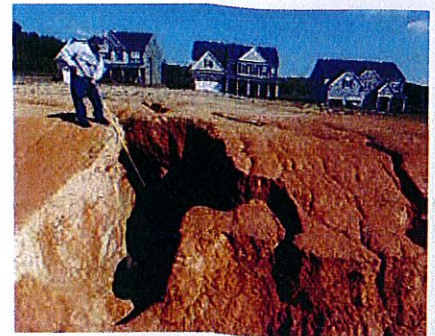
Executive Summary

Edenmoor Holdings, LLC (joint venture of the Saybrook Municipal Opportunity Fund IV, L.P. and LStar) is requesting the assistance of Lancaster County with the following items related to the Edenmoor Improvement District:

1. Renaming of the District to "Walnut Creek Improvement District"
2. Adding 2 tracts of contiguous land owned by Edenmoor Holdings to the District
3. Adjusting the District's Rate and Method of Apportionment ("RMA") to accommodate alternative product densities (townhomes vs. single-family lots)
4. Creating 3 separate Bonding Areas within the District for purposes of resolving the District's defaulted 2006 Bond issue

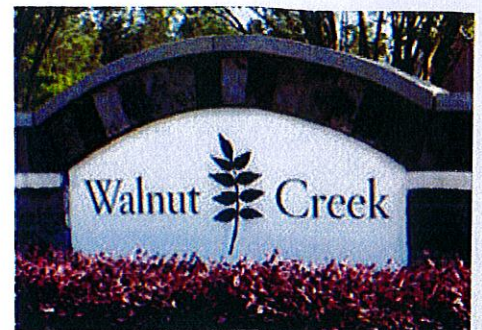
Historical Overview

- 2006
 - 868-acre Edenmoor Improvement District (the "District") formed in January 2006
 - Lancaster County issues \$35.615 million of Edenmoor Improvement District Assessment Revenue Bonds, Series 2006A and Series 2006B (the "Bonds") in May 2006
- 2007 – 2010
 - The Bonds finance over \$28.0 million of public improvements
 - Improvements to Jim Wilson Road and Highway 521
 - Offsite and partial on-site water, sewer and storm-water systems
 - Partial completion of County Park and EMS Station
 - Lawson's Bend abandons the development after selling only 113 lots to homebuilders (less than 70 homeowners)
 - Lawson's Bend defaults on payment of Bond assessments and property taxes in 2009
 - Erosion control measures fail (South Carolina Department of Health and Environmental Control issues notice of non-compliance in February 2009)
 - Public infrastructure improvements fail (i.e. wide-spread erosion, road failures, sinkholes, vandalism)
 - Forfeited Land Commission of Lancaster County (the "FLC") acquires lots previously owned by Lawson's Bend through foreclosure in November 2010



Historical Overview

- 2011- 2014
 - Saybrook purchases majority of outstanding Edenmoor Bonds in July 2011
 - Saybrook and LStar form joint venture named Edenmoor Holdings, LLC
 - Edenmoor Holdings acquires all of the District land from the FLC in October 2011
 - \$2.1 million of past due real estate property taxes paid
 - Lancaster County School District receives \$850,000 from sale proceeds
 - Repairs to District public improvements commence immediately after purchase and are completed by end of 2012
 - New EMS Station and 60- acre Park dedicated to the County
 - \$2.0 million clubhouse and pool completed in 2013
 - Over \$26.0 million invested into the development (excluding land and bond purchases) by Edenmoor Holdings
 - April 24, 2013 declared "Walnut Creek Day" by the County

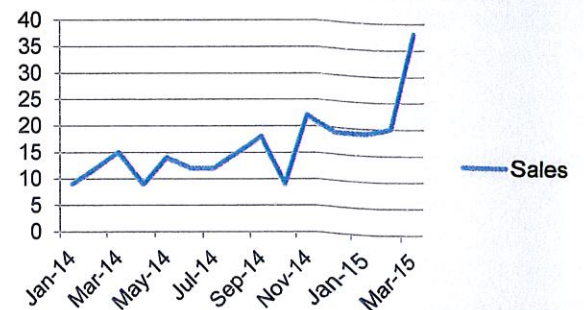


Current Status of Development

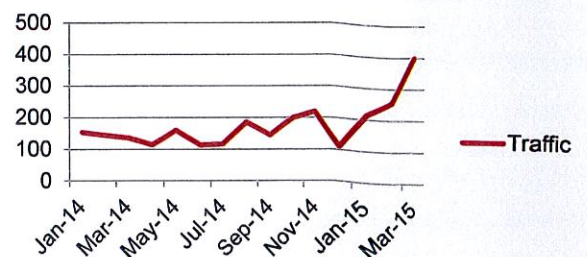
- 2nd most successful community/subdivision in Charlotte MSA*
- 334 homeowners
- 231 lots owned by home-builders (70 spec homes under construction)
- 270 additional lots under contract with home-builders
- 20 home sales per month, on average
- \$72.0 million market value of Phase 1 alone
- \$3.0 million roadway connecting all Phases will be completed in the summer of 2015

* Metrostudy 1Q15 Charlotte Residential Survey, Subdivision Absorption Ranking

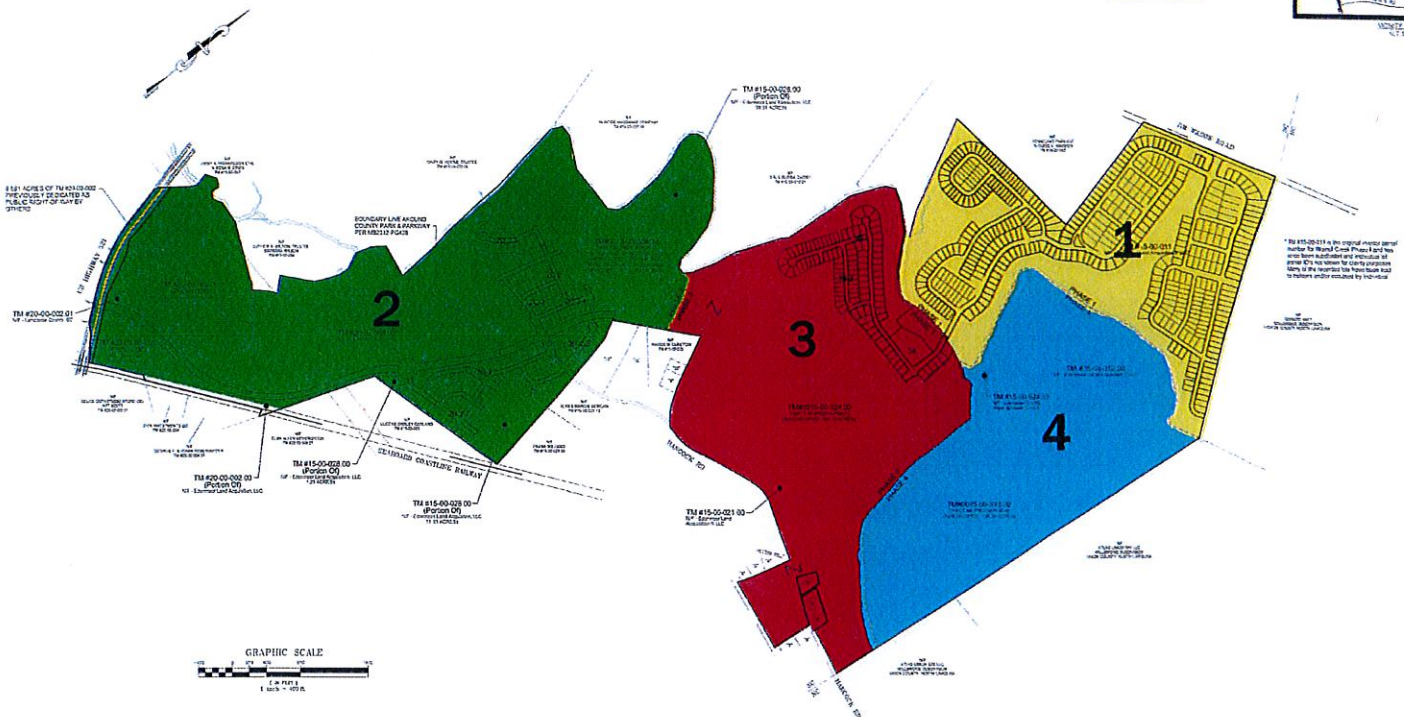
**Walnut Creek
Builder Reported Home Sales**



**Walnut Creek
Builder Reported Traffic**



EXISTING PHASES OF DEVELOPMENT

[illegible]

Current Bond Status

- \$25.05 million principal amount of Bonds remain outstanding
- The Bonds are in default
- 3 separate forbearance agreements approved by the County Council (2012, 2013, and 2014)
- 100% of outstanding Bonds are owned by a subsidiary of Edenmoor Holdings
- No additional bondholders are needed to consent to proposed restructuring of the Bonds.
- **Proposed restructuring will resolve all existing events of default on the Bonds.**

Request 1: Renaming of the District

- Changing the name of the District to the Walnut Creek Improvement District will:
 - Remove negativity associated with the District's history
 - Improve marketability of the District's bond issues
 - Enhance builder and brokerage community awareness of the Walnut Creek "brand"
 - Compliment the significant sums of money invested in rebranding the community

Request 2: Add 2 Tracts of Contiguous Land to the District

- Tracts 3F and 4F were originally intended to be part of the District
- Tracts are 100% owned by subsidiaries of Edenmoor Holdings
- Tracts are contiguous to or surrounded by existing parcels already within the District
- Tract 3F to become part of new Bonding Area 2
- Tract 4F to become part of new Bonding Area 3
- Parcels will add 57.1 acres to the District (548 lots)



Request 3: Adjust Rate and Method of Apportionment

- Current RMA requires each lot to pay the same amount of assessment regardless of size or location.
- Adjust RMA to allow for different assessment rates based on product densities (i.e. townhomes, multifamily, and single-family)
- Assessment factors may be set as follows:
 - Single Family Lot = 1 Equivalent Assessment Factor ("EAF")
 - Multifamily Lot = 0.5 EAF
 - Townhome = 0.5 EAF
 - Commercial = 3.2 EAFs per acre
- No vote needed from existing homeowners or builders for Bonding Area 1 (no change in current assessment obligations)
- Land comprising new Bonding Areas 2 and 3 are 100% owned by subsidiaries of Edenmoor Holdings

Request 4: Create 3 Separate Bonding Areas

- **Separate Bonding Areas** are needed to resolve the default of \$25.0+ million of outstanding Bonds
- Each Bonding Area will support its own distinct series of 2015 Bonds
- Existing Series 2006A Bonds will be cancelled in full and bond default eliminated
- No change in annual assessments obligations by land owners in Bonding Area 1 (land owned by or under contract with home-owners or builders)
- Reasonable costs of issuance funded from proceeds of new bond issue
- All Bonding Area, bond issue and RMA determinations will be subject to appropriate documentation, legal review, approvals, and opinions (enforceability, validation, tax)
- \$3.5 million to \$6.0 million of new proceeds raised from proposed restructuring (small portion of approx. \$47 million needed to complete all District public improvements)
- \$2.75 million of 2006B Bonds will remain outstanding and will be redeemed from remaining lot sales in Phases 1 and 2. Maturity will need to be extended to December 1, 2017 (1 year extension)

Map of Proposed Walnut Creek Bonding Areas

WALNUT CREEK

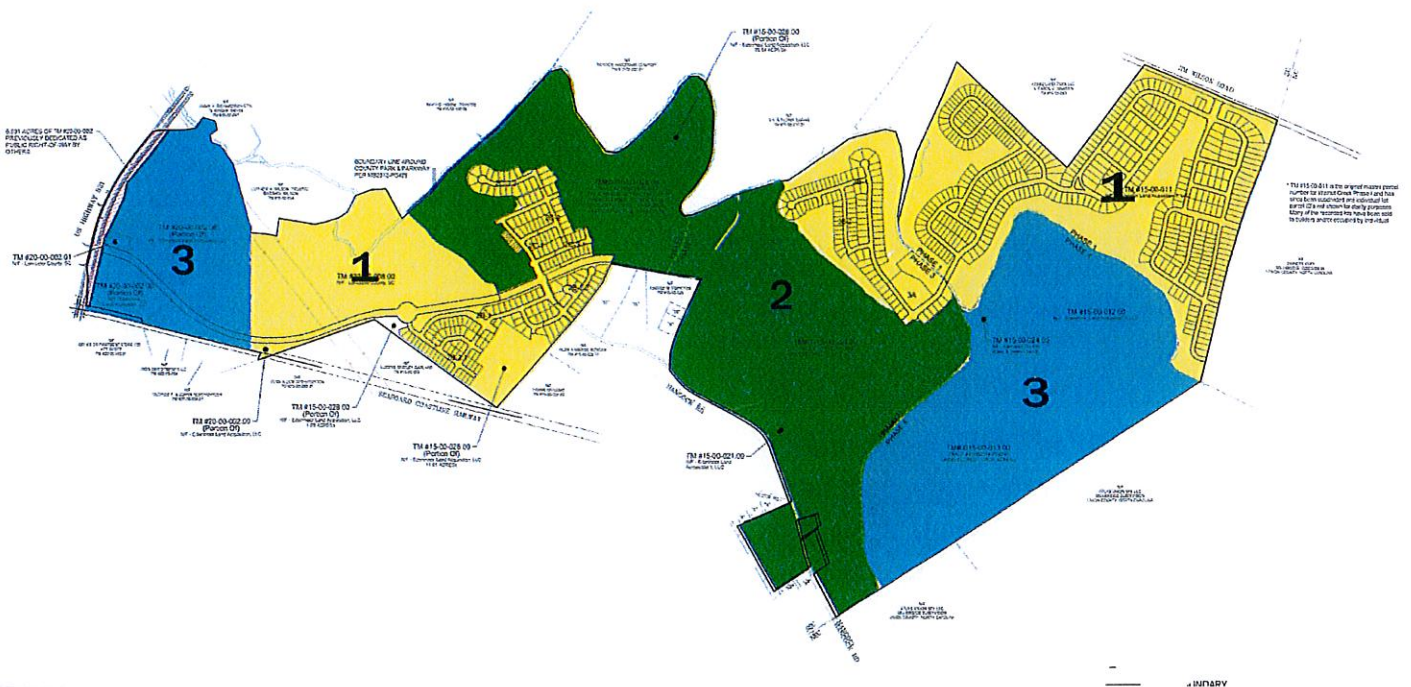
LANCASTER COUNTY, SOUTH CAROLINA

BONDING AREAS

TAX PARCEL BOUNDARIES SUBJECT TO CHANGE
AND THOSE SHOWN ARE CURRENT PER TAX
ASSESSOR GIS MAPS AS OF 5/31/15 AND ACRES
SPECIFIED ARE APPROXIMATE (FROM COMPILED DATA)

UNBUNDLED PROPERTIES (COUNTY NOT LISTED):

1	100-1-1-1-1	100-1-1-1-1
2	100-1-1-1-2	100-1-1-1-2
3	100-1-1-1-3	100-1-1-1-3
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5	100-1-1-1-5	100-1-1-1-5
6	100-1-1-1-6	100-1-1-1-6
7	100-1-1-1-7	100-1-1-1-7
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Request 4: Create 3 Separate Bonding Areas (continued)

- Bonding Area 1
 - 839 total lots (99.5% of lots owned by or under contract with homeowners or builders)
 - New RMA will need to be adopted, but existing annual assessment of approximately \$851 per lot will not change
 - No change to the term of the assessment payments (presently expires on December 31, 2037)
 - \$8.0 to \$10.0 million bond issue, dependent on market conditions
 - Edenmoor Holdings will exchange approximately \$4.7 million of existing 2006 Series A Bonds in exchange for new Bonding Area 1 Bonds (remainder cancelled by Bonding Areas 2 and 3)
 - 2015 Bonding Area 1 bond issue will fund \$3.5 to \$6.0 million of additional qualified public improvements
 - Bond issue will have a standard debt service reserve fund
 - Bond maturity will remain December 31, 2037 (same as outstanding 2006 Series A Bonds)

BONDING AREA 1

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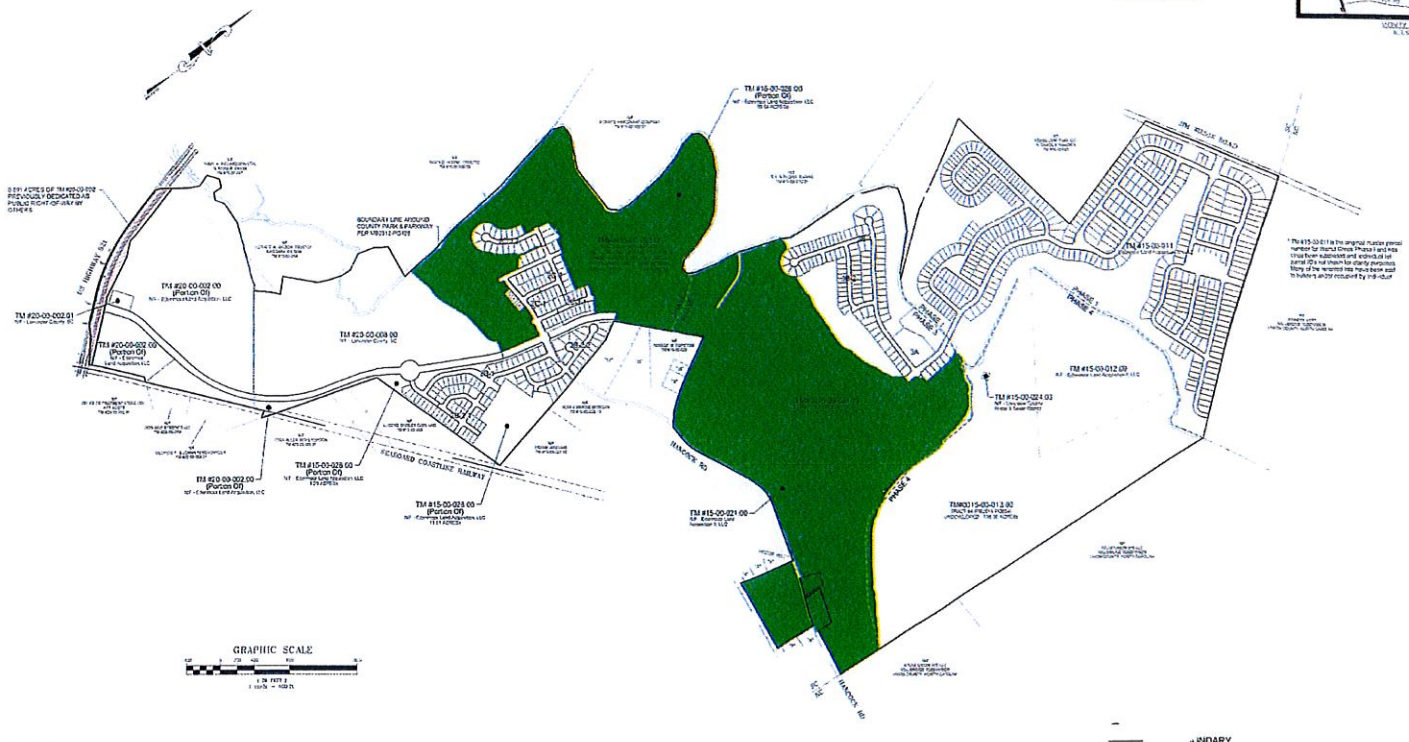
Request 4: Create 3 Separate Bonding Areas (continued)

- Bonding Area 2
 - Comprised of land that is 100% owned by Edenmoor Holdings
 - Land that is expected to be developed within the next several years (portions of Phases 2 & 3 of the development)
 - Land in Bonding Area 2 is NOT currently subject to existing contracts with home builders
 - Approximately 848 lots (726 EAFs)
 - Target annual assessment of \$1,200 per EAF
 - Assessments to be extended for 30 additional years to match Bonding Area 2 Bond maturity of 30 years (September 2045)
 - \$11.0 to \$13.0 million bond issuance, dependent on market conditions
 - Edenmoor Holdings will exchange a pro-rata share of its existing 2006 Series A Bonds in exchange for new 2015 Bonds secured by Bonding Area 2

LANCASTER COUNTY, SOUTH CAROLINA

TAX PARCEL BOUNDARIES SUBJECT TO CHANGE
AND THOSE SHOWN ARE CURRENT PER TAX
ASSESSOR GIS MAPS AS OF 5/5/15 AND ACREAGES
SPECIFIED ARE APPROXIMATE (FROM COMPILED DATA)

ACQUIRING PROPERTY OWNERS MUST LABEL AS IS	
1. <u>Acquiring from</u>	2. <u>Use of the property</u>
3. <u>Acquiring from</u>	4. <u>Transfer of title</u>
5. <u>Acquiring from</u>	6. <u>Acquiring from</u>
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Request 4: Create 3 Separate Bonding Areas (continued)

- Bonding Area 3
 - Comprised of land that is 100% owned by Edenmoor Holdings
 - Bonding Area 3 consists of Walnut Creek "Phase 4," plus the commercial and wetland areas bordering Highway 521
 - Approximately 632 lots (436 EAFs)
 - Target annual assessment of \$1,200 per EAF
 - Assessments to be extended for 30 additional years to match Bonding Area 2 Bond maturity of 30 years (September 2045)
 - \$6.0 to \$8.0 million bond issuance, dependent on market conditions
 - Edenmoor Holdings will exchange a pro-rata share of its existing 2006 Series A Bonds in exchange for new 2015 Series A Bonds secured by Bonding Area 3

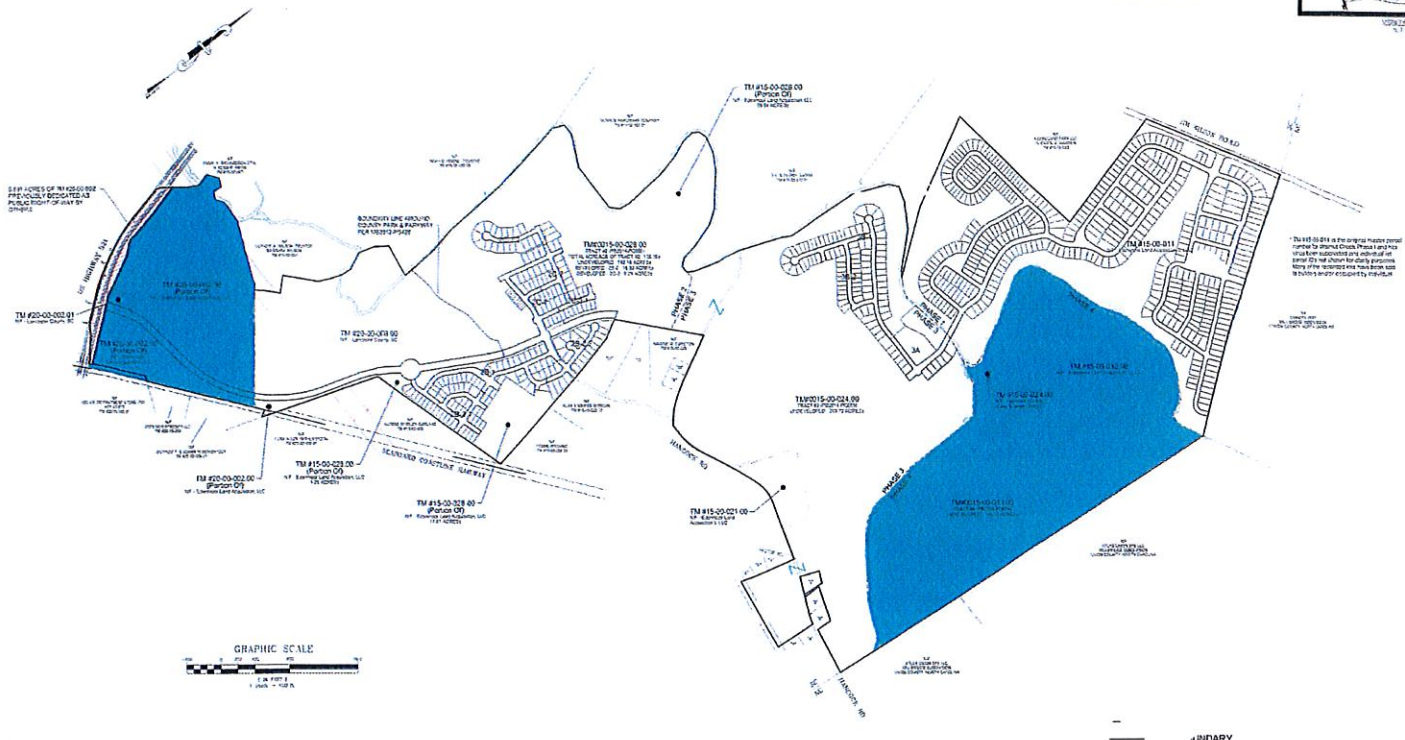
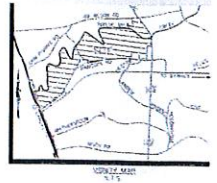
Map of Bonding Area 3

WALNUT CREEK
LANCASTER COUNTY, SOUTH CAROLINA

BONDING AREA 3

TAX PARCEL BOUNDARIES SUBJECT TO CHANGE
AND THOSE SHOWN ARE CURRENT PER TAX
ASSESSOR GIS MAPS AS OF 5/31/19 AND ACREAGES
SPECIFIED ARE APPROXIMATE (FROM COMPILED DATA)

- ADJACENT PROPERTY OWNERS NOT LISTED IN (C):
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Conclusion

- Lancaster County cooperation and assistance has turned Walnut Creek into the 2nd most successful community in Charlotte MSA
 - Increasing tax base
 - New EMS
 - 60-acre County Park
 - Happy residents/voters
- Restructuring will resolve existing Bond defaults and assist in further development of Walnut Creek
- Next steps
 - Involvement of County counsel and Bond counsel
 - Engagement of underwriter for new Bond issuances
 - Timing critical due to rising interest rates

Francenia B. Heizer

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MEMORANDUM

To: Lancaster County Council

Cc: John L. Weaver, Esquire, County Attorney
Steve Willis, County Administrator
Veronica Thompson, County Finance Director

From: Francenia B. Heizer, Esquire

Date: May 14, 2015

Subject: Possible Refunding of the County's \$20,000,000 Lancaster County, South Carolina, Sun City Carolina Lakes Improvement District Assessment Revenue Bonds, Series 2006 (the "Sun City Bonds")

I have been contacted by Pam Holton, an underwriter with Stifel, Nicolaus & Company, Incorporated ("Stifel") about the possibility of refunding the Sun City Bonds. According to Pam, based on current market rates, the projected net present value savings is between 2.5% and 6.5% based on certain variables. The purpose of the refunding is to reduce the interest expense which would result in some reduction in the amount of the annual assessments paid by the property owners. If this transaction moves forward, the market could be very different by the time the bonds are ready to be sold. A standard in the industry is to expect at least 3% to 4% net present value savings before the refunding bonds are actually sold. Once the refunding bonds are ready to be sold, we would wait until the market gives an opportunity to achieve an appropriate savings level.

When the Sun City Bonds were sold, the real estate development was in its early stages which resulted in higher interest rates due to the uncertainty associated with the development. As you are aware, Sun City has been generally very successful in the implementation of its development plan so the refunding bonds would now be considered much less speculative. When the development is successful, as in the case of Sun City, ownership of individual lots and attendant responsibility for payment of the assessments is in the hands of all of the homeowners. The likelihood of significant non-payment of assessments is much less when property is in many hands versus a situation when property is in the hands of only the developer.

The process needed for refunding the Sun City bonds would include the engagement of an underwriter, financial advisor, and assessment consultant. The County already has a relationship with Brian Nurick with Compass Municipal Advisors, LLC as a financial advisor and Thad Wilson with Municap as the assessment consultant. Council would need to select Pam Holton with Stifel as underwriter or engage an underwriter through a competitive process.

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Memorandum to Lancaster County Council
Page 2
May 14, 2015

Authorization of the refunding would require three readings of an ordinance and a public hearing. If the economics of the refunding work as we move into the summer, it would be ideal if the refunding could be accomplished before tax bills are distributed in the fall.

FBH:laf

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MEMORANDUM

To: John L. Weaver, Esquire, Lancaster County Attorney

From: Francenia B. Heizer, Esquire
J. Michael Ey, Esquire

Date: May 14, 2015

Subject: Defeasance of Bailes Ridge Bonds; Amendment of Multi-County Park Agreement Relating to Distribution of Revenues

The purpose of this Memorandum is to explain to Lancaster County Council its options regarding payment of the \$2,973,657.50 Lancaster County, South Carolina, Special Source Revenue Bonds, Series 2006 (Bailes Ridge Project) Convertible Deferred Interest Bonds (the "Bonds") and the amendment of the Bailes Ridge Multi-County Park Agreement (the "Park Agreement") to provide for the distribution of revenue.

Defeasance of Bailes Ridge Bonds

The fee-in-lieu of tax revenue being generated by the Park Agreement is currently pledged to insure payment on the Bonds. As of May 2, 2015, the amount needed to prepay the Bonds will be:

Principal	\$1,583,158.50
Interest	163,062.25
Premium	13,025.46
Costs	25,000.00 (estimate only)
Total	\$1,784,246.21

We are going to have these numbers verified by an independent verification agent.

The Bonds cannot be prepaid until May 1, 2016. However, under the bond documents, the Bonds shall be deemed to be paid if the required amounts are deposited into an irrevocable escrow fund for the benefit of the Bondholders. At such time, the Bonds will no longer be secured by or entitled to the benefits of the Trust Indenture. Effectively, the revenues pledged for payment of the Bonds would be released from that pledge and available for other County purposes.

It is our understanding that the Trustee currently has on deposit the amount of \$2,167,439.08. That amount will be sufficient to fully fund the defeasance escrow required by the bond documents.

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STATE OF SOUTH CAROLINA

)

RESOLUTION NO. ____-R2015

COUNTY OF LANCASTER

)

)

A RESOLUTION

A RESOLUTION AUTHORIZING THE CASH DEFEASANCE OF THE OUTSTANDING BALANCE OF THE \$2,973,657.50 LANCASTER COUNTY, SOUTH CAROLINA SPECIAL SOURCE REVENUE BONDS, SERIES 2006 (BAILES RIDGE PROJECT) CONVERTIBLE DEFERRED INTEREST BONDS.

WHEREAS, pursuant to Ordinance No. 703 enacted by the Lancaster County Council (the "Council") on January 9, 2006, Lancaster County, South Carolina (the "County") issued its 2,973,657.50 Special Source Revenue Bonds, Series 2006 (Bailes Ridge Project) Convertible Deferred Interest Bonds (the "Bonds"); and

WHEREAS, the Bonds maturing in the years 2017 through 2020 are subject to redemption on May 1, 2016, at a redemption price of 101% plus accrued interest; and

WHEREAS, by cash defeasing the Bonds, the County can realize a significant savings in interest costs over the life of the Bonds as well as discharging the pledge of the revenues securing the Bonds; and

WHEREAS, Wells Fargo Bank, as Trustee for the Bonds (the "Trustee") currently has on deposit in various funds related to the Bonds sufficient funds to cash defease the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Lancaster County Council:

1. The Council hereby approves the cash defeasance of the Bonds from amounts on deposit with the Trustee;

2. The Council hereby authorizes the County Administrator to take all actions to accomplish the cash defeasance including but not limited to negotiating the terms of and executing on behalf of the County an Escrow Agreement with the Trustee as escrow agent.

[Signature Page follows]

And it is so resolved, this ____ day of _____, 2015

LANCASTER COUNTY, SOUTH CAROLINA

Bob Bundy, Chair, County Council

Steve Harper, Secretary, County Council

(SEAL)

ATTEST:

Debbie Hardin, Clerk to Council

Approved as to form:

County Attorney

Human Resource Department New Hire Procedures:

Currently, we do the following with a conditional offer of employment:

All positions:

- Application on file
- Drug screen

Any clerical positions and/or those that handle funds:

- Drug screen
- Credit Check
- SLED Criminal History Check

Parks and Recreation positions:

- Drug screen
- Sex Offender Registry Check through Protect Youth Sports

Sheriff, EMS and Public Safety Communications:

- Handle their own background checks as required

Educational and past employment verification is handled by the department head or, if requested, by HR.

Beginning immediately, HR office will do the following with a conditional offer of employment:

All positions:

- Application on file
- Drug screen

Any clerical positions and/or those that handle funds:

- Drug Screen (\$20)
- Credit Check through Merchant Credit Bureau (\$10 per check; \$7.55 per month whether we do any checks or not)
- SLED Criminal History (\$25)
- Additional criminal history through Employee Screen IQ (ranges from \$25 to \$42.50)

Parks and Recreation positions:

- Drug Screen
- Sex Offender Registry Check through Protect Youth Sports on ALL positions (\$7.95 per check)

Public Works positions:

- Drug Screen
- SLED Criminal History
- Additional criminal history through Employee Screen IQ if necessary
- Applicant responsible for 10 year driving record at interview

Sheriff, EMS and Public Safety Communications:

- Handle own background checks as required

Educational and past employment verification will be done on a case by case basis at the direction of the Department Head. It is suggested that the Department Head ask the applicant for a transcript. Department Heads or HR may use the National Students Clearing house for verification, as well. This cost could be \$25 if a match cannot be found and further research is needed.