WALNUT CREEK IMPROVEMENT DISTRICT
BOND AREA 3
LANCASTER COUNTY, SOUTH CAROLINA

ANNUAL ASSESSMENT REPORT AND UPDATE OF ASSESSMENT ROLL A FOR IMPOSITION OF ASSESSMENTS IN 2018 AND COLLECTION IN 2019

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Walnut Creek Improvement District
Bond Area 3
Lancaster County, South Carolina

Annual Assessment Report and Update of Assessment Roll A for Imposition of Assessments in 2018 and Collection in 2019

I. INTRODUCTION

The Walnut Creek Improvement District (the "District"), previously titled the Edenmoor Improvement District, was created pursuant to the County Public Works Improvement Act, Title 4, Chapter 35, Code of Laws of South Carolina 1976, as amended (the "Act"), through an ordinance that was adopted by the Lancaster County Council on January 30, 2006, wherein the District was created and special assessments were authorized to be imposed and collected.

Capitalized terms undefined herein have meaning as set forth in the Walnut Creek Improvement District Assessment Roll A for Bond Area 3, including its Appendix A, the Rate and Method of Apportionment of Assessment A, which was adopted by ordinance by the Lancaster County Council of Lancaster County in December 2016.

Assessment A was imposed on the assessed property within the District in 2006 pursuant to the Act and Resolution No. 527 of the County Council of Lancaster County. Assessment A is due and payable each year as the Annual Assessment A. The Annual Assessment A for each year is shown in the Assessment Roll A, attached hereto as Appendices A and B. Annual Payment A represents the amount to be collected from the assessed property in the District, which may be less than the Annual Assessment A.

Assessment Roll A is to be updated each year to reflect (i) the current Parcels in the District, (ii) the Assessment A as allocated for each Parcel (including any adjustments to Assessment A), (iii) the Principal Portion of the Assessment A for each Parcel, (iv) the Annual Assessments A for each Parcel, (v) the Annual Credit A for each parcel, (vi) the Annual Payment A to be collected from each Parcel for the current Assessment Year, (vii) prepayments of Assessment A, and (viii) termination of the Assessment A. This report has been prepared to show the calculation of the Annual Payment A and the update of the Annual Assessment Roll for the Assessment A.

In 2006, the Edenmoor Improvement District Assessment Revenue Bonds, Series 2006A and 2006B in the respective amounts of $24,115,000 and $11,500,000 (the "2006A Bonds" and the "2006B Bonds"), were issued pursuant to an ordinance, which was enacted by the Lancaster County Council on April 24, 2006, and the Act. The 2006A Bonds and the 2006B Bonds (together, the "2006 Bonds") were to be repaid from special assessments imposed on each parcel of assessed property in the District.

Lawson's Bend, LLC, the original developer of the Walnut Creek development, defaulted in its payment of ad valorem taxes, Assessment A and Assessment B, which led to tax sales of the property still owned by Lawson's Bend, LLC being conducted under South Carolina law. Edenmoor Land Acquisition, LLC and Edenmoor Land Acquisition II, LLC (collectively, the "Developer") acquired such real property in the District from the Lancaster County Forfeited Land Commission on October 28, 2011.

On December 14, 2015, County Council approved Ordinance 2015-1367 which split the District into three separate areas, referred to as Bond Area 1, Bond Area 2 and Bond Area 3, and approved an Assessment Roll A for each one of these areas.

On February 11, 2016, the County issued $8,510,000.00 of Walnut Creek Improvement District Assessment Refunding Revenue Bonds, Series 2016A-1 Bonds (the "Series 2016A-1 Bonds") secured solely by and payable from Assessment A on the Parcels in Bond Area 1. Among other uses, the proceeds of this bond issuance retired a portion of the 2006A Bonds. The Assessment A on the Parcels in Bond Area 1 solely support the Series 2016A-1 Bonds.

Additionally, on February 11, 2016, the County issued $8,100,000.00 of Walnut Creek Improvement District Assessment Refunding Revenue Bonds, Series 2006A-2 Bonds (the "Series 2006A-2 Bonds") and $3,925,000.00 of Walnut Creek Improvement District Assessment Refunding Revenue Bonds, Series 2006A-3 Bonds (the "Series 2006A-3 Bonds") in exchange for equal aggregate principal amounts of 2006A Bonds. The Series 2006A-2 Bonds are secured solely by and payable from Assessment A on Parcels in Bond Area 2. The Series 2006A-3 Bonds are secured solely by and payable from Assessment A on Parcels in Bond Area 3.

Additionally, on February 11, 2016, the County issued $1,570,000.00 of Walnut Creek Improvement District Assessment Refunding Revenue Bonds, Series 2006A-2 Bonds (the "Prior 2006A-2 Bonds") and $770,000.00 of Walnut Creek Improvement District Assessment Refunding Revenue Bonds, Series 2006A-3 Bonds (the "Prior 2006A-3 Bonds") in exchange for equal aggregate principal amounts of 2006A Bonds. The Prior 2006A-3 Bonds are secured solely by and payable from previously billed but unpaid Assessment A on Parcels in Bond Area 3 which are subject to multiple forbearance agreements executed by Wells Fargo, NA (the "Trustee") and the County. The Prior 2006A-2 Bonds are secured solely by and payable from previously billed but unpaid Assessment A on Parcels in Bond Area 2 which are subject to multiple forbearance agreements executed by the Trustee and the County, as shown on the separate Assessment Roll for Bond Area 2 (not included in this report).

Additionally, on November 14, 2016, enacted Ordinance No. 2016-1393, which allows for the issuance of approximately $4,620,000 principal amount of new bonds related to Bond Area 3 of the District to be issued in future periods.

The Assessment A on Parcels in Bond Area 3 do not support any bonds or other obligations other than the Series 2006A-3 Bonds.

This report is prepared solely for Bond Area 3. Separate reports have been prepared for Bond Area 1 and for Bond Area 2.

II. UPDATE OF THE ASSESSMENT ROLL FOR ASSESSMENT A

The County Council shall update the Assessment Roll A each Assessment Year to reflect (i) the current Parcels in Bond Area 3, (ii) the Assessment A as allocated for each Parcel, including any adjustments to Assessment A, (iii) the Principal Portion of the Assessment A for each Parcel, (iv) the Annual Assessment A for each Parcel, (v) the Annual Credit A and the Annual Payment A to be collected from each Parcel for the current Assessment Year, (vi) prepayments of the Assessment A, and (vii) termination of the Assessment A. The annual Assessment Roll for Assessment A, as updated, is shown as Appendices A and B, attached hereto.

A. Annual Update and Apportionment of Assessment A and Principal Portion of Assessment A

Payment of Assessment A

The Assessment Roll A has been updated for collected Annual Payment A from prior years. No prepayments of Assessment A have been made to date.

Subdivisions

There have been no subdivisions of the Parcels in Bond Area 3 subsequent to the Lancaster County Council's approval of the Assessment Roll A for Bond Area 3 in December 2017.

Updated Assessment Roll A

Assessment Roll A has been updated in the following manners.

An updated Appendix A which shows the Annual Assessment A through 2046, the final year of the Series 2016A-3 Bonds, is attached to this report. As shown on Appendix A, Assessment A equals $7.6 million.

The Assessment A and Principal Portion of Assessment A for each Parcel in Bond Area 3 are shown on Appendix B. The unpaid, prior years' Assessment A were paid in full in June 2018. Therefore, there is no further outstanding unpaid prior year's Assessment A due. As shown on Appendix B, the total Principal Portion of Assessment A equals $3,760,000.00. Appendix B has also been prepared to reflect the annual calculation of the 2018-2019 Annual Assessment A and the 2018-2019 Annual Payment A (described below) for all Parcels in Bond Area 3.

As shown on Appendix B, Assessment A equals $7.6 million. This reflects the payoff of the prior years' unpaid Assessment A pursuant to the 2011, 2013, and 2014 Forbearance Agreements executed between the County the Trustee.

B. Annual Assessment A

The Annual Assessment A is the assessment due and payable each year on the Assessed Property. The Annual Assessment A for the 2018-2019 Assessment Year is $326,108.00, as shown on Appendix A. The Rate and Method of Apportionment of Assessment A establishes the Annual Assessment A as the limit of the amount of Assessment A that can be collected in that particular Assessment Year. The Annual Assessment A is allocated to the Parcels in proportion to the Assessment A on each Parcel. The Annual Assessment A for each Parcel and in total is shown on Appendix B.

C. Annual Payment A

According to the Rate and Method of Apportionment of Assessment A for the Bond Area 3, Annual Payment A is the portion of the Annual Assessment A to be collected each Assessment Year and shall be equal to the following formula:

$$A = B \times C$$

Where the terms have the following meaning:

A = the Annual Payment A for a Parcel
B = the Principal Portion of the Assessment A for a Parcel

C = the Annual Assessment Rate A for the Assessment Year for which the calculation is being made.

The Principal Portion of Assessment A for each Parcel is shown on Appendix B. The calculation of the Annual Assessment Rate A is presented below; and the use of the Annual Assessment Rate A to calculate the Annual Payment A is presented further below.

1. Annual Assessment Rate A

The Annual Assessment Rate A is defined to mean "for any Assessment Year, a percentage equal to the Annual Revenue Requirement A for that year divided by the Principal Portion of the Assessment A." The calculation of the Annual Revenue Requirement A is presented below; and the use of the Annual Revenue Requirement A to calculate the Annual Assessment Rate A is presented further below.

a. Annual Revenue Requirement A

The Annual Revenue Requirement A is calculated as follows:

For any given year, the sum of the following, (1) regularly scheduled debt service on the Series A Bonds to be paid from the Annual Payment A; (2) periodic costs associated with the Series A Bonds, including but not limited to rebate payments and credit enhancements on the bonds; and (3) administrative expenses; less (a) any credits applied under the bond indenture, such as capitalized interest and interest earnings on any account balances, and (b) any other funds available to the District that may be applied to the Annual Revenue Requirement A.

Table B below provides a summary of the Annual Revenue Requirement A for the 2018-2019 Assessment Year. The numbers shown in Table A below are explained in the following sections.

Table A
Annual Revenue Requirement A

	Assessment A
Interest payment on June 1, 2019	$100,204.00
Interest payment on December 1, 2019	$100,204.00
Principal payment on December 1, 2019	$90,000.00
Estimated administrative expenses	$35,700.00
Other available funds	$0.00
Annual Revenue Requirement A	$326,108.00

Debt Service

Debt service includes the semi-annual interest payments due on the Series 2006A-3 Bonds on June 1, 2019 and December 1, 2019. The semi-annual interest payment on the Series 2006A-3 Bonds is $100,204.00, which represents an annual coupon of 5.330% on $3,760,000.00 of bonds outstanding. A principal payment for the Series 2006A-3 Bonds in the amount of $90,000.00 is due on December 1, 2019. As a result, total debt service on the Series 2006A-3 Bonds is estimated to be $290,408.00.

Administrative Expenses

Administrative Expenses include the cost of services provided by the Trustee, the administrator and the county's legal advisors as well as other expenses incurred by the County. The annual charges of the Trustee are estimated to be $10,200.00. The annual fees and expenses of the administrator and the county's legal advisors are estimated at $20,400.00 and $5,100.00 respectively. Accordingly, the total administrative expenses for 2019 are estimated to be $35,700.00

Contingency

No contingency has been added.

Other Available Funds

No other funds are expected to be available to apply towards the Annual Revenue Requirement A for the 2018-2019 Assessment Year. The funds currently within the Trustee's account for the 2006A Bonds are assumed not be available to apply towards the Annual Revenue Requirement A for the 2018-2019 Assessment Year.

b. Calculation of the Annual Assessment Rate A

As noted above, the Annual Assessment Rate A is defined to mean "for any Assessment Year, a percentage equal to the Annual Revenue Requirement A for that year divided by the Principal Portion of the Assessment A."

The Annual Revenue Requirement A is $326,108.00, as explained in the previous section. The Principal Portion of the Assessment A is $3,760,000.00.

Accordingly, the Annual Assessment Rate A is 8.6731% (i.e. $326,108.00 ÷ $3,760,000.00).

2. Calculation of Annual Payment A

As noted above, according to the Rate and Method of Apportionment of Assessment A for Bond Area 3, the Annual Payment A is to be collected from each Parcel of Assessed Property in Bond Area 3. Assessed Property, for purposes of Bond Area 3, means Parcels within Bond Area 3 other than Non-Benefited Property. Non-Benefited Property, for purposes of Bond Area 3, means Parcels within the boundaries of Bond Area 3 owned by or irrevocably offered for the dedication of the federal government, the State of South Carolina, the County, or any instrumentality thereof, or any other public agency or easements that create an exclusive use for a public utility provider. As described above, the Annual Payment A on each Parcel shall equal the Annual Assessment Rate A multiplied by the Principal Portion of the Assessment A for each Parcel. The aggregate amount of the Annual Payment A for all Parcels shall equal the Annual Revenue Requirement A (as calculated above).

The Annual Assessment Rate A= 8.6731%

The Principal Portion of Assessment A for each Parcel, is shown on Appendix B of the updated Assessment Roll A (the Principal Portion of Assessment A for each Parcel on Appendix B exclude any portion from an unpaid Annual Payment A from prior years (if any), which are also excluded from the calculation of the current year Annual Payment A).

The Annual Payment A for each Parcel in the District is shown on Appendix B of the updated Assessment Roll A.

D. Annual Credit A

The Annual Credit A for each Parcel is equal to the Annual Assessment A for the Parcel less the Annual Payment A for the Parcel. The Annual Credit A for each Parcel is shown on Appendix A-1 (b).

The total of the Annual Credit A for all Parcels equals zero for the 2018-2019 Assessment Year, as shown on Appendix B. The total Annual Credit A is equal to the total Annual Assessment A less the total Annual Payment A as shown in Table B below.

Table B
Summary Annual Credit A

Annual Assessment A	$326,108.00
Annual Payment A	$326,108.00
Annual Credit A	**$0.00**

IV. SUMMARY

The current Parcels in Bond Area 3, the Assessment A for each Parcel, the Principal Portion of Assessment A for each Parcel, the Annual Payment A to be collected from each Parcel for the 2018-2019 Assessment Year, the Annual Credit A and Annual Credit B for each Parcel, are shown in the Annual Assessment Roll, as updated, in Appendices A and B, attached hereto.

The total Annual Payment A to be collected from all Parcels in Bond Area 3 is equal to $326,108.00.

Appendix B provides a billing key and coding of the Parcels to assist the County with the proper billing of Annual Payment A for the 2018-2019 Assessment Year.

Appendix A

Walnut Creek Improvement District
Lancaster County, South Carolina

Assessment Roll for Bond Area 3
Annual Assessments for Assessment A

Assessment Year Ending	Principal	Interest	Administrative Expenses	Annual Assessment A	Annual Credit A	Annual Payment A
2019	$90,000.00	$200,408.00	$35,700	$326,108.00	$0.00	$326,108.00
2020	$90,000.00	$195,611.00	$36,414	$322,025.00		
2021	$95,000.00	$190,814.00	$37,142	$322,956.28		
2022	$100,000.00	$185,750.50	$37,885	$323,635.63		
2023	$105,000.00	$180,420.50	$38,643	$324,063.33		
2024	$115,000.00	$174,824.00	$39,416	$329,239.68		
2025	$120,000.00	$168,694.50	$40,204	$328,898.50		
2026	$125,000.00	$162,298.50	$41,008	$328,306.58		
2027	$130,000.00	$155,636.00	$41,828	$327,464.24		
2028	$140,000.00	$148,707.00	$42,665	$331,371.80		
2029	$145,000.00	$141,245.00	$43,518	$329,763.10		
2030	$155,000.00	$133,516.50	$44,388	$332,904.96		
2031	$165,000.00	$125,255.00	$45,276	$335,531.23		
2032	$170,000.00	$116,460.50	$46,182	$332,642.26		
2033	$180,000.00	$107,399.50	$47,105	$334,504.89		
2034	$190,000.00	$97,805.50	$48,047	$335,853.00		
2035	$200,000.00	$87,678.50	$49,008	$336,686.95		
2036	$210,000.00	$77,018.50	$49,989	$337,007.12		
2037	$220,000.00	$65,825.50	$50,988	$336,813.89		
2038	$235,000.00	$54,099.50	$52,008	$341,107.66		
2039	$245,000.00	$41,574.00	$53,048	$339,622.32		
2040	$260,000.00	$28,515.50	$54,109	$342,624.79		
2041	$275,000.00	$14,657.50	$55,191	$344,848.97		
Total	$3,760,000.00	$2,854,215.00	$1,029,762.00	$7,643,980.18	$0.00	$326,108.00

The amount of principal in the final year reflects the total Principal Portion of Assessment A less the principal amounts indicated in the prior years.

Appendix B

Walnut Creek Improvement District
Lancaster County, South Carolina

Assessment Roll for Bond Area 3
Annual Update of Assessment A for Each Parcel

					Amounts Due for the 2018-2019 Tax Year		
Tax Parcel Number	Billing Code	Equivalent Assessment A Factors	Assessment A	Principal Portion of Assessment A	Annual Assessment A	Annual Credit A	Annual Payment A
0015-00-012.00	121A	145.00	$2,088,519.17	$1,027,322.40	$89,100.55	$0.00	$89,100.55
0015-00-013.00	121B	323.00	$4,652,356.51	$2,288,449.22	$198,479.15	$0.00	$198,479.15
0020-00-002.00	121C	62.70	$903,104.50	$444,228.38	$38,528.30	$0.00	$38,528.30
Total		530.70	$7,643,980.18	$3,760,000.00	$326,108.00	$0.00	$326,108.00