



UPDATED AGENDA

OCONEE COUNTY COUNCIL MEETING

October 15, 2019

6:00 PM

Council Chambers, Oconee County Administrative Offices
415 South Pine Street, Walhalla, SC

Call to Order

Public Comment Session *[Limited to a total of forty (40) minutes, four (4) minutes per person.]*

Council Member Comments

Moment of Silence

Invocation by County Council Chaplain

Pledge of Allegiance to the Flag of the United States of America

Approval of Minutes

- October 1, 2019 Council Special Workshop with Planning Commission Minutes
- October 1, 2019 Regular Minutes

Administrator Comments

Proclamation 2019-13

Proclamation 2019-13 Honoring Mr. Ben Turetzky

Public Hearings for the Following Ordinances

Ordinance 2019-21 “AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED FEE AGREEMENT BETWEEN OCONEE COUNTY AND ACI PLASTICS SOUTH, LLC, INCLUDING THE INCLUSION OF ACI PROPERTIES SOUTH, LLC, AND GREENCYCLE U.S. HOLDING, INC. AS CO-SPONSORS, AND AMENDING THE FEE AGREEMENT DATED AS OF OCTOBER 1, 2014; AND OTHER MATTERS RELATED THERETO.”

Ordinance 2019-22 “AN ORDINANCE AUTHORIZING OCONEE COUNTY, SOUTH CAROLINA TO FINANCE AND ACQUIRE CERTAIN FIRE TRUCKS AND RELATED EQUIPMENT IN AN AMOUNT NOT EXCEEDING \$2,300,000; TO EXECUTE AND DELIVER ALL DOCUMENTS NECESSARY TO CARRY OUT THE FINANCING AND ACQUISITION; AND OTHER RELATED MATTERS.”

Third Reading of the Following Ordinances

Ordinance 2019-21 *[see caption above]*

Ordinance 2019-22 *[see caption above]*

Second Reading of the Following Ordinances

[None scheduled.]

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First Reading of the Following Ordinances

[None scheduled.]

First & Final Reading for the Following Resolutions

Resolution 2019-20 “A RESOLUTION AUTHORIZING THE AMENDMENT OF AN AGREEMENT TO DEVELOP A JOINT-COUNTY INDUSTRIAL AND BUSINESS PARK BY AND BETWEEN OCONEE COUNTY, SOUTH CAROLINA AND PICKENS COUNTY, SOUTH CAROLINA, TO PROVIDE FOR THE EXPANSION OF THE BOUNDARIES OF THE MULTI-COUNTY INDUSTRIAL/BUSINESS PARK CREATED THEREBY TO INCLUDE CERTAIN ADDITIONAL PROPERTY LOCATED IN PICKENS COUNTY; AND OTHER MATTERS RELATED THERETO.”

Discussion Regarding Action Items

Design Build Services for New Office / ADA Restrooms for Chau Ram & New Park Shelter / Storage for High Falls County Park / Oconee PRT-Chau Ram and High Falls County Parks / Amount: \$438,567.00 Chau Ram

\$419,873.00 High Falls

\$ 44,162.00 Contingency

\$902,602.00 Total Award

Local ATAX Fund:	\$200,000.00	Project Cost: \$200,000.00	Balance: \$0
Economic Develop. Millage Fund:	\$427,602.00	Project Cost: \$427,602.00	Balance: \$0
General Fund:	<u>\$275,000.00</u>	Project Cost: \$275,000.00	Balance: \$0
	\$902,602.00		

This Request for Proposal was issued to select a Licensed Contractor to provide Design Build / Construction services to Oconee County Parks, Recreation and Tourism (PRT). On August 29, 2019, formal sealed proposals were opened for Design Build Services for New Office/ ADA Restrooms for Chau Ram & New Park Shelter / Storage for High Falls County Parks. Fourteen firms were originally notified of this opportunity and one firm submitted a proposal. An evaluation committee consisting of Fred Barber, High Falls Superintendent, Lake Julian, Facilities Maintenance Director, Phil Shirley, PRT Director, Rec Cobb, Chau Ram Superintendent, Swain Still, Solid Waste Director (absent from meeting) reviewed all proposals, and voted unanimously to recommend the Award to J. Davis Construction.

It is the staff's recommendation that Council [1] approve the award of RFP 19-02 Design Build Services for Chau Ram and High Falls County Parks to J. Davis Construction, Inc. of Westminster, SC in the amount of \$858,440.00 plus contingency in the amount of \$44,162.00 for a total award of **\$902,602.00** and [2] authorize the County Administrator to execute documents for this project and sign any change orders within the contingency amount.

Law Enforcement Center Repairs / Oconee County Sheriff's Office /

Davis Electrical & Plumbing, Inc. \$68,000.00

Eagle Interiors, Inc. \$72,500.00

MCG Mechanical Services \$91,587.00

10% Contingency \$23,208.70

Total this request \$255,295.70

In late 2017, portions of the Oconee County Law Enforcement Center (LEC) were damaged by fire. After lengthy negotiations to settle the County's claim for insurance proceeds, we are ready to move

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forward with the repairs.

At the August 20, 2019 Council meeting, Council approved direct negotiations and contracting with construction professionals. On September 12, 2019, County staff met with three (3) contractors: Davis Electrical, Eagle Interiors and MCG Mechanical to view the site and to provide cost estimates for electrical, framing, insulation, sheetrock and HVAC. We received quotes for Electrical \$68,000.00, Framing/Insulation/Sheetrock \$72,500.00 and HVAC \$91,587.00.

It is the staff's recommendation that Council [1] Approve the Award for electrical repairs to Davis Electrical and Plumbing, Inc. of Walhalla, SC in the amount of \$68,000.00; [2] Approve the Award for framing, insulation and sheetrock to Eagle Interiors, Inc. of Seneca, SC in the amount of \$72,500.00; [3] Approve the Award for HVAC to MCG Mechanical Services of Anderson, SC in the amount of \$91,587.00; and [4] Approve a 10% contingency (\$23,208.70) to be used if needed for the above construction projects AND authorize the County Administrator and sign any change orders within the contingency amount.

Request Council approval for funding allocation in the amount of \$20,000 for Our Daily Rest – Ms. Lauren Richardson, Executive Director, Our Daily Rest
Our Daily Rest celebrated its 10th year of operation in August of 2019. In the past ten years, they have offered a hand up and a second chance to over 2,000 homeless individuals. This would not have been possible without the support and partnership of Oconee County.

Our Daily Rest cannot fulfill its mission without the support of the County and the community. They are working to continue to serve the homeless population in Oconee County and to increase the effectiveness of our programs and decrease the number of repeat incidences of homelessness in the area.

Documentation for Our Daily Rest included in backup materials

Request Council approval for funding allocation in the amount of \$15,000 for American Red Cross Upstate SC Chapter – Ms. Amanda Brock, Oconee County Administrator

The Red Cross Disaster Services program uses a three-prong approach of preparedness, response, and recovery to serve Oconee County. Red Cross continues to work in Oconee County to alleviate the social and economic hardships caused by disasters and help people bounce back faster and more effectively by providing case management and linkage to longer-term recovery services so that families can avoid homelessness and minimize any negative impact the disaster even may have on Oconee County families.

Documentation for American Red Cross included in backup materials

Request Council approval for funding allocation in the amount of \$25,000 for Christmas for Kids – Mr. Jerry Edwards

Documentation for Christmas for Kids included in backup materials

Council Committee Reports

Transportation / Mr. Hart.....[10/01/2019]

Motion to continue to move to the abandonment of Linhart Road per unanimous recommendation by the Transportation Committee on October 1, 2019.

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First & Final Reading for the Following Resolutions [cont'd]

Resolution 2019-19 “A RESOLUTION EXPRESSING INTENT TO CEASE COUNTY MAINTENANCE ON, AND TO AUTHORIZE COUNTY CONSENT TO AND PURSUIT OF JUDICIAL ABANDONMENT AND CLOSURE OF, A PORTION OF A LINHART ROAD, AN OCONEE COUNTY PUBLIC ROAD; AND OTHER MATTERS RELATED THERETO.”

Board & Commission Appointments (IF ANY) [Seats listed are all co-terminus seats]

***Building Codes Appeal Board.....1 At Large Seat**

**No questionnaires on file for the seat listed above*

Unfinished Business [to include Vote and/or Action on matters brought up for discussion, if required]

[None scheduled.]

New Business [may include items which may be scheduled for final action at a future meeting, if required]

[None scheduled.]

Executive Session

[upon reconvening Council may take a Vote and/or take Action on matters brought up for discussion in Executive Session, if required]

For the following purposes, as allowed for in § 30-4-70(a) of the South Carolina Code of Laws:

[1] Discussion regarding an Economic Development matter, Project Aztec.

[2] Discussion regarding an Economic Development matter, Project Zeta 2.

[3] Discussion regarding an Economic Development matter, Project Anvil.

[4] Discussion regarding personnel matters related to the Facilities Maintenance Department.

[5] Receive legal advice and discuss opioid litigation.

Adjourn

Assisted Listening Devices [ALD] are available to accommodate the special needs of citizens attending meetings held in Council Chambers.

ALD requests should be made to the Clerk to Council at least 30 minutes prior to the meeting start time.

Oconee County Council, Committee, Board & Commission meeting schedules, agendas are posted at the Oconee County Administration Building & are available on the County Council Website.

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**STATE OF SOUTH CAROLINA
COUNTY OF OCONEE
PROCLAMATION P2019-13**

A PROCLAMATION HONORING BEN TURETZKY

WHEREAS, Ben Turetzky, a resident of Salem, South Carolina, dedicated nearly twenty years of his life to the preservation of natural resources in Oconee County, leaving an indelible legacy and positively impacting the quality of lives for generations to come; and,

WHEREAS, Mr. Turetzky served Friends of Lake Keowee Society (FOLKS) for more than 15 years in various capacities and was a regular contributor to The Sentinel, a bi-monthly publication that focuses on initiatives to keep Lake Keowee pristine; and,

WHEREAS, Mr. Turetzky embodied the mission of FOLKS – to preserve, protect and enhance Lake Keowee and its watershed through conservation, science education and good governance, so that the lake remains clean, safe and beautiful for the community, users, visitors, area businesses and future generations; and,

WHEREAS, Mr. Turetzky put in countless hours, working with various organizations, on the Keowee-Toxaway Relicensing Project, the Habitat Enhancement Program, the Adopt-an-Island Program, the Lake Sampling Program, and the Rain Barrel Program; and,

WHEREAS, Mr. Turetzky received the prestigious Duke Energy Citizen and Service Award for making a difference in the community by donating his time, energy and talents to positively impact the lives of others; and,

WHEREAS, Mr. Turetzky focused his efforts on many issues including, but not limited to, promoting recycling and natural lakeside buffers, educating the public on the importance of boater safety and resolving the need for privately purchased buoys over the years; and,

WHEREAS, Mr. Turetzky advocated to local and state government agencies to establish policies and procedures for the protection of the land and water within Oconee County and the State of South Carolina.

NOW, THEREFORE, we, the County Council, do hereby recognize and express sincere gratitude to Mr. Turetzky for all his contributions to Lake Keowee, Lake Jocassee and Oconee County as a whole.

APPROVED AND ADOPTED this 15th day of October, 2019.

OCONEE COUNTY, SOUTH CAROLINA

Julian Davis, III, Chairman of County Council

ATTEST:

Katie D. Smith, Clerk to County Council

**STATE OF SOUTH CAROLINA
COUNTY OF OCONEE
ORDINANCE 2019-21**

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED FEE AGREEMENT BETWEEN OCONEE COUNTY AND ACI PLASTICS SOUTH, LLC, INCLUDING THE INCLUSION OF ACI PROPERTIES SOUTH, LLC, AND GREENCYCLE U.S. HOLDING, INC. AS CO-SPONSORS, AND AMENDING THE FEE AGREEMENT DATED AS OF OCTOBER 1, 2014; AND OTHER MATTERS RELATED THERETO.

WHEREAS, Oconee County, South Carolina (the "County"), acting by and through its County Council (the "County Council"), is authorized and empowered under and pursuant to the provisions of Title 12, Chapter 44, Code of Laws of South Carolina, 1976, as amended (the "Act") to cause to be acquired properties (which such properties constitute "projects" as defined in the Act) and to enter into or allow financing agreements with respect to such projects; to provide for payment of a fee in lieu of taxes (the "FILOT") through a FILOT agreement (the "Fee Agreement") pursuant to the Act through which powers the industrial development of the State of South Carolina (the "State") will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in the State and thus utilize and employ the manpower, agricultural products and natural resources of the State and benefit the general public welfare of the County by providing services, employment, recreation or other public benefits not otherwise provided locally; and

WHEREAS, pursuant to an Oconee County ordinance dated October 7, 2014, the County Council authorized the execution and delivery by the County of a Fee Agreement dated as of October 1, 2014 (the "ACI Fee Agreement") with ACI PLASTICS SOUTH, LLC ("ACI Plastics") for the purpose of supporting a portion of the cost through economic development incentives, of the expansion and acquisition, by construction and purchase of buildings, improvements, machinery, equipment and fixtures which constitute a facility used for the purpose of manufacturing and engineering thermo plastic compounds in the County and all activities related thereto (the "Project"); and

WHEREAS, ACI Plastics officially commenced the Project as of December 31, 2015, and ACI Plastics has as of December 31, 2018 invested not less than One Million Seven Hundred Thousand Dollars (\$1,700,000) in the Project pursuant to the ACI Fee Agreement; and

WHEREAS, ACI Plastics is desirous of amending the ACI Fee Agreement dated as of October 1, 2014, which amended ACI Fee Agreement will state that the required minimum level of

investment in the Project including the investment of Sponsors (hereinafter defined) will be not less than Ten Million Dollars (\$10,000,000) during the original Investment Period ending on December 31, 2020, and so as to include ACI Properties South, LLC, (“ACI Properties”) and GreenCycle US Holding, Inc. (“GreenCycle”), as Sponsors in the Project and the amended ACI Fee Agreement (jointly hereafter the “Sponsors”); and

WHEREAS, the County Council has caused to be prepared and presented to this meeting the form of an amended ACI Fee Agreement by and between the County and the Sponsors which includes (1) the continuation of the same fee payments, in terms of calculation of payments made to the County, required under the ACI Fee Agreement; (2) the continuation of the same fee in lieu of tax payments as under the ACI Fee Agreement only for the time required and allowed for payments under the ACI Fee Agreement, plus an extension of the Investment Period until December 31, 2025 (which will be defined to the amended ACI Fee Agreement as an “Amended Investment Period”); (3) the appropriate agreements and terms to otherwise continue the terms and provisions, including expectations of the parties, and limitations of the ACI Fee Agreement, without change except as specified herein, and (4) the inclusion of ACI Properties, and GreenCycle, as Sponsors in the amended ACI Fee Agreement. Provided, the amended ACI Fee Agreement shall revise the minimum investment requirement during the initial Investment Period to \$10,000,000 by December 31, 2020 as a condition, among other things, for extending the Investment Period to December 31, 2025; and

WHEREAS, it appears that the amended ACI Fee Agreement above referred to (the “Amended ACI Fee Agreement”), which is now before this meeting, is in appropriate form and is an appropriate instrument to be executed and delivered by the County for the purposes intended.

NOW, THEREFORE, BE IT ORDAINED by Oconee County, South Carolina, in meeting duly assembled, as follows:

Section 1. It is the intention of the County Council and the Sponsors that the amendment of the ACI Fee Agreement shall not diminish or enhance the value of the existing fee in lieu of tax arrangement between the County and ACI Plastics to either party, provided, the Sponsors (to include ACI Properties and Greencycle) shall now be required (with the Amended ACI Fee Agreement) to have a minimum required investment level of \$10 Million in the Project by December 31, 2020 and subsequent to and contingent on such \$10,000,000 investment provide for an extended time for the Sponsors to invest in the Project until December 31, 2025.

Section 2. The terms of the Amended ACI Fee Agreement presented to this meeting and filed with the Clerk to the County Council be and they are hereby approved, and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if the Amended ACI Fee Agreement were set out in this Ordinance in its entirety. The Chairman of County Council and the Clerk to the County Council be and they are hereby authorized, empowered and directed to execute, acknowledge and deliver the Amended ACI Fee Agreement in the name and on behalf of the County, and thereupon to cause the Amended ACI Fee Agreement to be

delivered to the Sponsors. The Amended ACI Fee Agreement is to be in substantially the form now before this meeting and hereby approved, or with such minor changes therein as shall not be materially adverse to the County and as shall be approved by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of the Amended ACI Fee Agreement now before this meeting.

Section 3. The Chairman of the County Council and the Clerk to the 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 Amended ACI Fee Agreement and the performance of all obligations of the County under and pursuant to the Amended ACI Fee Agreement.

Section 4. The provisions of this Ordinance are hereby declared to be separable and if any section, phrase or provisions 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.

Section 5. 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.

Passed and approved this ___ day of October 2019.

OCONEE COUNTY, SOUTH CAROLINA

By: _____
Julian Davis, III, Chairman of County Council
Oconee County, South Carolina

ATTEST:

By: _____
Katie D. Smith, Clerk to County Council
Oconee County, South Carolina

First Reading: August 20, 2019 [title only]
Second Reading: September 3, 2019 [postponed]
September 17, 2019 [postponed]
October 1, 2019
Public Hearing: October 15, 2019
Third Reading: October 15, 2019

AMENDED FEE AGREEMENT

between

OCONEE COUNTY, SOUTH CAROLINA

and

ACI PLASTICS SOUTH, LLC
a South Carolina limited liability company

ACI PROPERTIES SOUTH, LLC

and

GREENCYCLE US HOLDING, INC.

(jointly with the Company hereinafter the "Sponsors")

Dated as of _____, 2019

(the original Fee Agreement between ACI Plastics South, LLC and Oconee County, South Carolina dated as of October 1, 2014)

The County and the Sponsors hereby agree to waive, to the full extent allowed by law, the requirements of Section 12-44-55 with regard to the Fee Agreement for the Project, to the extent and so long as the Company makes and continues to make all other filings required by the Act and provides copies thereof to the County within thirty (30) days of filing them.

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AMENDED FEE AGREEMENT

THIS AMENDED FEE AGREEMENT (the "Amended Fee Agreement") is made and entered into as of _____, 2019, by and between OCONEE COUNTY, SOUTH CAROLINA (the "County"), a body politic and corporate and a political subdivision of the State of South Carolina (the "State"), acting by and through the Oconee County Council (the "County Council") as the governing body of the County, and ACI PLASTICS SOUTH, LLC (the "Company"), a limited liability company duly organized and existing under the laws of the State of South Carolina, ACI PROPERTIES SOUTH, LLC, and GREENCYCLE US HOLDING, INC. (jointly with the Company hereinafter the "Sponsors"), and is an amendment and continuation of the Fee Agreement (hereinafter defined).

WITNESSETH:

Recitals.

The County is authorized by Title 12, Chapter 44 of the Code of Laws of South Carolina, 1976, as amended (the "Act") to enter into a fee agreement with entities meeting the requirements of such Act, which identifies certain property of such entities as economic development property, to induce such industries to locate in the State and to encourage industries now located in the State to expand their investments and thus make use of and employ manpower and other resources of the State.

Pursuant to the Act, the County finds that (a) the Project (as defined herein) is anticipated to benefit the general public welfare of the County by providing services, employment, recreation, or other public benefit not otherwise adequately provided locally; (b) the Project gives rise to no

pecuniary liability of the County or incorporated municipality and to no charge against its general credit or taxing power; (c) the purposes to be accomplished by the Project are proper governmental and public purposes; and (d) the benefits of the Project to the public are greater than the costs to the public.

Pursuant to a Fee Agreement between the County and the Company dated as of October 1, 2014 (referred to herein as the "Fee Agreement") authorized by the "Fee Ordinance", adopted by the County Council on October 7, 2014, the Company entered into the Fee Agreement dated as of October 1, 2014 and agreed to acquire and equip by construction, lease-purchase, lease or otherwise a manufacturing facility (the "Facility") which manufactures and engineers thermo plastic compounds, which Facility is located in the County, which consisted of the acquisition, construction, installation, expansion, improvement, design and engineering, in phases, of additional or improved machinery and equipment, buildings, improvements or fixtures and which constituted the project (the "Initial Project"). The Initial Project in the Park (as defined in the Fee Agreement) in the County will constitute an investment of at least \$10,000,000 on or before December 31, 2020 and if the \$10,000,000 goal is met by December 31, 2020, the initial investment period shall be extended until December 31, 2025 for fee in lieu of tax expenditures otherwise subject to ad valorem taxes except for the fee granted in this Fee Agreement, and thus is in compliance with the Act and this Amended Fee Agreement.

Pursuant to an Amended Fee Ordinance (as defined herein) adopted on _____, 2019 to amend the Fee Agreement dated as of October 1, 2014 by and between the County, and the Company and, as an inducement to the Sponsors to further develop the Project and at the Sponsors' request, the County Council authorized the County to enter into this amended Fee Agreement (the

“Amended Fee Agreement”) with the Sponsors which amends the Fee Agreement to read as stated herein, and identifies the property comprising the Project as Economic Development Property (as defined in the Act) under the Act and subject to the terms and conditions hereof.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the respective representations and agreements hereinafter contained, the parties hereto agree as follows, with the understanding that no obligation of the County described herein shall create a pecuniary liability or charge upon its general credit or taxing powers, but shall be payable solely out of the sources of payment described herein and shall not under any circumstances be deemed to constitute a general obligation of the County:

ARTICLE I

DEFINITIONS

The terms defined in this Article shall for all purposes of this Amended Fee Agreement have the meaning herein specified, unless the context clearly requires otherwise.

"Act" shall mean Title 12, Chapter 44 of the Code of Laws of South Carolina, 1976, as amended, and all future acts supplemental thereto or amendatory thereof

"Amended Fee Agreement" shall mean this Amended Fee Agreement dated as of _____, 2019, which amends and replaces the Fee Agreement, except as otherwise noted herein or in the Fee Agreement.

“Amended Fee Ordinance” shall mean the Ordinance of the County Council adopted on _____, 2019 authorizing the Amended Fee Agreement dated as of _____, 2019.

"Authorized Sponsors Representative" shall mean any person designated from time to time to act on behalf of each or any of the Sponsors by its President or one of its vice presidents, its chief

executive officer, its general counsel, its treasurer or any assistant treasurer, its secretary or any assistant secretary as evidenced by a written certificate or certificates furnished to the County containing the specimen signature of each such person, signed on behalf of the Sponsors, its chief executive officer, its general counsel, its treasurer or any assistant treasurer, its secretary or any assistant secretary. Such certificates may designate an alternate or alternates, and may designate different Authorized Sponsors Representatives to act for the Sponsors with respect to different sections of this Amended Fee Agreement.

"Chairman" shall mean the Chairman of the County Council of Oconee County, South Carolina

"Clerk to County Council" shall mean the Clerk to the County Council of Oconee County, South Carolina.

"Closing" or "Closing Date" shall mean the date of the execution and delivery hereof.

"Code" shall mean the Code of Laws of South Carolina, 1976, as amended.

"Company" shall mean ACI Plastics South, LLC, a South Carolina limited liability company duly qualified to transact business in the State.

"County" shall mean Oconee County, South Carolina, a body politic and corporate and a political subdivision of the State, its successors and assigns, acting by and through the County Council as the governing body of the County.

"County Council" shall mean the Oconee County Council, the governing body of the County.

"Diminution of Value" in respect of any Phase of the Project shall mean any reduction in the value based on original fair market value as determined in Step 1 of Section 4.1 of this Amended

Fee Agreement, of the items which constitute a part of the Phase which may be caused by (i) the Sponsors' removal of equipment pursuant to Section 4.6 of this Amended Fee Agreement, (ii) a casualty to the Phase of the Project, or any part thereof, described in Section 4.7 of this Amended Fee Agreement or (iii) a condemnation to the Phase of the Project, or any part thereof, described in Section 4.8 of this Amended Fee Agreement.

"Economic Development Property" shall mean all items of real and/or tangible personal property comprising the Project which are eligible for inclusion as economic development property under the Act, become subject to the Amended Fee Agreement, and which are identified by the Sponsors in connection with the required annual filing of a SCDOR PT-100, PT-300 or comparable form with the South Carolina Department of Revenue and Taxation (as such filing may be amended from time to time) for each year within the Investment Period. Title to all Economic Development Property shall at all times remain vested in the Sponsors.

"Equipment" shall mean all of the machinery, equipment, furniture and fixtures, together with any and all additions, accessions, replacements and substitutions thereto or therefor to the extent such machinery, equipment and fixtures constitute Economic Development Property and thus become a part of the Project pursuant to this Amended Fee Agreement.

"Event of Default" shall mean any Event of Default specified in Section 4.13 of this Amended Fee Agreement.

"Extended Investment Period" shall mean the investment period for the Project from January 1, 2021 until December 31, 2025, and shall be effective only if the Sponsors invest at least Ten Million Dollars (\$10,000,000) in the Project during the Initial Investment Period. Otherwise the Investment Period shall terminate on December 31, 2020.

"Facility" shall mean any such facility that the Sponsors may cause to be constructed, acquired, modified or expanded in Oconee County, South Carolina on the land acquired by or on behalf of the Sponsors for the Project.

"Fee Agreement" shall mean the Fee Agreement dated as of October 1, 2014.

"Fee Ordinance" shall mean the ordinance adopted by the County Council on October 7, 2014.

"Fee Term" or "Term" shall mean the period from the date of delivery of this Amended Fee Agreement until the last Phase Termination Date unless sooner terminated or extended pursuant to the terms of this Amended Fee Agreement.

"FILOT Revenues" shall mean the payments in lieu of taxes which the Sponsors are obligated to pay to the County pursuant to Section 4.1 hereof.

"Improvements" shall mean improvements, together with any and all additions, accessions, replacements and substitutions thereto or therefor, but only to the extent such additions, accessions, replacements, and substitutions are deemed to become part of the Project under the terms of this Amended Fee Agreement.

"Initial Investment Period" shall mean the period commencing with the first day that economic development property is acquired pursuant to the Fee Agreement and continuing pursuant to this Amended Fee Agreement and ending on December 31, 2020.

"Investment Period" shall mean the period commencing with the first day that economic development property is acquired pursuant to the Fee Agreement and continuing pursuant to this Amended Fee Agreement and ending on December 31, 2025 (the Initial Investment Period plus the Extended Investment Period), unless the Sponsors do not invest at least Ten Million Dollars

(\$10,000,000) in eligible investments in the Project by December 31, 2020, in which case the Investment Period will end on December 31, 2020 (the Initial Investment Period).

"Phase" or "Phases" in respect of the Project shall mean the Equipment, Improvements and Real Property, if any, placed in service during each year of the Investment Period.

"Phase Termination Date" shall mean with respect to each Phase of the Project the day thirty years after each such Phase of the Project becomes subject to the terms of this Amended Fee Agreement. Anything contained herein to the contrary notwithstanding, the last Phase Termination Date shall be no later than December 31, 2055.

"Project" shall mean the Equipment, Improvements, and/or Real Property, together with the acquisition, construction, installation, design and engineering thereof, in phases, which shall constitute expansions or improvements of the Facility, and includes the Initial Project. The Project involves an initial investment of sufficient sums to qualify under the Act.

"Real Property" shall mean real property, together with all and singular the rights, members, hereditaments and appurtenances belonging or in any way incident or appertaining thereto to the extent such shall become a part of the Project under the terms of this Amended Fee Agreement; all Improvements now or hereafter situated thereon; and all fixtures now or hereafter attached thereto, but only to the extent such Improvements and fixtures are deemed to become part of the Project under the terms of the Fee Agreement and this Amended Fee Agreement.

"Removed Components" shall mean the following types of components or Phases of the Project or portions thereof, all of which the Sponsors shall be entitled to remove from the Project with the result that the same shall no longer be subject to the terms of the Amended Fee Agreement:

(a) components or Phases of the Project or portions thereof which the Sponsors, in their sole

discretion, determine to be inadequate, obsolete, worn-out, uneconomic, damaged, unsuitable, undesirable or unnecessary; or (b) components or Phases of the Project or portions thereof which the Sponsors in their sole discretion, elect to remove pursuant to Section 4.7(c) or Section 4.8(b)(iii) of this Amended Fee Agreement (subject, always, to the terms and provisions of Section 4.3, hereof).

"Replacement Property" shall mean any property which is placed in service as a replacement pursuant to Section 4.3 for any item of Equipment or any Improvement which is scrapped or sold by the Sponsors and treated as a Removed Component under Section 4.6 hereof regardless of whether such property serves the same function as the property it is replacing and regardless of whether more than one piece of property replaces any item of Equipment or any Improvement.

"Sponsors" shall mean the Company and ACI Properties South, LLC and GreenCycle US Holdings, Inc. in conformity with the terms of the Act, specifically as the Act was amended by Act 283 in 2003. Any reference to any agreement or document in this Article I or otherwise in this Amended Fee Agreement shall be deemed to include any and all amendments, supplements, addenda, and modifications to such agreement or document.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations of the County. The County hereby represents and warrants to the Sponsors as follows:

(a) The County is a body politic and corporate and a political subdivision of the State which acts through the County Council as its governing body and by the provisions of the Act is

authorized and empowered to enter into the transactions contemplated by this Amended Fee Agreement and to carry out its obligations hereunder. The County has duly authorized the amendment of the Fee Agreement, and the execution and delivery of this Amended Fee Agreement and any and all other agreements described herein or therein.

(b) The Project, as represented by the Sponsors to the County, constitutes a "project" within the meaning of the Act.

(c) By due corporate action, the County has agreed that, subject to compliance with applicable laws, each item of real and tangible personal property comprising the Project shall be considered Economic Development Property under the Act.

Section 2.2 Representations of the Sponsors. The Sponsors individually or jointly represent and warrant to the County as follows:

(a) The Sponsors represent and warrant that the Sponsors are each duly organized and in good standing under the laws of the State, and are each qualified to do business in the State, have power to enter into this Amended Fee Agreement, and by proper company action each has duly authorized the execution and delivery of this Amended Fee Agreement.

(b) The Sponsors represent and warrant that the execution and delivery of this Amended Fee Agreement by the Sponsors and their compliance with the provisions hereof will not result in a default, not waived or cured, under any company restriction or any agreement or instrument to which the Company or any of the Sponsors is now a party or by which it is bound.

(c) The Sponsors intend to operate the Project as a "project" within the meaning of the Act as in effect on the date hereof. The Sponsors intend to operate the Project for the purpose of manufacturing and engineering of thermo plastics compounds for industry and commercial use and

other legal activities and functions with respect thereto, and for such other purposes permitted under the Act as the Sponsors may deem appropriate.

(d) The availability of the payment in lieu of taxes with regard to the Economic Development Property authorized by the Act has induced the Sponsors to locate and expand the Facility in the State.

(e) Inasmuch as at present the Company has invested at least \$1,700,000 in the Project under the Fee Agreement, and the Sponsors will have invested not less than \$10,000,000 on or before December 31, 2020, the cost of the Project will exceed the minimum investment required by the Act.

(f) The Sponsors will continue to invest and will, within the Investment Period, invest in excess of Ten Million Dollars (\$10,000,000) by December 31, 2020 and, contingent on meeting that level of investment by December 31, 2020, the Investment Period is hereby extended to December 31, 2025 for fee in lieu of tax eligible investments, subject to the fee, in the Project (counting the investment already made in the Project under the Fee Agreement).

ARTICLE III

COMMENCEMENT AND COMPLETION OF THE PROJECT

Section 3.1 The Project. The Sponsors have acquired, constructed and/or installed or made plans for the acquisition, lease, construction, expansion and/or installation of certain land, buildings, improvements, fixtures, machinery and equipment which comprise the Project, and have already invested at least \$1,700,000 in the Project under the Fee Agreement which is being amended by this Amended Fee Agreement.

Pursuant to the Act, the Sponsors and the County hereby agree that the property properly comprising the Project shall be Economic Development Property as defined under the Act. Anything contained in this Agreement to the contrary notwithstanding, the Company shall not be obligated to complete the acquisition of the Project provided it makes the payments required hereunder, and provided that the Company may lose the benefit of this Amended Fee Agreement if it does not complete the Project.

Section 3.2 Diligent Completion. The Sponsors agree to use their reasonable efforts to cause the acquisition, construction and installation of the Project to be completed as soon as practicable, but in any event to expend on the Project not less than \$10,000,000 on or prior to December 31, 2020 and, contingent on such investment being made by December 31, 2020, an extension of the Investment Period to December 31, 2025 is hereby granted by the County. If such \$10,000,000 investment is not completed by December 31, 2020, then such extension of the Investment Period will not go into effect on January 1, 2021, and will be null and void without any further action of the County. Anything contained in this Agreement to the contrary notwithstanding, the Sponsors shall not be obligated to complete the acquisition of the Project in the event that they pay all amounts due under the terms of this Amended Fee Agreement; and provided that the Company and the Sponsors may lose the benefit of this Amended Fee Agreement if they do not complete the Project.

ARTICLE IV

PAYMENTS IN LIEU OF TAXES

Section 4.1 Negotiated Payments. Pursuant to Section 12-44-50 of the Act, the Sponsors are required to make payments in lieu of ad valorem taxes to the County with respect to

the Project. Inasmuch as the Sponsors anticipate the Project will involve an investment of sufficient sums to qualify to enter into a fee in lieu of tax arrangement under Section 12-44-50(A)(1) of the Act, and to meet the investment representation of Section 2.2(f), hereof, the County and the Sponsors have negotiated the amount of the payments in lieu of taxes in accordance therewith. In accordance therewith, the Sponsors shall make payments in lieu of ad valorem taxes on all real and personal property which comprises the Project and is placed in service, as follows: the Sponsors shall make payments in lieu of ad valorem taxes with respect to each Phase of the Project placed in service on or before each December 31 through December 31, 2020 or through December 31, 2025, if the Sponsors invest not less than \$10,000,000 in nonexempt (subject to the fee) investment in the Project by December 31, 2020. Said payments are to be made annually and to be due and payable and subject to penalty assessments on the same dates and in the same manner as prescribed by the County for ad valorem taxes. The amount of annual payments in lieu of taxes shall be determined by the following procedure (subject, in any event, to the required procedures under the Act):

- Step 1: Determine the fair market value of the Phase of the Project placed in service in any given year for such year and for the following 29 years using original income tax basis for State income tax purposes for any real property (provided, if real property is constructed for the fee or is purchased in an arm's length transaction, fair market value is deemed to equal the original income tax basis, otherwise, the Department of Revenue and Taxation will determine fair market value by appraisal) and original income tax basis for State income tax purposes less depreciation for each year allowable to the Company and Sponsors for any personal property as determined in accordance with Title 12 of the Code, as amended and in effect on December 31 of the year in which each Phase becomes subject to the Amended Fee Agreement, except that no extraordinary obsolescence shall be allowable but taking into account all applicable property tax exemptions which would be allowed to the Company under State law, if the property were taxable, except those exemptions

specifically disallowed under Section 12-44-50(A)(2) of the Act, as amended and in effect on December 31 of the year in which each Phase is or becomes subject to the Amended Fee Agreement.

- Step 2: Apply an assessment ratio of six percent (6.0%) to the fair market value as determined for each year in Step 1 to establish the taxable value of each Phase of the Project in the year it is placed in service and in each of the twenty-nine years thereafter or such longer period of years that the annual fee payment is permitted to be made by the Company under the Act, as amended, if the County approves, in writing, the use of such longer period created by any such amendment.
- Step 3: Multiply the taxable values, from Step 2, by the millage rate in effect at the Project site, for all taxing entities, on June 30, 2014, which the parties hereto believe to be 215.0 mils, (which millage rate shall remain fixed for the term of this Amended Fee Agreement), to determine the amount of the payments in lieu of taxes which would be due in each of the thirty years listed on the payment dates prescribed by the County for such payments, or such longer period of years that the County may subsequently agree, in writing, that the annual fee payment is permitted to be made by the Company under the Act, as amended.

In the event that it is determined by a final order of a court of competent jurisdiction or by agreement of the parties that the minimum payment in lieu of taxes applicable to this transaction is to be calculated differently than described above, the payment shall be reset at the minimum permitted level so determined, but never lower than the level described in this Agreement without the express, written consent of the County.

In the event that the Act and/or the above-described payments in lieu of taxes are declared invalid or unenforceable, in whole or in part, for any reason, the parties express their intentions that such payments be reformed so as to most closely effectuate the legal, valid, and enforceable intent thereof and so as to afford the Sponsors with the benefits to be derived herefrom, it being the intention of the County to offer the Sponsors a strong inducement to locate the Project in the

County. If due to such invalidity or unenforceability the Project is deemed to be subject to ad valorem taxation for any reason other than as provided in Section 4.2 hereof, the payment in lieu of ad valorem taxes to be paid to the County by the Sponsors shall become equal to the amount which would result from taxes levied on the Project by the County, municipality or municipalities, school district or school districts, and other political units as if the Project did not constitute Economic Development Property under the Act, but with appropriate reductions equivalent to all tax exemptions which would be afforded to the Sponsors if the Project was and had not been Economic Development Property under the Act. In such event, any amount determined to be due and owing to the County from the Sponsors, with respect to a year or years for which payments in lieu of ad valorem taxes have been previously remitted by the Sponsors to the County hereunder, shall be reduced by the actual amount of payments in lieu of ad valorem taxes already made by the Sponsors with respect to the Project pursuant to the terms hereof.

Section 4.2 Payments in Lieu of Taxes on Replacement Property. If the Company elects to replace any Removed Components and to substitute such Removed Components with Replacement Property as a part of the Project, then, pursuant and subject to Section 12-44-60 of the Act, the Company shall make statutory payments in lieu of ad valorem taxes with regard to such Replacement Property as follows:

- (i) to the extent that the income tax basis of the Replacement Property (the "Replacement Value") is less than or equal to the original income tax basis of the Removed Components (the "Original Value") the amount of the payments in lieu of taxes to be made by the Sponsors with respect to such Replacement Property shall be calculated in accordance with Section 4.1 hereof; provided, however, in making

such calculations, the original cost to be used in Step 1 of Section 4.1 shall be equal to the lesser of (x) the Replacement Value and (y) the Original Value, and the number of annual payments to be made with respect to the Replacement Property shall be equal to thirty (30) (or, if greater, pursuant to subsequent written agreement with the County, the maximum number of years for which the annual fee payments are available to the Sponsors for each portion of the Project under the Act, as amended) minus the number of annual payments which have been made with respect to the Removed Components; and provided, further, however, that in the event a varying number of annual payments have been made with respect to such Removed Components as a result of such Removed Components being included within more than one Phase of the Project, then the number of annual payments which shall be deemed to have been made shall be the greater of such number of annual payments; and

- (ii) to the extent that the Replacement Value exceeds the Original Value of the Removed Components (the "Excess Value"), the payments in lieu of taxes to be made by the Sponsors with respect to the Excess Value shall be equal to the payment that would be due if the property were not Economic Development Property.

Section 4.3 Reductions in Payments of Taxes Upon Removal, Condemnation or Casualty. In the event of a Diminution in Value of any Phase of the Project, the payment in lieu of taxes with regard to that Phase of the Project subject to the provisions of the Act, shall be reduced in the same proportion as the amount of such Diminution in Value bears to the original fair market

value of that Phase of the Project as determined pursuant to Step 1 of Section 4.1 hereof; provided, always, however, and notwithstanding any other provision of this Agreement, that if at any time subsequent to December 31, 2020, the total value of the Project based on the original income tax basis of the Equipment, Real Property and Improvements contained therein, without deduction for depreciation, is less than \$10,000,000, beginning with the first payment thereafter due hereunder and continuing until the end of the Fee Term, the Company shall make payments for the Project equal to the payments which would be due if the Project property were not Economic Development Property.

Section 4.4 Place and Allocation of Payments in Lieu of Taxes. The Sponsors shall make the above-described payments in lieu of taxes directly to the County in accordance with applicable law as to time, place, method of payment, and penalties and enforcement of collection.

Section 4.5 Removal of Equipment. Provided that no Event of Default shall have occurred and be continuing under this Amended Fee Agreement, and subject, always, to Section 4.3, hereof, the Sponsors shall be entitled upon written notice to the County to remove the following types of components or Phases of the Project from the Project with the result that said components or Phases (the "Removed Components") shall no longer be considered a part of the Project and shall no longer be subject to the terms of this Amended Fee Agreement: (a) components or Phases which become subject to statutory payments in lieu of ad valorem taxes; (b) components or Phases of the Project or portions thereof which each of the Sponsors, in its sole discretion, determines to be inadequate, obsolete, uneconomic, worn-out, damaged, unsuitable, undesirable or unnecessary; or (c) components or Phases of the Project or portions thereof which each of the

Sponsors, in their sole discretion, elects to remove pursuant to Section 4.6(c) or Section 4.7(b)(iii) hereof.

Section 4.6 Damage or Destruction of Project.

(a) **Election to Terminate.** In the event the Project is damaged by fire, explosion, or any other casualty, the Sponsors shall be entitled to terminate this Agreement.

(b) **Election to Rebuild.** In the event the Project is damaged by fire, explosion, or any other casualty, and if the Sponsors do not elect to terminate this Agreement, the Sponsors may commence to restore the Project with such reductions or enlargements in the scope of the Project, changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Sponsors, subject, always, to Section 4.3, hereof. Subject to the provisions of the Act, all such restorations and replacements shall be considered substitutions of the destroyed portions of the Project and shall be considered part of the Project for all purposes hereof, including, but not limited to any amounts due by the Sponsors to the County under Section 4.1 hereof.

(c) **Election to Remove.** In the event the Sponsors elect not to terminate this Agreement pursuant to subsection (a) and elects not to rebuild pursuant to subsection (b), the damaged portions of the Project shall be treated as Removed Components.

Section 4.7 Condemnation.

(a) **Complete Taking.** If at any time during the Amended Fee Term title to or temporary use of the entire Project should become vested in a public or quasi-public authority by virtue of the exercise of a taking by condemnation, inverse condemnation or the right of eminent domain, or by voluntary transfer under threat of such taking, or in the event that title to a portion of the Project shall be taken rendering continued occupancy of the Project commercially infeasible in the

judgment of the Sponsors, the Sponsors shall have the option to terminate this Amended Fee Agreement as of the time of vesting of title by sending written notice to the County within a reasonable period of time following such vesting.

(b) Partial Taking. In the event of a partial taking of the Project or a transfer in lieu thereof, the Sponsors, subject, always, to Section 4.3, hereof, may elect: (i) to terminate this Amended Fee Agreement; (ii) to repair and restore the Project, with such reductions or enlargements in the scope of the Project, changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Sponsors; or (iii) to treat the portions of the Project so taken as Removed Components.

Section 4.8 Maintenance of Existence. Each of the Sponsors agree (i) that it shall not take any action which will materially impair the maintenance of its company existence and (ii) that they will maintain their respective companies' existence and their good standing under all applicable provisions of State law. Provided, however, the Company or any of the Sponsors may merge with or be acquired by another company so long as the surviving company has a net asset value equal to or greater than that of the company that is a Sponsor herein.

Section 4.9 Indemnification Covenants. (a) The Sponsors agree jointly and severally to indemnify and save the County, its employees, officers, and agents (the "Indemnified Parties") harmless against and from all claims by or on behalf of any person, firm or corporation arising from the County's entry into this Agreement, except such claims as may arise from the failure of the representations made by the County pursuant to Sections 2.1(a) and 2.1(c). The Sponsors shall jointly and severally indemnify and save the Indemnified Parties harmless from and against all costs and expenses incurred in or in connection with any such claim arising as aforesaid or in connection

with any action or proceeding brought thereon, and upon notice from the County; the Sponsors shall jointly and severally defend them in any such action, prosecution or proceeding, with counsel reasonably acceptable to the County. (b) The Sponsors further agree, jointly and severally, to pay all reasonable and necessary expenses incurred by the county with respect to the preparation and delivery, and administration of this Agreement, including but not limited to attorneys' fees and expenses.

Section 4.10 Confidentiality/Limitation on Access to Project; Records and Reports. The County acknowledges and understands that the Sponsors utilize confidential and proprietary "state of the art" manufacturing equipment and techniques and that any disclosure of any information relating to such equipment or techniques, including but not limited to disclosures of financial or other information concerning the Sponsors' operations could result in substantial harm to the Sponsors and could thereby have a significant detrimental impact on the Sponsors' employees and also upon the County. Therefore, the County agrees that, except as required by law and pursuant to the County's police powers, neither the County nor any employee, agent or contractor of the County: (i) shall request or be entitled to receive any such confidential or proprietary information; (ii) shall request or be entitled to inspect the Project, the Facility or any property associated therewith; provided, however, that if an Event of Default shall have occurred and be continuing hereunder, the County shall be entitled to inspect the Project provided they shall comply with the remaining provisions of this Section; or (iii) shall use its best, good faith efforts to not knowingly and intentionally disclose or otherwise divulge any such confidential or proprietary information to any other person, firm, governmental body or agency, or any other entity unless specifically required to do so by State law. Notwithstanding the expectation that the County will not have any

confidential or proprietary information of the Sponsors, if the Sponsors do provide such information to the County, the Sponsors will clearly and conspicuously mark such information as "Confidential" or "Proprietary", or both, then, in that event, prior to disclosing any such properly marked and identified confidential or proprietary information or allowing inspections of the Project, the Facility or any property associated therewith, the Sponsors may require the execution of reasonable, individual, confidentiality and non-disclosure agreements by any officers, employees or agents of the County or any supporting or cooperating governmental agencies who would gather, receive or review such information or conduct or review the results of any inspections.

Section 4.11 Assignment and Subletting. Subject to the prior written consent of the County (unless such consent is expressly not required under Section 12-44-120 of the Act or any amendment thereof) this Amended Fee Agreement may be assigned in whole or in part and the Project may be leased or subleased as a whole or in part by the Sponsors.

Section 4.12 Events of Default. In addition, to the specific events of default noted elsewhere herein, as to investment requirements, the following shall be "Events of Default" under this Amended Fee Agreement, and the term "Events of Default" shall mean, whenever used with reference to this Amended Fee Agreement, any one or more of the following occurrences:

(a) Failure by the Sponsors to make, upon levy, the payments in lieu of taxes described in Section 4.1 hereof; provided, however, that the Sponsors shall be entitled to all redemption rights granted by applicable statutes; or

(b) Failure by the Sponsors to pay any other amounts to the County due hereunder or to perform any of the material terms, conditions, obligations or covenants of the Sponsors hereunder, other than those already noted in this Section 4.12 and which failure shall continue for a period of

ninety (90) days after written notice from the County to the Sponsors specifying such failure and requesting that it be remedied, unless the County shall agree in writing to an extension of such time prior to its expiration.

Section 4.13 Remedies on Default. Whenever any Event of Default shall have occurred and shall be continuing, the County may take any one or more of the following remedial actions:

- (a) Terminate the Amended Fee Agreement; or
- (b) Take whatever action at law or in equity may appear necessary or desirable to collect the other amounts due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Sponsors under this Amended Fee Agreement.

In addition to all other remedies herein provided, the nonpayment of payments in lieu of taxes herein shall constitute a lien for tax purposes as provided in Section 12-44-90 of the Act. In this regard, and notwithstanding anything in this Agreement to the contrary, the County may exercise the remedies provided by general law (including Title 12, Chapter 49, of the South Carolina Code) relating to the enforced collection of ad valorem taxes to collect any payments in lieu of taxes due hereunder.

Section 4.14 Remedies Not Exclusive. No remedy conferred upon or reserved to the County under this Amended Fee Agreement is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other lawful remedy now or hereafter existing. No delay or omission to exercise any right or power accruing upon any continuing default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to

time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be herein expressly required and such notice required at law or equity which the Company is not competent to waive.

Section 4.15 Reimbursement of Legal Fees and Expenses. The Sponsors agree to reimburse or otherwise pay, on behalf of the County, any and all expenses not hereinbefore mentioned incurred by the County in connection with the Project. Further, if the Sponsors shall default under any of the provisions of this Amended Fee Agreement and the County shall employ attorneys or incur other reasonable expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Sponsors contained herein, the Sponsors will, within thirty (30) days of demand therefor, reimburse the reasonable fees of such attorneys and such other reasonable expenses so incurred by the County.

Section 4.16 No Waiver. No failure or delay on the part of the County in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. No waiver of any provision hereof shall be effective unless the same shall be in writing and signed by the County.

Section 4.17 Failure to Make Required Minimum Investment. Notwithstanding any other provision of this Agreement to the contrary, in the event that investment (within the meaning of the Act) in the Project has not exceeded \$10,000,000 in non-exempt (subject to the fee) investment, as required under Section 12-44-30 (13) of the Act by December 31, 2020, then, unless otherwise agreed to by the County, beginning with the payment due in 2021, the payment in lieu of ad

valorem taxes to be paid to the County by the Company shall become equal to the amount as would result from taxes levied on the Project by the County, municipality or municipalities, school district or school districts, and other political units as if the items of property comprising the Project were not Economic Development Property, but with appropriate reductions equivalent to all tax exemptions which would be afforded to the Company in such a case, and the Investment Period will be terminated at that point. In addition to the foregoing, the Company shall pay to the County an amount which is equal to the excess, if any, of (i) the total amount of ad valorem taxes that would have been payable to the County with respect to the Project through and including 2021 using the calculations described in this Section, over, (ii) the total amount of payments in lieu of ad valorem taxes actually made by the Company with respect to the Project through and including 2021. Any amounts determined owing pursuant to the foregoing sentence shall be subject to interest as provided under State law for non-payment of ad valorem taxes.

ARTICLE V

MISCELLANEOUS

Section 5.1 Notices. Any notice, election, demand, request or other communication to be provided under this Amended Fee Agreement shall be effective when delivered to the party named below or when deposited with the United States Postal Service, certified mail, return receipt requested, postage prepaid, addressed as follows (or addressed to such other address as any party shall have previously furnished in writing to the other party), except where the terms hereof require receipt rather than sending of any notice, in which case such provision shall control:

AS TO THE COUNTY:

Oconee County, South Carolina
415 South Pine Street
Walhalla, South Carolina 29601
Attention: County Administrator

AS TO THE COMPANY: ACI Plastics South, LLC
2945 Davison Road
Flint, Michigan 48506
Attention: Controller

AS TO THE SPONSORS: 2945 Davison Road
Flint, Michigan 48506
Attention: Controller

WITH A COPY TO: J. Wesley Crum, III P.A.
233 North Main St., Suite 200F
Greenville, SC 29601
Attention: J. Wesley Crum III, Esquire

Section 5.2 Binding Effect. This Amended Fee Agreement and each document contemplated hereby or related hereto shall be binding upon and inure to the benefit of the Company and the County and their respective successors and assigns. In the event of the dissolution of the County or the consolidation of any part of the County with any other political subdivision or the transfer of any rights of the County to any other such political subdivision, all of the covenants, stipulations, promises and agreements of this Amended Fee Agreement shall bind and inure to the benefit of the successors of the County from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of the County has been transferred.

Section 5.3 Counterparts. This Amended Fee Agreement may be executed in any number of counterparts, and all of the counterparts taken together shall be deemed to constitute one and the same instrument.

Section 5.4 Governing Law. This Amended Fee Agreement and all documents executed in connection herewith shall be construed in accordance with and governed by the laws of the State.

Section 5.5 Headings. The headings of the articles and sections of this Amended Fee Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Amended Fee Agreement.

Section 5.6 Amendments. The provisions of this Amended Fee Agreement may only be modified or amended in writing by any agreement or agreements entered into between the parties.

Section 5.7 Further Assurance. From time to time, and at the sole expense of the Sponsors, the County agrees to execute and deliver to the Sponsors such additional instruments as the Sponsors may reasonably request to effectuate the purposes of this Amended Fee Agreement.

Section 5.8 Severability. If any provision of this Amended Fee Agreement is declared illegal, invalid or unenforceable for any reason, the remaining provisions hereof shall be unimpaired and such illegal, invalid or unenforceable provision shall be reformed so as to most closely effectuate the legal, valid and enforceable intent thereof and so as to afford the Sponsors with the maximum benefits to be derived herefrom, it being the intention of the County to offer the Sponsors a strong inducement to locate the Project in the County.

Section 5.9 Limited Obligations. ANY OBLIGATION OF THE COUNTY CREATED BY OR ARISING OUT OF THIS AMENDED FEE AGREEMENT SHALL BE A LIMITED OBLIGATION OF THE COUNTY, PAYABLE BY THE COUNTY SOLELY FROM THE PROCEEDS DERIVED UNDER THIS AMENDED FEE AGREEMENT AND SHALL NOT UNDER ANY CIRCUMSTANCES BE DEEMED TO CONSTITUTE A GENERAL

OBLIGATION OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION.

Section 5.10 Force Majeure. To the extent recognized by the Act, the Sponsors shall not be responsible for any delays or non-performance caused in whole or in part, directly or indirectly, by strikes, accidents, freight embargoes, fire, floods, inability to obtain materials, conditions arising from government orders or regulations, war or national emergency, acts of God, and any other similar cause beyond Sponsors' reasonable control.

IN WITNESS WHEREOF, the County, acting by and through the County Council, has caused this Amended Fee Agreement to be executed in its name and behalf by the Chairman of the County and to be attested by the Clerk to County Council; and the Company has caused this Amended Fee Agreement to be executed by its duly authorized officer, all as of the day and year first above written.

OCONEE COUNTY, SOUTH CAROLINA

By: _____
Julian Davis, III, Chairman of County Council Oconee
County, South Carolina

ATTEST:

By: _____
Katie D. Smith, Clerk to County Council
Oconee County, South Carolina

ACI PLASTICS SOUTH, LLC

By: _____
Its:

ACI PROPERTIES SOUTH, LLC

By: _____
Its:

GREENCYCLE HOLDINGS US, INC.

By: _____
Its:

**STATE OF SOUTH CAROLINA
COUNTY OF OCONEE**

ORDINANCE 2019-22

AN ORDINANCE AUTHORIZING OCONEE COUNTY, SOUTH CAROLINA TO FINANCE AND ACQUIRE CERTAIN FIRE TRUCKS AND RELATED EQUIPMENT IN AN AMOUNT NOT EXCEEDING \$2,300,000; TO EXECUTE AND DELIVER ALL DOCUMENTS NECESSARY TO CARRY OUT THE FINANCING AND ACQUISITION; AND OTHER RELATED MATTERS.

Pursuant to the authority of the Constitution of the State of South Carolina ("State") and the general laws of the State, **BE IT ENACTED BY OCONEE COUNTY COUNCIL:**

Section 1. Findings and Determinations.

- (a) Oconee County ("County") is a body corporate and politic and political subdivision of the State and has the power to enter into agreements to finance and acquire equipment.
- (b) The County desires to acquire and finance certain fire trucks and related equipment in an amount not exceeding \$2,300,000 ("Equipment"), through means of borrowing money from a bank or other financial institution selected by the County Administrator ("Financing").
- (c) It is in the best interest of the County to acquire the Equipment by entering into the Financing, and the Financing will enable the County to acquire the Equipment, which is necessary for the County's proper operation.

Section 2. Approval of Acquisition and Financing; Delegation of Authority. The County shall acquire and finance the Equipment in accordance with a lease-purchase financing arrangement, or other similar means of financing, which is repayable by annual appropriations from operational millage, or other sources, or from general obligation indebtedness, as the County Administrator may determine.

If the Financing is accomplished through a traditional lease-purchase arrangement, the Financing will not constitute a "financing agreement," and the Equipment will not constitute an "asset" as these terms are defined in South Carolina Code Annotated section 11-27-110. Thus, the amount of the Financing will not be includable when calculating the County's constitutional debt limit, and the Financing will be subject to annual appropriation by the County. Should the Financing be accomplished through any alternative means, the County Administrator shall likewise endeavor to ensure the Financing does not count against the County's constitutional debt limit.

At the County Administrator's direction, in consultation with the County Attorney and the County's Bond Counsel, the County shall distribute a request for offers or provide for a similar notice to three or more banks and/or other financial institutions. Without further authorization, the County Council delegates to the County Administrator the authority to (a) determine the payment schedule under the Financing; (b) determine the date and time for receipt of offers; (c) award the Financing using a number of factors, including applicable interest rate, provided the net interest cost does not exceed 6.0% per annum; and (d) make reasonable changes to the quantity, cost, or description of the Equipment, a substantially final list of which is attached as Schedule I.

Section 3. Approval of Agreements. Without further authorization, the County Administrator is authorized to approve the form, terms, and provisions of the Financing. The County Administrator is authorized, empowered, and directed to execute, acknowledge, and deliver the various documents necessary to carry out the Equipment acquisition and Financing (“Transaction Documents”) in the name and on behalf of the County. The Transaction Documents are to be in the form as shall be approved by the County Administrator in consultation with the County Attorney and Bond Counsel, the execution thereof to constitute conclusive evidence of that approval.

Section 4. Execution of Documents. The County Council Chairman, the County Administrator, the County Attorney, and the Clerk to County Council are fully empowered and authorized to take further action and to execute and deliver all documents as may be reasonably necessary to effect the Financing and the delivery of the Transaction Documents and any related documents in accordance with their terms, and the contemplated transactions, and the action of these officers in executing and delivering any of these documents, in the form as the County Administrator shall approve, in consultation with the County Attorney and the County’s Bond Counsel, is fully authorized.

Section 5. Federal Tax Covenant. The County covenants that it will not take, or fail to take, any action which will cause interest components of the payments to be made under the Transaction Documents to become includable in the gross income of the successful Bidder or its successors or assignees for federal income tax purposes pursuant to the provisions of the Internal Revenue Code of 1986, as amended (“IRC”), and regulations promulgated thereunder in effect on the date of original issuance of the Transaction Documents, and that the County will comply with all applicable provisions of Section 103 and Sections 141 through 150 of the IRC, and any regulations promulgated thereunder, to maintain the exclusion from gross income for federal income tax purposes of the interest portion of the payments to be made under the Transaction Documents; and to that end the County shall:

- (a) comply with the applicable provisions of Section 103 and 141 through 150 of the IRC and any regulations promulgated thereunder so long as the Financing is outstanding;
- (b) establish funds, make calculations, and pay amounts in the manner and at the times required to comply with the requirements of the IRC relating to required rebates of certain amounts to the United States; and
- (c) make reports of information at the times and places required by the IRC.

If at the time the Financing is closed, the County does not reasonably anticipate issuing more than \$10,000,000 in tax-exempt obligations which are not “private activity bonds” during calendar year 2019, all within the meaning of Section 265(b) of the IRC, then the County intends to designate the Financing as a “qualified tax-exempt obligation” in accordance with Section 265(b)(3) of the IRC.

The County will timely file Form 8038-G in accordance with the applicable regulations of the Internal Revenue Service.

Section 6. Bond Counsel. The County selects Kozlarek Law LLC to serve as its Bond Counsel related to this Financing and understands Bond Counsel’s role will be limited to those matters necessary to effect the Financing and issue a customary bond counsel opinion (including related to any tax consequences). Further, the County understands Bond Counsel does not provide financial advisory or municipal advisory services but offers legal advice and services of a traditional legal nature.

Section 7. Financial Advisor. The County serves as its own financial/municipal advisor related to the Financing.

Section 8. Severability. All orders, resolutions, and ordinances, including any parts thereof, in conflict

with this Ordinance are, to the extent of any such conflict, repealed.

Section 9. Effective Date. This Ordinance takes and remains in effect only after the County Council has approved it following three readings and a public hearing.

[SIGNATURE PAGE FOLLOWS]
[REMAINDER OF PAGE INTENTIONALLY BLANK]

OCONEE COUNTY, SOUTH CAROLINA

Julian Davis III, Chairman
Oconee County Council

(SEAL)
ATTEST:

Katie Smith, Clerk to Council
Oconee County Council

READINGS:
First reading: September 17, 2019
Second reading: October 1, 2019
Public Hearing: October 15, 2019
Third reading: October 15, 2019

SCHEDULE I
DESCRIPTION OF EQUIPMENT

Five: Pierce Top Mount Pumper built on a Freightliner M2-106, 2-Door Cab and Chassis, Cummins L9 350 HP Diesel Engine, Allison EVS 3000 Automatic Transmission, Waterous CSU 1250 Pump, UPF 1000 Gallon Tank, Whelen LED Lighting or equivalent. Built in Accordance to NFPA. With related equipment. Approximate total cost: \$1,704,665 (\$1,749,983.75 after November 29, 2019).

One: Pierce Side Mount Pumper built on a Freightliner M2-106, 2-Door Cab and Chassis. Cummins L9 350 HP Diesel Engine, Allison EVS 3000 Automatic Transmission, Waterous CSU 1250 Pump, UPF 1000 Gallon Tank, Whelen LED Lighting or equivalent. Built in Accordance to NFPA. With related equipment. Approximate total cost: \$338,576 (\$347,569.04 after November 29, 2019).

September 5, 2019

Ms. Amanda Brock
Oconee County Administrator
415 S. Pine Street
Walhalla, SC 29691

Dear Ms. Brock:

Both the Fire Services and Rescue Squad Advisory Commissions have reviewed the Capital Equipment and Truck Replacement Schedule multiple times as it was refined over the past few months.

All Commissioners are in unanimous agreement that:

- The current schedule is as accurate as can reasonably be expected,
- The use of occasional leases and the creation of a dedicated account receiving smooth and relatively predictable annual funding will make the yearly budget process much easier and effective for everyone involved, and
- The predictability of annual funding along with the recently established use of “standard” truck configurations will enable us to continue pursuing improved pricing while also simplifying the purchasing process.

We very much appreciate the time you have invested with us to help Emergency Services improve our capital equipment budget and acquisition process.

Sincerely,

Bo Home, Chairman FSAC, Commissioner (Region 2 - Stations 11, 14, 16)
Favion Skelton, Vice Chairman FSAC, Commissioner (Region 3 - Stations 3, 12, 17)
Steve Zahn, Chairman RSAC, Commissioner (Rescue Squads 7 and 8)
Tammy Wilbanks, Vice Chairman RSAC, Commissioner (Rescue Squads 2, 6)
Travis Collins, FSAC Commissioner (Region 1 - Stations 4, 9, 10, 24, HazMat)
Jamie Brock, FSAC Commissioner (Region 4 - Stations 1, 8, 13, 15)
Kevin Wilbanks, FSAC Commissioner (Region 5 - Stations 2, 5, 6, 7)
Ronnie Williams, FSAC Commissioner (Chiefs Association)
Mary Beth Honea, RSAC Commissioner (Rescue Squads 1, 3)
Michael Smith, RSAC Commissioner (Rescue Squads 4, 5)
George Daddis, RSAC Commissioner (Rescue Squad 22)

CC: Charlie King, Oconee County Fire Chief

Vers V6f3	Year					1	2	3	4	5	6	7	8	9	10	Totals	
7/16/19 9:24a	Fund Bal					1,300	1,042	705	1,107	389	754	1,606	1,592	6	-94	Cross	
	New Funds					0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	15,141	
10 year plan	Other Funds					0	0	0	0	0	0	0	0	0	0	15,141	
	Used					593	1,837	1,098	2,218	1,135	648	1,514	3,086	1,600	1,412	15,141	
	Carry Fwd					707	705	1,107	389	754	1,606	1,592	6	-94	-6	Checks	
	Base	Model	Repl	K *1	FY												
FY / Truck	Cost	Year	Cycle	Miles	Year	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	Total	
Each Blue area is a separate lease.						To smooth cash flow:				Green - Pulled in 1 yr.		Dark Blue - Pushed out 1 yr.					
Future replacement cycles for same truck						Yellow items need review											
E141	342	1997	20	36	19-20	83	54	54	54	54	54					aka E6	353
E2 (m-sub)	342	1997	20	22	19-20	83	54	54	54	54	54					aka S2/E22	353
E53 (m-sub)	342	1996	20	33	19-20	83	54	54	54	54	54					aka E5	353
E231	342	1992	20	19	19-20	83	54	54	54	54	54						353
E7 (BLFD)	342	1999	20	16	19-20	83	54	54	54	54	54						353
E11	342	1999	20	18	19-20	83	54	54	54	54	54						353
Brush24	50	1994	n/a	165	19-20	50	(one-time only)										50
Fire10	45	2007	45	266	19-20	45											45
E4	342	2000	20	13	20-21		342										342
E121	342	2000	20	18	20-21		342		aka E121								342
E13	342	2000	20	17	20-21		342										342
E24	342	2000	20	13	20-21		342		was E9								342
Serv8/R3b	100	2000	25	139	20-21		100	needs earlier replacement									100
Batt1	45	2014	6	133	20-21		45						45				90
E8	342	2001	20	19	21-22			342									342
E10	342	2001	20	19	21-22			342									342
Trn Off	45	2002	10	127	21-22			45									45
Sch Inst	45	2011	10	194	21-22			45									45
Assumed same rates as 19-20 lease																	
E1A	342	2002	20	19	22-23				83	54	54	54	54	54			353
E15	342	2002	20	12	22-23				83	54	54	54	54	54			353
E16	342	2002	20	21	22-23		aka E16b		83	54	54	54	54	54			353
E17	342	2002	20	32	22-23				83	54	54	54	54	54			353
E3a	342	2002	20	23	22-23		aka E33		83	54	54	54	54	54			353
E2a muni	342	2002	20	33	22-23				83	54	54	54	54	54			353
E51 muni	342	2002	20	34	22-23		aka E5a		342								342
E64 muni	342	2002	20	52	22-23		aka E6a		342								342
E7a muni	342	2002	20	31	22-23				342								342
Serv12	100	1997	25	26	22-23				100								100
Sq211-212	90	2017	5	-	22-23				90					90			180
Sq213-214	90	2018	5	-	22-23				90					90			180
EM1, EM3	90	2012	10	>100	22-23				90								90
E14	342	2003	20	22	23-24					342							342
Serv1	100	1998	25	20	23-24					100							100
Fire1	45	?	10	?	23-24					45							45
No Trucks	0	-	-	-	24-25						0						0
Assumed same rates as 19-20 lease																	
AirPacks	2,050	2010	15	-	25-26							500	322	322	322		1466
T10	250	2000	25	10	25-26							250					250
T14	250	2000	25	13	25-26							250					250
Serv46	100	2000	25	48	25-26		aka Serv 4					100					100
Dive71	45	2000	25	192	25-26							45					45
R22	45	2005	20	44	25-26							45					45

Vers V6f3 7/16/19 9:24a		Year		1	2	3	4	5	6	7	8	9	10	Totals
10 year plan		Fund Bal	1,300	1,042	705	1,107	389	754	1,606	1,592	6	-94	-94	Cross
		New Funds	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	15,141
		Other Funds	0	0	0	0	0	0	0	0	0	0	0	15,141
		Used	593	1,837	1,098	2,218	1,135	648	1,514	3,086	1,600	1,412	1,412	15,141
		Carry Fwd	707	705	1,107	389	754	1,606	1,592	6	-94	-6	-6	Checks

FY / Truck	Base Cost	Model Year	Repl Cycle	K *1 Miles	FY Year	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	Total
T1	250	2001	25	11	26-27								250			250
T2	250	2001	25	13	26-27								250			250
T4	250	2001	25	7	26-27								250			250
T8	250	2001	25	10	26-27								250			250
T11	250	2001	25	12	26-27								250			250
T12	250	2001	25	9	26-27								250			250
T15	250	2001	25	9	26-27								250			250
T16	250	2001	25	12	26-27								250			250
T24	250	2001	25	6	26-27								250			250
Serv9	100	2001	25	21	26-27								100			100
Res4E	45	2006	20	88	26-27								45			45
E11a	342	2007	20	11	27-28									342		342
E171	342	2007	20	39	27-28									342		342
R1	45	2007	20	68	27-28									45		45
R54	45	2007	20	55	27-28									45		45
P5	1,000	2003	25	15	28-29										1,000	1000
R2a	45	2008	20	32	28-29										45	45
R3d	45	2008	20	62	28-29										45	45
											Tan Items					
Total Base Truck Cost	19-20 thru 28-29 (w/o interest)					Lease Interest					Addl Cycles		AirPackAdj		Cross Check	
	15,368					168					225		-620		15,141	

**AGENDA ITEM SUMMARY
OCONEE COUNTY, SC**

**COUNCIL MEETING DATE: October 15, 2019
COUNCIL MEETING TIME: 6:00 PM**

ITEM TITLE [Brief Statement]:

Resolution 2019-20: "A RESOLUTION AUTHORIZING THE AMENDMENT OF AN AGREEMENT TO DEVELOP A JOINT-COUNTY INDUSTRIAL AND BUSINESS PARK BY AND BETWEEN OCONEE COUNTY, SOUTH CAROLINA AND PICKENS COUNTY, SOUTH CAROLINA, TO PROVIDE FOR THE EXPANSION OF THE BOUNDARIES OF THE MULTI-COUNTY INDUSTRIAL/BUSINESS PARK CREATED THEREBY TO INCLUDE CERTAIN ADDITIONAL PROPERTY LOCATED IN PICKENS COUNTY; AND OTHER MATTERS RELATED THERETO."

BACKGROUND DESCRIPTION:

Resolution 2019-20 will authorize the execution of an amendment to an existing multi-county industrial and business park that was created by Pickens and Oconee Counties in relation to economic development projects located in Pickens County. The amendment will add additional real property to the park.

SPECIAL CONSIDERATIONS OR CONCERNS [only if applicable]:

None

FINANCIAL IMPACT [Brief Statement]:

Check Here if Item Previously approved in the Budget. No additional information required.

Approved by : _____ **Finance**

COMPLETE THIS PORTION FOR ALL GRANT REQUESTS:

Are Matching Funds Available: Yes / No

If yes, who is matching and how much:

Approved by : _____ **Grants**

ATTACHMENTS

STAFF RECOMMENDATION [Brief Statement]:

It is staff's recommendation that Council take action on Resolution 2019-20.

Council has directed that they receive their agenda packages a week prior to each Council meeting, therefore, Agenda Items Summaries must be submitted to the Administrator for his review/approval no later than 12 days prior to each Council meeting. It is the Department Head / Elected Officials responsibility to ensure that all approvals are obtained prior to submission to the Administrator for inclusion on an agenda.

A calendar with due dates marked may be obtained from the Clerk to Council.

**STATE OF SOUTH CAROLINA
COUNTY OF OCONEE
RESOLUTION 2019-20**

A RESOLUTION AUTHORIZING THE AMENDMENT OF AN AGREEMENT TO DEVELOP A JOINT-COUNTY INDUSTRIAL AND BUSINESS PARK BY AND BETWEEN OCONEE COUNTY, SOUTH CAROLINA AND PICKENS COUNTY, SOUTH CAROLINA, TO PROVIDE FOR THE EXPANSION OF THE BOUNDARIES OF THE MULTI-COUNTY INDUSTRIAL/BUSINESS PARK CREATED THEREBY TO INCLUDE CERTAIN ADDITIONAL PROPERTY LOCATED IN PICKENS COUNTY; AND OTHER MATTERS RELATED THERETO.

WHEREAS, Oconee County, South Carolina (“Oconee County”) and Pickens County, South Carolina (“Pickens County” and together with Oconee County, the “Counties”) are authorized under Article VIII, Section 13 of the Constitution of the State of South Carolina and Section 4-1-170 of the Code of Laws of South Carolina 1976, as amended (the “Act”) to jointly develop an industrial or business park within the geographical boundaries of one or more of the Counties; and,

WHEREAS, in order to promote the economic welfare of the citizens of the Counties by providing employment and other benefits to the citizens of the Counties, Pickens County and Oconee County entered into an Agreement for the Development of a Joint-County Industrial and Business Park, dated September 11, 2017 (the “Agreement”), for the purpose of developing a multi-county industrial/business park (the “Park”) in accordance with the provisions of the Act; and,

WHEREAS, KP Components, Inc., as sponsor, and Marlboro Development Team, Inc. as sponsor affiliate (together, the “Company”), have requested that Pickens County assist the Company with respect to its economic development project in Pickens County (the “Project”), in order to facilitate certain incentives afforded to the Company due to its location within a multi-county industrial/business park, by amending the Agreement in order to expand the boundaries of the Park to include the Project; and,

WHEREAS, pursuant to Section 2 of the Agreement, the boundaries of the Park may be expanded from time to time as authorized by resolutions of the respective councils of the Counties authorizing the amendment of the Agreement to incorporate the revised legal description of the boundaries of the Park; and,

WHEREAS, the Counties now wish to authorize the amendment of the Agreement in order to enlarge the boundaries of the Park.

NOW, THEREFORE, BE IT RESOLVED by the County Council of Oconee County (the "County Council"), the governing body of the County, in a meeting duly assembled:

SECTION I. Pursuant to the Act, Oconee County is hereby authorized to execute and deliver an amendment to the Agreement (the "Amendment") expanding the boundaries of the Park premises within Pickens County. The form, terms and provisions of the Amendment presented at this meeting and filed with the Clerk of the County Council be and they are hereby approved and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if the Amendment were set out in this Resolution in its entirety. The Chairman of County Council and the Clerk to County Council be and they are authorized, empowered and directed to execute, acknowledge and deliver the Amendment in the name and on behalf of Oconee County. The Amendment is to be in substantially the form now before the meeting and hereby approved, or with such minor changes therein as shall be approved by the officials of Oconee County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of the Amendment now before the meeting; and as shall not be materially adverse to Oconee County.

Section II. Should any section of this resolution be, for any reason, held void or invalid, it shall not affect the validity of any other section hereof which is not itself void or invalid.

[Remainder of the Page Left Blank]

Done and adopted this 15th day of October, 2019.

OCONEE COUNTY, SOUTH CAROLINA

By: _____
Julian Davis, III, Chairman of County Council
Oconee County, South Carolina

(SEAL)

ATTEST:

By: _____
Katie Smith, Clerk to County Council
Oconee County, South Carolina

STATE OF SOUTH CAROLINA)	
)	THIRD AMENDMENT TO AN AGREEMENT
COUNTY OF PICKENS)	FOR THE DEVELOPMENT OF A JOINT-
)	COUNTY INDUSTRIAL AND BUSINESS PARK
COUNTY OF OCONEE)	

THIS THIRD AMENDMENT (this “Amendment”) to an Agreement for the Development of a Joint-County Industrial and Business Park (the “Agreement”) located by and between Pickens County, South Carolina (“Pickens County”) and Oconee County, South Carolina (“Oconee County” and together with Pickens County, the “Counties”), dated September 11, 2017, as subsequently amended, is entered into this __th day of October, 2019 (the “Effective Date”), by and between the Counties as parties hereto, both political subdivisions of the State of South Carolina.

WHEREAS, the Counties are authorized under Article VIII, Section 13 of the Constitution of the State of South Carolina and Section 4-1-170 of the Code of Laws of South Carolina 1976, as amended (the “Act”) to jointly develop an industrial or business park within the geographical boundaries of one or more of the Counties; and,

WHEREAS, in accordance with the Act and pursuant to Ordinance No. 544 of Pickens County, dated September 11, 2017, and Ordinance No. 2017-19 of Oconee County, dated September 5, 2017, the Counties entered into the Agreement providing for the establishment of a multi-county industrial business park (the “Park”); and,

WHEREAS, pursuant to Section 2 of the Agreement, the boundaries of the Park may be expanded from time to time as authorized by resolutions of the respective councils of the Counties authorizing the amendment of the Agreement to incorporate the revised legal description of the boundaries of the Park; and,

WHEREAS, the county councils of each of the Counties have adopted resolutions authorizing the execution and delivery of this Amendment in order to expand the boundaries of the Park premises within Pickens County.

NOW, THEREFORE, in consideration of the mutual agreement, representations and benefits contained in this Amendment and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereby agree as follow:

1. **Binding Agreement.** The Agreement, inclusive of this Amendment, serves as a written instrument of the entire agreement between the Counties with respect to the creation, operating, and sharing of expenses of the Park and shall be binding on Pickens County and Oconee County, their successors and assigns.

2. **Amendment to the Agreement.** In accordance with Section 2(B) of the Agreement, and pursuant to Resolution No. 2019-19 of Pickens County and Resolution No. 2019-20 of Oconee County, authorizing the execution and delivery of this Amendment, the Agreement is hereby amended so as to replace the original Exhibit A of the Agreement with a revised Exhibit A (attached hereto as Revised Exhibit A) listing the parcels of real property that describe the boundaries of the Park premises in Pickens County as expanded hereby. The boundaries of the Park are hereby enlarged to the full extent of the real properties described in Revised Exhibit A and Revised Exhibit A shall amend, replace and supersede the original Exhibit A to the Agreement. Any and all terms and conditions of the Agreement not expressly amended pursuant to this Amendment shall remain in full force and effect and are hereby ratified in full by the Counties.

3. **Severability.** In the event and to the extent (and only to the extent) that any provision or any part of a provision of this Amendment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable the remainder of that provision or any other provision or party of a provision of this Amendment or the Agreement.

4. **Termination.** Notwithstanding any provision of this Amendment to the contrary, Pickens County and Oconee County affirm that the Agreement, as amended hereby, shall not expire and may not be terminated to the extent Pickens County or Oconee County has outstanding contractual commitments, covenants, or agreements to any owner or lessee or Park property, including but not limited to, the Projects, as any agreement containing such commitments or covenants may be amended, modified, or supplemented from time to time, or such owner or lessee has outstanding other incentives requiring inclusion of property of such owner or lessee within the boundaries of a multi-county industrial or business park created pursuant to the Act, unless the county in which the Park property is located shall first obtain (i) the consent in writing of such owner or lessee and (ii) include the property of such owner or lessee as part of another multi-county industrial or business park created pursuant to the Act, which including is effective as of the termination of the Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Oconee County and Pickens County have caused this Agreement to be duly executed by their duly authorized officials as of the Effective Date.

PICKENS COUNTY, SOUTH CAROLINA

By: _____
Roy B. Costner III, Chairman of County Council
Pickens County, South Carolina

(SEAL)

ATTEST:

By: _____
Meagan Bradford, Clerk to County Council
Pickens County, South Carolina

OCONEE COUNTY, SOUTH CAROLINA

By: _____
Julian Davis, Chairman of County Council
Oconee County, South Carolina

(SEAL)

ATTEST:

By: _____
Katie Smith, Clerk to the County Council
Oconee County, South Carolina

REVISED EXHIBIT A (PICKENS)

Parcels of real property described as having the following tax parcel numbers:

4087-12-97-7380

4191-07-59-4546

4191-07-69-6036

4191-16-83-0894

A portion of TMS # 4097-00-74-0384, identified as Tract B on a plat recorded at the office of the Pickens County Register of Deeds at Bkp: 609, Pg: 64

A portion of TMS # 5027-07-57-8658, shown as a separate tract of 8.03 acres on a plat recorded at the office of the Pickens Count Register of Deeds at Bkp: ____, Pg: ____.

PROCUREMENT - AGENDA ITEM SUMMARY

OCONEE COUNTY, SC

COUNCIL MEETING DATE: October 15, 2019

ITEM TITLE:

Procurement #: RFP 19-02 **Title: Design Build Services for New Office / ADA Restrooms for Chau Ram & New Park Shelter / Storage for High Falls County Parks**

Department(s): Oconee PRT-Chau Ram and High Falls County Parks

Amount: \$438,567.00 Chau Ram
\$419,873.00 High Falls
\$ 44,162.00 Contingency
\$902,602.00 Total Award

FINANCIAL IMPACT:

Procurement was approved by Council in Fiscal Year 2017-2018 budget process.		Finance Approval: <u>Sadale V Price</u>
Local ATAX Fund:	\$200,000.00	Project Cost: \$200,000.00 Balance: \$0
Economic Development Millage Fund:	\$427,602.00	Project Cost: \$427,602.00 Balance: \$0
General Fund: (Rollover from FY 19)	<u>\$275,000.00</u>	Project Cost: \$275,000.00 Balance: \$0
	\$902,602.00	

BACKGROUND DESCRIPTION:

This Request for Proposal was issued to select a Licensed Contractor to provide Design Build / Construction services to Oconee County Parks, Recreation and Tourism (PRT).
 On August 29, 2019, formal sealed proposals were opened for Design Build Services for New Office/ ADA Restrooms for Chau Ram & New Park Shelter / Storage for High Falls County Parks. Fourteen firms were originally notified of this opportunity and one firm submitted a proposal. An evaluation committee consisting of Fred Barber, High Falls Superintendent, Lake Julian, Facilities Maintenance Director, Phil Shirley, PRT Director, Rec Cobb, Chau Ram Superintendent, Swain Still, Solid Waste Director (absent from meeting) reviewed all proposals, and voted unanimously to recommend the Award to J. Davis Construction.

ATTACHMENT(S):

1. J. Davis Proposal Chau Ram Park
2. Chau Ram Floor Plan / Layout
3. J. Davis Proposal High Falls Park
4. High Falls Floor Plan / Layout

STAFF RECOMMENDATION:

It is the staff's recommendation that Council

1. Approve the award of RFP 19-02 Design Build Services for Chau Ram and High Falls County Parks to J. Davis Construction, Inc. of Westminster, SC in the amount of \$858,440.00 plus contingency in the amount of \$44,162.00 for a total award of **\$902,602.00**.
2. Authorize the County Administrator to execute documents for this project and sign any change orders within the contingency amount.

Submitted or Prepared By: Tronda C. Popham Approved for Submittal to Council: Amanda J Brock
Tronda Popham, Procurement Director **Amanda Brock, County Administrator**

Council has directed that they receive their agenda packages a week prior to each Council meeting, therefore, Agenda Items Summaries must be submitted to the Administrator for his review/approval no later than 12 days prior to each Council meeting. It is the Department Head / Elected Officials responsibility to ensure that all approvals are obtained prior to submission to the Administrator for inclusion on an agenda.

A calendar with due dates marked may be obtained from the Clerk to Council.

Chau Ram County Park
Westminster, SC
Date: 9/12/19

Division 1 – General Requirements (\$93,831.99)

- Project Management
- Assistant Project Management
- Site Supervision
- Bid Bond not included
- No Builder's Risk Included
- Payment and Performance Bond Included
- Permits and Plan Review provided by Owner

Division 2 – Site Condition Requirements (\$7,371.92)

- Job Site Dumpsters provided by owner
- Chemical Toilets provided by owner
- Temporary Barricade provided by owner
- Progressive Clean-up
- Final Clean-up
- Equipment Rental

Division 3 – Concrete (\$30,197.82)

- 4" Slab on Grade
- Cont. Footings TBD by Engineered Drawings
- Thickening for CMU Walls TBD by Engineered Drawings
- 4'x4' Column Pads for 6"x6" Posts at Entry
- Simpson Post Bases
- Termite Pre-Treatment

Division 4 – Masonry (\$47,249.69)

- 8" CMU Walls with Reinforcing TBD by Engineered Drawings
- Spray Foam Insulation in Non-Reinforced Block
- 8" CMU around Column Bases
- 6" CMU Partition Walls
- Bond Beam Lintels TBD by Engineered Drawings

- Cultured Stone to 4' high at front elevation and around column bases
- Column Caps

Division 5 – Metals (\$1,825.68)

- Steel Plate at Partition Walls

Division 6 – Woods, Plastics, and Composites (\$50,250.23)

- Pre-Fab Trusses for Main Building TBD by Engineered Drawings
- PT Trusses at Entry
- 6x6 PT Posts at Entry
- 6x12 Heavy PT Beams
- LVL Lintels TBD by Engineered Drawings
- 2x4 Interior Framing
- 2x6 Exterior Framing
- Roof Sheathing
- Wall Sheathing
- Blocking, Furring, and Interior Trim Per Drawings
- PLAM Wall and Base Cabinets in Break Room
- PLAM Countertops in Break Room
- Concrete Countertops in Bathrooms

Division 7 – Thermal and Moisture Protection (\$34,461.65)

- R-13 Insulation in Wood Framed Walls
- R-30 Insulation In Ceilings
- Roofing per drawings (30 year Architectural Shingles)
- Vinyl Soffit System
- Fiber Cement Siding and Window Trim
- 2x8 Facia Wrapped in Aluminum
- Vinyl Soffit Panels in Breezeway on Ceilings
- Gutters, Downspouts, and Splash Blocks per specs

Division 8 – Openings (\$30,274.71)

- 1 Storefront Door Package per drawings
- 12 total Storefront windows per drawings
- 1 Vinyl Window
- 4 single HM Doors and Frames per drawings
- 5 Wood Doors in HM Frames per drawings

- 9 Laminated 2 ply 3/4" plywood panels for bathroom stalls
- Hardware Included for all doors

Division 9 – Finishes (\$24,731.82)

- Paint and Finish GWB Walls and Ceilings per drawings
- Paint Fiber Cement Siding and Trim
- Paint CMU
- Stain wood plank ceiling in check-in room
- Stain PT Posts and Beams to have cedar look
- Paint all Doors and Frames
- Rubber Base in Toilet Area
- Wood Base in Park Store/Check In Area
- Stained Concrete in areas specified on room finish schedule

Division 10 – Specialties (\$5,825.67)

- 11 Grab Bars
- 10 Toilet Paper Holders
- 1 Robe Hook
- 3 Soap Dispensers
- 1 Paper Towel Dispenser
- 5 Mirrors
- 2 Hand Dryers
- 2 Baby Changings Stations
- 2 Fire Extinguishers
- 1 Fire Extinguisher Cabinet

Division 11 – Equipment and Furniture:

- No Furniture Included
- Refrigerator in Break Room is not Included

Division 21 – Fire Suppression:

- No Fire Suppression Included

Division 22 – Plumbing (\$54,143.86)

- 10 Wall Mounted Toilets
- 1 Wall Mounted Urinal

- 7 Sinks
- 1 ADA Shower
- 2 Floor Drains
- 1 Water Heater
- 2 Frost Proof Hose Bibs per specs
- 1 ADA Bi-Level Water Fountain w/ Bottle Filler

Division 23 – Mechanical (\$28,878.64)

- 3 Mini-Split Units
- 7 Supply Diffusers
- 4 Return Air Diffusers
- 1 Exhaust Fan

Division 26 – Electrical (\$29,523.32)

- 6 Surface Mounted Pendant Lights
- 8 Recessed Can Lights
- 16 Surface Mounted LED Strip Lights
- 4 Wall Mounted Emergency Egress Lights
- 2 Illuminated Exit Signs w/ Emergency Egress Lamps
- New Service Size TBD by Engineering
- 2" Conduit for Fiber and Communications to 5' outside building

Division 32 – Exterior Improvements:

- No Exterior Improvements Included

Division 33 – Utilities:

- Tie-In to existing water at no further than 5' outside of building
- Tie-in to existing septic tank at no further than 5' outside of building

Exclusions:

- **Excludes fire alarm, security, phone and data**
- **Excludes any Furniture**
- **Excludes Refrigerator in Break Room**
- **Excludes any Energy Code Analysis. Assumed to have already been done by ADS**
- **Excludes any weather barrier on CMU walls per drawings**

- **Excludes temporary power and water. Assumes power and water to be within 50'.**
- **Excludes any utility fees**
- **Excludes Permit and Plan Review Fees**
- **Excludes Chemical Toilet, Dumpsters, and Temporary Barricades**

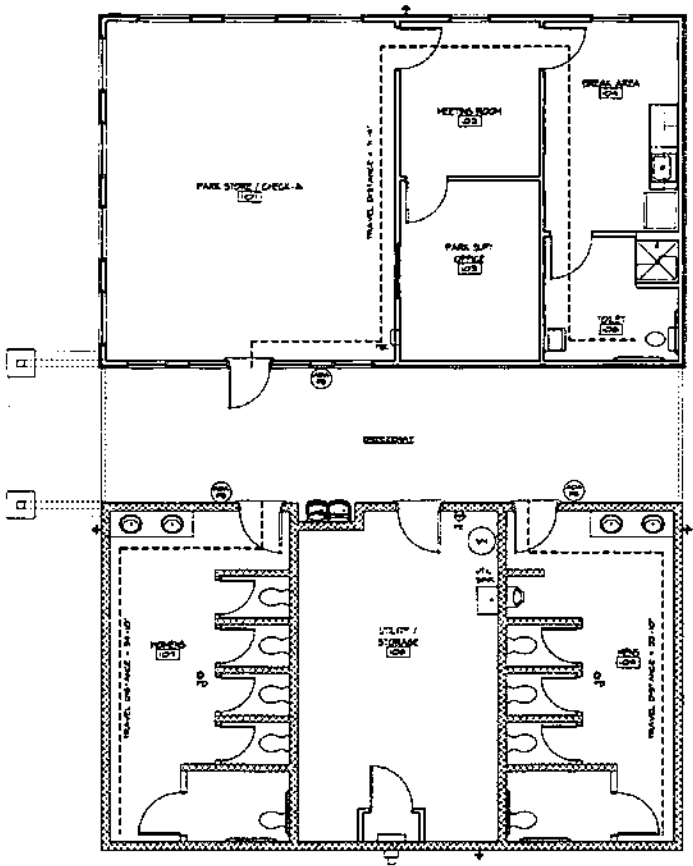
No work included unless noted above. Any unforeseen conditions or changes by governing authorities or design will be addressed as needed or required.

Tentative Proposed Subcontractors:

- Concrete – H&H Concrete
- Masonry – Doug Peay Masonry
- Plumbing – Tharp Plumbing
- Mechanical – Electric City Heating & Cooling
- Electrical – Clements Electric

Total Proposed Budget for Above Scope of Work \$438,567.00

NEW PARK OFFICE FOR
**CHAU RAM
 COUNTY PARK**
 WESTMINSTER, SOUTH CAROLINA



2018 INTERNATIONAL BUILDING CODE
 CHAPTER 3 - USE AND OCCUPANCY CLASSIFICATION
 304.1 - GROUP B OCCUPANCY

CHAPTER 5 - GENERAL BUILDING HEIGHTS AND AREAS
 ALL BASED ON TYPE V-0 CONSTRUCTION NON-SPRINKLED

T504.3 - ALLOWABLE BUILDING HEIGHT, IN FEET ABOVE GRADE PLANE
 GROUP B = 30 FT ACTUAL = 30 FT

T504.4 - ALLOWABLE NUMBER OF STORIES ABOVE GRADE PLANE
 GROUP B = 2 ACTUAL = 1

T506.2 - ALLOWABLE AREA FACTOR IN SQUARE FEET
 GROUP B = 4,000 SF ACTUAL = 2,422 SF

CHAPTER 6 - TYPES OF CONSTRUCTION
 602.5 - TYPE V CONSTRUCTION

T601 - FIRE RESISTANCE RATING REQUIREMENTS FOR BUILDING ELEMENTS
 NO FIRE RESISTANCE RATING REQUIRED

T602 - FIRE RESISTANCE RATING FOR EXTERIOR WALLS BASED ON FIRE SEPARATION DISTANCE
 DISTANCE = 0 = 1 HOUR RATING DISTANCE = 10 = NONE REQUIRED

CHAPTER 8 - FIRE PROTECTION SYSTEMS
 803 - NO SPRINKLER SYSTEM REQUIRED
 806 - FIRE EXTINGUISHERS SHALL BE INSTALLED PER MPPA 0

CHAPTER 10 - MEANS OF EGRESS
 T1004.2 - MAXIMUM FLOOR AREA ALLOWANCES PER OCCUPANT
 BUSINESS AREAS = .00 SF PER OCCUPANT 2,422 SF @ 100 SF / OCC = 25 OCCUPANTS MAX

T1006.2.1 - SPACES WITH ONE EXIT OR EXIT ACCESS DOORWAY
 GROUP B = MAX OCCUPANT LOAD = 48 MAX COMMON PATH OF EGRESS DISTANCE = 75 FT

T1012 - EXIT ACCESS TRAVEL DISTANCE
 GROUP B = 200 FT

T1020.1 - CORRIDOR FIRE RESISTANCE RATING
 GROUP B - OCCUPANT LOAD = 50 = 1 HOUR RATING OCCUPANT LOAD = 25

T1020.2 - CORRIDOR WIDTH = 44 IN

GENERAL PROJECT NOTES

1. THIS PROJECT SHALL BE BUILT IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODE, THE INTERNATIONAL PLUMBING CODE, THE INTERNATIONAL MECHANICAL CODE, THE NATIONAL ELECTRIC CODE, THE INTERNATIONAL FIRE CODE, THE INTERNATIONAL ENERGY CONSERVATION CODE, AND ALL GOVERNMENTAL AUTHORITIES HAVING JURISDICTION.
2. THE DESIGNER IS NOT RESPONSIBLE FOR CONSTRUCTION MEANS AND METHODS.
3. ALL DIMENSIONS ARE TO FACE OF STUDY EDGE OF CONCRETE SLAB, CENTERLINE OF COLUMNS AND CENTERLINES OF WINDOW OPENINGS UNLESS OTHERWISE NOTED.
4. ALL DOORS ARE 6" FROM ADJACENT WALLS, OR CENTERED IN THE WALLS UNLESS OTHERWISE NOTED.
5. THE CONTRACTOR SHALL CONTACT THE DESIGNER OR ENGINEERS SHOULD A DISCREPANCY BE DISCOVERED ON THESE DRAWINGS.
6. THE CONTRACTOR AND OWNER ARE RESPONSIBLE FOR COMPLYING WITH HANDICAP REGULATIONS INCLUDING 2011 ADA AND ADAAG.

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- 5 - ROOF FRAMING PLAN
- 6 - SCHEDULES
- 7 - ENLARGED FLOOR PLANS
- 8 - ELEVATIONS
- 9 - ELEVATIONS
- 10 - BUILDING SECTIONS
- 11 - WALL SECTIONS
- 12 - DETAILS

1. SAFETY PLAN

Revision Mark - Date

COVER SHEET
 PARK OFFICE FOR
**CHAU RAM
 COUNTY PARK**
 WESTMINSTER, SOUTH CAROLINA

ADEPT DESIGN SERVICES
 of SOUTH CAROLINA, LLC

Project No. 18-015
 Drawn by: EMB
 Checked by: EMB
 Date: 2018 02 11

DWG NO.
 1
 12

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High Falls County Park

Seneca, SC

Date: 9/12/19

Division 1 – General Requirements (\$93,800.62)

- Project Management
- Assistant Project Management
- Site Supervision
- Bid Bond not included
- No Builder's Risk Included
- Building Permit and Plan Review fees provided by owner
- Payment and Performance Bond

Division 2 – Site Condition Requirements (\$7,552.33)

- Job Site Dumpsters provided by owner
- Chemical Toilets provided by owner
- Temporary Barricade provided by owner
- Progressive Clean-up
- Final Clean-up

Division 3 – Concrete (\$38,274.69)

- 4" Slab on Grade
- Cont. Footings TBD by Engineered Drawings
- Thickening for CMU Walls TBD by Engineered Drawings
- 4'x4' Column Pads for 6"x6" Posts at Entry
- Simpson Post Bases
- Termite Pre-Treatment

Division 4 – Masonry (\$69,682.31)

- 8" CMU Walls with Reinforcing TBD by Engineered Drawings
- Spray Foam in Non-Reinforced Blocks
- 8" CMU around Column Bases
- 6" CMU Partition Walls
- Bond Beam Lintels TBD by Engineered Drawings
- Cultured Stone on Front Elevation and Base of Columns at Entry
- Column Caps

Division 5 – Metals (\$1,462.25)

- Steel Plate at Partition Walls

Division 6 – Woods, Plastics, and Composites (\$53,729.99)

- Pre-Fab Trusses for Main Building TBD by Engineered Drawings
- PT Trusses at Entry and Open Area
- 6x6 PT Posts at Entry
- 8x8 PT Posts at Open Area
- 6x12 Heavy PT Beams
- 3 Ply 2x10 PT Beams
- Roof Sheathing
- Blocking, Furring, and Interior Trim Per Drawings
- Concrete Countertops in Bathrooms

Division 7 – Thermal and Moisture Protection (\$41,492.86)

- R-30 Insulation In Ceilings
- Roofing per drawings (30 year Architectural Shingles)
- Vinyl Soffit System
- Vinyl Soffit Panel on Breezeway Ceilings
- Fiber Cement Siding and Window Trim
- 2x8 Facia Wrapped in Aluminum
- Gutters, Downspouts, and Splash Blocks per specs

Division 8 – Openings (\$16,429.80)

- 2 Roll-up counter shutters at Concessions
- 5 single HM Doors and Frames per drawings
- 3 Wood Doors in HM Frames per drawings
- 7 Laminated 2 ply ¾" plywood panels for bathroom stalls
- 8x8 Manually Operated Overhead Door
- Hardware Included for all doors

Division 9 – Finishes (\$12,381.13)

- Paint and Finish GWB Walls and Ceilings per drawings
- Paint Fiber Cement Siding and Trim
- Paint CMU
- Paint all Doors and Frames

Division 10 – Specialties (\$6,074.73)

- 6 Grab Bars
- 7 Toilet Paper Holders
- 2 Soap Dispensers
- 4 Mirrors
- 2 Hand Dryers
- 2 Baby Changings Stations

Division 11 – Equipment and Furniture:

- No Furniture Included
- Vending Not Included
- No Millwork in Concession Booth Included

Division 21 – Fire Suppression:

- No Fire Suppression Included

Division 22 – Plumbing (\$37,671.70)

- 7 Wall Mounted Toilets
- 1 Wall Mounted Urinal
- 7 Sinks
- 2 Floor Drains
- 1 Water Heater
- 2 Frost Proof Hose Bibs per specs

Division 23 – Mechanical (\$15,361.56)

- 2 Mini-splits
- 1 wall mounted heater (not on drawings but recommended in storage room for water heater and utility sink)

Division 26 – Electrical (\$25,959.03)

- 5 – 4' LED Strip Lights – Damp Listed
- 2 – 8' LED Strip Shop Lights
- 6 – 8' Outdoor LED Strip Lights
- 8 – 4' LED Strip Lights
- 3 Wall Mounted Emergency Egress Lights
- 2 Illuminated Exit Signs w/ Emergency Egress Lamps

- New Service Size TBD by Engineering
- 2" Conduit for Fiber and Communications to 5' outside building

Division 32 – Exterior Improvements:

- No Exterior Improvements Included

Division 33 – Utilities:

- Tie-In to existing water at no further than 5' outside of building
- Tie-in to existing septic tank at no further than 5' outside of building

Exclusions:

- **Excludes fire alarm, security, phone and data**
- **Excludes any Furniture**
- **Excludes any millwork or equipment in concession booth**
- **Excludes all vending machines**
- **Excludes any Energy Code Analysis. Assumed to have already been done by ADS**
- **Excludes any weather barrier on CMU walls per drawings**
- **Excludes temporary power and water. Assumes power and water to be within 50'.**
- **Excludes any utility fees**
- **Excludes Permit and Plan Review fees**
- **Excludes any chemical toilets, dumpsters, and temporary barricades**

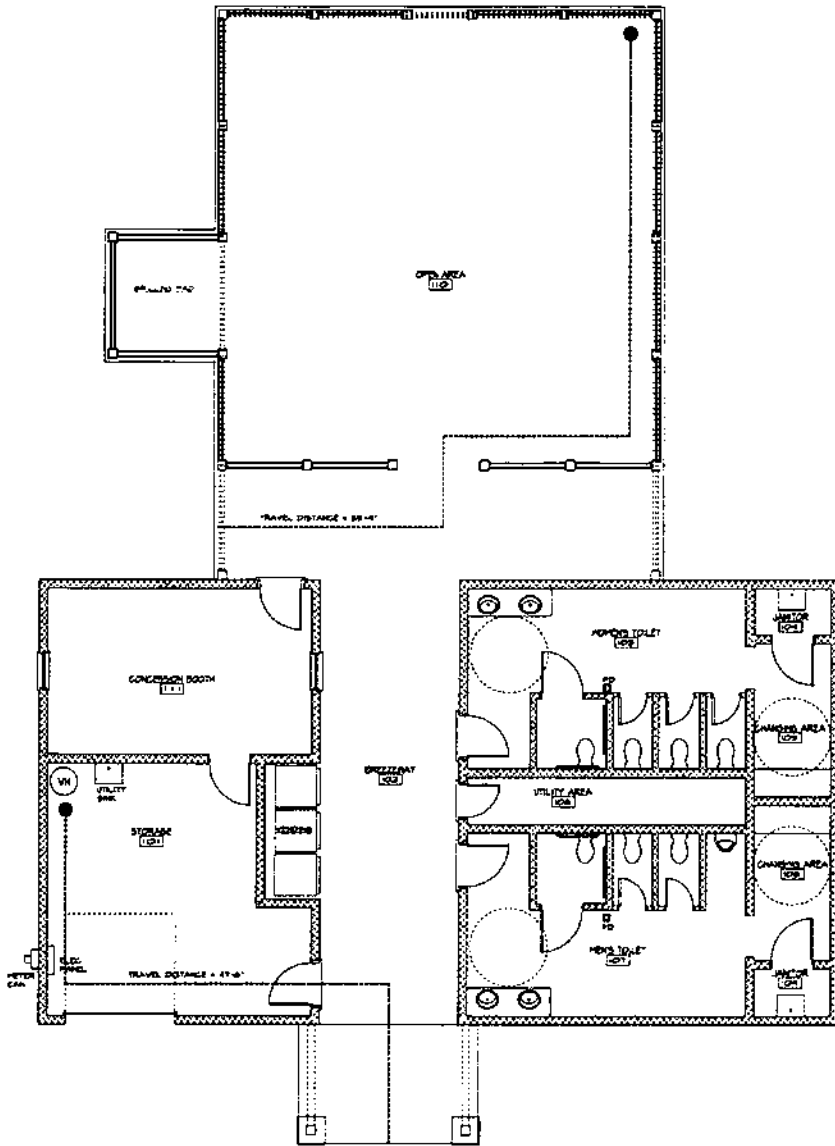
No work included unless noted above. Any unforeseen conditions or changes by governing authorities will be addressed as needed or required.

Tentative Proposed Subcontractors:

- Concrete – H&H Concrete
- Masonry – Doug Peay Masonry
- Plumbing – Tharp Plumbing
- Mechanical – Electric City Heating & Cooling
- Electrical – Clements

Total Proposed Budget for Above Scope of Work \$419,873.00

NEW PARK SHELTER / STORAGE FOR HIGH FALLS COUNTY PARK SENECA, SOUTH CAROLINA



2015 INTERNATIONAL BUILDING CODE

CHAPTER 3 - USE AND OCCUPANCY CLASSIFICATION

- 301.2 - GROUP S-1 MODERATE HAZARD STORAGE OCCUPANCY
- 302.1 - GROUP U UTILITY AND MISCELLANEOUS GROUP OCCUPANCY

CHAPTER 5 - GENERAL BUILDING HEIGHTS AND AREA

ALL BASED ON TYPE V-B CONSTRUCTION, NON-SPRINKLED

- 504.3 - ALLOWABLE BUILDING HEIGHT, FEET ABOVE GRADE PLANE
GROUP S, U = 40 FT ACTUAL = 20 FT

- 504.4 - ALLOWABLE NUMBER OF STORIES ABOVE GRADE PLANE
GROUP S-1, U-1 ACTUAL = 1

- 506.2 - ALLOWABLE AREA FACTOR IN SQUARE FEET
GROUP S-1 = 1,000 SF ACTUAL = 3.06 SF UNDER ROOF COVER
GROUP U = 5,000 SF

508.3 - BUILDING IS MIXED OCCUPANCY, NON-SEPARATED

CHAPTER 6 - TYPES OF CONSTRUCTION

602.3 - TYPE V CONSTRUCTION

701 - FIRE RESISTANCE RATING REQUIREMENTS FOR BUILDING ELEMENTS
NO FIRE RESISTANCE RATING REQUIRED

702 - FIRE RESISTANCE RATINGS FOR EXTERIOR WALLS BASED ON FIRE SEPARATION DISTANCE
DISTANCE < 10' - 1 HOUR RATING DISTANCE > 10' - NONE REQUIRED

CHAPTER 8 - FIRE PROTECTION SYSTEMS

- 803.2.4 - FIRE SPRINKLER SYSTEM IS NOT REQUIRED
- FIRE AREA LESS THAN 10,000 SF
- FIRE AREA IS NOT MORE THAN 3 STORIES ABOVE GRADE PLANE
- FIRE AREA USED FOR STORAGE OF COMMERCIAL MOTOR VEHICLES LESS THAN 5,000 SF

806 - FIRE EXTINGUISHERS SHALL BE INSTALLED PER NFPA 10

CHAPTER 10 - MEANS OF EGRESS

- 1004.1.2 - MAXIMUM FLOOR AREA ALLOWANCES PER OCCUPANT
STORAGE AREAS = 500 SF PER OCCUPANT 850 SF / 7,500 SF PER OCCUPANT + 3 OCCUPANTS
OPEN AREA = 50 OCCUPANTS MAXIMUM PER DIRECTION OF OWNER

- 1006.2.1 - SPACES WITH ONE EXIT OR EXIT ACCESS DOORWAY
GROUP S - MAXIMUM OCCUPANT LOAD = 24 MAX COMMON PATH OF EGRESS DISTANCE = 100 FT
GROUP U - MAXIMUM OCCUPANT LOAD = 24 MAX COMMON PATH OF EGRESS DISTANCE = 75 FT

- 1010.2 - EXIT ACCESS TRAVEL DISTANCE
GROUP S-1 = 200 FT
GROUP U = 300 FT

GENERAL PROJECT NOTES

1. THIS PROJECT SHALL BE BUILT IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODE, THE INTERNATIONAL PLUMBING CODE, THE INTERNATIONAL MECHANICAL CODE, THE NATIONAL ELECTRIC CODE, THE INTERNATIONAL FIRE CODE, THE INTERNATIONAL ENERGY CONSERVATION CODE, AND ALL GOVERNMENTAL AUTHORITIES HAVING JURISDICTION.
2. THE DESIGNER IS NOT RESPONSIBLE FOR CONSTRUCTION MEANS AND METHODS.
3. ALL DIMENSIONS ARE TO FACE OF STUD. EDGE OF CONCRETE SLAB, CENTERLINE OF COLUMNS AND CENTERLINES OF WINDOW OPENINGS UNLESS OTHERWISE NOTED.
4. ALL DOORS ARE 8' FROM ADJACENT WALLS OR CENTERED IN THE WALLS UNLESS OTHERWISE NOTED.
5. THE CONTRACTOR SHALL CONTACT THE DESIGNER OR ENGINEERS SHOULD A DISCREPANCY BE DISCOVERED ON THESE DRAWINGS.
6. THE CONTRACTOR AND OWNER ARE RESPONSIBLE FOR COMPLYING WITH "HANDICAP" REGULATIONS INCLUDING 2017 AND 1171 AND ADAAG.

DRAWING INDEX

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- 9 - BUILDING SECTIONS
- 10 - WALL SECTIONS
- 11 - DETAILS

Revision Mark - Date

COVER SHEET
PARK SHELTER FOR
**HIGH FALLS
COUNTY PARK**
SENECA, SOUTH CAROLINA

ADEPT DESIGN SERVICES
of SOUTH CAROLINA, LLC

Project No. 18-076
Drawn by: EMB
Checked by: EMB
Date: 09/19/20

DWG NO.
1
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PROCUREMENT - AGENDA ITEM SUMMARY

OCONEE COUNTY, SC

COUNCIL MEETING DATE: October 15, 2019

ITEM TITLE:

Title: Law Enforcement Center Repairs	Department(s): Sheriff's Office	Amount:	
		Davis Electrical & Plumbing, Inc.	\$ 68,000.00
		Eagle Interiors, Inc.	\$ 72,500.00
		MCG Mechanical Services	\$ 91,587.00
		10% Contingency	<u>\$ 23,208.70</u>
		Total this request	\$255,295.70

FINANCIAL IMPACT:

Procurement was approved by Council in Fiscal Year 2017-2018 budget process.
Budget: **\$255,295.70**

Project Cost: **\$255,295.70**

Finance Approval: *Ladale V Price*
Balance: \$0.00

BACKGROUND DESCRIPTION:

In late 2017, portions of the Oconee County Law Enforcement Center (LEC) were damaged by fire. After lengthy negotiations to settle the County's claim for insurance proceeds, we are ready to move forward with the repairs.

At the August 20, 2019 Council meeting, Council approved direct negotiations and contracting with construction professionals. On September 12, 2019, County staff met with three (3) contractors: Davis Electrical, Eagle Interiors and MCG Mechanical to view the site and to provide cost estimates for electrical, framing, insulation, sheetrock and HVAC. We received quotes for Electrical \$68,000.00, Framing/Insulation/Sheetrock \$72,500.00 and HVAC \$91,587.00.

The quotes have been reviewed by Lake Julian, Facilities Maintenance Director; he states the quotes are in line with market construction costs for the services to be provided. Staff recommends awarding to the three (3) contractors who provided the above pricing.

ATTACHMENT(S):

1. Davis Electrical and Plumbing, Inc. Quote
2. Eagle Interiors, Inc. Quote
3. MCG Mechanical Quote

STAFF RECOMMENDATION:

It is the staff's recommendation that Council;

1. Approve the Award for electrical repairs to Davis Electrical and Plumbing, Inc. of Walhalla, SC in the amount of \$68,000.00
2. Approve the Award for framing, insulation and sheetrock to Eagle Interiors, Inc. of Seneca, SC in the amount of \$72,500.00
3. Approve the Award for HVAC to MCG Mechanical Services of Anderson, SC in the amount of \$91,587.00
4. Approve a 10% contingency (\$23,208.70) to be used if needed for the above construction projects and authorize the County Administrator and sign any change orders within the contingency amount.

Submitted or Prepared By: *Tronda C Popham*
Tronda C. Popham, Procurement Director

Approved for Submittal to Council: *Amanda F Brock*
Amanda F. Brock, County Administrator

Council has directed that they receive their agenda packages a week prior to each Council meeting, therefore, Agenda Items Summaries must be submitted to the Administrator for his review/approval no later than 12 days prior to each Council meeting. It is the Department Head / Elected Officials responsibility to ensure that all approvals are obtained prior to submission to the Administrator for inclusion on an agenda.

A calendar with due dates marked may be obtained from the Clerk to Council.

DAVIS ELECTRICAL & PLUMBING, INC.

538 POPLAR SPRINGS RD.
WALHALLA, SC 29691

Estimate

DATE	ESTIMATE NO.
9/19/2019	2394

NAME / ADDRESS
OCONEE COUNTY PROCUREMENT 415 SOUTH PINE STREET WALHALLA, SC 29691

ITEM	DESCRIPTION	TOTAL
	ELECTRICAL PROPOSAL OCONEE COUNTY LAW ENFORCEMENT CENTER	
	PROPOSAL INCLUDES COST OF INSTALLATION OF ELECTRICAL SYSTEM BASED ON DRAWINGS AND LATEST CODE.	
TOTAL	S.C. TAX	68,000.00 0.00
THANK YOU FOR THE OPPORTUNITY TO BID ON YOUR PROJECT.		TOTAL \$68,000.00



Proposal

Eagle Interiors, Inc ~ 1735 Sandifer Blvd. ~ Seneca, SC 29678

864-886-9009 (office) ~ 864-886-9011 (fax)

Attn: Lake Julian
Job: Oconee County Sheriff's Office
Location: Wahalla, SC

We hereby submit specifications and estimates for material and labor for the following:

- Metal stud framing
- Sheetrock
- Insulation
- ACT

Notes:

- See job specification attached
- Studs and rock must be ordered by 3-30-20

We propose to furnish material and labor in accordance with above and attached specifications for the sum of:

\$ 72,500.00- Seventy two thousand five hundred dollars

All material is guaranteed to be as specified. All work to be completed in a professional manner according to standard practices. All agreements are contingent upon strikes or delays beyond our control. Owner to carry fire, tornado, and other necessary insurance. Our workers are fully covered by Workers' Compensation insurance.

Authorized Signature: _____ Emailed _____ Date: 9-20-19 _____



2000 Pearman Dairy Road . Anderson, SC 29625
1427 Laurens Road . Greenville, SC 29607
864.231.9157 office . 864.222.6893 fax
855.345.4303 toll free

SC G# 119754

SC M# 105323

GA M# CN003026

NC M# 16186

Sept 19th, 2019

Lake Julian
Oconee County Sheriff's Office
300 S. Church St.
Walhalla, SC 29691

Subject: HVAC Quote

Dear Mr. Julian,

Per the plans provided dated 1/23/19, MCG Mechanical proposes to furnish and install the following:

Upper level -
All new per plans

Not included in this proposal:
Electrical - other than low voltage
Electrical disconnects
Roofing

The cost for the 2nd Floor work is..... \$91,587.00

Thank you for allowing us to provide this proposal for your consideration. Please feel free to call if you have any questions or need additional information.

Respectfully Submitted,

Dakota Mitchell

David Cox
MCG Mechanical (864)- 231-9157



October 1, 2019

Oconee County Administrator
Attn: Amanda Brock
415 South Pine Street
Walhalla, SC 29691

RE: Request for disbursement of funds for Our Daily Rest

Dear Amanda Brock:

On August 19, 2019 we will celebrate our tenth year of operation. In the past ten years, we have offered a hand up and a second chance to over 2000 homeless individuals at Our Daily Rest. This would not have been possible without the support and partnership of Oconee County.

We greatly appreciate the continued partnership and support provided by Oconee County through the 2019 budget. Our Daily Rest is requesting disbursement of those funds, specifically \$20,000 that was designated for Our Daily Rest in the 2019 budget, at your earliest convenience.

Our Daily Rest cannot fulfill our mission without the support of the county and the community. We are working to continue to serve the homeless population in Oconee County and to increase the effectiveness of our programs and decrease the number of repeat incidences of homelessness in the area.

Very Truly Yours,

Lauren

Lauren Richardson
Executive Director
Our Daily Rest

PO Box 1246, Seneca, SC 29679
864-482-2040



FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2018

OUR DAILY REST, INC.

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Statement of Support, Revenue, and Expenses - Modified Cash Basis	4
Statement of Functional Expenses - Modified Cash Basis	5
Notes to Financial Statements	6-10



PAYNE, WHITE & SCHMUTZ
— CERTIFIED PUBLIC ACCOUNTANTS, PA —

114 West North First Street, Seneca, SC 29678 (864) 882-1937 (864) 882-0849

Independent Auditor's Report

Board of Directors
Our Daily Rest, Inc.
Seneca, South Carolina

We have audited the accompanying financial statements of Our Daily Rest, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2018, and the related statement of support, revenue, and expenses – modified cash basis and functional expenses – modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's 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. 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 auditor's 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 assets, liabilities, and net assets of Our Daily Rest, Inc. as of December 31, 2018, and its support, revenue, and expenses during the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Emphasis of Matters

As discussed in note 1 to the financial statements, Our Daily Rest, Inc. adopted ASU No. 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, a new reporting standard that is applicable to non-profit organizations in the current year. Our opinion is not modified with respect to these matters.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Our Daily Rest, Inc.'s December 31, 2017 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 4, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Payne, White & Schmutz, CPA, PA

Payne, White & Schmutz, CPA, PA

May 13, 2019

FINANCIAL STATEMENTS

OUR DAILY REST, INC.

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS

DECEMBER 31, 2018, WITH COMPARATIVE INFORMATION AS OF DECEMBER 31, 2017

	<u>2018</u>	<u>2017</u>
ASSETS:		
Cash	\$ 44,190	\$ 20,193
Land	32,500	32,500
Building	1,277,027	1,277,027
Equipment	46,668	40,249
Furniture and Fixtures	16,315	16,315
Donated Items Held for Sale	-	15,000
Less - Accumulated Depreciation	<u>(357,273)</u>	<u>(323,589)</u>
TOTAL ASSETS	<u>\$ 1,059,427</u>	<u>\$ 1,077,695</u>
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Accounts Payable	\$ 2,492	\$ 753
Accrued and Withheld Payroll Taxes	3,705	4,279
Note Payable	<u>699,029</u>	<u>729,079</u>
TOTAL LIABILITIES	<u>705,226</u>	<u>734,111</u>
NET ASSETS:		
Without Donor Restrictions:		
Available for Operations	<u>354,201</u>	<u>343,584</u>
Total Net Assets Without Donor Restrictions	<u>354,201</u>	<u>343,584</u>
With Donor Restrictions	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>354,201</u>	<u>343,584</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,059,427</u>	<u>\$ 1,077,695</u>

The notes to financial statements are an integral part of these statements.

OUR DAILY REST, INC.

STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018, WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	2018		2017	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	TOTAL
PUBLIC SUPPORT AND REVENUE:				
PUBLIC SUPPORT:				
Contributions	216,298	\$ 79,687	\$ 295,985	\$ 250,579
Fundraising	15,446	-	15,446	8,190
Donated Goods	16,120	-	16,120	44,128
TOTAL PUBLIC SUPPORT	247,864	79,687	327,551	302,897
REVENUE:				
Interest Income	13	-	13	-
Loss on Sale of Asset	(7,000)	-	(7,000)	-
TOTAL REVENUE	(6,987)	-	(6,987)	-
TOTAL PUBLIC SUPPORT AND REVENUE	240,877	79,687	320,564	302,897
NET ASSET RESTRICTION TRANSFERS				
Revenue Released From Restriction	79,687	(79,687)	-	-
TOTAL REVENUE AFTER TRANSFERS	320,564	-	320,564	302,897
EXPENSES:				
Program Services	258,752	-	258,752	253,690
Administrative and General	47,505	-	47,505	44,304
Fund Raising	3,690	-	3,690	5,117
TOTAL EXPENSES	309,947	-	309,947	303,111
CHANGE IN NET ASSETS	10,617	-	10,617	(214)
NET ASSETS, BEGINNING	343,584	-	343,584	343,798
NET ASSETS, ENDING	\$ 354,201	\$ -	\$ 354,201	\$ 343,584

The notes to financial statements are an integral part of these statements.

OUR DAILY REST, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018, WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	2018				2017	
	PROGRAM SERVICES	SUPPORTING SERVICES			TOTAL EXPENSES	TOTAL EXPENSES
	PROGRAM SERVICES	ADMINISTRATIVE AND GENERAL	FUND RAISING	TOTAL SUPPORTING SERVICES		
Bank Charges	\$ -	\$ 583	\$ -	\$ 583	\$ 583	\$ 519
Depreciation	30,316	3,368	-	3,368	33,684	34,937
Donated Items	16,120	-	-	-	16,120	29,128
Dues and Subscriptions	-	210	-	210	210	170
Events	2,611	-	3,690	3,690	6,301	4,909
Insurance	9,400	3,134	-	3,134	12,534	10,721
Interest	26,554	2,951	-	2,951	29,505	32,645
Miscellaneous	-	4,352	-	4,352	4,352	2,594
Payroll Taxes	11,943	2,108	-	2,108	14,051	15,120
Postage and Printing	724	723	-	723	1,447	978
Professional Fees	4,459	4,459	-	4,459	8,918	10,355
Repairs and Maintenance	26,199	2,911	-	2,911	29,110	16,223
Salaries	110,466	19,494	-	19,494	129,960	120,172
Staff Training	17	18	-	18	35	1,034
Supplies	2,515	1,258	-	1,258	3,773	4,758
Taxes and Licenses	-	-	-	-	-	13
Utilities	17,428	1,936	-	1,936	19,364	18,835
TOTAL EXPENSES	\$ 258,752	\$ 47,505	\$ 3,690	\$ 51,195	\$ 309,947	\$ 303,111

The notes to financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

OUR DAILY REST, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES:

Organization

Our Daily Rest, Inc. (ODR) was incorporated, pursuant to the laws of South Carolina, to support low-income families during periods of financial strain.

ODR was formed under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal and state income taxes.

Basis of Accounting and Financial Reporting

ODR follows the modified cash basis method of accounting. Thus, revenue is recognized when received and not when earned and expenses are recognized when cash is disbursed rather than when expenses are incurred. Modifications to the cash basis of accounting result from management's decision to record in the accompanying statement of assets, liabilities and net assets – modified cash basis: investments, donated items held for sale, land, building, equipment, and accumulated depreciation as well as credit card payable, current employee liabilities and debt. In addition, certain in-kind donations and contributed services are recorded in the accompanying statement of revenues, expenses, and changes in net assets – modified cash basis. ODR is required to report information regarding its financial practice and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, short-term investments with maturities of three months or less are considered cash equivalents. Cash includes checking and savings accounts.

Revenue and Support with or without Donor Restrictions

Contributions received are recorded with or without donor restrictions depending on the expressed intentions of the donors. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfaction of program restrictions.

Net Assets

The financial statements report amounts separately by class of net assets:

- A) Net assets without donor restrictions are those available at the discretion of the board for use in ODR's programs and other functions, and those resources invested in land, buildings and equipment.
- B) Net assets with donor restrictions are those restricted by donors for specific operating purposes or for use in a future reporting period. Also included in this category are net assets subject to donor-imposed restrictions to be held in perpetuity such as endowments or irrevocable trusts.

Donated Materials

Donated materials are recorded in the financial statements at fair value at the date of contribution.

Donated Items Held for Sale

On occasion, a non-cash donation may be held by ODR with the intention of selling the donation to a third party. Similar to donated materials, these donations are recorded in the financial statements at fair value at the date of contribution.

Contributed Services

Contributed services are recognized by ODR whenever these services create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing these skills provided that ODR would need to secure such services if not donated. Services are determined based on hours of services donated at the average fair value of comparable services and are reported as revenue and expense in the period performed. If contributed services are part of a capital project, the value of these services is capitalized. There were no contributed services in 2018 or 2017.

OUR DAILY REST, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Investments

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value. Investments in equity securities without readily determinable fair values are stated at cost if purchased and at fair value at the date of donation if contributed.

Functional Allocation of Expenses

Expenses are summarized on a functional basis in the statement of functional expenses. Accordingly, expenses have been allocated between program and administrative based upon their functional purpose. Joint costs, such as salaries for individuals who perform both program and administrative functions, have been allocated accordingly. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort. Approximately \$289,000 of joint costs were allocated in the current year, of which approximately \$242,000 was allocated to program functions and \$47,000 to administrative and general functions.

Advertising Expense

Amounts spent on advertising during the year were expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to the useful lives of capital assets and related accumulated depreciation and depreciation expense. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost for items purchased and recorded at fair market value for donated property. It is ODR's policy to capitalize equipment which costs at least \$5,000 per unit item. Depreciation is provided over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in income. Depreciation is based on the following policies:

<u>Description</u>	<u>Useful Life</u>	<u>Method</u>
Buildings	39 years	Straight Line
Equipment and Furniture	5-7 Years	Straight Line

Income Taxes

ODR is recognized as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. Accordingly, its income is not subject to federal or state income tax.

ODR has adopted accounting principles related to accounting for uncertainty in income tax positions. ODR's policy is to record a liability for any tax position taken that is beneficial to ODR, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Penalties and interest related to underpayment of income taxes are not recorded as income taxes but as penalties and interest expense. Management believes there are no such positions for either the current year or prior years and, accordingly, no liability has been accrued. Years ending on or after December 31, 2015, remain subject to examination by federal and state authorities.

OUR DAILY REST, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

New Accounting Standard Adopted

Recently, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14 – Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, a reporting standard that is applicable to non-profit organizations. This standard became effective in the current reporting period and has been adopted by ODR. The main provisions of this new reporting standard include reducing the classification of net assets from three classes to two classes. Net assets are now reported as either net assets with donor restrictions or as net assets without donor restrictions. The standard requires increased disclosures regarding ODR’s qualitative and quantitative information regarding how it manages its cash liquidity. The standard also requires ODR to describe the methods it uses to allocate costs among program and support functions.

A recap of the net assets reclassifications driven by the adoption of ASU 2016-14 as of December 31, 2017 is as follows:

<u>Net Assets Classifications</u>	<u>ASU 2016-14 Classifications</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As Previously Presented			
Unrestricted	\$ 343,584	\$ -	\$ 343,584
Temporarily Restricted	-	-	-
Permanently Restricted	-	-	-
Total Net Assets	\$ 343,584	\$ -	\$ 343,584

A recap of the net assets reclassifications driven by the adoption of ASU 2016-14 as of December 31, 2016 is as follows:

<u>Net Assets Classifications</u>	<u>ASU 2016-14 Classifications</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As Previously Presented			
Unrestricted	\$ 343,798	\$ -	\$ 343,798
Temporarily Restricted	-	-	-
Permanently Restricted	-	-	-
Total Net Assets	\$ 343,798	\$ -	\$ 343,798

NOTE 2 – PROPERTY, EQUIPMENT AND DEPRECIATION:

The buildings and equipment of ODR are recorded at cost for property purchased. Assets are depreciated using the straight line method.

<u>Description</u>	<u>2018</u>	<u>2017</u>
Land	\$ 32,500	\$ 32,500
Building	1,277,027	1,277,027
Office Equipment	46,668	40,249
Furniture and Fixtures	16,315	16,315
Total	1,372,510	1,366,091
Less Accumulated Depreciation	(357,273)	(323,589)
Property and Equipment, Net	\$ 1,015,237	\$ 1,042,502

OUR DAILY REST, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

NOTE 3 – NOTE PAYABLE:

ODR had the following note payable at year-end:

	<u>2018</u>	<u>2017</u>
Note payable to bank, including monthly principal and interest payments of \$4,880, bearing interest at 4.25%, maturing in October 2019. The note is collateralized by the homeless shelter.	\$ 699,029	\$ 729,079

Future principal payments are due as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 699,029
2020	-
2021	-
2022	-
2023	-
Total	<u>\$ 699,029</u>

ODR plans to refinance the principal balance before the balloon payment due date of October 2019.

NOTE 4 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES:

ODR's operations are primarily funded by contributions from donors and a portion of these contributions contain restrictions. Those restrictions require that resources be used for specific program activities or in a future period. Therefore, ODR must maintain resources to meet those responsibilities to its donors and certain assets may not be available for general expenditure within one year. As part of its liquidity management, ODR has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. ODR does not currently try to maintain an established minimum balance in its operating bank accounts but does closely monitor cash in its operating accounts in relation to its general expenditure obligations. The governing board would consider authorizing the borrowing of funds should it be deemed necessary.

The following schedule reflects ODR's financial assets as of its years ended in 2018 and 2017, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts that are not available also include board designated amounts, if any, that could be utilized if the board of directors approved their use.

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 44,190	\$ 20,193
Items Held for Sale	-	15,000
Total Financial Assets	44,190	35,193
Less those unavailable for general expenditures within one year due to: Restricted by donor with time or purpose restrictions	-	-
Financial Assets available to meet cash needs for general expenditures within one year	<u>\$ 44,190</u>	<u>\$ 35,193</u>

OUR DAILY REST, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

NOTE 5 – MAJOR DONORS:

During 2018, ODR received approximately \$58,000 of contributions from one donor. These contributions accounted for approximately 18% of ODR's total contributions for the year. In 2017, ODR received \$35,000, or 12% of total contributions from one donor.

NOTE 6 – SUBSEQUENT EVENTS EVALUATION:

Management has evaluated subsequent events through May 13, 2019. This is the date the financial statements were available to be issued.



American Red Cross Upstate SC Chapter Oconee County Disaster Services FY19 Update

The Red Cross Disaster Services Program uses a three-prong approach of preparedness, response and recovery to serve Oconee County.

- 1.) Preparedness: To educate and equip families and the community to reduce the amount of fatalities and injuries when disaster strikes.
- 2.) Response: To provide a quick and immediate response to emergency personnel's disaster calls and bring comfort, hope and emotional support by meeting families' emergency needs.
- 3.) Recovery: To ensure that survivors have long-term plans and access to the resources they need to stabilize their families' living situations.

Preparedness

Over the past 3 years, there have been over **73,000 smoke alarms** installed across South Carolina and **65 documented lives saved**. Vulnerable populations were targeted for preparedness services in Oconee County where:

- **459 smoke alarms** have been installed,
- **178 homes** have been made safer through in-home safety checks and fire escape planning, and
- **438 people** in Oconee County have been served through preparedness services making Oconee County households safer and better prepared should a home fire emergency strike.

Response and Recovery

During FY19, with the help of **23 volunteers in Oconee County**, along with other volunteers across the Upstate, your Red Cross has locally, in **Oconee County**:

- Responded to **47 disaster situations**, most were home fires. *(Increased from 40 disaster responses in FY18),*
- Provided **147 individuals** with hope, food, shelter and comfort as well as guidance and other assistance to help survivors and the Oconee County community become stronger and more resilient in their disaster recovery. *(Increased from 116 individuals assisted in FY18)*
- Provided **\$50,603 in direct financial assistance** to Oconee families to meet immediate needs and to help stabilize living situations.

Red Cross continues to work in Oconee County to alleviate the social and economic hardships caused by disasters and help people bounce back faster and more effectively by providing case management and linkage to longer-term recovery services so that families can avoid homelessness and minimize any negative impact the disaster event may have on Oconee County families.



THE AMERICAN NATIONAL RED CROSS

Consolidated Financial Statements
with Schedule of Operating Revenues and Expenses
for the South Carolina Region

June 30, 2018

(With Independent Auditors' Report Thereon)

THE AMERICAN NATIONAL RED CROSS
Consolidated Financial Statements
with Schedule of Operating Revenues and Expenses
for the South Carolina Region
June 30, 2018

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KPMG LLP
1676 International Drive
McLean, VA 22102

Independent Auditors' Report

The Board of Governors
The American National Red Cross:

We have audited the accompanying consolidated financial statements of The American National Red Cross (the Organization), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The American National Red Cross as of June 30, 2018, and the changes in their net assets, their functional expenses and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



Report on Summarized Comparative Information

We have previously audited The American National Red Cross 2017 consolidated financial statements, and expressed an unmodified audit opinion on those consolidated financial statements in our report dated October 6, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information included in the schedule of operating revenues and expenses and notes to the schedule is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

McLean, Virginia
October 24, 2018, except for the supplemental
information included in the Schedule, which is
as of December 21, 2018

THE AMERICAN NATIONAL RED CROSS
Consolidated Statement of Financial Position
June 30, 2018
(with comparative information as of June 30, 2017)
(In thousands)

Assets	2018	2017
Current assets:		
Cash and cash equivalents	\$ 129,488	122,115
Investments (Note 4)	645,064	291,923
Trade receivables, including grants, net of allowance for doubtful accounts of \$1,564 in 2018 and \$2,284 in 2017 (Note 11)	204,631	196,593
Contributions receivable (Note 2)	40,150	69,511
Inventories, net of allowance for obsolescence of \$141 in 2018 and \$154 in 2017	38,826	40,708
Other current assets	58,799	37,658
Total current assets	1,116,958	758,508
Noncurrent assets:		
Investments (Note 4)	1,022,435	1,238,862
Contributions receivable (Note 2)	9,170	17,135
Land, buildings, and other property, net (Note 3)	828,445	844,567
Assets held for sale, net (Note 3)	12,081	26,078
Other assets (Note 9)	251,158	257,430
Total noncurrent assets	2,123,289	2,384,072
Total assets	\$ 3,240,247	3,142,580
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 286,664	237,508
Current portion of debt (Note 5)	40,452	138,745
Postretirement benefits (Note 10)	3,730	3,723
Other current liabilities (Note 9 and 11)	136,924	149,155
Total current liabilities	467,780	529,131
Noncurrent liabilities:		
Debt (Note 5)	571,260	506,867
Pension and postretirement benefits (Note 10)	492,864	779,976
Other liabilities (Notes 5 and 9)	126,191	130,684
Total noncurrent liabilities	1,190,335	1,417,526
Total liabilities	1,658,095	1,946,657
Net assets (Notes 7 and 8):		
Unrestricted cash available for operations, net investment in land, buildings and other property, and other net assets	1,090,755	1,102,256
Pension and postretirement benefits and other long term liabilities	(1,137,205)	(1,352,041)
Total Unrestricted net assets (deficit)	(46,450)	(249,785)
Temporarily restricted net assets	768,545	608,304
Permanently restricted net assets	860,057	837,404
Total net assets	1,582,152	1,195,923
Commitments and contingencies (Notes 4, 5, 6, 10, 11)		
Total liabilities and net assets	\$ 3,240,247	3,142,580

See accompanying notes to consolidated financial statements.

THE AMERICAN NATIONAL RED CROSS
Consolidated Statement of Activities
Year ended June 30, 2018
(with summarized information for the year ended June 30, 2017)

(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	Totals	
				2018	2017
Operating revenues and gains:					
Contributions:					
Corporate, foundation and individual giving	\$ 197,728	1,039,360	74	1,237,162	422,716
United Way and other federated	10,363	40,049	—	50,412	55,455
Legacies and bequests	58,020	17,613	21,433	97,066	114,624
Services and materials	60,413	51,267	—	111,680	67,930
Products and services:					
Biomedical	1,714,669	—	—	1,714,669	1,712,031
Program materials	134,666	—	—	134,666	133,517
Contracts, including federal government	68,412	—	—	68,412	74,578
Investment income (Note 4)	48,667	142,118	—	191,785	35,958
Other revenues	60,019	—	—	60,019	53,380
Net assets released from restrictions	1,022,702	(1,022,702)	—	—	—
Total operating revenues and gains	3,378,659	287,705	21,507	3,685,871	2,714,189
Operating expenses:					
Program services:					
Services to the Armed Forces	69,319	—	—	69,319	69,335
Biomedical Services	1,806,665	—	—	1,806,665	1,831,520
Community Services	22,416	—	—	22,416	25,367
Domestic Disaster Services	766,800	—	—	766,800	372,139
Health and Safety Services	135,998	—	—	135,998	139,303
International Relief and Development Services	87,507	—	—	87,507	99,760
Total program services	2,888,705	—	—	2,888,705	2,537,424
Supporting services:					
Fund raising	198,541	—	—	198,541	189,623
Management and general	113,608	—	—	113,608	119,736
Total supporting services	312,149	—	—	312,149	309,359
Total operating expenses	3,200,854	—	—	3,200,854	2,846,783
Change in net assets from operations	175,805	267,705	21,507	465,017	(132,594)
Nonoperating investment gains (losses) (Note 4)	(34,531)	(107,464)	1,146	(140,849)	82,241
Pension-related gains other than net periodic benefit cost (Note 10)	62,061	—	—	62,061	260,603
Change in net assets	203,335	160,241	22,653	386,229	210,250
Net assets, beginning of year	(248,785)	608,304	837,404	1,195,923	985,673
Net assets, end of year	\$ (46,450)	768,545	860,057	1,582,152	1,195,923

See accompanying notes to consolidated financial statements.

THE AMERICAN NATIONAL RED CROSS

Consolidated Statement of Functional Expenses

Year ended June 30, 2018

(with summarized information for the year ended June 30, 2017)

(In thousands)

	Program services						Total Program Services
	Service to Armed Forces	Biomedical Services	Community Services	Domestic Disaster Services	Health and Safety Services	International Relief & Development Services	
Salaries and wages	\$ 28,145	777,802	10,700	104,346	50,389	16,792	988,174
Employee benefits	6,407	181,615	2,561	25,037	8,740	5,232	229,592
Subtotal	34,552	959,417	13,261	129,383	59,129	22,024	1,217,766
Travel and maintenance	3,176	28,714	199	48,184	5,295	3,079	88,647
Equipment maintenance and rental	1,303	58,206	907	15,824	2,417	1,100	79,757
Supplies and materials	1,964	316,641	844	4,694	11,428	489	336,058
Contractual services	10,024	403,999	3,064	79,442	52,677	7,221	556,427
Financial and material assistance	16,953	2,387	3,670	479,931	477	53,207	556,625
Depreciation and amortization	1,347	37,301	471	9,342	4,577	387	53,425
Total expenses	\$ 69,319	1,808,665	22,416	768,800	135,998	87,507	2,888,705
	Supporting services			Total expenses			
	Fund raising	Management and general	Total supporting services	2018	2017		
Salaries and wages	\$ 81,869	51,036	132,905	1,121,079	1,091,662		
Employee benefits	21,141	10,548	31,689	261,281	442,673		
Subtotal	103,010	61,584	164,594	1,382,360	1,534,335		
Travel and maintenance	5,974	3,474	9,448	98,095	73,842		
Equipment maintenance and rental	3,098	5,216	8,314	88,071	66,682		
Supplies and materials	3,642	1,060	4,702	340,760	424,472		
Contractual services	77,296	35,313	112,609	669,036	485,831		
Financial and material assistance	486	636	1,122	557,747	198,859		
Depreciation and amortization	5,035	6,325	11,360	64,785	62,762		
Total expenses	\$ 198,541	113,608	312,149	3,200,854	2,846,783		

See accompanying notes to consolidated financial statements.

THE AMERICAN NATIONAL RED CROSS
Consolidated Statement of Cash Flows
Year ended June 30, 2018
(with comparative information for the year ended June 30, 2017)
(In thousands)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 386,229	210,250
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	64,785	62,762
Provision for doubtful accounts receivable	(1,539)	(214)
Provision for obsolete inventories	(13)	(679)
Net gain on sales of property	(13,534)	(59,825)
Net investments and derivatives gains	(52,999)	(85,242)
Pension and postretirement related gains other than net periodic benefit costs	(62,061)	(260,603)
Permanently restricted contributions	(23,501)	(27,392)
Changes in operating assets and liabilities:		
Receivables	30,827	(10,803)
Inventories	1,895	(1,850)
Other assets	(14,869)	(16,211)
Accounts payable and accrued expenses	49,146	(14,229)
Other liabilities	(18,370)	(11,539)
Pension and postretirement benefits	(225,023)	(62,521)
Net cash provided by (used in) operating activities	<u>120,973</u>	<u>(258,096)</u>
Cash flows from investing activities:		
Purchases of property	(72,737)	(48,394)
Proceeds from sales of property	8,839	4,850
Proceeds from properties held for sale	42,766	99,792
Purchases of investments	(420,605)	(166,377)
Proceeds from sales of investments	338,536	336,941
Net cash (used in) provided by investing activities	<u>(103,201)</u>	<u>226,812</u>
Cash flows from financing activities:		
Permanently restricted contributions	23,501	27,392
Proceeds from borrowings	104,845	100,000
Repayments of debt	(138,745)	(57,337)
Net cash (used in) provided by financing activities	<u>(10,399)</u>	<u>70,055</u>
Net increase in cash and cash equivalents	7,373	38,771
Cash and cash equivalents, beginning of year	122,115	83,344
Cash and cash equivalents, end of year	<u>\$ 129,488</u>	<u>122,115</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 29,695	23,482

See accompanying notes to consolidated financial statements.

THE AMERICAN NATIONAL RED CROSS

Notes to Consolidated Financial Statements

June 30, 2018

(with summarized information for the year ended June 30, 2017)

(1) Summary of Significant Accounting Policies

Organization and Basis of Presentation: The American National Red Cross (the Organization) was established by an Act of the United States Congress on January 5, 1905 for the primary purposes of furnishing volunteer aid to the sick and wounded of the Armed Forces in time of war and to carry on a system of national and international relief in time of peace to mitigate the suffering caused by fire, famine, floods and other great natural calamities. The mission of the Organization has expanded since that time to help people prevent, prepare for, and respond to emergencies.

The accompanying consolidated financial statements present the consolidated financial position and changes in net assets, functional expenses and cash flows of the Organization. The Organization has national and international programs that are conducted by its headquarters, biomedical services, and chartered local chapters. Also included in the consolidated financial statements are the net assets and operations of Boardman Indemnity Ltd., a 100% owned captive insurance subsidiary and ARC Receivables Company, LLC, a wholly owned bankruptcy-remote special purpose entity. All significant intra-organizational accounts and transactions have been eliminated.

Program activities include services to the Armed Forces, biomedical services, community services, disaster services, health and safety services, and international relief and development services. Biomedical services include activities associated with the collection, processing, testing, and distribution of whole blood and components at 36 local blood services region operations, a biomedical research facility, and related national support functions.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to any donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization. Generally, the donors permit the Organization to use all or part of the income earned for either general or donor-specified purposes.

THE AMERICAN NATIONAL RED CROSS

Notes to Consolidated Financial Statements

June 30, 2018

(with summarized information for the year ended June 30, 2017)

The consolidated financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2017 from which the summarized information was derived.

(a) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

(b) Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist of money market mutual funds and overnight investments of approximately \$121 million and \$114 million as of June 30, 2018 and 2017, respectively.

(c) Investments

Investments are reported at fair value except for certain alternative investment funds that, as a practical expedient, are reported at estimated fair value utilizing net asset values. Net asset value, in some instances may not equal the fair value. The Organization does not intend to sell any of the funds at an amount different from net asset value per share at June 30, 2018. The Organization reviews and evaluates the net asset values provided by the general partners and fund managers and agrees with the valuation methods and assumptions used in determining net asset values of these funds.

Investment income classified as operating revenue consists of interest and dividend income on investments and spending approved for use in operations (note 4). All other realized and unrealized gains or losses are classified as nonoperating activities and are available to support operations in future years and to offset potential market declines.

Investments classified as current investments made by the Organization are expected to be converted into cash within one year.

(d) Derivative Financial Instruments

The Organization makes use of derivative financial instruments in order to create or mitigate certain risks. Derivative financial instruments are recorded at fair value (note 4). Derivatives in an asset and liability position are offset against each other and reported net in investments in the statement of financial position.

THE AMERICAN NATIONAL RED CROSS

Notes to Consolidated Financial Statements

June 30, 2018

(with summarized information for the year ended June 30, 2017)

(e) Endowment Fund

The Organization has maintained a national endowment fund since 1905. From 1910 until June 30, 2015, any gift to the American Red Cross National Headquarters from a will, trust or similar instrument that did not direct the use of the funds was deposited into the Endowment Fund, recorded as permanently restricted to be kept and invested in perpetuity and, accordingly, reported as permanently restricted net assets. In fiscal year 2015, the Organization adopted a new policy that gifts to the American Red Cross National Headquarters from a will, trust or similar instrument dated on or after July 1, 2015 without a direction to the application or purpose of the funds shall be allocated at the discretion of senior management to where the need is greatest. Such amounts will be reported as increases to unrestricted net assets. All gifts to the American Red Cross National Headquarters that are designated to be permanently restricted shall continue to be deposited into the Endowment Fund regardless of the date of the gift instrument.

(f) Inventories

Inventories of supplies purchased for use in program and supporting services are valued using the average cost method. Whole blood and its components are valued at the lower of average cost or net realizable value.

(g) Land, Buildings, and Other Property

Purchases of land, buildings, and other property having a unit cost per established guidelines and a useful life of three or more years are capitalized at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Interest expense incurred during a period of construction, less related interest income earned on proceeds of tax-exempt borrowings, is capitalized.

Property under capital leases is amortized over the lease term. Any gain or loss on the sale of land, buildings and other property is reported as other revenues on the consolidated statement of activities.

Application development costs incurred to develop internal-use software are capitalized and amortized over the expected useful life of the software application. Activities that are considered application development include design of software configuration and interfaces, coding, installation of hardware, and testing. All other expenses incurred to develop internal-use software are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>Class of property</u>	<u>Useful life in years</u>
Buildings	45
Building improvements	10
Equipment and software	3–15

THE AMERICAN NATIONAL RED CROSS

Notes to Consolidated Financial Statements

June 30, 2018

(with summarized information for the year ended June 30, 2017)

(h) Long-Lived Assets

Long-lived assets, such as land, building and other property, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

(i) Property and Casualty Insurance

The Organization maintains various insurance policies under which it assumes a portion of each insured loss. Assumed losses are retained by the Organization through its wholly owned insurance subsidiary, Boardman Indemnity, Ltd. (Boardman). The Organization also purchases insurance to supplement the coverage by Boardman. The liabilities for outstanding losses and incurred but not reported claims have been determined based on actuarial studies and are reported as other liabilities in the consolidated statement of financial position, and were approximately \$88 million and \$83 million as of June 30, 2018 and 2017, respectively.

(j) Revenue Recognition

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Contributions receivable due beyond one year are stated at net present value of the estimated cash flows using a risk-adjusted rate. Conditional contributions are recorded when the conditions have been substantially met. Contributions are considered to be unrestricted unless specifically restricted by the donor for time or purpose.

The Organization reports contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use and/or time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the consolidated statement of activities.

Donor-restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Products and services revenue, which arises principally from sales of whole blood and components and health and safety course fees, is generally recognized upon shipment of the product or delivery of the services to the customer.

Revenues from grants and contracts, including those from federal agencies, are generally reported as unrestricted contract revenue and are recognized as qualifying expenses are incurred under the agreement.

THE AMERICAN NATIONAL RED CROSS
Notes to Consolidated Financial Statements
June 30, 2018
(with summarized information for the year ended June 30, 2017)

Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

(k) Contributed Services and Materials

Contributed services reflect the important impact volunteers have in delivering the Organization's mission. Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.

The Organization engages approximately 300,000 volunteers. A small percentage of these volunteers meet the above criteria and are reported in contributed services. Contributed services for the year ended June 30, 2018 includes the services of approximately 13,905 volunteers. The Organization recorded contributed services revenue and related expense of approximately \$53 million. The \$53 million and \$40 million recorded in 2018 and 2017, respectively represent primarily volunteer efforts in support of disaster services and services to the Armed Forces.

Contributed materials are recorded at their fair value at the date of the gift. Gifts of long-lived assets are recorded as restricted support. This restriction is released ratably over the useful life of the asset.

(l) Income Taxes

The American National Red Cross is a not-for-profit organization incorporated by the U.S. Congress through the issuance of a federal charter. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. At June 30, 2018 and 2017, the Organization has determined that no income taxes are due for such activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the consolidated financial statements.

(m) Accounts Receivable Securitization

The Organization has an accounts receivable securitization program that is accounted under ASC 860, *Transfers and Servicing* (note 11).

(n) Upcoming Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. An entity should also disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for the Organization on July 1, 2018. The Organization is still evaluating the final effect that ASU 2014-09 will have on its consolidated financial statements and disclosures; however, management does not expect the adoption of the standard to have a material impact.

THE AMERICAN NATIONAL RED CROSS
Notes to Consolidated Financial Statements
June 30, 2018
(with summarized information for the year ended June 30, 2017)

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities*. ASU 2016-14 reduces the number of net asset classes presented from three to two, requires presentation of expenses by functional and natural classification in one location, and requires quantitative disclosures about liquidity and availability of financial assets. ASU 2016-14 is effective for the Organization's financial statements for the year ended June 30, 2019, and the ASU should be applied on a retrospective basis in the year that it is first applied. The Organization is still evaluating the final effect that ASU 2016-14 will have on its consolidated financial statements and disclosures; however, management does not expect the adoption of the standard to have a material impact.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The amendments in ASU 2016-02 create FASB ASC Topic 842, *Leases*, and supersede the requirements in ASC Topic 840, *Leases*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for all leases, including operating leases, with a term greater than 12 months. Under the guidance of ASU 2016-02, a lessee should recognize in the balance sheet, a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applied under ASC Topic 840. The ASU is effective for the Organization for the year ended June 30, 2020. The Organization is currently in the process of evaluating the impact of the new standard on its consolidated financial statements.

(2) Contributions Receivable

The Organization anticipates collection of outstanding contributions receivable as follows at June 30, 2018 and 2017 (in thousands):

	<u>2018</u>	<u>2017</u>
Amounts receivable within one year	\$ 42,065	72,246
Amounts receivable in 1 to 5 years (net of discount of \$1,294 and \$1,073 for 2018 and 2017, respectively)	<u>9,170</u>	<u>17,135</u>
Total contributions receivable before allowance for uncollectible amounts	51,235	89,381
Less allowance for uncollectible amounts	<u>(1,915)</u>	<u>(2,735)</u>
Contributions receivable, net	49,320	86,646
Less current portion	<u>40,150</u>	<u>69,511</u>
Contributions receivable, net, noncurrent	<u>\$ 9,170</u>	<u>17,135</u>

Amounts presented above have been discounted to present value using various discount rates ranging between 0.67% and 3.0%.

THE AMERICAN NATIONAL RED CROSS

Notes to Consolidated Financial Statements

June 30, 2018

(with summarized information for the year ended June 30, 2017)

(3) Land, Buildings, and Other Property

The cost and accumulated depreciation of land, buildings, and other property were as follows at June 30, 2018 and 2017 (in thousands):

	<u>2018</u>	<u>2017</u>
Land	\$ 100,481	103,852
Buildings and improvements	1,051,349	1,065,217
Equipment and software	<u>546,508</u>	<u>555,603</u>
Total cost of assets placed in service	1,698,338	1,724,672
Less accumulated depreciation and amortization	(878,157)	(882,338)
Construction-in-progress	<u>8,264</u>	<u>2,233</u>
Land, buildings, and other property, net	<u>\$ 828,445</u>	<u>844,567</u>

Assets held for sale were as follows at June 30, 2018 and 2017 (in thousands):

	<u>2018</u>	<u>2017</u>
Land	\$ 4,451	8,482
Buildings and improvements	<u>21,299</u>	<u>36,145</u>
Total cost of assets held for sale	25,750	44,627
Less accumulated depreciation and amortization	<u>(13,669)</u>	<u>(18,549)</u>
Assets held for sale, net	<u>\$ 12,081</u>	<u>26,078</u>

These assets have been segregated from land, buildings, and other property and presented as assets held for sale within the accompanying consolidated financial statements. The Organization identified these assets as not critical to supporting its primary mission as part of ongoing assessment procedures. The Organization then evaluated the identified assets using the criteria for classification as held for sale included in ASC 360-10, *Impairment and Disposal of Long-Lived Assets*. Certain assets or portions of assets identified were determined to meet the criteria and have been classified as such. The carrying value of these assets has been compared to the current appraised values less cost to sell and determined not to be impaired. During fiscal year ended June 30, 2018, the gain on the buildings and improvements assets held for sale was approximately \$24 million, which is included in other revenue on consolidated statement of activities.

THE AMERICAN NATIONAL RED CROSS
Notes to Consolidated Financial Statements
June 30, 2018
(with summarized information for the year ended June 30, 2017)

(4) Investments and Fair Value Measurements

The Organization applies the provisions of ASC 820, *Fair Value Measurements and Disclosures*, for fair value measurements of investments that are recognized and disclosed at fair value in the financial statements on a recurring basis. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that requires the Organization to maximize the use of observable inputs when measuring fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets.
- Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; or market – corroborated inputs.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In certain cases, the inputs to measure fair value may result in an asset or liability falling into more than one level of the fair value hierarchy. In such cases, the determination of the classification of an asset or liability within the fair value hierarchy is based on the least determinate input that is significant to the fair value measurement.

For the years ended June 30, 2018 and 2017, there were no transfers between levels.

The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

As of January 1, 2018, the Organization acquired 40% interest in Creative Testing Solutions (CTS). This investment is accounted for using the equity method, and is reflected in long term investments on the Organization's consolidated statement of financial position. The balance at June 30, 2018 reflects the original contribution as well as the Organization's share of the earnings of the investee, which were approximately \$6 million for the period ended June 30, 2018.

THE AMERICAN NATIONAL RED CROSS

Notes to Consolidated Financial Statements

June 30, 2018

(with summarized information for the year ended June 30, 2017)

The following table represents investments that are measured at fair value on a recurring basis and other investments at June 30, 2018 (in thousands):

	June 30, 2018	Level 1	Level 2	Level 3	Measured at NAV(1)
Fixed income commingled funds	\$ 167,330	—	167,330	—	—
Equity commingled funds	163,478	—	163,478	—	—
Hedge funds	432,824	—	—	—	432,824
Private equity and debt	90,655	—	—	—	90,655
Real estate and real assets	9,656	—	—	—	9,656
Cash and cash equivalents	750,554	2,731	747,823	—	—
Investments stated at fair value	1,614,497	2,731	1,078,631	—	533,135
Equity-method investments	53,002				
Total investments	\$ 1,667,499				

The following table represents investments that are measured at fair value on a recurring basis at June 30, 2017 (in thousands):

	June 30, 2017	Level 1	Level 2	Level 3	Measured at NAV(1)
Fixed income commingled funds	\$ 190,970	—	190,970	—	—
Equity commingled funds	195,223	—	195,223	—	—
Hedge funds	435,784	—	—	87	435,697
Private equity and debt	182,409	—	—	4,160	178,249
Real estate and real assets	24,451	—	—	—	24,451
Derivative contracts	19,601	—	19,601	—	—
Cash and cash equivalents	482,347	6,025	476,322	—	—
Total investments	\$ 1,530,785	6,025	882,116	4,247	638,397

(1) Certain investments are measured at fair value using NAV as a practical expedient and have not been classified in the fair value hierarchy. The NAV amounts have been presented to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

The Organization used quoted prices in principal active markets for identical assets as of the valuation date (Level 1) to value certain cash equivalents at June 30, 2018 and 2017.

THE AMERICAN NATIONAL RED CROSS

Notes to Consolidated Financial Statements

June 30, 2018

(with summarized information for the year ended June 30, 2017)

For the valuation of certain cash equivalents, U.S. government and sovereign securities, and fixed income and equity commingled funds at June 30, 2018 and 2017, the Organization used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2). The Level 2 commingled funds have a readily determinable fair value.

For the most part, the valuation of hedge funds, private equity and debt funds, real estate and real assets funds, at June 30, 2018 and 2017, are reported at estimated fair value utilizing the net asset values provided by fund managers as a practical expedient. In a few instances, additional supplemental information provided by the fund manager has been utilized to evaluate fund values and level the investments. Reported fund values utilize significant unobservable inputs; management reviews and evaluates the values provided by fund managers and general partners and agrees with the valuation methods and assumptions used in determining the reported fair values of the alternative investments.

The following table presents the Organization's activity for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2018 and 2017 (in thousands):

	Balance as of June 30, 2017	Purchases	Settlements	Change in unrealized gains/ (losses)	Balance as of June 30, 2018
Hedge funds	\$ 87	—	(86)	(1)	—
Private equity and debt	4,160	—	(2,777)	(1,383)	—
Total investments	\$ 4,247	—	(2,863)	(1,384)	—

	Balance as of June 30, 2016	Purchases	Settlements	Change in unrealized gains/ (losses)	Balance as of June 30, 2017
Hedge funds	\$ 104	—	(1,749)	1,732	87
Private equity and debt	4,918	—	(651)	(107)	4,160
Real estate and real assets	11,493	29	(18,543)	7,021	—
Total investments	\$ 16,515	29	(20,943)	8,646	4,247

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Notes to Consolidated Financial Statements
June 30, 2018
(with summarized information for the year ended June 30, 2017)

The following summarizes the nature and risk of those investments that are reported at estimated fair value utilizing net asset value as of June 30, 2018 (in thousands):

	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Hedge funds (a),(c)	\$ 1,789	—	N/A	fully redeemed
Hedge funds (a)	431,035	—	monthly to bi-annually*	5-90 days
Private equity and debt (b)	90,655	106,314	None	—
Real estate and real assets (b)	9,656	200	None	—
Total	<u>\$ 533,135</u>	<u>106,514</u>		

* bi-annually defined as every two years

- (a) Hedge Fund Investments. Hedge fund strategies include: relative value, event driven, and arbitrage strategies. Underlying hedge fund holdings can consist of the full spectrum of global equity, fixed income, commodity and currency instruments. Positions may be long and short; leverage may also be used. Some funds may invest in side pockets, which are a separate share class and are not available for redemption until the investment is liquidated by the manager.
- (b) Non-Marketable Investment Strategies. Private equity and debt strategies include: leveraged buyout, growth equity, venture capital, and distressed debt. Real estate and real assets strategies include natural resources such as oil and gas or minerals and mining. Non-marketable funds do not permit redemptions; capital is returned to investors at the discretion of the investment manager and in accordance with limited partnership terms. Interim distributions of interest and dividends can be made; however, capital and realized gains are generally distributed when underlying investments are liquidated. Funds are able to recall distributions. It is expected that the majority of the non-marketable investments will be liquidated over the next ten years.
- (c) Represents expected redemptions related to audit holdbacks, where funds retain a portion of requested redemptions until the fund's annual audit is complete in order to accommodate potential final NAV adjustments.

The Organization transacts in a variety of derivative instruments, including swaps and options, for investment and hedging purposes, in order to create or mitigate certain exposures. Each instrument's primary underlying exposure is equities, commodities, interest rates, or currencies. Such contracts involve, to varying degrees, risks of loss from the possible inability of counterparties to meet the terms of their contracts. In the case of over-the counter derivatives, collateralization and daily marks-to-market mitigate counterparty risk. The Organization also invests in highly liquid, exchange-traded contracts to achieve exposure to U.S. Treasury securities; these contracts are also marked-to-market daily, with daily exchanges of variation margin, but do not require collateralization per se. Foreign exchange derivatives can be used to facilitate trade purchases and sales as well as for hedging purposes.

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The following table lists the notional/contractual amount of derivatives by contract type included in investments at June 30, 2018 and 2017 (in thousands):

<u>Derivative type</u>	<u>2018</u>	<u>2017</u>
Equity contracts	\$ 54,388	158,748

The following table lists fair value of derivatives by contract type included in investments as of June 30, 2018 and 2017 (in thousands):

<u>Derivative type</u>	<u>Derivative assets</u>	
	<u>2018</u>	<u>2017</u>
Equity contracts	\$ —	19,601
Fair value of derivatives included in investments	<u>\$ —</u>	<u>19,601</u>

The following table lists gains and losses on derivatives by contract type included in investment income as of June 30, 2018 and 2017 (in thousands):

<u>Derivative type</u>	<u>Realized gains</u>		<u>Change in unrealized gains/(losses)</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Equity contracts	\$ 11,975	10,217	(1,928)	3,256
Total	<u>\$ 11,975</u>	<u>10,217</u>	<u>(1,928)</u>	<u>3,256</u>

For the valuation of the Organization's derivative contracts at June 30, 2018, the Organization used significant other observable inputs as of the valuation date (Level 2), including prices of instruments with similar maturities and characteristics, interest rate yield curves, measures of interest rate volatility and various market indices. The value was determined and adjusted to reflect nonperformance risk of both the counterparty and the Organization.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the estimated fair value of investments reported in the consolidated statement of financial position as of June 30, 2018. However, the diversification of the Organization's invested assets among these various asset classes is management's strategy to mitigate the impact of any dramatic change on any one asset class.

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The following schedule summarizes the composition of investment return for the years ended June 30, 2018 and 2017 (in thousands):

	2018			2017	
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Total
Dividends and interest	\$ 6,732	1,000	—	7,732	9,074
Net investment gains (losses)	8,404	33,654	1,146	43,204	113,125
Total return on investments	15,136	34,654	1,146	50,936	122,199
Less investment income available for operations:					
Endowment distribution for the Retirement System	—	105,000	—	105,000	—
Other investment (gains) losses	49,667	37,118	—	86,785	39,958
	49,667	142,118	—	191,785	39,958
Net nonoperating investment gains (losses)	(34,531)	(107,464)	1,146	(140,849)	82,241

(5) Debt

Debt consists of the following at June 30, 2018 and 2017 (in thousands):

	2018	2017
Fixed rate debt:		
Bearing interest rates ranging from 0% to 5.85%, due calendar year 2018 through 2044	\$ 441,952	473,217
Variable rate debt:		
Bearing interest rates ranging from 0.80% to 2.75%, due calendar year 2018 through 2034:		
Variable rate debt with demand repayment rights	54,760	57,395
Variable rate debt without demand repayment rights	115,000	115,000
Total bonds and notes payable	611,712	645,612
Less current portion	40,452	138,745
Debt, noncurrent portion	\$ 571,260	506,867

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The Organization's debt is generally backed only by the full faith and credit of The American National Red Cross. Certain bonds are subject to redemption prior to the maturity at the option of the Organization. The repayment terms of the variable rate debt generally require monthly payments of interest and annual principal reduction. The registered owners of the bonds and notes with demand repayment rights may demand repurchase of the bonds and notes for an amount equal to the principal plus accrued interest. Letters of credit or standby credit facilities have been established with multiple banks in the aggregate amount of \$11 million for both fiscal years 2018 and 2017, respectively, to provide liquidity in the event other funding is not available for repurchasing. As of June 30, 2018, the maturity dates for these liquidity facilities are in calendar year 2019. Approximately \$10 million of the debt with demand repayment rights bears interest at flexible rates with flexible rate periods of any duration up to 270 days. The remaining debt with demand repayment rights is remarketed on a weekly basis bearing interest rates that are reset weekly.

Certain of the Organization's debt agreements include covenants that require the Organization to maintain certain levels of financial ratios. The Organization was in compliance with its covenant requirements as of and for the year ended June 30, 2018.

Scheduled maturities and sinking fund requirements of the debt and credit agreements as of June 30, 2018 are as follows (in thousands):

2019	\$	38,635
2020		38,735
2021		38,735
2022		43,835
2023		88,935
Thereafter		<u>357,985</u>
	\$	<u>606,860</u>

Interest expense was approximately \$30 million for both years ended June 30, 2018 and 2017, respectively, which is included in contractual services on the statement of functional expenses.

(a) Bank Lines of Credit

The Organization maintained several committed and uncommitted lines of credit with various banks for its working capital requirements. As of June 30, 2018, there were no borrowings outstanding under lines of credit and there were \$100 million borrowings outstanding under lines of credit as of June 30, 2017. The Organization had unused lines of credit outstanding of approximately \$275 million at both June 30, 2018 and June 30, 2017. The amounts available to be borrowed on the lines of credit are subject to the limitations of the Organization's debt covenants.

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(b) Interest Rate Swap Agreements

The Organization held variable rate debt of approximately \$170 million and \$172 million at June 30, 2018 and 2017, respectively. Interest rate swap agreements are used by the Organization to mitigate the risk of changes in interest rates associated with variable interest rate indebtedness. Under such arrangements, a portion of variable rate indebtedness is converted to fixed rates based on a notional principal amount. The interest rate swap agreements are derivative instruments that are recognized at fair value and recorded on the statement of financial position. At June 30, 2018, the aggregate notional principal amount under the interest rate swap agreements, with maturity dates ranging from calendar year 2018 through 2025, totaled \$60 million. At June 30, 2017, the aggregate notional principal amount under the interest rate swap agreements, with maturity dates ranging from calendar year 2017 through 2021, totaled \$62 million. The estimated fair value of the interest rate swap agreements was a liability of approximately \$1.3 million and \$2.9 million, respectively, and is included in other liabilities in the accompanying consolidated statements of financial position as of June 30, 2018 and 2017.

The change in fair value on these interest rate swap agreements was a gain of approximately \$1.6 million and \$2.8 million for the years ended June 30, 2018 and 2017, respectively, and is included in nonoperating gains in the consolidated statements of activities.

For the valuation of the interest rate swaps at June 30, 2018 and 2017, the Organization used significant other observable inputs as of the valuation date (Level 2), including prices of instruments with similar maturities and characteristics, interest rate yield curves and measures of interest rate volatility. The value was determined and adjusted to reflect nonperformance risk of both the counterparty and the Organization. See note 4 for definitions of Levels 1, 2 and 3.

(c) Letters of Credit

The Organization had unused letters of credit outstanding of approximately \$55 million at June 30, 2018 and 2017.

(6) Leases

The Organization leases certain buildings and equipment for use in its operations. The following summarizes minimum future rental payments under operating leases for the fiscal years ending June 30 (in thousands):

2019	\$	26,605
2020		21,317
2021		17,961
2022		15,048
2023		11,498
Thereafter		<u>67,438</u>
Total minimum lease payments	\$	<u>159,867</u>

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Total rent expense was approximately \$46 million and \$45 million for the years ended June 30, 2018 and 2017, respectively, and is included in contractual services on the consolidated statement of functional expenses.

Future minimum rental payments to be received by the Organization for office space leased at the National Headquarters building as of June 30, 2018, are as follows (in thousands):

2019	\$	18,955
2020		<u>19,124</u>
Total minimum lease payments to be received		\$ <u>38,079</u>

The rental income was approximately \$19 million and \$16 million for the years ended June 30, 2018, and 2017, respectively, and is included in other revenues on the consolidated statement of activities.

(7) Net Assets

Unrestricted net assets (deficit) are comprised of the following at June 30, 2018 and 2017 (in thousands):

	<u>2018</u>	<u>2017</u>
Unrestricted net assets (deficit)	\$ (46,450)	(249,785)
Add back (deduct) long term assets and liabilities:		
Pension and postretirement liabilities	496,614	783,698
Other long-term liabilities	640,591	568,343
Net investment in land, buildings and other property	<u>(771,585)</u>	<u>(775,359)</u>
Unrestricted net assets available for operations	\$ <u>319,170</u>	<u>326,897</u>

The organization monitors cash and investment reserve requirements across the entire enterprise to ensure service delivery can be performed. Management actively manages short and long-term cash needs against all available liquidity from cash, investments and fair value of land, building, and equipment held for sale. As a result, it continues to have positive mission-related operating net assets, even though the Organization has pension-related and other long-term liabilities.

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Temporarily restricted net assets are available for the following purposes or periods as of June 30, 2018 and 2017 (in thousands):

	<u>2018</u>	<u>2017</u>
Disaster services	\$ 320,498	9,562
International relief and development services	80,621	118,325
Buildings and equipment	4,978	5,289
Endowment inflation adjustment reserve	238,855	218,235
Endowment assets available for future appropriation	46,651	170,180
Other specific purposes	9,278	11,926
Time restricted	<u>67,664</u>	<u>74,787</u>
Total temporarily restricted net assets	\$ <u>768,545</u>	<u>608,304</u>

Permanently restricted net assets at June 30, 2018 and 2017 consist primarily of endowed contributions, the income from which is available principally to fund general operations. Other permanently restricted net assets consist of beneficial interests in perpetual trusts and other split interest agreements (note 9).

(8) Endowments

Effective January 23, 2008, the District of Columbia enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing on or established after that date. Based on its interpretation of the provisions of UPMIFA, the Organization is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. The Organization classifies as permanently restricted net assets the original value of gifts donated to be held in perpetuity. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization has adopted and the Governing Board has approved the Statement of Investment Policies and Objectives for the endowment fund. This policy has identified an appropriate risk posture for the fund, stated expectations and objectives for the fund, provides asset allocation guidelines and establishes criteria to monitor and evaluate the performance results the fund's managers.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Organization makes distributions from income earned on the endowment fund for current operations using the total return method. In establishing this method, the Organization considered the long-term expected return on its funds. To the extent that distributions exceed net investment income, they are made from accumulated gains. The Board of Governors approves the spending rate, calculated as a percentage

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of the five-year calendar trailing average fair value of the endowment fund at the beginning of each fiscal year.

A one-time annual spending rate of 15% has been approved for year 2018, which resulted in total distributions of approximately \$141 million. For 2017, the spending rate was 3.8%, which resulted in total distributions of approximately \$37 million. The distributions for both years represent utilization of accumulated realized gains, which were calculated based on the trailing five-year market value. Consistent with 2017, a spending rate of approximately 3.8% of the trailing five-year market value has been approved for 2019.

Net asset classification by type of endowment as of June 30, 2018, is as follows (in thousands):

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	285,506	682,846	968,352

Changes in endowment net assets for the year ended June 30, 2018 (in thousands):

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ —	388,415	659,345	1,047,760
Total investment return	—	38,352	—	38,352
Contributions	—	—	23,501	23,501
Appropriation of endowment assets for expenditure:				
Endowment distribution for the Retirement System	—	(105,000)	—	(105,000)
Other Endowment distribution	—	(36,261)	—	(36,261)
Total appropriation of endowment assets for expenditure	—	(141,261)	—	(141,261)
Endowment net assets, end of year	\$ —	285,506	682,846	968,352

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(9) Split Interest Agreements

The Organization is a beneficiary of split interest agreements in the form of charitable gift annuities, perpetual trusts held by third parties, charitable remainder trusts and pooled income funds. The value of split interest agreements is measured as the Organization's share of fair value of the assets. Of the \$248 million and \$255 million in assets under these agreements as of June 30, 2018 and 2017, respectively, which are included in other assets on the consolidated statement of financial position, \$37 million and \$39 million, respectively, are charitable gift annuities and the remainder are assets for which the Organization is not the trustee. Liabilities associated with these agreements are \$28 million and \$29 million for the years ended June 30, 2018 and 2017, respectively, of which \$4 million for both years is included in other current liabilities and \$24 million and \$25 million is included in other noncurrent liabilities on the consolidated statement of financial position, respectively.

(10) Benefit Plans

(a) *The Retirement System of the American National Red Cross and The American Red Cross Life and Health Benefit Plan*

Before July 1, 2009, employees of the American Red Cross, including employees of participating local chapters, were covered by the Retirement System of the American National Red Cross (the Plan) after one year of employment and completion of 1,000 hours of service during any consecutive 12-month period. Effective July 1, 2009, the Plan was closed to employees hired after June 30, 2009.

Subject to provisions contained in collective bargaining agreements where applicable, the Plan was frozen on December 31, 2012 (the freeze date). Employees who were participating in the Plan as of that date keep vested benefits earned, but stop earning additional pension benefits.

Prior to the freeze date, the benefit formula was based on years of service and the employees' final average compensation. Final average compensation was calculated using the highest consecutive 48 months of the last 120 months of service before the earlier of retirement or the freeze date.

For funding purposes under the Plan, normal pension costs are determined by the projected unit credit method and are funded currently. The Plan provides a defined benefit pension, funded entirely by the employer. Prior to July 1, 2005, voluntary after-tax contributions could be made by active members to fund an optional annuity benefit. The Organization's funding policy is set to comply with the funding requirements established under the Pension Protection Act of 2006 and to meet the requirements of ERISA. During fiscal year 2018, the Organization contributed above the required amount for the Plan Year.

The Organization offered a lump sum special election window from September 1 through October 14, 2016. This option was made available to former employees who terminated their employment prior to July 1, 2016, were vested in the Plan, and were not receiving monthly payments. The special election window provided the participants the option to cash out their retirement benefit or take an immediate annuity, which was actuarially reduced for early commencement. Special election window payments totaling approximately \$106 million were made upon submission of election forms starting in November 2016.

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The American Red Cross purchased annuities, totaling approximately \$327.5 million effective June 18, 2017, for certain retirees. Those retirees, who as of July 1, 2016, have been receiving monthly pension payments of \$500 or less, are included in such annuity purchase.

The Organization also provides medical and dental benefits to eligible retirees and their eligible dependents under The American Red Cross Life and Health Benefits Plan. Generally, retirees and the Organization each pay a portion of the premium costs. The medical and dental plans pay a stated percentage of expenses reduced by deductibles and other coverages. The Organization has the right to modify cost-sharing provisions at any time. In addition, life insurance benefits of \$5,000 are provided with no contributions required from the retirees. The Organization's postretirement benefit plans are unfunded.

Effective January 1, 2009, the Organization eliminated plan coverage (retiree medical and life benefits) for all future retirees that did not meet certain eligibility conditions as of that date. In addition, the plan was amended to transition Medicare eligible retirees to a private fee-for-service plan and to change the premium supplement tables and indexing effective July 1, 2009. Beginning in calendar year 2011, most Medicare eligible retirees were offered a Healthcare Reimbursement Account (HRA) to utilize in purchasing individual coverage through an external exchange program through Aon Hewitt Retiree Exchange. Plans can vary from Medicare Advantage, Part D Prescription Drug and Medicare Supplement Plans.

The Plan was amended to allow participants who have not previously commenced benefits to elect a lump sum payment of their full vested benefit value if otherwise eligible to receive benefits under existing plan provisions, including the provision that the election must be made within the 180-days period commencing on the first day of the month on or next following termination of employment or be retirement eligible. Those with earliest annuity starting dates on or after January 1, 2019, or retirement eligible participants on or after January 1, 2019 are eligible for uncapped lump sum option. In addition, all previously available distribution options continue to be available.

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The following table presents the changes in benefit obligations, changes in Plan assets, and the composition of accrued benefit costs in the consolidated statements of financial position for the years ended June 30, 2018 and 2017 (in thousands):

	<u>Pension benefits</u>		<u>Postretirement benefits</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Changes in benefit obligations:				
Benefit obligations at beginning of year	\$ 2,487,441	3,013,553	63,598	67,473
Service cost	518	805	89	133
Interest cost	102,595	123,709	2,283	2,296
Plan amendment	(23,788)	—	—	—
Actuarial gain	(109,674)	(85,239)	(4,982)	(2,985)
Benefits paid	(120,586)	(119,482)	(3,391)	(3,319)
Annuity purchase and reimbursements from insurance carriers	13,599	—	—	—
Settlements	—	(445,905)	—	—
Benefit obligations at end of year	2,350,105	2,487,441	57,597	63,598
Changes in plan assets:				
Fair value of plan assets at beginning of year	1,767,341	1,979,397	—	—
Actual return on plan assets	29,784	103,331	—	—
Employer contributions	220,950	250,000	—	—
Benefits paid	(120,586)	(119,482)	—	—
Annuity purchase and reimbursements from insurance carriers	13,599	—	—	—
Settlements	—	(445,905)	—	—
Fair value of plan assets at end of year	1,911,088	1,767,341	—	—
Funded status-accrued benefit costs	\$ (439,017)	(720,100)	(57,597)	(63,598)

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Pension-related changes other than net periodic benefit cost for 2018:

	<u>Pension benefits</u>	<u>Postretirement benefits</u>	<u>Total</u>
Prior service cost (benefit)	\$ 23,788	(1,179)	22,609
Amortized net loss (gain)	20,899	(980)	19,919
Net actuarial gain	<u>11,373</u>	<u>8,160</u>	<u>19,533</u>
	\$ <u>56,060</u>	<u>6,001</u>	<u>62,061</u>

Pension-related changes other than net periodic benefit cost for 2017:

	<u>Pension benefits</u>	<u>Postretirement benefits</u>	<u>Total</u>
Prior service benefit	\$ —	(1,180)	(1,180)
Amortized net loss (gain)	199,265	(106)	199,159
Net actuarial gain	<u>57,463</u>	<u>5,161</u>	<u>62,624</u>
	\$ <u>256,728</u>	<u>3,875</u>	<u>260,603</u>

Items not yet recognized as a component of net periodic benefit cost for 2018:

	<u>Pension benefits</u>	<u>Postretirement benefits</u>	<u>Total</u>
Unrecognized prior service credit	\$ (23,788)	(230)	(24,018)
Unrecognized net actuarial loss (gains)	<u>913,646</u>	<u>(14,027)</u>	<u>899,619</u>
	\$ <u>889,858</u>	<u>(14,257)</u>	<u>875,601</u>

Items not yet recognized as a component of net periodic benefit cost for 2017:

	<u>Pension benefits</u>	<u>Postretirement benefits</u>	<u>Total</u>
Unrecognized prior service credit	\$ —	(1,408)	(1,408)
Unrecognized net actuarial loss (gains)	<u>945,918</u>	<u>(10,026)</u>	<u>935,892</u>
	\$ <u>945,918</u>	<u>(11,434)</u>	<u>934,484</u>

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Estimated amounts to be amortized into net periodic benefit cost over the next fiscal year are as follows:

	<u>Pension benefits</u>	<u>Postretirement benefits</u>	<u>Total</u>
Prior service credit	\$ (2,727)	(230)	(2,957)
Net actuarial loss (gain)	18,797	(2,284)	16,513
	<u>\$ 16,070</u>	<u>(2,514)</u>	<u>13,556</u>

The accumulated benefit obligation for the pension plan was approximately \$2.3 billion and \$2.5 billion as of June 30, 2018 and 2017, respectively.

The weighted average assumptions used to determine benefit obligations for 2018 and 2017 were as follows:

	<u>Pension benefits</u>		<u>Postretirement benefits</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	4.49%	4.22%	4.20%	3.70%
Rate of compensation increase	5.00	5.00	—	—

The weighted average assumptions used to determine net benefit cost for 2018 and 2017 were as follows:

	<u>Pension benefits</u>		<u>Postretirement benefits</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	4.22%	4.20%	3.70%	3.50%
Expected return on plan assets	6.00	6.50	—	—
Rate of compensation increase	5.00	5.00	—	—

The expected rate of return assumption on Plan assets was determined by considering current economic and market conditions and by reviewing asset class allocations, historical return analysis and forward looking capital market expectations. Asset class allocations were established by considering each class' risk premium commensurate for the level of risk, duration that matches the Plan's liabilities, and incremental diversification benefits. Historical returns and forward looking capital market expectations were gathered from, and compared among the Plan's investment managers, and a sampling of the consultant community.

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For measurement purposes, approximately a 7.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for fiscal year 2018. The rate was assumed to decrease gradually to 4.5% through 2030 and remain at that level thereafter. A 7.3% annual rate of increase in the per capita cost of covered health care benefits was assumed for fiscal year 2017. The rate was assumed to decrease gradually to 5% through 2025 and remain at that level thereafter.

The components of net periodic benefit cost (credit) for the years ended June 30, 2018 and 2017 were as follows (in thousands):

	Pension benefits		Postretirement benefits	
	2018	2017	2018	2017
Service cost	\$ 518	805	89	133
Interest cost	102,595	123,709	2,283	2,296
Expected return on plan assets	(128,085)	(131,108)	—	—
Amortization of prior service credit	—	—	(1,180)	(1,180)
Net amortization loss (gain)	20,899	29,701	(980)	(106)
Net periodic benefit cost (credit)	\$ (4,073)	23,107	212	1,143

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects (in thousands):

	Point increase	Point decrease
Effect on total of service and interest cost components	\$ 4	(4)
Effect on postretirement benefit obligation	72	(64)

The minimum funding requirement for the pension plan during the year ending June 30, 2018 is \$60 million.

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The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid, as of June 30, (in thousands):

	Pension benefits	Postretirement benefits
2019	\$ 140,337	3,809
2020	133,150	3,841
2021	135,225	3,867
2022	137,208	3,907
2023	139,270	3,920
2024–2028	<u>710,262</u>	<u>19,126</u>
	\$ <u>1,395,452</u>	<u>38,470</u>

The Organization has investment guidelines for the Retirement System (the Plan) assets. The overall objective of the guidelines is to ensure the Plan assets provide capital growth over an extended period of time, while also considering market risks and ensuring that the portfolio income and liquidity are appropriate to meet the Plan benefit payments and other expenses. The Plan investments are required to be diversified by asset class and within each asset class such that no single investment would have a disproportionate impact on the total portfolio. The Plan asset allocation is reviewed each year with current market assumptions to re-align the asset mix with the long-term investment goals for the Plan. (See Note 4 for descriptions of the methodologies used to value Plan assets, except for the equity interest in the par annuity and guaranteed accumulation fund which are valued based on significant unobservable inputs including discounted cash flow analysis, comparable analysis, or third party appraisals. See note 4 for the definitions of Levels 1, 2, and 3.)

The Plan assets were invested in the following categories at June 30, 2018 and 2017:

	Pension assets	
	2018	2017
Cash and short-term investments	6%	5%
Equity	32	37
Fixed income	39	23
Marketable and nonmarketable alternative funds	23	35
	<u>100%</u>	<u>100%</u>

The Plan assets were within authorized asset allocation ranges at June 30, 2018 and 2017.

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(with summarized information for the year ended June 30, 2017)

The following table represents pension plan assets that are measured at fair value on a recurring basis at June 30, 2018 (in thousands):

	June 30, 2018	Level 1	Level 2	Level 3	Measured at NAV(1)
Equity commingled funds	\$ 273,249	—	273,249	—	—
Hedge funds	456,385	—	—	—	456,385
Private equity and debt	113,625	—	—	—	113,625
Real estate and real assets	19,217	—	—	—	19,217
US government and sovereign securities	691,480	—	691,480	—	—
Derivative contracts	7,420	7,684	(264)	—	—
Cash and cash equivalents	349,711	—	349,711	—	—
Total Plan Assets	\$ 1,911,087	7,884	1,314,176	—	589,227

The following table represents pension plan assets that are measured at fair value on a recurring basis at June 30, 2017 (in thousands):

	June 30, 2017	Level 1	Level 2	Level 3	Measured at NAV(1)
Fixed income commingled funds	\$ 286,031	—	286,031	—	—
Equity commingled funds	303,162	—	303,162	—	—
Hedge funds	478,991	—	—	3	478,988
Private equity and debt	224,614	—	—	5,299	219,315
Real estate and real assets	57,445	—	—	—	57,445
Equity interest in participating annuity surplus	86,758	—	—	86,758	—
Guaranteed accumulation fund	34,205	—	—	34,205	—
Derivative contracts	22,029	1,801	20,228	—	—
Cash and cash equivalents	274,106	55,163	218,943	—	—
Total Plan Assets	\$ 1,767,341	56,964	828,364	126,265	755,748

- (1) Certain investments are measured at fair value using NAV as a practical expedient and have not been classified in the fair value hierarchy. The NAV amounts have been presented to permit reconciliation of the fair value hierarchy to the amounts presented as total plan assets.

THE AMERICAN NATIONAL RED CROSS

Notes to Consolidated Financial Statements

June 30, 2018

(with summarized information for the year ended June 30, 2017)

The following tables presents the activity of the assets of the Organization's defined benefit plan for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2018 and 2017 (in thousands):

	Balance as of June 30, 2017	Purchases	Settlements	Change in unrealized gains/ (losses)	Balance as of June 30, 2018
Hedge funds	\$ 3	—	—	(3)	—
Private equity and debt	5,299	—	(3,888)	(1,411)	—
Equity interest in participating annuity surplus	86,758	1,694	(78,490)	(9,962)	—
Guaranteed accumulation fund	34,205	168	(45,673)	11,300	—
Total Plan assets	\$ 126,265	1,862	(128,051)	(76)	—

	Balance as of June 30, 2016	Purchases	Settlements	Change in unrealized gains/ (losses)	Balance as of June 30, 2017
Hedge funds	\$ 24	—	(2,489)	2,468	3
Private equity and debt	5,905	—	(786)	160	5,299
Real estate and real assets	10,391	38	(17,555)	7,126	—
Equity interest in participating annuity surplus	60,376	23,921	(7,502)	9,963	86,758
Guaranteed accumulation fund	38,307	571	(4,599)	(74)	34,205
Total Plan assets	\$ 115,003	24,530	(32,911)	19,643	126,265

On behalf of the Plan, the Organization transacts in a variety of derivative instruments, including exchange-traded products (ETNs and ETFs), forwards, swaps, options and futures. Derivatives are used for investment purposes such as hedging, replication, completion, diversification and tail-risk reduction. Each instrument's primary underlying exposure is generally interest rates, equities, commodities, or currencies. Such contracts could involve counterparty risk to varying degrees (i.e. risk of loss from the possible inability of counterparties to meet the terms of their contracts). In the case of over-the-counter derivatives, collateralization and daily marks-to-market mitigate counterparty risk.

The Plan makes special use of derivatives to hedge (partially or fully) the interest rate exposure for a portion of its pension liabilities. The liabilities are valued via a "discount rate" of investment grade corporate bonds. Uncertainty of future discount rates adds variability to the Plan's funded status as liability valuations shift with rates. Hedging looks to reduce that risk. During the first part of the fiscal year ended June 30, 2018, the Plan used interest rate futures to manage interest rate exposure. Management of interest rate exposure may change over time based upon a variety of factors, such as market conditions, perceived investment opportunities and risks, and investment goals and objectives.

THE AMERICAN NATIONAL RED CROSS
Notes to Consolidated Financial Statements
June 30, 2018
(with summarized information for the year ended June 30, 2017)

The following table lists the notional/contractual amount of derivatives by contract type included in pension plan assets at June 30, 2018 and 2017 (in thousands):

<u>Derivative type</u>		<u>2018</u>	<u>2017</u>
Interest rate contracts	\$	347,240	302,161
Equity contracts		167,592	230,037

The following table lists fair value of derivatives by contract type included in pension plan assets as of June 30, 2018 and 2017 (in thousands):

<u>Derivative type</u>	<u>Derivative assets</u>		<u>Derivative liabilities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Interest rate contracts	\$ 7,684	1,801	—	—
Equity contracts	—	20,274	264	46
Fair value of derivatives included in investments	<u>\$ 7,684</u>	<u>22,075</u>	<u>264</u>	<u>46</u>

The following table lists gains and losses on derivatives by contract type included in actual return on plan assets available for plan benefits as of June 30, 2018 and 2017 (in thousands):

<u>Derivative type</u>	<u>Realized gains/(losses)</u>		<u>Change in unrealized gains/(losses)</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Interest rate contracts	\$ (12,237)	12,208	5,883	(26,871)
Equity contracts	18,573	11,452	(2,066)	3,131
Total	<u>\$ 6,336</u>	<u>23,660</u>	<u>3,817</u>	<u>(23,740)</u>

For the valuation of the Plan's derivative contracts at June 30, 2018, the Plan used significant other observable inputs as of the valuation date (Level 2), including prices of instruments with similar maturities and characteristics, interest rate yield curves, measures of interest rate volatility and various market indices. The value was determined and adjusted to reflect nonperformance risk of both the counterparty and the Plan.

THE AMERICAN NATIONAL RED CROSS
Notes to Consolidated Financial Statements
June 30, 2018
(with summarized information for the year ended June 30, 2017)

(b) American National Red Cross Savings Plan – 401(k) Plan

The Organization sponsors the American Red Cross Savings Plan (the Savings Plan), a defined contribution plan. In general, employees are eligible to participate upon hire and vest in employer contributions on a three-year cliff schedule. Employer contributions include Red Cross match only. There were \$33.7 million and \$32.5 million in Red Cross employer contributions to the Savings Plan in 2018 and 2017, respectively.

(11) Receivables Securitization Program

The Organization has an asset securitization program. The program is structured to sell the eligible biomedical hospital account receivables, without legal recourse, to a third party investor, through a wholly owned bankruptcy-remote special purpose entity that is consolidated for financial reporting purposes. The Organization continues servicing the sold receivables. Proceeds received under the securitization program are treated as secured borrowings. The maximum amount of the agreement is \$125 million for years ended June 30, 2018 and 2017 and the total cost of the program approximates the 30 day Libor plus 1%. At June 30, 2018 and 2017, the amount of outstanding borrowings under the securitization program was \$109 million and \$113 million, respectively, and is included in other current liabilities on the statement of financial position.

(12) Commitments and Contingencies

(a) Litigation

The Organization is a defendant in a number of lawsuits incidental to its operations. In the opinion of management, the outcome of such lawsuits will not have a materially adverse effect on the Organization's financial position.

(b) Government Grants

Costs charged to the federal government under cost-reimbursement grants and contracts are subject to government audit. Therefore, all such costs are subject to adjustment. Management believes that adjustments, if any, would not have a significant effect on the consolidated financial statements.

(13) Subsequent Events

The Organization has evaluated subsequent events through the date the consolidated financial statements were issued, October 24, 2018.

Schedule

THE AMERICAN NATIONAL RED CROSS
Schedule of Operating Revenues and Expenses for the South Carolina Region
Year ended June 30, 2018

Operating revenues:	
Contributions:	
Corporate, foundation and individual giving	\$ 6,030,398
United Way and other federated	514,114
Legacies and bequests	119,509
Services and materials	539,998
Products and services	1,277,871
Contracts, including federal government	761,915
Investment income	70,954
Other revenues	3,179
Support from American National Red Cross chapter network	829,986
	<u>10,147,924</u>
Total operating revenues	
Operating expenses:	
Program services:	
Services to the Armed Forces	1,452,988
Biomedical services	70,097
Domestic disaster services	5,068,045
Health and safety services	1,350,489
International relief and development services	8,264
	<u>7,949,883</u>
Total program services	
Supporting services:	
Fundraising	1,722,103
Management and general	475,938
	<u>2,198,041</u>
Total supporting services	
Total operating expenses	
	<u>10,147,924</u>
Excess of operating revenues and expenses	
	<u>\$ —</u>

See accompanying notes to schedule and independent auditors' report.

THE AMERICAN NATIONAL RED CROSS

South Carolina Region

Notes to Schedule

Year ended June 30, 2018

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation

The American National Red Cross (the Organization) has a core of 264 chartered local chapters organized in 60 regional groupings known as the chapter network (the Network). Each regional grouping serves a specific geographical area. The accompanying Schedule of Operating Revenue and Expenses (Schedule) reflects program activities that have a day to day impact in the specific geographic area as well as support provided to national humanitarian services or other communities. Contributions exclude \$5,162,000 raised by the region for use in disaster response and recovery needs of victims affected by Hurricane Harvey, Hurricane Irma, Hurricane Maria, and the California Wildfires.

Program activities for regional operations include services to the Armed Forces, domestic disaster services related to locally managed responses and the region's share of national domestic disaster infrastructure costs, activities in support of biomedical services, health and safety services, community services, and activities in support of international relief and development services. Domestic disaster relief activities on this Schedule do not include incremental costs of national disaster response activities. The Schedule does not reflect the full operations of biomedical services or international relief and development services, but rather the support activities associated with these two programs that are performed by chartered chapters. In addition, the Schedule does not present the consolidated changes in operating revenues and expenses of the Organization and may not be indicative of the operating revenues and expenses that would have been achieved if the regional grouping operated as an unaffiliated organization.

The chartered chapters and regional groupings are managed as one network; funds are raised for the Network and are used where needed. At different times, certain chapters may generate more funds than needed or need more funds than generated. Accordingly, the Network is a support function to ensure that each community has the necessary funds to support the Organization's programs that are vital to each community. Funds are always used according to the wishes of the donor. Additional funds are used to serve the needs of the community where they were raised; any excess is used to support needs in other communities and national disaster relief operations as well as the greater humanitarian effort across the Organization. Support from the Network received by chapters or regional groupings are reported, when applicable, as support from the American National Red Cross chapter network on the Schedule. Excess amounts provided by the chapter or regional grouping are reported, when applicable, as national disaster relief and humanitarian services on the Schedule.

The excess of operating revenues and expenses reported on the Schedule is reported in total and does not include classifications of net assets, revenues, gains, and losses based on the existence or absence of donor-imposed restriction.

(b) Contributed Services and Materials

Contributed services reflect the important impact volunteers have in delivering the Organization's mission. Contributed services are reported at fair value when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.

THE AMERICAN NATIONAL RED CROSS

South Carolina Region

Notes to Schedule

Year ended June 30, 2018

The Organization engages approximately 300,000 volunteers. A small percentage of these volunteers meet the above criteria and are reported in contributed services. Contributed services in the region includes the services of 265 volunteers. The region recorded contributed services revenue and related expense of \$483,000, primarily reflecting volunteer efforts in support of disaster services and services to the Armed Forces. Contributed services and related expenses reported exclude \$429,000 related to disaster response and recovery needs of victims affected by Hurricane Harvey, Hurricane Irma, Hurricane Marla, and the California Wildfires.

Contributed materials are recorded at their fair value at the date of the gift.

CHRISTMAS FOR KIDS



General Information

- Approximately 2,200 (20%) of children ages 1 to 17 receive Christmas through local churches, Marines “Toys for Tots”, “Christmas For Kids program” and other smaller organizations **every year** in Oconee County!

What We Do

- For the past 19 years children in Oconee County, South Carolina did not have to miss getting Christmas presents. This is thanks to a local nonprofit, **Christmas for Kids**, who provides Christmas gifts for children in Oconee County who would otherwise receive nothing. The gifts for the kids include clothes and shoes in addition to toys.
- For the past 6 years, **Christmas for Kids** has also been able to provide the families of the children with “Christmas meal trimmings”. This has been much appreciated by the families. For some, their Christmas meal was going to be hot dogs. Thanks to **Christmas for Kids**, they have been able to serve a traditional meal for Christmas.

How We do it

- **Christmas for Kids** screens all applicants to make sure that they qualify financially. They work closely with schools and other organizations to coordinate efforts to ensure that no one is receiving aid from more than one organization.
- When selecting gifts for each child there is a review process to ensure they receive age appropriate items, appropriately sized clothing plus items to encourage mental and physical growth.
- It is a volunteer driven program.
- 1700 volunteer hours were donated this past year alone.

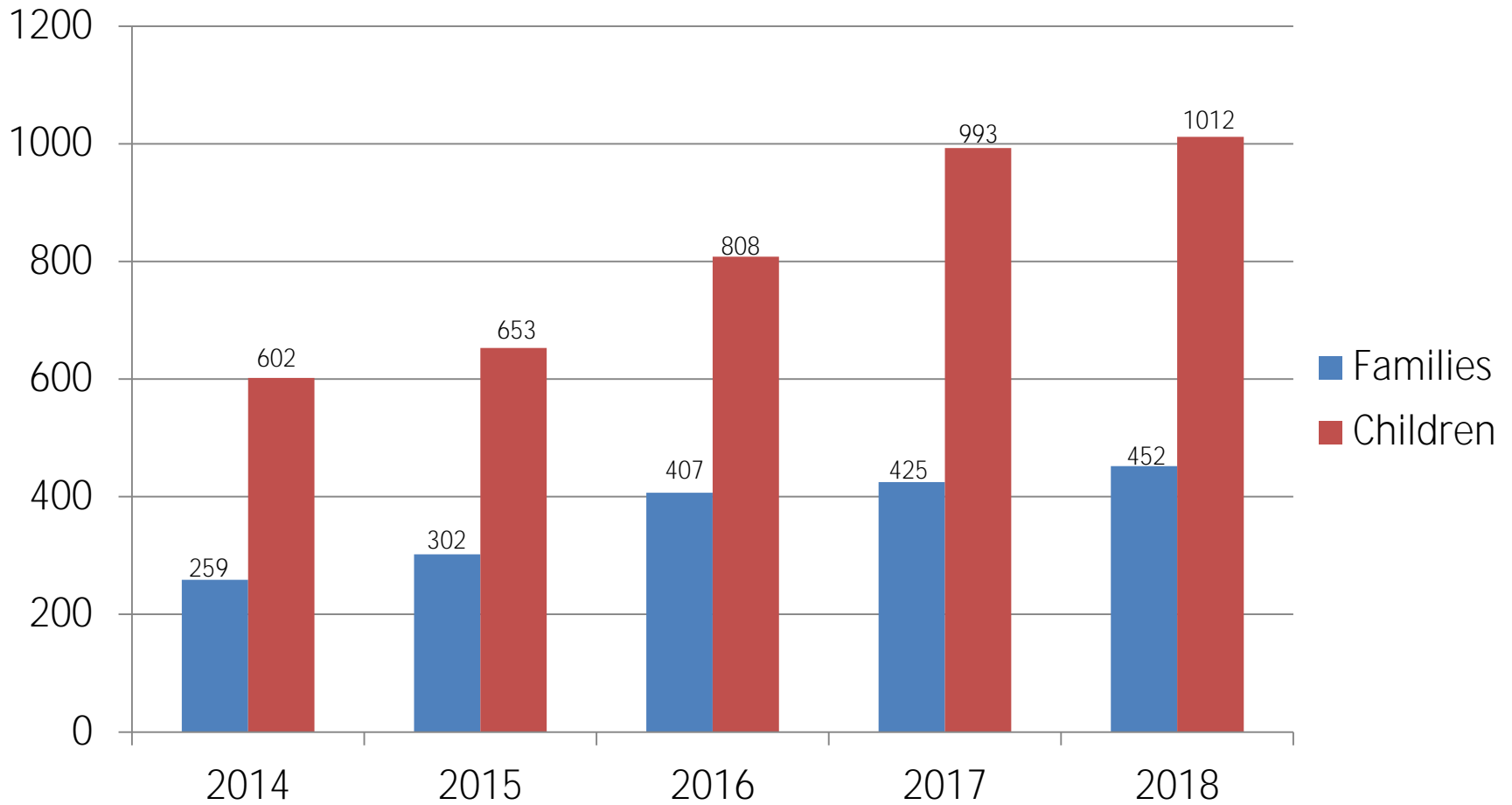
Mission statement of CFK.

- We provide and distribute Christmas gifts and clothing to the needy children of Oconee County through the generous donations made by residents and local businesses during the holiday season.
- We are the backstop for all other charities and churches that provide Christmas for children by helping any family that they are unable to assist.

CFK Program Information

- 501(c) non-profit organization
- **Christmas for Kids** helps local children of all ages, from birth to age 17.
- Over 1,700 volunteer hours were provided in 2018.
- Over \$135,000 raised each year in money and toys to provide Christmas to children.
- 90% of all donations collected are used to purchase items for children in need. The remainder is spent on administration and staffing.
- Over 85% of all donation funds collected are spent in Oconee County businesses.

Families and Children



Awards and Announcements

- CFK is the largest 501(C) in Oconee County
- CFK has provided Christmas to over 21,000 children over the past 19 years.
- CFK has received over 2 million in private donations since its inception.
- **CFK is part of Blue Ridge Electric “ Blue Ridge Fest” for Oconee County in 2019.**
- **CFK has applied for recognition as a “South Carolina Angel”.**
- CFK hopes to announce their permanent home in 2020 in conjunction with the city of Seneca.

Won't you Join Us

- We have only 19 days from Thanksgiving until we distribute toys to over 450 families with over 1,000 children
- Our need is great and growing each year. We are asking the County for \$25,000 to help us continue providing Christmas to all the children that would not have a present under the tree on Christmas morning without us.
 - *Please Help Us To Help Them*

A young child with dark hair, wearing a red hoodie, is lying on their side on a light-colored floor. They are looking towards the camera with a slight smile. In the background, a dark chalkboard is visible with white chalk drawings of a car and a house. The text is overlaid on the top half of the image.

**Hundreds of Oconee County children
need your help to have a Merry Christmas.**

The logo features the word 'CHRISTMAS' in green, 'FOR' in yellow, and 'KIDS' in red. A red ribbon is tied around the 'CHRISTMAS' text.

**CHRISTMAS
FOR KIDS**

**Please donate so no one
has to be turned away.**

Short Form Return of Organization Exempt From Income Tax

2018

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

- ▶ Do not enter social security numbers on this form as it may be made public.
- ▶ Go to www.irs.gov/Form990EZ for instructions and the latest information.

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2018 calendar year, or tax year beginning _____, and ending _____		D Employer identification number <p style="text-align: center;">82-3083435</p>
B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization <p>CFK INC.</p>	
	Number and street (or P.O. box, if mail is not delivered to street address) Room/suite <p>125 EAGLES NEST DRIVE</p>	
	City or town State ZIP code <p>SENECA SC 29878</p>	E Telephone number <p>864-882-3272</p>
	Foreign country name Foreign province/state/county Foreign postal code	F Group Exemption Number ▶
G Accounting Method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual Other (specify) ▶ _____		H Check <input type="checkbox"/> if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).
I Website: ▶ N/A		
J Tax-exempt status (check only one) — <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other		
L Add lines 5b, 6c, and 7b to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, column (B)) are \$500,000 or more, file Form 990 instead of Form 990-EZ. \$ 86,703		

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I)
Check if the organization used Schedule O to respond to any question in this Part I

	Description	Line	Amount
Revenue	1 Contributions, gifts, grants, and similar amounts received	1	86,703
	2 Program service revenue including government fees and contracts	2	
	3 Membership dues and assessments	3	
	4 Investment income	4	
	5a Gross amount from sale of assets other than inventory	5a	
	b Less: cost or other basis and sales expenses	5b	
	c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c	0
	6 Gaming and fundraising events		
	a Gross income from gaming (attach Schedule G if greater than \$15,000)	6a	
	b Gross income from fundraising events (not including \$ _____ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)	6b	
c Less: direct expenses from gaming and fundraising events	6c		
d Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)	6d	0	
7a Gross sales of inventory, less returns and allowances	7a		
b Less: cost of goods sold	7b		
c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c	0	
8 Other revenue (describe in Schedule O)	8		
9 Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8	9	86,703	
Expenses	10 Grants and similar amounts paid (list in Schedule O)	10	
	11 Benefits paid to or for members	11	
	12 Salaries, other compensation, and employee benefits	12	10,233
	13 Professional fees and other payments to independent contractors	13	
	14 Occupancy, rent, utilities, and maintenance	14	4,320
	15 Printing, publications, postage, and shipping	15	
	16 Other expenses (describe in Schedule O)	16	53,348
	17 Total expenses. Add lines 10 through 16	17	67,901
18 Excess or (deficit) for the year (Subtract line 17 from line 9)	18	18,802	
Net Assets	19 Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	39,577
	20 Other changes in net assets or fund balances (explain in Schedule O)	20	
	21 Net assets or fund balances at end of year. Combine lines 18 through 20	21	58,379

Part II Balance Sheets. (see the instructions for Part II)

Check if the organization used Schedule O to respond to any question in this Part II

	(A) Beginning of year	(B) End of year
22 Cash, savings, and investments	20,246	15,267
23 Land and buildings		
24 Other assets (describe in Schedule O)	20,651	49,274
25 Total assets	40,897	64,541
26 Total liabilities (describe in Schedule O)	1,320	6,162
27 Net assets or fund balances (line 27 of column (B) must agree with line 21)	39,577	58,379

Part III Statement of Program Service Accomplishments (see the instructions for Part III)

Check if the organization used Schedule O to respond to any question in this Part III

What is the organization's primary exempt purpose? PROVIDE CHRISTMAS FOR NEEDY FAMILIES
 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. In a clear and concise manner, describe the services provided, the number of persons benefited, and other relevant information for each program title.

Expenses
 (Required for section 501(c)(3) and 501(c)(4) organizations; optional for others.)

28 <u>PROVIDED GIFTS & FUNDS TO OVER 1000 FAMILIES IN 2018 WHICH INCLUDED TOYS & CLOTHING & FOOD VOUCHERS FOR THE CHRISTMAS SEASON</u>		
(Grants \$) If this amount includes foreign grants, check here <input type="checkbox"/>	28a	67,901
29		
(Grants \$) If this amount includes foreign grants, check here <input type="checkbox"/>	29a	
30		
(Grants \$) If this amount includes foreign grants, check here <input type="checkbox"/>	30a	
31 Other program services (describe in Schedule O)		
(Grants \$) If this amount includes foreign grants, check here <input type="checkbox"/>	31a	
32 Total program service expenses. (add lines 28a through 31a)	32	67,901

Part IV List of Officers, Directors, Trustees, and Key Employees (list each one even if not compensated—see the instructions for Part IV)

Check if the organization used Schedule O to respond to any question in this Part IV

(a) Name and title	(b) Average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC) (if not paid, enter -0-)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation
JERRY EDWARDS PRESIDENT	Hr/WK 10.00	0	0	0
BOB EDWARDS TREASURER	Hr/WK 1.00	0	0	0
SHERRY DYER SECRETARY	Hr/WK 5.00	0	0	0
	Hr/WK			
	Hr/WK			
	Hr/WK			
	Hr/WK			
	Hr/WK			
	Hr/WK			
	Hr/WK			
	Hr/WK			
	Hr/WK			

Part V Other Information (Note the Schedule A and personal benefit contract statement requirements in the instructions for Part V) Check if the organization used Schedule O to respond to any question in this Part V.

		Yes	No
33	Did the organization engage in any significant activity not previously reported to the IRS? If "Yes," provide a detailed description of each activity in Schedule O.		X
34	Were any significant changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O. See instructions.		X
35 a	Did the organization have unrelated business gross income of \$1,000 or more during the year from business activities (such as those reported on lines 2, 6a, and 7a, among others)?		X
b	If "Yes" to line 35a, has the organization filed a Form 990-T for the year? If "No," provide an explanation in Schedule O.		
35b			
c	Was the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements during the year? If "Yes," complete Schedule C, Part III.		X
35c			
36	Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N.		X
37 a	Enter amount of political expenditures, direct or indirect, as described in the instructions. ▶ 37a		
b	Did the organization file Form 1120-POL for this year?		X
37b			
38 a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return?		X
38a			
b	If "Yes," complete Schedule L, Part II and enter the total amount involved.	38b	
38b			
39	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on line 9.	39a	
39a			
b	Gross receipts, included on line 9, for public use of club facilities.	39b	
39b			
40 a	Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 ▶ ; section 4912 ▶ ; section 4955 ▶		
b	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year, or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I.	40b	X
40b			
c	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958. ▶		
d	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Enter amount of tax on line 40c reimbursed by the organization. ▶		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T.	40e	X
40e			
41	List the states with which a copy of this return is filed. ▶ SC		
42 a	The organization's books are in care of ▶ SHERRY DEYER Telephone no. ▶ 864-882-3272 Located at ▶ 125 EAGLES NEST DRIVE City SENECA ST SC ZIP + 4 ▶ 29678		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country: ▶ See the instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).	42b	X
42b			
c	At any time during the calendar year, did the organization maintain an office outside the United States? If "Yes," enter the name of the foreign country: ▶	42c	X
42c			
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041—Check here ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year. ▶ 43		
44 a	Did the organization maintain any donor advised funds during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ.	44a	X
44a			
b	Did the organization operate one or more hospital facilities during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ.	44b	X
44b			
c	Did the organization receive any payments for indoor tanning services during the year?	44c	X
44c			
d	If "Yes" to line 44c, has the organization filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	44d	
44d			
45 a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	45a	X
45a			
45 b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 and Schedule R may need to be completed instead of Form 990-EZ. See instructions.	45b	X
45b			

46 Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I. 46 Yes No X

Part VI Section 501(c)(3) Organizations Only

All section 501(c)(3) organizations must answer questions 47-49b and 52, and complete the tables for lines 50 and 51. Check if the organization used Schedule O to respond to any question in this Part VI

47 Did the organization engage in lobbying activities or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II. 47 Yes No X
48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E. 48 Yes No X
49 a Did the organization make any transfers to an exempt non-charitable related organization? 49a Yes No X
b If "Yes," was the related organization a section 527 organization? 49b Yes No

50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees, and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

Table with 5 columns: (a) Name and title of each employee, (b) Average hours per week devoted to position, (c) Reportable compensation (Forms W-2/1099-MISC), (d) Health benefits, contributions to employee benefit plans, and deferred compensation, (e) Estimated amount of other compensation. All entries are 'None'.

f Total number of other employees paid over \$100,000

51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

Table with 3 columns: (a) Name and business address of each independent contractor, (b) Type of service, (c) Compensation. All entries are 'None'.

d Total number of other independent contractors each receiving over \$100,000

52 Did the organization complete Schedule A? Note: All section 501(c)(3) organizations must attach a completed Schedule A. X Yes No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature of officer Date Type or print name and title

Paid Preparer Use Only Print/Type preparer's name Gary G Goode Preparer's signature Date 5/8/2019 Check X if self-employed PTIN P01226451 Firm's name Gary G. Goode CPA Firm's EIN Firm's address PO Box 12100, Des Moines, IA 50312 Phone no. 515-240-8669

May the IRS discuss this return with the preparer shown above? See instructions Yes No

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2018

Open to Public Inspection

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

Department of the Treasury
Internal Revenue Service

Name of the organization
CFK INC.

Employer identification number
82-3083435

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1 A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E (Form 990 or 990-EZ).)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An agricultural research organization described in section 170(b)(1)(A)(ix) operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: _____
- 10 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 11 An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 12 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. You must complete Part IV, Sections A and B.
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). You must complete Part IV, Sections A and C.
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). You must complete Part IV, Sections A, D, and E.
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). You must complete Part IV, Sections A and D, and Part V.
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
 - f Enter the number of supported organizations 0
 - g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
Total					0	0

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")				96,491	86,703	183,194
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0
3 The value of services or facilities furnished by a governmental unit to the organization without charge						0
4 Total. Add lines 1 through 3	0	0	0	96,491	86,703	183,194
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						183,194

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
7 Amounts from line 4	0	0	0	96,491	86,703	183,194
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						0
9 Net income from unrelated business activities, whether or not the business is regularly carried on						0
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						0
11 Total support. Add lines 7 through 10						183,194
12 Gross receipts from related activities, etc. (see instructions)					12	

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14 Public support percentage for 2018 (line 6, column (f) divided by line 11, column (f))	14	0.00%
15 Public support percentage from 2017 Schedule A, Part II, line 14	15	0.00%
16a 33 1/3% support test—2018. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization. <input type="checkbox"/>		
b 33 1/3% support test—2017. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization. <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2018. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization. <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2017. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization. <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions. <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II.
If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						0
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						0
3 Gross receipts from activities that are not an unrelated trade or business under section 513						0
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0
5 The value of services or facilities furnished by a governmental unit to the organization without charge						0
6 Total. Add lines 1 through 5	0	0	0	0	0	0
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						0
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						0
c Add lines 7a and 7b	0	0	0	0	0	0
8 Public support (Subtract line 7c from line 6.)						0

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(f) Total
9 Amounts from line 6	0	0	0	0	0	0
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						0
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						0
c Add lines 10a and 10b	0	0	0	0	0	0
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						0
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						0
13 Total support. (Add lines 9, 10c, 11, and 12.)	0	0	0	0	0	0
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2018 (line 8, column (f), divided by line 13, column (f))	15	0.00%
16 Public support percentage from 2017 Schedule A, Part III, line 15	16	0.00%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2018 (line 10c, column (f), divided by line 13, column (f))	17	0.00%
18 Investment income percentage from 2017 Schedule A, Part III, line 17	18	0.00%

- 19a **33 1/3% support tests—2018.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization
- b **33 1/3% support tests—2017.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization
- 20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Part IV Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in Part VI when and how the organization made the determination.		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use.		
4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI , including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in Part VI .		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI .		
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in Part VI .		
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in Part VI .		
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer 10b below.		
b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)		

Part IV Supporting Organizations *(continued)*

		Yes	No
11	Has the organization accepted a gift or contribution from any of the following persons?		
a	A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b	A family member of a person described in (a) above?		
c	A 35% controlled entity of a person described in (a) or (b) above? <i>If "Yes" to a, b, or c, provide detail in Part VI.</i>		

Section B. Type I Supporting Organizations

		Yes	No
1	Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? <i>If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.</i>		
2	Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <i>If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.</i>		

Section C. Type II Supporting Organizations

		Yes	No
1	Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <i>If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).</i>		

Section D. All Type III Supporting Organizations

		Yes	No
1	Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
2	Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>		
3	By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i>		

Section E. Type III Functionally Integrated Supporting Organizations

1	Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).			
a	<input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.			
b	<input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.			
c	<input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).			
2	Activities Test. Answer (a) and (b) below.			
a	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i>			
b	Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>			
3	Parent of Supported Organizations. Answer (a) and (b) below.			
a	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>Provide details in Part VI.</i>			
b	Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>			

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

- 1 Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain		
2	Recoveries of prior-year distributions		
3	Other gross income (see instructions)		
4	Add lines 1 through 3.	0	0
5	Depreciation and depletion		
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)		
7	Other expenses (see instructions)		
8	Adjusted Net Income (subtract lines 5, 6, and 7 from line 4).	0	0
Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
a	Average monthly value of securities		
b	Average monthly cash balances		
c	Fair market value of other non-exempt-use assets		
d	Total (add lines 1a, 1b, and 1c)	0	0
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets		
3	Subtract line 2 from line 1d.	0	0
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	0	0
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	0	0
6	Multiply line 5 by .035.	0	0
7	Recoveries of prior-year distributions	0	0
8	Minimum Asset Amount (add line 7 to line 6)	0	0
Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)		0
2	Enter 85% of line 1		0
3	Minimum asset amount for prior year (from Section B, line 8, Column A)		0
4	Enter greater of line 2 or line 3.		0
5	Income tax imposed in prior year		
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).		0
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 Total annual distributions. Add lines 1 through 6.	0
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2018 from Section C, line 6	0
10 Line 8 amount divided by line 9 amount	0.000

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2018	(iii) Distributable Amount for 2018
1 Distributable amount for 2018 from Section C, line 6			0
2 Underdistributions, if any, for years prior to 2018 (reasonable cause required—explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2018			
a From 2013			
b From 2014			
c From 2015			
d From 2016			
e From 2017			
f Total of lines 3a through e	0		
g Applied to underdistributions of prior years		0	
h Applied to 2018 distributable amount			0
i Carryover from 2013 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.	0		
4 Distributions for 2018 from Section D, line 7: \$ 0			
a Applied to underdistributions of prior years		0	
b Applied to 2018 distributable amount			0
c Remainder. Subtract lines 4a and 4b from 4.	0		
5 Remaining underdistributions for years prior to 2018, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions.		0	
6 Remaining underdistributions for 2018. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.			0
7 Excess distributions carryover to 2019. Add lines 3j and 4c.	0		
8 Breakdown of line 7:			
a Excess from 2014	0		
b Excess from 2015	0		
c Excess from 2016	0		
d Excess from 2017	0		
e Excess from 2018	0		

Part VI

Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

Area with horizontal dashed lines for supplemental information.

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2018

Name of the organization
CFK INC.

Employer identification number
82-3083435

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust not treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000; or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an exclusively religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it must answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization CFK INC.	Employer identification number 82-3083435
----------------------------------	--

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	----- ----- Foreign State or Province: ----- Foreign Country: -----	\$ 20,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	----- ----- Foreign State or Province: ----- Foreign Country: -----	\$ 15,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- Foreign State or Province: ----- Foreign Country: -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- Foreign State or Province: ----- Foreign Country: -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- Foreign State or Province: ----- Foreign Country: -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- Foreign State or Province: ----- Foreign Country: -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization

CFK INC.

Employer identification number

82-3083435

Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
-----	----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
-----	----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
-----	----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
-----	----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
-----	----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
-----	----- ----- -----	\$ -----	-----

Name of organization CFK INC.	Employer identification number 82-3083435
---	---

Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once. See instructions.) ▶ \$ _____ 0

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	
For. Prov. Country			
-----	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	
For. Prov. Country			
-----	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	
For. Prov. Country			
-----	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	
For. Prov. Country			

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2018

Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

CFK INC.

Employer identification number

82-3083435

Form 990-EZ, Part I, Line 16, Other Expenses: Supplies: 1,108

Form 990-EZ, Part I, Line 16, Other Expenses: MISC: 148

Form 990-EZ, Part I, Line 16, Other Expenses: GIFTS OF FOOD AND CLOTHES: 52,092

Form 990-EZ, Part II, Line 24, Other Assets: INVENTORY: Beginning of year: 20,651, End of

year: 49,274

Form 990-EZ, Part II, Line 26, Liabilities: ACCOUNTS PAYABLE: Beginning of year: 1,320, End of

year: 6,162

Name of the organization

Employer identification number

CFK INC.

82-3083435

Area with horizontal dashed lines for supplemental information.

SOUTH CAROLINA SECRETARY OF STATE

PUBLIC CHARITIES DIVISION ANNUAL FINANCIAL REPORT

Filing Instructions

- Organizations who file the IRS 990-N or are not required to file with the IRS should complete this form.
- Please follow the instructions provided on pages 4 and 5 to complete this form. You may contact our office with any questions at 803-734-1790 or email charities@sos.sc.gov.
- We do not accept this filing by fax or email; you may upload this report using our online filing system at www.sos.sc.gov or mail this form to South Carolina Secretary of State, Attn: Division of Public Charities, 1205 Pendleton St., Suite 525, Columbia, SC 29201.

For the fiscal year ending 12/31/18 (mm/dd/yy) EIN: 82-3083435 Charity ID: _____

Organization's Name: CFK INC.

Part I— Fundraising Events or Contracts

If your organization held any fundraising events, or used a commercial co-venturer (CCV) or professional fundraising company (PFR) during the previous fiscal year, you must report all revenue and expenses in the following table. Events include, but are not limited to, carnivals, dinners, galas, raffles, and bingo games. If you need additional space, you may list additional events on a separate sheet and include the amounts in the total revenue and expenses on this table.

(A) Name of Event, CCV or PFR	(B) Gross Receipts & Contributions	(C) Cash & Noncash Prize Expenses	(D) Other Expenses	(E) Total Expenses	(F) Net Revenue
1.				0	0
2.				0	0
3.				0	0
4.				0	0
5.				0	0
6.				0	0
7.				0	0
8.				0	0
9.				0	0
10.				0	0
11. Gross Revenue (add 1B through 10B)	0	12. Total Expenses (add 1E through 10E)		0	0

Part II— Gross Revenue

Organizations must report their gross receipts from all sources of revenue.

1. Fundraising events (from page 1, part I, box 11B)	0
2. Fundraising activity revenue not reported on line 1	
3. Federated campaigns (such as United Way)	
4. Membership dues	
5. Related organizations (such as related parent or national organizations)	
6. Government grants (from federal, state or local governments)	
7. All other contributions, gifts, grants not listed above	86,703
8. Program service revenue	
9. Other income	
10. Total revenue (add lines 1 through 9)	86,703

Part III- Program Service Expenses

Describe the organization's program accomplishments and the amount spent on each. If more space is needed you may attach an additional sheet if necessary.

11. <u>GIFTS OF CLOTHES, TOYS AND FOOD TO FAMILIES DURING CHRISTMAS AND RELATEI</u>	\$ 67,901
12. _____	\$ _____
13. Total Program Service Expenses (add lines 11 and 12)	\$ 67,901

Part IV— Management, General and Fundraising Expenses

14. Program expenses (from part III, line 13)	67,901
15. Direct expenses from fundraising events and contracts (box 12E)	0
16. Fundraising expenses (not included in the amount on line 15)	
17. Payments to related organizations	
18. Salaries and other compensation	
19. Management and general expenses	
20. Professional fees and other payments to independent contractors	
21. Other expenses not listed above	
22. Total expenses (add lines 14 through 21)	67,901
23. Excess or (deficit) for the year (subtract line 22 from line 10)	18,802
24. Fund balances/net worth at the beginning of the fiscal year	
25. Changes in fund balances/net worth (attach explanation)	
26. Fund balances/net worth at the end of the fiscal year (add lines 23 through 25) ..	18,802

Part V- Balance Sheet

27. Total assets	64,540
28. Total liabilities	6,162
29. Net assets or fund balances at end of year (subtract line 28 from line 27) ..	58,378

Certification

As required by Section 33-56-60 of the Solicitation of Charitable Funds Act, this form shall be signed by the Chief Executive Officer and the Chief Financial Officer of the charitable organization. (If one person serves as both CEO and CFO, he or she should sign in both places below.)

We certify that the information furnished in this statement is true and correct to the best of our knowledge and belief.

CEO/President

CFO/Treasurer

Name: JERRY EDWARDS

Name: BOB EDWARDS

Signature: _____

Signature: _____

Date: _____

Date: _____

Mailing Address: 125 EAGLES NEST DRIVE, SENECA, SC 29878

Email Address: _____ Phone Number: 864-882-3272



NOTES

TRANSPORTATION COMMITTEE MEETING

Mr. Glenn Hart, District V, Chairman

Mr. Julian Davis, District IV

Mr. Paul Cain, District III

October 1, 2019

Discussion regarding the abandonment of a portion of Linhart Rd (WA-156)

- Council approved Resolution 2017-09 consenting to abandon a portion of the road
- Currently a county road still in use by the general public
- Signs posted noticing the abandonment and have received no comments

Mr. Davis made a motion, seconded by Mr. Cain, approved 3 – 0, to continue to move to the abandonment of Linhart Road as stated.

Discussion regarding revisions to Chapter 26 of the Oconee County Code of Ordinances

Mr. Reid noted he and his staff were tasked at the last Committee meeting to come back with recommendations to clean up some items in Chapter 26 and to look at some issues, specifically pertaining to subdivision roads. The ordinance in place is straight from the highway design manual and may not always be workable regarding subdivisions. Construction in progress

The Committee took no action on this matter.

Discussion regarding the acceptance of the roads in Willow Creek Subdivision – Phase I

- Roads are in fair to good condition
- Developer willing to pay for the sign and willing to work with Blue Ridge Electric regarding lights
- Goal is to have Willow Creek Phase 1 accepted into the system
- Variances
- Property research has been completed
- Discussions with property owners
- Finalizing right-of-way agreements

It was the consensus of the Committee to schedule a special Transportation meeting on Tuesday, December 17, 2019 at 4:30 p.m., to thoroughly review the information and bring back to the Committee.

The next Transportation Committee is scheduled for Tuesday, December 17, 2019 beginning at 4:30 p.m., which is a special called meeting.

**STATE OF SOUTH CAROLINA
OCONEE COUNTY
RESOLUTION R2019-19**

**A RESOLUTION EXPRESSING INTENT TO CEASE COUNTY MAINTENANCE ON,
AND TO AUTHORIZE COUNTY CONSENT TO AND PURSUIT OF JUDICIAL
ABANDONMENT AND CLOSURE OF, A PORTION OF LINHART ROAD, AN OCONEE
COUNTY PUBLIC ROAD; AND OTHER MATTERS RELATED THERETO.**

WHEREAS, Linhart Road (the “Road”) is currently a public road that is maintained by Oconee County;
and,

WHEREAS, the Oconee County Roads and Bridges Department has contacted all owners of real property abutting the Road (hereinafter referred to as “Owners”), and all Owners have expressed their desire that the County abandon a certain portion of the Road (hereinafter the “Road to be Abandoned”); and,

WHEREAS, the Road to be Abandoned begins roughly three hundred and eighty-five feet (385’) from the intersection of the Road and West Union Road and ends at said intersection of the Road and West Union Road, as generally shown on Attachment 1 to the Staff Report of Findings attached hereto as Exhibit A; and,

WHEREAS, with respect to the Road to be Abandoned, Oconee County has complied with § 26-9 of the Oconee County Code of Ordinances pertaining to cessation of maintenance and consent to judicial abandonment of Oconee County public roads; and,

WHEREAS, none of the procedures undertaken by Oconee County have shown a need for the Road to be Abandoned to be maintained by Oconee County or to remain a public road, and the Oconee County Transportation Committee and Oconee County staff have recommended that Oconee County consent to and pursue judicial abandonment of the Road to be Abandoned; and,

WHEREAS, in accordance with § 26-9 of the Oconee County Code of Ordinances, the County shall comply with all applicable laws, including, without limitation, S.C. Code § 57-9-10, *et seq.*, (providing all required notices and service of process to interested parties in accordance with applicable law and filing a proper petition with a court of competent jurisdiction). Additionally, prior to and as a condition precedent to abandonment, the County must receive adequate deeded right-of-way at the proposed new termination point of County maintenance in order to construct a cul-de-sac of adequate turn around dimensions; and,

WHEREAS, Oconee County, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through its County Council, desires to express its intent to cease maintenance of the Road to be Abandoned, contingent on fulfillment of the requirements set forth in § 26-9 of the Oconee County Code of Ordinances and South Carolina state law; Oconee County further desires to express its consent to judicial abandonment of the subject portion of the Road and its intent to pursue the same.

NOW, THEREFORE, be it resolved by Oconee County Council in a meeting duly assembled that:

1. Oconee County, acting by and through its County Council, hereby states that Oconee County will no longer maintain that portion of the Road which begins roughly three hundred and eighty-five (385’) feet from the intersection of the Road and West Union Road and which ends at said intersection, as generally shown on Attachment 1 to Exhibit A.
2. Providing all applicable laws are complied with, including § 26-9 of the Oconee County Code of Ordinances and S.C. Code § 57-9-10, *et seq.*, and that the County receives adequate deeded right-of-way at the proposed new termination point of County maintenance in order to construct a cul-de-sac of adequate turn around dimensions, Oconee County consents to, and will pursue, the judicial abandonment and closure of the portion of Linhart Road (the Road to be Abandoned) as specifically set forth above.
3. All actions, orders, and resolutions in conflict herewith are, to the extent of such conflict only, repealed and rescinded.

4. Should any part or portion of this resolution be deemed unconstitutional or otherwise unenforceable by any court of competent jurisdiction, such finding shall not affect the remainder hereof, all of which is hereby deemed separable.
5. This resolution shall take effect and be in force immediately upon enactment.

RESOLVED in meeting, duly assembled, this ____ of _____, 2019.

ATTEST:

Katie Smith
Clerk to Oconee County Council

Julian Davis, III
Chair, Oconee County Council

Staff Report of Findings

October 10, 2019

Oconee County Council

Subject: Linhart Rd (WA-156) Abandonment and Closure of a Portion Thereof.

Facts:

County Council approved resolution R2017-09 consenting to the abandonment of a portion of Linhart Rd on June 6, 2017. Subsequently, the adjacent property owners had concerns about the impact where the required cul-de-sac would be built at the new termination point of the road. Lengthy negotiation followed, and in June 2018 an accepted location was agreed upon as shown in Attachment 1. The process for road closure and abandonment is to follow the requirements listed in the ordinance referenced below.

Summary of Investigations:

Oconee County Code of Ordinances Section 26-9 requires that the following questions be answered when considering the abandonment of a County-maintained road or a portion thereof:

1. Is Linhart Rd, or has it ever been, a County road? **Yes, Linhart Rd is a County road.**
2. Is Linhart Rd still in general public use or practically abandoned? **Linhart Rd still is in general public use.**
3. Is there documentation relating to the status of the road? **Documentation provided in Attachment 1.**
4. Is documentation available which would assist the County Council in determining whether the best interests of the public will be served by consenting to the abandonment and closure of the road in question or by not so consenting? **Signs were posted soliciting citizen comments at each end of the portion of the road proposed for abandonment (Attachment 2). No comments were received.**

Recommendations:

It is my recommendation to abandon and close the subject portion of Linhart Rd. Attachment 1 shows the current and proposed configuration of the roadway with the cul-de-sac being the new termination point. The portion of the road to be abandoned is approximately 385' from the edge of asphalt at the intersection of West Union Rd running northwest along Linhart Rd to the end of the proposed cul-de-sac right-of-way. That portion of the road has poor alignment and requires continual maintenance due to poor drainage. I also recommend that abandonment and closure of this portion of Linhart Rd be contingent upon receiving right-of-way necessary to construct a cul-de-sac where the County maintenance is proposed to end. If this recommendation is supported by the County Council, as to whether the request for abandonment and closure should be honored, then the County will proceed with the process to abandon the portion of Linhart Rd as described. If this recommendation is not supported by the County Council, no further action is needed.

Cordially,

W. Kyle Reid
Assistant Director of Public Works
Oconee County Roads & Bridges

Oconee County
Roads and Bridges
Department

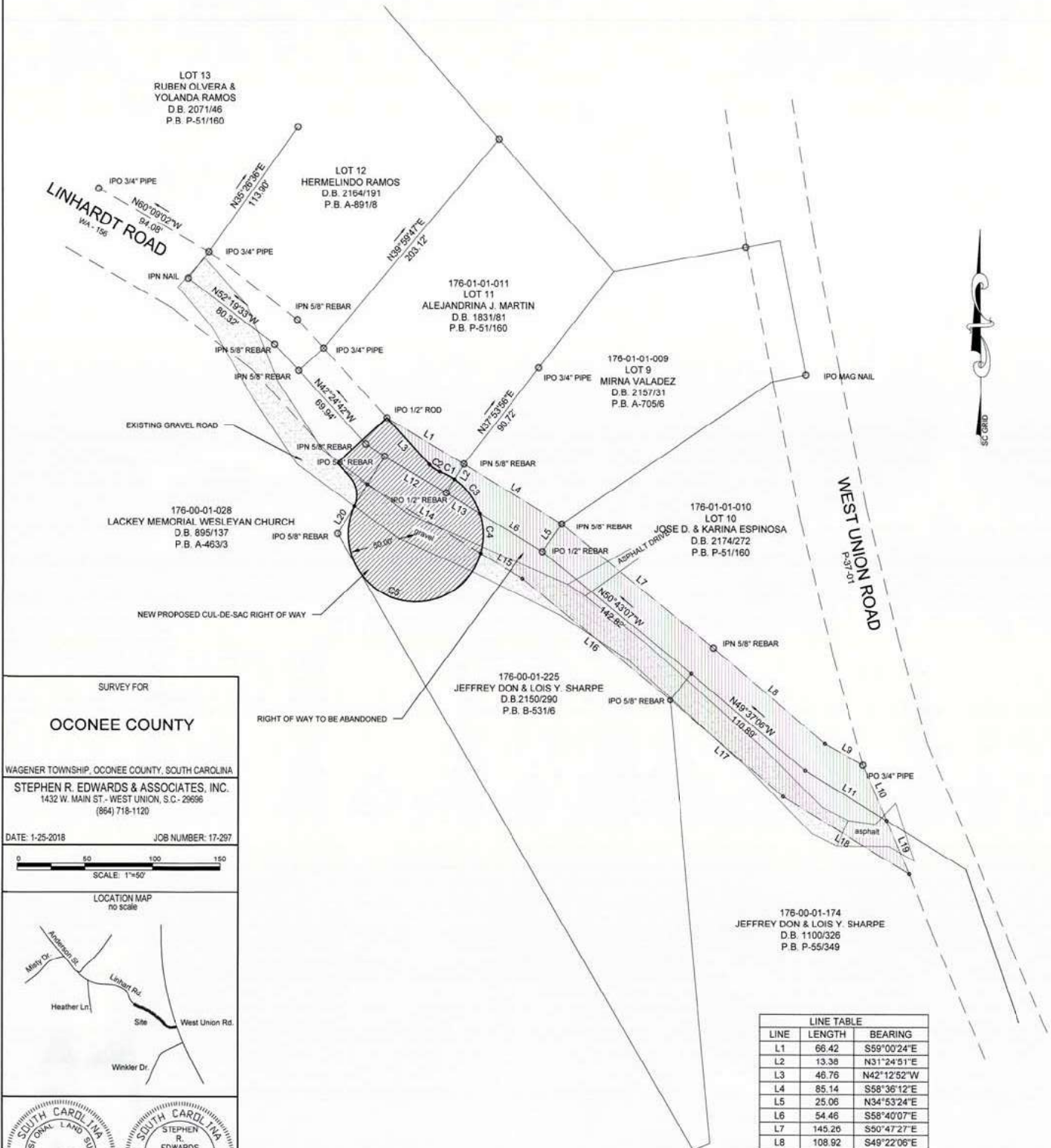
W. Kyle Reid
Assistant Director of
Public Works
Oconee County
Roads and Bridges

Public Works Complex
15022 Wells Highway
Seneca, SC 29678

Phone: 864-886-1072
Fax: 864-886-1071

ATTACHMENT 1

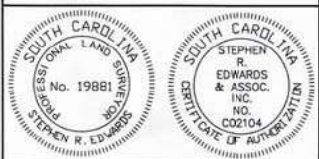
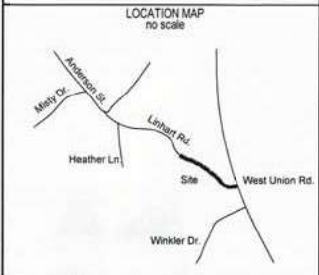
CURVE TABLE				
CURVE	LENGTH	RADIUS	CHORD BEARING	CHORD LENGTH
C1	12.30	50.00	N62°06'34"W	12.27
C2	9.40	20.00	S55°41'09"E	9.32
C3	31.95	60.00	N38°45'14"W	31.41
C4	30.10	50.00	N01°11'53"W	29.65
C5	164.51	50.00	S69°41'32"E	99.72



SURVEY FOR
OCONEE COUNTY

WAGENER TOWNSHIP, OCONEE COUNTY, SOUTH CAROLINA
STEPHEN R. EDWARDS & ASSOCIATES, INC.
1432 W. MAIN ST. - WEST UNION, S.C. 29696
(864) 718-1120

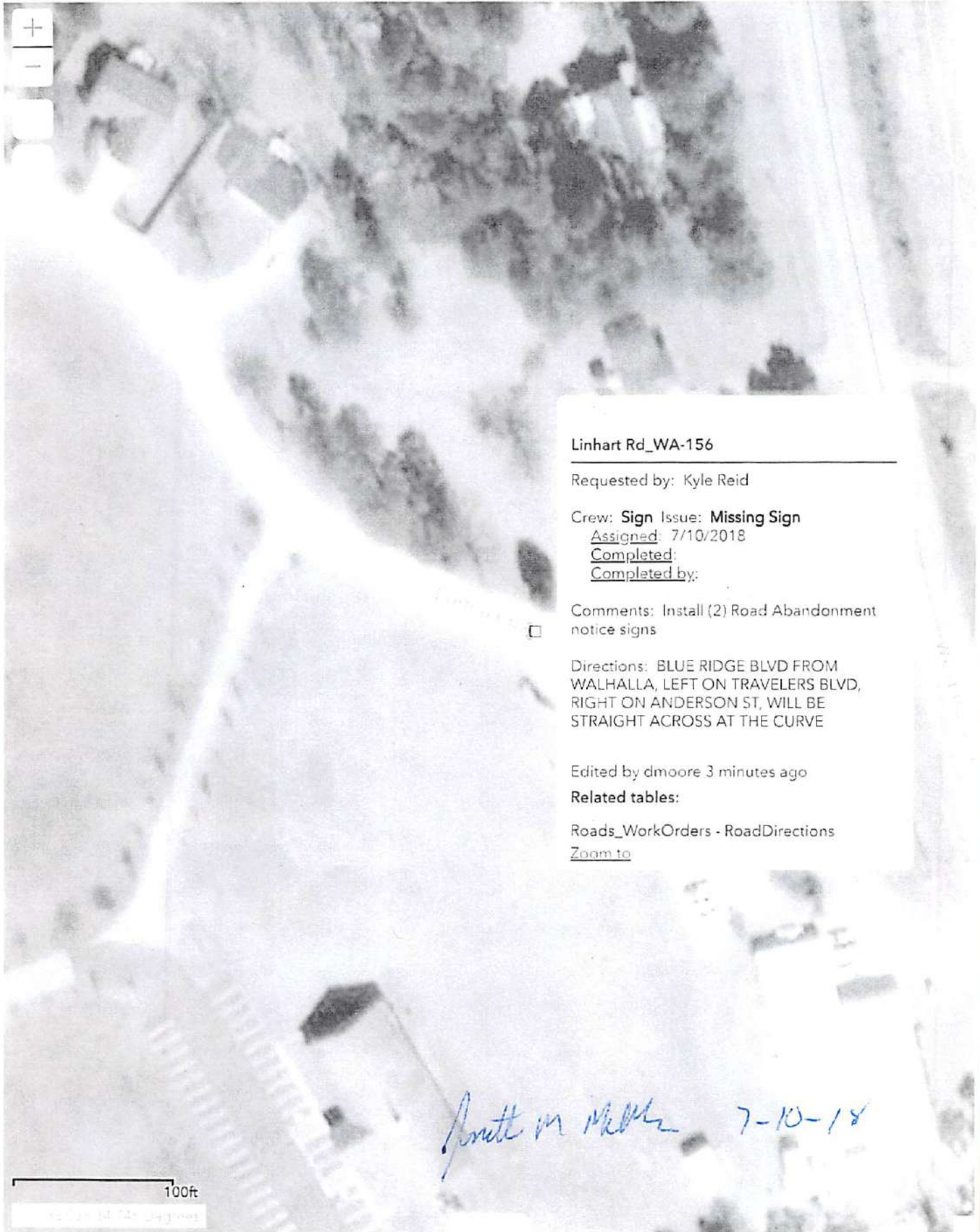
DATE: 1-25-2018 JOB NUMBER: 17-297



I HEREBY STATE TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF THE SURVEY SHOWN HEREON WAS MADE IN ACCORDANCE WITH THE REQUIREMENTS OF THE MINIMUM STANDARDS MANUAL FOR THE PRACTICE OF LAND SURVEYING IN SOUTH CAROLINA, AND MEETS OR EXCEEDS THE REQUIREMENTS FOR A CLASS B SURVEY AS SPECIFIED THEREIN. ALSO THERE ARE NO ENCROACHMENTS, PROJECTIONS, OR SETBACKS AFFECTING THE PROPERTY OTHER THAN THOSE SHOWN.

Stephen R. Edwards
STEPHEN R. EDWARDS PLS NO. 19881

LINE TABLE		
LINE	LENGTH	BEARING
L1	66.42	S59°00'24"E
L2	13.38	N31°24'51"E
L3	46.76	N42°12'52"W
L4	85.14	S98°36'12"E
L5	25.06	N34°53'24"E
L6	54.46	S58°40'07"E
L7	145.26	S50°47'27"E
L8	108.92	S49°22'06"E
L9	32.56	S60°36'32"E
L10	44.65	S23°05'29"E
L11	70.83	N58°31'28"W
L12	53.01	S59°23'26"E
L13	29.16	S58°40'07"E
L14	98.09	S58°48'54"E
L15	36.29	S58°48'54"E
L16	141.55	S50°46'37"E
L17	110.43	S49°22'06"E
L18	109.91	S58°31'28"E
L19	43.12	S23°05'29"E
L20	23.80	S31°45'03"W



Linhart Rd_WA-156

Requested by: Kyle Reid

Crew: **Sign** Issue: **Missing Sign**

Assigned: 7/10/2018

Completed:

Completed by:

Comments: Install (2) Road Abandonment notice signs

Directions: BLUE RIDGE BLVD FROM WALHALLA, LEFT ON TRAVELERS BLVD, RIGHT ON ANDERSON ST, WILL BE STRAIGHT ACROSS AT THE CURVE

Edited by dmoore 3 minutes ago

Related tables:

Roads_WorkOrders - RoadDirections

Zoom to

Scott M Miller 7-10-18

100ft
0 50 100 150 200

NOTICE

A PETITION WILL BE
FILED IN COURT TO
CLOSE THIS ROAD

§ 57-9-10, AS AMENDED

FOR INFORMATION
CALL (864) 886-1072



NOTICE

A PETITION WILL BE
FILED IN COURT TO
CLOSE THIS ROAD

§ 57-9-10, AS AMENDED

FOR INFORMATION
CALL (864) 886-1072



Boards & Commissions

Boards & Commissions	State / OC Code Reference	Reps [DX-At Large-Ex Officio]	Co-Terminus	Term Limits	4 Year Term	Meeting Date to Appoint	John Elliott	Wayne McCall	Paul Cain	Julian Davis	Glenn Hart			
							2019-2022	2017-2020	2019-2022	2017-2020	2017-2020	2019-2022	2017-2020	2019-2022
							District I	District II	District III	District IV	District V	At Large	At Large	Ex-Officio
Aeronautics Commission	2-262	5 - 2	YES	n/a	YES	Jan - March	Randy Renz [3]	David Bryant [1]	Auby Perry [3]	Marion Lyles [1]	Ronald Chiles [2]	A. Brightwell [2]	Michael Gray [<1]	
Ag. Advisory Board	2016-17	5 - 2 - 1	YES	n/a	YES	Jan - March	Walter Rikard [1]	Doug Hollifield [<1]	Sandra Gray [2]	Ed Land [<1]	Vickie Willoughby [<1]	Debbie Sewell [2]	Rex Blanton [<1]	Kerrie Roach [1]
Arts & Historical Commission	2-321	5 - 2	YES	2X	YES	Jan - March	Aubrey Miller [1]	Libby Imbody [1]	Mariam Noorai [2]	Tony Adams [1]	Stacy Smith	Daniel Dreher [1]	Bill Bruehl [1]	
Board of Zoning Appeals	38-6-1	5 - 2	YES	2X	YES	Jan - March	Jim Codner [2]	Gwen Fowler [1]	Bill Gilster [2]	Marty McKee [<2]	Ryan Honea [<1]	John Eagar [1]	Charles Morgan [<1]	
Building Codes Appeal Board		0-7	YES	2X	YES	Jan - March	Matt Rochester [2] Kenneth Owen [1]; Kevin Knight [1]; John Sandifer [1] Joshua Lusk [1]; Osceola Gilbert [1] ; VACANT							
Conservation Bank Board	2-381	Appointed by Category Preferred		2X	YES	Jan - March	Laura Havran [1]	Andrew Smith [1]	D. Ryan Keese [1]	Marvin Prater [2]	Frank Ables [1]	Emily Hitchcock [1]	Frances Rundlett [1]	
Destination Oconee Action Committee														
PRT Commission [members up for reappointment due to initial stagger]	6-4-25 2-381	Appointed by Industry		2X	YES	Jan - March	Shane Smith [1]; Andrew Conkey [1]; Kevin Evans [2]			Trey Barnett [1], Riley Johnson [1], Gregory Coutu [1]			Alex Butterbaugh [1]	
Scenic Highway Committee	26-151	0 - 2	YES	2X	YES	Jan - March							Scott Lusk [1]	Staley Powell [1]
Library Board	4-9-35 / 18 1	0 - 9	YES	2X	YES	Jan - March	Sarai Melendez [1, 6/19]; Diane Smathers [1, 1/19]; Katherine Smith [1, 1/19]			B. Brackett [1/17][1]; A. Griffin [1/17][1]; K. Holleman [1/17][2]; L. Martin [1/17][2]; A. Suddeth [1/17][2]; C. Morrison [1/17][1]				
Planning Commission	6-29-310 32-4	5 - 2	YES	N/A	YES	Jan - March	Mike Smith [1]	Andrew Gramling [1]	Alex Vassey [2]	Frankie Pearson [1]	Stacy Lyles [1]	Gwen McPhail [2]	Mike Johnson [2]	
Anderson-Oconee Behavioral Health Services Commission	2-291	0 - 7	YES	2X	3 yr	N/A	Steve Jenkins [1], Harold Alley [1], Louie Holleman [1], Wanda Long [1], Priscilla Taylor [1], Joan Black [1], Jere DuBois [1] BHS contacts Council w/ recommendations when seats open							
Capital Project Advisory Committee (end 1.17)														
Oconee Business Education Partnership	N/A	N/A	NO	N/A	NO	January	Mr. Julian Davis, District IV							
Oconee Economic Alliance	N/A	N/A	NO	N/A	NO	January	Mr. Paul Cain, Council; Ms. Amanda Brock, Interim Administrator; Mr. Sammy Dickson							
Ten At The Top [TATT]				NO	NO	January	Mr. Dave Eldridge							
ACOG BOD				N/A	NO	January	Council Rep: Mr. John Elliott [yearly]; 2 yr terms Citizen Rep: Mr. Julian Davis, Minority Rep: Marta Wahlen							
Worklink Board						N/A	Worklink contacts Council w/ recommendations when seats open [Current: B. Dobbins]							

[#] - denotes term. [<2] denotes a member who has served one term and less than one half of an additional term making them eligible for one additional appointment.

[SHADING = reappointment requested - questionnaire on file] Denotes individual who DOES NOT WISH TO BE REAPPOINTED

Bold Italics TEXT denotes member ineligible for reappointment - having served or will complete serving max # of terms at the end of their current term.



1985 MERCEDES BENZ SL380

3.8L V8, Auto transmission,
White with gold pin stripes, navy
blue soft top, matching white
hard top with stand and cover,
saddle interior, AM/FM tape
with factory installed Blaupunkt
compact disc player, new belts,
battery, master brake cylinder,
AC recently serviced. All service
records. Asking price...\$11,750.

Call (864)985-4752



2006 Work Van

5.4 engine, with shelves,
rack on top, AT, AC,
good condition. \$6,995.

Seneca Auto Sales
542 W. North 1st St.
Seneca, S.C.
864-888-1100



84 Mercedes 300D Turbo
170K miles, \$6,500.
Pete's Auto
402 Oak Street • Seneca
Call 882-1467



93 Buick Roadmaster

2,000 S.F. 3 Br., Triplewide
1 AC. Excel. cond. Near
Welcome Church area,
Westminster, \$800/Mo.
Call 864-647-6349

Seneca • Clemson

2, 3 & 4 Bedrooms
\$500 - \$765 Moves you in!
Call 710-0601 or 314-1064
See our website at:
www.gilmerandsons.com

VACATION/RESORT RENTALS

ADVERTISE YOUR VACATION PROPERTY FOR RENT OR SALE

To more than 2.1 million
South Carolina newspaper
readers. Your 25-word
classified ad will appear in
99 S.C. newspapers for only
\$375. Call Alanna Ritchie at
the South Carolina Newspaper
Network, 1-888-727-7377.

REAL ESTATE SALES

HOUSES



For Sale By Owner...
205 Elliott Drive
Salem, S.C.

3 Bedrooms, 1.5 Bath,
2 story home. Timber has
never been cut on 4 Acres.
Has 2 rental places on
property, one is a recently
remodeled mobile home.
4 septic tanks, 1 drill well.
Call 864-364-1109

PUBLISHERS NOTICE

ALL real estate advertising in this
newspaper is subject to Federal
Fair Housing Act of 1968 which

Seneca, S.C. 864-973-8462



2017 Yamaha Vino Classic

49 cc with only 23 miles.
White color
Perfect for University.
Listed price is...\$1,950.

**New Horizons
Motorcycles**
1602 Blue Ridge Blvd.
Seneca, S.C. 864-973-8462

LEGAL NOTICES

LEGALS

NOTICE OF PUBLIC HEARING
There will be a public hearing at
6pm, Tuesday, October 15, 2019 in
Oconee County Council Chambers
located at 415 South Pine Street,
Walhalla, SC 29691 for the following
ordinance:

STATE OF SOUTH CAROLINA
OCONEE COUNTY
Ordinance 2019-22

AN ORDINANCE AUTHORIZING
OCONEE COUNTY, SOUTH CARO-
LINA TO FINANCE AND ACQUIRE
CERTAIN FIRE TRUCKS AND RE-
LATED EQUIPMENT IN AN
AMOUNT NOT EXCEEDING
\$2,300,000; TO EXECUTE AND
DELIVER ALL DOCUMENTS NEC-
CESSARY TO CARRY OUT THE
FINANCING AND ACQUISITION;
AND OTHER RELATED MATTERS.

**NOTICE OF SERVICE OF
PROCESS BY PUBLICATION**
STATE OF NORTH CAROLINA
JACKSON COUNTY
IN THE GENERAL COURT
OF JUSTICE DISTRICT
COURT DIVISION
IN THE MATTER OF DOE

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PUBLISHER'S AFFIDAVIT

STATE OF SOUTH CAROLINA
COUNTY OF OCONEE

OCONEE COUNTY COUNCIL

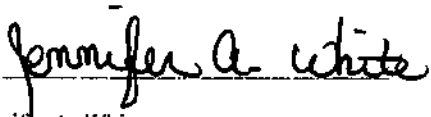
IN RE: NOTICE OF PUBLIC HEARING ORDINANCE 2019-22

BEFORE ME the undersigned, a Notary Public for the State and County above named, This day personally came before me, Hal Welch, who being first duly sworn according to law, says that he is the General Manager of **THE JOURNAL**, a newspaper published Tuesday through Saturday in Seneca, SC and distributed in **Oconee County, Pickens County** and the Pendleton area of **Anderson County** and the notice (of which the annexed is a true copy) was inserted in said papers on 09/26/2019 and the rate charged therefore is not in excess of the regular rates charged private individuals for similar insertions.



Hal Welch
General Manager

Subscribed and sworn to before me this
09/26/2019



Jennifer A. White
Notary Public
State of South Carolina
My Commission Expires July 1, 2024

