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Date: 3/24/2015 4:24:18 PM
Subject: Re: Debt

This is helpful. Thank you.

Sent from my iPhone

On Mar 24, 2015, at 12:53 PM, Baker, Josh <JoshBaker@gov.sc.gov> wrote:

We can talk through this;

There are basically three types of debt in this state:

1. General Obligation Debt
2. Highway Debt, which is a form of GO debt that is also secured by transportation revenues
3. Revenue bonds.

This article discusses mostly bonding associated with Universities, which receive funding under two sources:

1. Research University Bonds (Life Sciences Act of 2004), which are specific general obligation bonds of the state authorized by a special act
2. Institutional Bonds, which are pledged against the University's tuition and fees.

Although it is true that the state is ultimately responsible for the debt of institutions should they default, the primary source of pledged revenues is that of the institution's revenue. The State Constitution explicitly excludes highway bonds, state institution bonds, and revenue anticipation notes from our state's borrowing cap because such an exclusion acknowledges that the faith and credit of the state is a back-stop for a public institution, not its primary fund source.

The Governor's votes on the Board was to approve bonds issued by institutions, paid for by institutions – not the bonding she objected to that would be paid for by the taxpayers of this state.