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CLARENDON COUNTY ORDINANCE NO. 2018-04

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF A NOT EXCEEDING $2,248,000 WATER SYSTEM IMPROVEMENT REVENUE BOND OF CLARENDON COUNTY, SOUTH CAROLINA, FOR THE PURPOSE OF DEFRAYING THE COST OF IMPROVEMENTS TO THE COUNTY'S WATER SYSTEM; PRESCRIBING THE FORM AND DETAILS OF THE BOND; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BOND FROM THE REVENUES DERIVED FROM THE OPERATION OF THE SYSTEM; CREATING AND ESTABLISHING CERTAIN FUNDS AND ACCOUNTS; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING; AND OTHER RELATED MATTERS.

Pursuant to the authority by the Constitution of the State of South Carolina and the General Assembly of the State of South Carolina, **BE IT ENACTED BY CLARENDON COUNTY COUNCIL:**

SECTION 1. ***Findings.*** The County Council ("Council") of Clarendon County, South Carolina ("County"), finds:

(a) The County is a body corporate and politic and subdivision of the State of South Carolina, and as such possesses all powers and duties under the Constitution and laws of the State. The County has heretofore adopted the Administrator-Council form of government provided for in Chapter 9 of Title 4 of the Code of Laws of South Carolina 1976, as amended.

(b) In the exercise of the powers vested in it by the Constitution and laws of the State of South Carolina, and in conformity with the provisions thereof, the County has heretofore acquired by construction or purchase after due observance of the requirements of then Section 5 of Article VIII of the Constitution of the State of South Carolina, 1895, and statutes implementing the same, a combined water system ("System").

(c) Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended, provides that a county may incur indebtedness payable solely from a revenue-producing project which source does not involve revenues from any tax or license.

(d) Pursuant to the provisions of Chapter 21, Title 6, Code of Laws of South Carolina, 1976, as amended, ("Act"), the County may issue revenue bonds to defray the cost of improving, enlarging or expanding the System.

(e) There exists a need to expand the System into various other areas of the County. The County proposes the acquisition, construction and installation of one or more main transmission lines to supply a number of distribution lines along various streets and roadways throughout the County, for residential, commercial and fire suppression uses (collectively, "Project"). The Project is intended to be part of six (or more) phases to expand the System to provide service to the southern area of the County. By adopting various prior ordinances, the County authorized financing for Phase 1, Phase 1A, Phase 1B, and part of Phase 2 of the Project.

(f) The total estimated cost of Phase 2 is expected not to exceed $6,230,000, approximately $4,749,000 of which is to be financed from the proceeds of one or more bonds, in the aggregate amount not to exceed $4,749,000 Water System Improvement Revenue Bond, in one or more series ("Bond"), the remainder of which is anticipated to be financed by grant proceeds in the approximate amount of $1,481,000, some of which has been authorized by prior ordinance.

SECTION 2. ***Authorization of Bond.*** Pursuant to the aforesaid provisions of the Constitution and laws of the State of South Carolina, there is hereby authorized to be issued a revenue bond of the County in the principal amount of not exceeding $2,248,000 for the purpose of paying a portion of the cost of the Project, including any engineering, financial and legal fees relating thereto. The Bond authorized hereby shall be designated "Water System Revenue Bond of the Clarendon County, South Carolina."

The offer of the United States Department of Agriculture Rural Development ("RD") to make the loan to be evidenced by the Bond is hereby accepted.

The Bond will be issued as either a single fully registered bond, without coupons, in the face amount of not to exceed $2,248,000, or as several fully registered bonds, without coupons, aggregating the amount of not to exceed $2,248,000, which shall be evidence of a loan from the original purchaser in such amount or such lesser principal amount as may be determined to be necessary and advanced thereunder. The Bond shall bear interest from the date of delivery and payment therefor at the lesser of the rate in effect at the date of closing or the rate in effect on the date of the initial funding of the Bond by the original purchaser. The Bond is payable in not more than 480 substantially equal monthly installments in the amount necessary to fully amortize the Bond in such installments; provided that the Council of the County may approve by an ordinance a shorter repayment schedule at the time of the acquisition of the Bond by the original purchaser. Installments shall be due on the ordinal date of each month corresponding to the ordinal day of the month in which the Bond is initially funded by the original purchaser commencing in the month following such funding; provided that if the initial funding takes place on the 29th, 30th or 31st day of a month, all installments shall be paid on the 28th day of the month. The Bond shall mature and be retired upon the crediting of the final installment of principal thereto.

Installments of principal and interest on the Bond shall be paid by check or draft of the County to the registered owner thereof at his address as it last appears on the books of registry kept for that purpose by the custodian. All payments of principal or interest on Bonds shall be in lawful money of the United States.

The Bond shall be in substantially the form set forth in Appendix A hereto with such changes as are necessary to reflect the issuance date and maturity thereof. The Bond shall be executed on behalf of the County by its Chairman of County Council, the seal affixed thereto and attested by the Clerk to County Council.

The Bond shall be subject to mandatory prepayment without penalty or premium in any of the following events:

(a) If there shall occur an event resulting in the destruction or loss of all or any substantial part of the System; or

(b) If the System shall be acquired by another governmental entity, either by sale or as a consequence of any legislative action, provided that such acquisition shall not be effective unless made with the concurrence of the United States of America; and provided nevertheless, that no prepayment will be required hereunder if the acquiring party agrees to assume the liability of the County hereon and the System continues to be identifiable as a source of revenues.

The Bond shall also be subject to prepayment at the option of the County in whole at any time or in part on any interest payment date without premium or penalty of any kind.

In the event of any prepayment of the Bond, the County shall notify the registered owner thereof by first class mail, postage prepaid, addressed to such Registered Owner at his address as it last appears on the books of registry not less than 15 nor more than 45 days prior to such prepayment; provided that so long as the original purchaser continues to hold the Bond, no such notice shall be required in connection with a prepayment to the original purchaser. Any partial prepayment of the Bond shall be applied to installments of principal in inverse order of the due dates thereof.

SECTION 3. ***Delegation of Certain Details of the Bond to the County Administrator.*** The Council hereby delegates to the County Administrator the authority (a) to determine the aggregate principal amount of the Bond; (b) to sell the Bond in one or more separate series and, in anticipation of the issuance of the Bond authorized hereunder, to sell one or more series of bond anticipation notes ("BANs"); (c) to determine the date of issue of the Bond or BANs; (d) to determine the principal and interest payment dates of the Bond and the principal amounts maturing on such dates; (e) to set the redemption provisions, if any, for the Bond or BANs; (f) to determine whether to use bond insurance with respect to the Bond and, if so, to make appropriate arrangements therefor; (g) to determine whether to award the Bonds on a net interest cost ("NIC") or true interest cost ("TIC") basis; (h) to determine the date, time and place of sale of the Bond or BANs and whether the Bond or BANs will be sold through private sale, and in any case, to arrange for publication of a notice of sale; (i) to determine if the Bond is to be issued in book-entry only form under the DTC Book-Entry Only System, registered in the name of Cede & Co. as the registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bond; (j) to accept or reject proposals establishing the interest rate for the Bond or BANs (provided, that if the effective interest rates for the Bond exceeds 6% per annum or BANs exceeds 8% per annum, the County Administrator shall seek Council approval prior to the award of the Bond or BANs) and (k) to make any such other decisions concerning the Bond as necessary or appropriate. In making such determinations, the County Administrator is directed to endeavor to devise a schedule for debt service on the Bond which, when added to existing and projected debt service requirements, will provide the County with the most flexible financing arrangements, consistent with prudent financial practices.

The County Administrator is further directed to conduct the sale of the Bond or BANs and, subject to the provisions of clause (j) in the immediately preceding paragraph, to accept the most favorable proposal for the Bond or BANs on behalf of the Council. The County Administrator is further directed to consult with bond counsel in making any such decisions.

SECTION 4. ***Registrar/Paying Agent.*** Both the principal installments of and interest on the Bond shall be payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts. The County Treasurer or a qualified financial institution shall serve as the Registrar/Paying Agent for the Bond ("Registrar/Paying Agent") and shall fulfill all functions of the Registrar/Paying Agent enumerated herein.

SECTION 5. ***Registration and Transfer.*** The County shall cause books (herein referred to as the "registry books") to be kept at the offices of the Registrar/Paying Agent, for the registration and transfer of the Bond. Upon presentation at its office for such purpose, the Registrar/Paying Agent shall register or transfer, or cause to be registered or transferred, on such registry books, the Bond under such reasonable regulations as the Registrar/Paying Agent may prescribe.

The Bond shall be transferable only upon the registry books of the County, which shall be kept for

such purpose at the principal office of the Registrar/Paying Agent, by the registered owner thereof in person or by his duly authorized attorney upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar/Paying Agent, duly executed by the registered owner or his duly authorized attorney. Upon the transfer of the Bond, the Registrar/Paying Agent on behalf of the County shall issue in the name of the transferee a new fully registered Bond, of the same aggregate principal amount, interest rate and maturity as the surrendered Bond. Any Bond surrendered in exchange for a new registered Bond pursuant to this Section shall be canceled by the Registrar/Paying Agent.

The County and the Registrar/Paying Agent may deem or treat the person in whose name the fully registered Bond shall be registered upon the registry books as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the County nor the Registrar/Paying Agent shall be affected by any notice to the contrary. In all cases in which the privilege of transferring the Bond is exercised, the County shall execute and the Registrar/Paying Agent shall authenticate and deliver the Bond in accordance with the provisions of this Ordinance. Neither the County nor the Registrar/Paying Agent shall be obliged to make any such transfer of the Bond during the period beginning on the Record Date (as defined in Section 6 hereof) and ending on an interest payment date.

SECTION 6. ***Record Date.*** The County hereby establishes a record date ("Record Date") for the payment of interest or for the giving of notice of any proposed redemption of the Bond, and such Record Date shall be the 15th day of the calendar month next preceding an interest payment date on the Bond or, in the case of any proposed redemption of the Bond, if any, such Record Date shall not be more than 15 days prior to the mailing of notice of redemption of the Bond.

SECTION 7. ***Lost, Stolen, Destroyed or Defaced Bond.*** In case the Bond shall at any time become mutilated in whole or in part, or be lost, stolen or destroyed, or be so defaced as to impair the value thereof to the owner, the County shall execute and the Registrar/Paying Agent shall authenticate and deliver at the principal office of the Registrar/Paying Agent, or send by registered mail to the owner thereof at his request, risk and expense, a new Bond of the same interest rate and maturity and of like tenor and effect in exchange or substitution for and upon the surrender for cancellation of such defaced, mutilated or partly destroyed Bond, or in lieu of or in substitution for such lost, stolen or destroyed Bond. In any such event the applicant for the issuance of a substitute Bond shall furnish the County and the Registrar/Paying Agent evidence or proof satisfactory to the County and the Registrar/Paying Agent of the loss, destruction, mutilation, defacement or theft of the original Bond, and of the ownership thereof, and also such security and indemnity in such amount as may be required by the laws of the State of South Carolina or such greater amount as may be required by the County and the Registrar/Paying Agent. Any duplicate Bond issued under the provisions of this Section in exchange and substitution for any defaced, mutilated or partly destroyed Bond or in substitution for any allegedly lost, stolen or wholly destroyed Bond shall be entitled to the identical benefits under this Ordinance as was the original Bond in lieu of which such duplicate Bond is issued.

All expenses necessary for the providing of any duplicate Bond shall be borne by the applicant therefor.

SECTION 8. ***Execution of Bond.*** The Bond shall be executed in the name of the County with the manual or facsimile signature of the Chairman of County Council attested by the manual or facsimile signature of the Clerk to County Council under a facsimile of the seal of the County which shall be impressed, imprinted or reproduced thereon. The Bond shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication. The Bond shall bear

a certificate of authentication manually executed by the Registrar/Paying Agent in substantially the form set forth herein.

SECTION 9. ***Payment of the Bond.*** The Bond, together with the interest thereon, shall be payable in such coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts, solely from the Revenues of the System, which Revenues shall be and hereby are pledged and charged to the payment when due of the principal of and interest on the Bonds and to the security thereof in accordance with the provisions of this Ordinance.

The pledge of the Revenues and other moneys hereby made by the County to secure the Bonds shall be valid and binding from the time of the adoption of this Ordinance. The pledge of Revenues and other moneys so pledged and hereafter received by the County shall immediately be subject to the lien of such pledge without any physical delivery or further act, and the lien of the aforesaid pledge shall be valid and binding as against any parties having claims of any kind in tort, contract, or otherwise against the County irrespective of whether such parties have notice of the foregoing pledge.

The Bonds and the interest thereon are not payable from, nor are they a charge upon, any funds other than the Revenues pledged to the payment thereof by this Ordinance. The full faith, credit and taxing powers of the State of South Carolina or the County are not pledged to the payment of the principal of or the interest on the Bonds, and the Bonds shall never constitute an indebtedness of the County within the meaning of any state constitutional provisions or statutory limitation.

SECTION 10. ***Creation of Statutory Lien.*** There is hereby created in accordance with the Act a statutory lien upon the System in favor of the holders of the Bonds. The System shall remain subject to the statutory lien hereby created until payment in full of the principal of and interest on the Bonds.

SECTION 11. ***Bond and Interest Redemption Fund.*** There is hereby created a special fund of the County to be known as the "Clarendon County, Water System, Bond and Interest Redemption Fund" ("Bond and Interest Redemption Fund").

Not later than the 20th day of the month following the month in which the Bond is delivered to the original purchaser, and not later than the 20th day of each month thereafter, there shall be deposited into the Bond and Interest Redemption Fund an amount equal to the installment of principal or interest, or both, then coming due in the month in which the deposit is to be made.

SECTION 12. ***Operation and Maintenance Fund.*** There is hereby created a special fund of the County known as the "Clarendon County, Water System Operation and Maintenance Fund" ("Operation and Maintenance Fund").

Not later than the 1st day of each month after the deposits required by this Ordinance to be made each month to the Bond and Interest Redemption Fund, there shall be deposited in the Operation and Maintenance Fund, an amount equal to the estimated cost of administration, operation and maintenance of the System during the next ensuing calendar month as estimated in the annual budget for the System prepared in accordance with this Ordinance.

Moneys paid into the Operation and Maintenance Fund shall be applied solely to the payment of all expenses incurred in connection with the administration and operation of the System and such expenses for maintenance as may be reasonably necessary to preserve the System in good repair and working order. Administration, operation and maintenance expenses shall be deemed to include, without limitation, wages, salaries, costs of materials and supplies, costs of routine repairs, renewals, replacements or alterations occurring in the normal course of business, the cost of any audit required by this Ordinance, or

any ordinances supplemental hereto, and the premium for all insurance required with respect to the System. The Operation and Maintenance Fund shall be kept on deposit with the custodian, and withdrawals from such fund may be made in the manner provided by law.

SECTION 13. ***Depreciation Fund.*** There is hereby created a special fund of the County known as the "Clarendon County, Water System Depreciation Fund" ("Depreciation Fund").

To the extent required by the Act or in the applicable letter of conditions from the RD ("Letter of Conditions"), the County shall provide for deposits to the Depreciation Fund to provide a sufficient reserve for depreciation of the System.

In the event of the issuance of any Additional Bonds, the proceedings providing for the issuance thereof shall provide for an amount to be paid monthly into the Depreciation Fund (in addition to the amount required by the preceding sentence of this paragraph) which the County determines will be required to increase such fund to an aggregate amount to provide a sufficient reserve for depreciation of the System. Moneys paid into the Depreciation Fund shall be used solely for the purpose of restoring or replacing depreciated or obsolete properties of the System.

If at any time the moneys in the Depreciation Fund are less than the amount then required to be maintained therein, the custodian shall resume monthly deposits to the Depreciation Fund until the amount on deposit therein shall equal the amount required to be on deposit from time to time as hereinabove provided.

If any surplus shall be accumulated in the Depreciation Fund over and above that which the County shall find from time to time may be necessary therein during the then present Fiscal Year and the next ensuing Fiscal Year, any such excess may be transferred to the Contingent Fund or to the Bond and Interest Redemption Fund.

SECTION 14. ***Contingent Fund.*** There is hereby created a special fund of the County known as the "Clarendon County, Water System Contingent Fund" ("Contingent Fund").

To the extent required by the Act or in the applicable letter of conditions from the RD ("Letter of Conditions"), the County shall provide for deposits to the Contingent Fund to provide a sufficient reserve for improvements, betterments and extensions to the System, other than those necessary to maintain the System in good repair and working order.

In the event of the issuance of any Additional Bonds, the proceedings providing for the issuance thereof shall provide for an amount to be paid monthly into the Contingent Fund (in addition to the amount required by the preceding sentence of this paragraph) which the County determines will be required to increase the Contingent Fund to an aggregate amount to provide a sufficient reserve for improvements, betterments and extensions to the System, other than those necessary to maintain the System in good repair and working order. Moneys paid into the Contingent Fund shall be used solely for the purpose of paying the cost of improvements, betterments and extensions to the System, other than those necessary to maintain the System in good repair and working order.

If at any time the moneys in the Contingent Fund are less than the amount then required to be maintained therein, the custodian shall resume monthly deposits to the Contingent Fund until the amount on deposit therein shall equal the amount required to be on deposit thereto from time to time as hereinabove provided.

If any surplus shall be accumulated in the Contingent Fund over and above that which the County

shall from time to time find necessary for reasonable and proper improvements, betterments and extensions to the System during the then present Fiscal Year and the next ensuing Fiscal Year, any such excess may be transferred to the Bond and Interest Redemption Fund or may be applied to the purchase or retirement of outstanding Bonds.

SECTION 15. ***Investment of Funds.*** Moneys held for the credit of the Bond and Interest Redemption Fund shall be invested, to the fullest extent practicable and reasonable, by the custodian in any investment then permitted by applicable laws of the State of South Carolina, which shall mature prior to the respective dates when the moneys held for the credit of such accounts will be required for the purposes intended.

All income resulting from the investment or reinvestment of moneys made pursuant to this section shall be treated as Revenues of the System and shall be deposited in the Bond and Interest Redemption Fund. Expenses of purchase, safekeeping, sale and redemption and all other expenses attributable to such investments shall be operating expenses of the System.

SECTION 16. ***Paying Principal, Premium and Interest on the Bonds.*** The County shall promptly pay or cause to be paid, but solely out of the Revenues pledged to such payment in Section 11 hereof, the principal of and the interest on each and every Bond issued under the provisions of this Ordinance or any ordinance supplemental hereto, at the place, on the dates and in the manner provided herein.

SECTION 17. ***Operation of System; Completion of Construction.*** The County shall at all times operate the System properly and in a sound and economical manner and will maintain, preserve and keep the same with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall from time to time make all necessary and proper repairs and replacements so that at all times the operation of the System may be properly and advantageously conducted. The County shall construct the Project with all practicable dispatch and in a sound and economical manner.

SECTION 18. ***Rates and Charges.*** The County shall fix and revise from time to time rates for services furnished by the System. Such rates shall at all times be maintained so as to be sufficient to provide for the payment of the principal of and interest on all Bonds as and when the same become due and payable, to maintain the Bond and Interest Redemption Fund therefor, to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve it in good repair and working order, to build up a reserve for depreciation of the System and to build up a reserve for improvements, betterments and extensions to the System other than those necessary to maintain it in good repair and working order as herein provided.

SECTION 19. ***Books of Record and Account; Annual Budget.*** The County shall install and maintain proper books of record and account, separate from all other records and accounts of the County in which full and correct entries shall be made of all dealings and transactions of or in relation to the properties, business and affairs of the System. The County shall cause to be prepared, not later than three (3) months after the close of each Fiscal Year, a balance sheet and an income and surplus account, respectively, showing in reasonable detail the financial condition of the System at the close of such Fiscal Year. Such balance sheets and income and surplus accounts shall be open at all reasonable times during usual business hours for examination and inspection by any taxpayer, user of the services furnished by the System or holder of any Bonds issued under this Ordinance or any ordinance supplemental hereto.

At least 30 days prior to the beginning of each Fiscal Year, the County shall adopt an annual budget of current expenses of the System for the next ensuing Fiscal Year and mail a copy of such annual budget, and all amendments thereto, to any holder of a Bond who shall request the same. Such annual budget shall set forth the estimated Revenues of the System for such Fiscal Year and the estimated expenditures for

such Fiscal Year on a monthly basis. The various items shall be itemized according to proper classification and in reasonable detail.

SECTION 20. ***Sale, Lease or Other Encumbrances.*** The County covenants that it will not issue any bonds, notes, certificates or other obligations or evidences of indebtedness other than the Bonds or obligations authorized or permitted hereby secured by a pledge of the Revenues, and that it will not create or cause to be created any lien or charge on said Revenues other than the liens and charges created or permitted to be created hereby, and that no part of the System will be sold, mortgaged, leased or otherwise disposed of or encumbered; provided, however, that, with the prior written consent of the RD, the County may dispose of obsolete equipment or parts of the System no longer in use if the amounts received from any such sale or disposition are deposited in the Operation and Maintenance Fund, to be applied as are other moneys in that fund.

SECTION 21. ***Insurance.*** The County shall carry insurance on the works, plants, facilities and properties comprising the System against the risks, accidents or casualties, in at least the amounts which are usually and customarily carried on similar plants, properties and systems, including without limiting the generality of the foregoing, fire, extended coverage, general liability and workmen's compensation. Also, all additional insurance shall be carried covering such risks as may be deemed necessary or desirable by the County or recommended by a competent independent engineer or other advisor employed for the purpose of making such recommendations.

SECTION 22. ***No Free Service.*** The County covenants that no free service will be furnished by the System to the County or to any agency, instrumentality or person. The reasonable cost and value of any service rendered to the County by the System shall be charged against the County and shall be paid for monthly as the service accrues from the current funds or from the proceeds of taxes which the County, within constitutional limitations, is authorized and required to levy pursuant to the Act in an amount sufficient for that purpose. Such funds, when so paid, shall be accounted for in the same manner as other Revenues of the System.

SECTION 23. ***Compliance with Laws; Further Assurances.*** The County covenants that it will do and perform all acts and things required to be done or performed, by or on behalf of the County, under the provisions of the Constitution and laws of the State of South Carolina and this Ordinance, in accordance with the terms of such provisions. The County further warrants that it has complied with all of the provisions of the Act and that the System is within areas in which the County is authorized to operate.

The County shall, at any and all times, adopt, make, do, execute, acknowledge, deliver, register, file and record all such other and further ordinances, resolutions, acts, deeds, demands, conveyances, assignments, transfers, assurances and instruments and give such further notice and do such further acts as may be reasonably necessary, proper or desirable for the better assuring, pledging and assigning of the Revenues and other moneys pledged, assigned or charged hereunder or intended so to be, or which the County may hereafter become bound to pledge, assign or charge, or for the carrying out more effectively of the purposes and intent of this Ordinance.

SECTION 24. ***No Arbitrage.*** The County covenants that no use of the proceeds of the sale of the Bond shall be made which, if such use had been reasonably expected on the date of issue of the Bond would have caused the Bond to be an "arbitrage bond" as defined in Section 148 of the United States Internal Revenue Code of 1986 ("Code") and to that end the County shall comply with the applicable regulations of the Treasury Department previously promulgated under Section 103 of the Internal Revenue Code of 1954, as amended, and any regulations promulgated under the Code so long as the Bond is outstanding.

SECTION 25. ***Nondefeasance.*** The County further covenants and agrees that as long as RD is the holder of any revenue bonds of the County secured by a pledge of the revenues of the System and by a statutory lien upon the System, the County will not issue any other bonds or obligations for the purpose of defeasing or otherwise terminating the pledges of revenues or the statutory lien securing those revenue bonds held by RD without immediately paying all of said outstanding revenue bonds held by RD.

SECTION 26. ***Events of Default.*** Each of the following events is hereby declared an "Event of Default," that is to say, if:

(a) Payment of the principal or any installment thereof of any of the Bonds shall not be made when the same shall become due and payable, either at its maturity, upon the due date thereof or by proceedings for acceleration or redemption; or

(b) Payment of any installment of interest on any Bond shall not be made when the same becomes due and payable; or

(c) The County fails in any material respect in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in this Ordinance or in any ordinance supplemental hereto to be performed on the part of the County, and such failure continues for ninety (90) days after written notice specifying such failure and requiring the same to be remedied has been given to the County by the holders of not less than twenty percent (20%) in principal amount of the Bonds then outstanding or any trustee or committee therefor; or

(d) An order or decree shall be entered, with the consent or acquiescence of the County for the purpose of effecting a composition between the County and its creditors and if the claim of such creditors is in any circumstance payable from any of the Revenues or any other moneys pledged and charged in this Ordinance or any ordinance supplemental hereto for the payment of the Bonds, or any such proceedings are instituted for the purpose of adjusting the claims of such creditors, pursuant to any Federal or state statute now or hereafter enacted; or

(e) An order or decree shall be entered (a) with the consent or acquiescence of the County, appointing a receiver or receivers of the System or any of the facilities thereof; or (b) without the consent or acquiescence of the County, appointing a receiver or receivers of the System or any of the properties thereof and if, in either case, such order or decree having been entered is not vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof; or

(f) The County is for any reason rendered incapable of fulfilling its obligations hereunder in any material respect.

SECTION 27. ***Declaration of Principal and Interest as Due.*** Upon the occurrence of an Event of Default, and at any time thereafter while such Event of Default continues, then and in each and every case the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then outstanding hereunder may declare, by written notice to the County filed in the office of the Clerk/Treasurer of the County and with the Custodian, the principal of all Bonds then outstanding, together with all accrued and unpaid interest thereon and all other moneys secured hereby, if not already due, to be due and payable immediately, and upon any such declaration the same shall become and be due and payable immediately, anything contained in this Ordinance or any ordinance supplemental hereto or in any of the Bonds to the contrary notwithstanding. This provision is subject, however, to the condition that, if at any time after the principal of the Bonds, together with the accrued and unpaid interest thereon and other moneys secured hereby, have been so declared due and payable and before any further action has been taken (other than the making of the above declaration), the principal amount of all Bonds which have matured either

according to the maturity date or dates otherwise specified therein (except as a result of such declaration) and all arrears of interest upon all Bonds, except interest accrued but not yet due on said Bonds, have been paid or caused to be paid, and all other Events of Default, if any, which have occurred have been remedied, cured or secured, then and in each and every such case the holders of a majority in principal amount of the Bonds then outstanding, by notice in writing delivered to the County and the Custodian, may waive such default and its consequences and rescind and annul such declaration. No such waiver or rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power related to such subsequent default.

SECTION 28. ***Appointment of a Receiver.*** Upon the occurrence of an Event of Default described in Section 10.1(a) and (b) hereof, and at any time thereafter while such default continues, any court of competent jurisdiction may appoint a receiver. Any receiver so appointed may administer and operate the System on behalf of the County and shall have power to fix and charge rates and collect Revenues sufficient to provide for the payment of any Bonds or other obligations outstanding with respect to or against the System, and for the payment of expenses of operating and maintaining the System, and to apply the Revenues and any other moneys of the System in conformity with the Act and this Ordinance.

SECTION 29. ***Suits at Law or in Equity and Mandamus.*** In case any one or more of the Events of Default occurs and continues the holder of any Bond at the time outstanding shall have the right, for the equal benefit and protection of all holders of the Bonds similarly situated, to protect and enforce the statutory lien created in Section 12 hereof, either at law or in equity, by suit, action, mandamus or other proceedings and to enforce and compel performance of all duties of the County and its officials, including the fixing of sufficient rates, the collection of Revenues, and the proper segregation and application of the Revenues of the System in accordance with the provisions of this Ordinance. Nothing in this Section or in this Ordinance shall be construed to give any holder of the Bonds authority to compel the sale of the System or any part thereof.

SECTION 30. ***Remedies Not Exclusive; Effect of Waiver of Default; Effect of Abandonment of Proceedings or Adverse Determination.*** The remedies prescribed by the above Section shall not be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute and may be exercised without exhausting and without regard to any other remedy.

No waiver of any default or breach of duty or contract by any holder of any Bond shall extend to or affect any subsequent default or breach of duty or contract, or impair any rights or remedies related to such subsequent default or breach. No delay or failure of any holder of a Bond to exercise any right or power accruing upon any default shall impair any such right or power or be construed to be a waiver of any such default or acquiescence therein. Every substantive right and remedy conferred upon the holders of the Bonds may be enforced from time to time and as often as may be deemed expedient. If any suit, action or proceeding to enforce any right or exercise any remedy is brought or taken and then discontinued or abandoned, or is determined adversely to any holder or holders of the Bonds then, and in every such case, the County and such holder or holders shall be restored to their former positions and rights and remedies as if no suit, action or proceeding had been brought or taken

SECTION 31. ***Exemption from Taxation.*** Both the principal of and interest on the Bond shall be exempt, in accordance with the provisions of Section 12-2-50 of the Code of Laws of South Carolina, 1976, as amended, from all State, county, municipal, school district and all other taxes or assessments, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate and transfer taxes, but the interest thereon may be includable in certain franchise fees or taxes.

SECTION 32. ***Authorization to Execute and Deliver Documents.*** The Council hereby authorizes the Chairman of County Council, the County Administrator, the Clerk to County Council and other County officials to execute and delivery such documents and instruments as may be necessary to effect the issuance of the Bond.

SECTION 33. ***Continuing Disclosure.*** The County covenants that it will file with a nationally recognized municipal securities information repository its annual independent audit within thirty (30) days of receipt of the audit and event-specific information within thirty (30) days of an event adversely affecting more than five percent (5%) of its revenue or tax base.

SECTION 34. ***Creation of Required Funds.*** Notwithstanding anything in this Ordinance to the contrary, the County is required to create only those funds as are described in the Letter of Conditions.

SECTION 35. ***Invalidity of Sections, Paragraphs, Clauses or Provisions.*** If any article, section, paragraph, clause or provision of this Ordinance is held invalid or unenforceable under any circumstances, such holding shall not affect the validity or enforceability thereof under other circumstances or the validity or enforceability of this Ordinance as a whole or of any other article, section, paragraph, clause or provision of this Ordinance.

SECTION 36. ***Retention of Bond Counsel and Other Suppliers.*** The Council hereby authorizes the County Administrator to retain the law firm of Parker Poe Adams & Bernstein LLP as its bond counsel in connection with the issuance of the Bond.

The Council hereby further authorizes the County Administrator to enter into such contractual arrangements with printers and the suppliers of other goods and services necessary to the sale, execution and delivery of the Bond as is necessary and desirable. To the extent feasible, such arrangements shall be made with persons of sound reputation after obtaining two or more bids for such services; however, the County Administrator is authorized to make such arrangements without obtaining bids or quotes where (i) the services to be provided are unique or (ii) it is impractical to obtain bids in order to comply with any time requirements with respect to the issuance and sale of the Bond or (iii) the County has had previous experience with a supplier who has performed reliably and satisfactorily.

SECTION 37. ***General Repealer.*** All ordinances, rules, regulations, resolutions and parts thereof, procedural or otherwise, in conflict herewith or the proceedings authorizing the issuance of the Bond are, to the extent of such conflict, hereby repealed.

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

CLARENDON COUNTY, SOUTH CAROLINA

Dwight L. Stewart, Jr., Chairman
Clarendon County Council

(SEAL)
ATTEST:

Dorothy Levy, Clerk to Council
Clarendon County Council

READINGS:

First reading:	May 14, 2018
Second reading:	June 11, 2018
Public Hearing:	June 28, 2018
Third reading:	June 28, 2018

APPENDIX A
[FORM OF BOND]

THIS BOND, INCLUDING THE PRINCIPAL AND INTEREST PAYABLE HEREUNDER, IS NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE COUNTY OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS.

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
CLARENDON COUNTY, SOUTH CAROLINA
WATERWORKS SYSTEM IMPROVEMENT
REVENUE BOND
SERIES 2018

[], 2018

No. R-[]
$[]*

LET IT BE KNOWN TO ALL BY THESE PRESENTS that **CLARENDON COUNTY, SOUTH CAROLINA** ("County"), a body politic and corporate and subdivision of the State of South Carolina ("State'), for value, received promises to pay, but only as set forth in this Bond, to the order of

United States of America, acting through
the United States Department of Agriculture, Rural Development
("USDA")

, together with its successors and assigns, ("Payee") at its offices in , South Carolina (or at such other office of the Payee as the Payee shall direct) the principal sum of

[]*

, in accordance with the provisions of the letter from the USDA dated [] ("Letter of Conditions"), outstanding from the date of delivery of this Bond until maturity, or earlier upon prior redemption hereof, at the rate per annum equal to []%.

There shall be payable monthly installments of principal and interest, beginning [], 2018, and continuing thereafter on the first day of each month for a term of 40 years. The amount of each monthly installment shall be $[] and shall be based on the aggregate amount of principal advanced hereunder through such payment date. The amount of advanced principal shall be amortized in equal payments over the remaining term of this Bond and the installments shall be set accordingly. Payments shall be made in accordance with the Payee's Preauthorized Debt payment process.

If any installment of principal or interest is not paid on or before its due date, such unpaid installment shall bear interest from its due date until fully paid at the rate hereunder.

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* Denotes the amount of the Bond not to be exceeded

The principal of and interest on this Bond are payable in federal or other immediately available funds to the Payee at the place of payment as hereinabove provided.

This Bond is issued for the purpose of securing a Loan issued by the USDA to the County, the proceeds of which the County will use to: defray the costs of certain improvements, enlargements and extensions to the Water System of the County ("System") and paying necessary incidental expenses.

This Bond is issued under, pursuant to and in compliance with the Constitution and laws of the State of South Carolina, including particularly Chapter 21 of Title 6 of the Code of Laws of South Carolina, 1976, as amended ("Act"). This Bond is issued pursuant to an Ordinance of the County Council duly enacted on [], 2018 ("Ordinance"), which Ordinance has been duly codified and indexed as prescribed by law.

The Ordinance contains provisions defining terms, including the properties comprising the System; setting forth the revenues pledged for the payment of the principal of and interest hereon and on any other bonds which may hereafter be issued under the Ordinance; setting forth the nature and extent and manner of enforcement of the security herefor and of such pledge, and the rights and remedies of the holder hereof with respect thereto; the terms and conditions upon which this Bond is issued and upon which other bonds may be hereafter issued payable as to principal and interest on a parity and equally and ratably secured herewith; the rights, duties and obligations of the County hereunder and thereunder; and the terms and conditions upon which the pledge made in the Ordinance for the security hereof and upon which the covenants, agreements and other obligations of the County made herein and therein may be discharged at the maturity or redemption hereof. Reference is hereby made to the Ordinance, to all of the provisions of which any holder of this Bond by the acceptance hereof thereby assents. The provisions of the Act and the Ordinance shall be a contract with the holder of this Bond.

A copy of the Letter of Conditions is on file at the office of the County Council, and reference is made to the Letter of Conditions for a description of certain provisions, among others, with respect to the nature and extent of the security, the charging and collection of loan payments, the rights and remedies of the Payee, the rights, duties and obligations of the County and the Payee, and the terms upon which this Bond is issued, delivered and secured.

This Bond shall be prepaid without penalty or premium from and to the extent (i) there shall occur an event resulting in the destruction or loss of all or any substantial part of the system, or (ii) if there is a sale to or acquisition by another entity of the System, provided that such acquisition must be made with the concurrence of the USDA, and provided further that no prepayment shall be required if the System is sold to or acquired by another governmental entity that agrees to assume the liability of the County with respect hereto and the System continues to be identifiable as a source of revenues. This Bond may also be prepaid in whole or in part by the County at any time and from time to time without penalty or premium. Any partial prepayment shall be applied to installments of principal in reverse order of the due dates thereof. In the event of any prepayment, the County shall notify the holder hereof by mail not less than 15 nor more than 45 days prior to such prepayment; provided that no such notice shall be required in connection with any prepayment to the Payee so long as it is the registered owner hereof. Prepayments shall not otherwise be treated as a credit against installments of principal or interest on this Bond which shall continue to be due in the full amount thereof until the principal hereof shall have been paid in full.

This Bond and the interest hereon is a special obligation of the County and is secured by a statutory lien upon the System as prescribed by the Act and by a pledge of and lien upon the Revenues (as defined in the Ordinance) derived from the operation of the System.

This Bond and the interest hereon are not payable from, nor are they a charge upon, any funds other than the Revenues pledged to the payment thereof by the Ordinance. THE FULL FAITH, CREDIT AND

TAXING POWERS OF THE STATE OF SOUTH CAROLINA OR THE COUNTY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND, AND THIS BOND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES OF THE SYSTEM.

THIS BOND, INCLUDING THE PRINCIPAL AND INTEREST PAYABLE HEREUNDER, IS A LIMITED OBLIGATION OF THE COUNTY AND IS PAYABLE BY THE COUNTY SOLELY OUT OF THE AMOUNTS PLEDGED PURSUANT TO THE LETTER OF CONDITIONS AND ANY AMOUNTS REALIZED PURSUANT TO THE MORTGAGE.

The County covenants that it will fix and revise, from time to time, rates for services furnished by the System and such rates shall at all times be maintained so as to be sufficient to provide for the payment of the principal of and the interest on all obligations of the County payable from the Revenues of the System as and when the same become due and payable; to establish the bond and interest redemption fund therefor; to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as may be necessary to preserve it in good repair and working order; to build up a reserve for depreciation of the System; and to build up a reserve for improvements, betterments and extensions to the System other than those necessary to maintain the System in good repair and working order.

If at any time it shall appear to the USDA that the County may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, the County will, at the request of the USDA, apply for and accept such loan in sufficient amount to repay the USDA.

This Bond is transferable only on the books of registry maintained by the County upon presentation and surrender hereof to the County together with an assignment duly executed by the registered owner hereof or his duly authorized representative. Upon such a transfer, the County shall issue a new bond identical in all respects hereto but in the principal amount then due and owing hereon.

If any payment of principal of or interest on this Bond falls due on a day which is a Saturday or Sunday or legal holiday or a day on which banking institutions in the State of South Carolina are authorized or required by law to close, then such due date shall be extended to the next succeeding business day, and interest shall be payable in respect of such extension.

The principal of and interest on this Bond are exempt from any and all State, county, municipal and other taxation whatsoever under the laws of the State of South Carolina, except for inheritance, estate or transfer taxes, but the interest hereon may be includable for certain franchise fees or taxes.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of South Carolina to exist, to happen and to be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the County has caused this Bond to be executed in its name by the manual signature of the Chairman of County Council and attested by the Clerk to County Council under the seal of the County as of [], 2018.

CLARENDON COUNTY, SOUTH CAROLINA

Dwight L. Stewart, Jr., Chairman
Clarendon County Council

(SEAL)
ATTEST:

Dorothy Levy, Clerk to Council
Clarendon County Council

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

Date of Authentication: [], 2018

The attached Bond is the Bond described in the within mentioned Ordinance of Clarendon County, South Carolina, adopted [], 2018.

OFFICE OF THE CLARENDON COUNTY TREASURER
as Registrar/Paying Agent

By:_____
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

_____
(Name and Address of Transferee)

the within note and does hereby irrevocably constitute and appoint _____
attorney to transfer the within note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

_____
Signature Guaranteed

_____
(Authorized Officer)

_____
(Signature must be guaranteed by
a participant in the Securities Transfer
Agent Medallions Program (STAMP)

_____
Notice: The signature to the assignment must correspond with the name of the registered owner as it appears upon the face of the within note in every particular , without alteration or enlargement or any change whatever.