

ORDINANCE #10-14-14

AN ORDINANCE

TO PROVIDE FOR THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND OF NEWBERRY COUNTY, SOUTH CAROLINA NOT EXCEEDING \$310,000 IN PRINCIPAL AMOUNT, TO PRESCRIBE THE PURPOSES FOR WHICH THE PROCEEDS OF SAID BOND SHALL BE EXPENDED, TO PROVIDE FOR THE PAYMENT OF SAID BOND, AUTHORIZING THE ISSUANCE OF NOTES IN ANTICIPATION OF THE BOND AUTHORIZED HEREIN, AND OTHER MATTERS RELATING THERETO.

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BE IT ORDAINED BY THE COUNTY COUNCIL OF NEWBERRY COUNTY, SOUTH CAROLINA, IN COUNCIL ASSEMBLED, AS FOLLOWS:

ARTICLE I

FINDINGS OF FACT

Section 1.01 Findings.

As an incident to the adoption of this Ordinance, the Newberry County Council (the "Council"), the governing body of Newberry County, South Carolina (the "County"), finds that the facts set forth in this Article exist and the statements made with respect thereto are in all respects true and correct:

1. By virtue of Chapter 15, Title 4, Code of Laws of South Carolina, 1976, as amended and supplemented by Act No. 113 of the 1999 Acts of the South Carolina General Assembly (collectively, the "County Bond Act"), the County is empowered to issue general obligation bonds for any "authorized purpose" as therein defined.

The County has heretofore issued its General Obligation Bonds, Series 2011 (the "Series 2011 Bonds"), to fund a portion of the cost of certain capital projects approved in a referendum held in the County on November 2, 2010. The Series 2011 Bonds are being repaid with the proceeds of a Capital Project Sales and Use Tax now being imposed in the County pursuant to Section 4-10-300 *et seq.*, Code of Laws of South Carolina, 1976, as amended (the "Sales Tax"). One particular project, the Newberry Council on Aging Senior Center (the "Project"), is now estimated to cost approximately \$300,000 greater than the amount of Series 2011 Bonds allocated therefor. The Council has determined, based upon current rates of collection, that sufficient Sales Taxes will be collected in addition to that required to discharge the Series 2011 Bond, prior to the termination thereof, to allow for such cost overrun to be met with Sales Tax proceeds. In order to move forward with construction of the Project, the Council desires to advance the additional moneys required therefore and reimburse the County with the Sales Tax proceeds available after the Series 2011 Bonds is discharged. After due deliberation, the Council has determined to issue a general obligation of the County to provide such additional moneys.

Section 1.02 Recital of Applicable Constitutional and Statutory Provisions.

Section 14 of Article X of the Constitution of the State of South Carolina (the "Constitution") provides that the counties of the State may issue bonded indebtedness in an amount not exceeding eight percent (8%) of the assessed value of all taxable property therein, and provides further that no bonded indebtedness incurred on or prior to November 30, 1977, shall be charged against such eight percent (8%) debt limitation. Paragraph (6) of Section 14 of Article X of the Constitution further provides that general obligation debt authorized by a majority of the qualified electors of the issuer may be issued without consideration of the eight percent (8%) limit otherwise imposed by Section 14 of Article X. The assessed value of all taxable property located within the County (including merchants' inventory, but net of property subject to a fee in lieu of tax) as certified by the County Auditor for the year 2012, which is the last completed assessment thereof (property the County presently being in the midst of reassessment), is a sum of not less than \$119,608,702, and thus the eight percent (8%) debt limit of the County is not less than \$9,568,696. The County has outstanding general obligation debt chargeable against the eight percent (8%) limit in the principal amount of not exceeding \$4,069,413. Thus, the Council may issue the sum of \$310,000 general obligation debt at the present time without the authorization required by Section 14(6) of the Constitution.

By virtue of Title 4, Chapter 15, Code of Laws of South Carolina, 1976, as amended, and supplemented by Title 11, Chapter 27, Code of Laws of South Carolina, 1976, as amended (collectively, the “County Bond Act”), the County is empowered to issue general obligation bonds for any “authorized purpose” as therein defined. Defraying the additional costs of the Project is an authorized purpose within the meaning of the County Bond Act.

Section 1.03 Holding of Public Hearing and Notice Thereof.

Pursuant to the provisions of Section 4-9-130 of the Code of Laws of South Carolina, 1976, as amended, a public hearing, after giving reasonable notice, is required to be conducted prior to the third and final reading of this Ordinance by Council. In accordance with this provision, a public hearing shall be conducted and due notice shall be provided as required by said Section 4-9-130. The form of the notice to be published shall be substantially as set forth as **Exhibit A** attached hereto.

* * *

ARTICLE II

DEFINITIONS AND AUTHORITY

Section 2.01 Definitions.

As used in this Ordinance, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Authorized Investments” means any securities which are authorized legal investments for political subdivisions pursuant to the Code of Laws of South Carolina.

“Authorized Officer” means the Chairman or the Vice-Chairman of the Council and any other officer or employee of the Council designated from time to time as an Authorized Officer by resolution of the Council, and when used with reference to any act or document also means any other person authorized by resolution of the Council to perform such act or sign such document.

“Bond” or “the Bond” means the Bond issued in accordance with the provisions of this Ordinance. “Bonds” means all Bonds issued hereunder.

“Bondholder” or “Holder” or “Holder of Bond” or “Owner” or similar term means, when used with respect to the Bond, any person who shall be registered as the owner of the Bond outstanding.

“Bond Payment” means the payment of principal of and interest on the Bond.

“Bond Payment Date” means each date on which the Bond Payment shall be payable.

“Code” means the Internal Revenue Code of 1986, as amended.

“Council” means the Newberry County Council, South Carolina, the governing body of said County or any successor governing body of said County.

“County” means Newberry County, South Carolina.

“County Bond Act” shall have the meaning given thereto in Section 1.01 of this Ordinance.

“Government Obligations” means and includes direct general obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which is fully and unconditionally guaranteed by the United States of America.

“Holder” means the registered owner, from time to time, of the Bond as shown on the registration books of the County maintained by the Registrar.

“Ordinance” shall mean this ordinance of County Council authorizing the issuance of the Bond.

“Outstanding”, when used in this Ordinance with respect to the Bond, means as of any date, the Bond theretofore delivered pursuant to this Ordinance except:

(a) if the Bond shall have been cancelled or delivered to the Registrar for cancellation on or before such date;

(b) if the Bond deemed to have been paid in accordance with the provisions of Section 7.01 hereof; and

(c) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Section 3.11 of this Ordinance.

“Paying Agent” means the County Treasurer of Newberry County.

“Person” means an individual, a partnership, a corporation, a trust, a trustee, an unincorporated organization, or a government or an agency or political subdivision thereof.

“Project” shall have the meaning given in Section 1.01 of this Ordinance.

“Record Date” means the 15th day of the month immediately preceding the Bond Payment Date.

“Registrar” means the County, acting through the Clerk to Council.

Section 2.02 Construction.

In this Ordinance, unless the context otherwise requires:

1. Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Ordinance.

2. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms refer to this Ordinance, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of adoption of this Ordinance.

3. Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

4. Any fiduciary shall be deemed to hold an Authorized Investment in which money is invested pursuant to the provisions of this Ordinance, even though such Authorized Investment is evidenced only by a book entry or similar record of investment.

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ARTICLE III

ISSUANCE OF BOND

Section 3.01 Ordering the Issuance of the Bond.

Pursuant to the provisions of the County Bond Act, and for the purpose of obtaining funds with which to defray the cost of the Project and pay costs of issuance, there is hereby ordered the issuance of not exceeding \$300,000 general obligation bonds of the County, to be given such series designation by the County Administrator as reflects the year and sequence of issuance. The County Administrator shall determine the principal amount of the Bond, provided that such principal amount shall not exceed \$310,000.

Section 3.02 Maturity Schedule of the Bond.

The Bond shall be dated as of the date of its delivery and shall bear interest from its dated date. The Bond shall be payable as to principal and interest annually, according to such schedule determined by the County Administrator, not to exceed four (4) years from the date of issuance thereof.

Section 3.03 Medium of Payment; Form and Denomination of Bond; Place of Payment of Principal.

(a) The Bond shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

(b) The Bond shall be issued in the form of one (1) fully registered bond.

(c) The Bond Payment shall be payable to the Person appearing as the Holder of the Bond on the Record Date on the registration books of the County, which books shall be held by the County as Registrar as provided in Section 3.06 hereof, upon the presentation and surrender for cancellation of the Bond at the office of the Paying Agent, provided, however, that the Paying Agent may, upon advice of the County Administrator, waive presentment prior to the delivery of the Bond Payment to the Holder as provided in this Section 3.03(c).

Section 3.04 Execution and Authentication.

(a) The Bond shall be executed in the name and on behalf of the County by the manual signature of an Authorized Officer or Officers, with its corporate seal impressed, imprinted or otherwise reproduced thereon, and attested by the manual signature of the Clerk to County Council or an Authorized Officer (other than the officer or officers executing the Bond). The Bond may bear the manual signature of any person who shall have been such an Authorized Officer authorized to sign the Bond at the time the Bond was so executed, and shall bind the County notwithstanding the fact that his or her authorization may have ceased prior to the authentication and delivery of the Bond.

(b) The Bond shall not be valid or obligatory for any purpose nor shall it be entitled to any right or benefit hereunder unless there shall be endorsed on the Bond a certificate of authentication in the form set forth in this Ordinance, duly executed by the manual signature of the Registrar, and such certificate of authentication upon the Bond executed on behalf of the County shall be conclusive evidence that the Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefit of the terms and provisions of this Ordinance.

Section 3.05 Exchange of the Bond.

The Bond, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered Holder or his duly authorized attorney, may, at the option of the registered Holder thereof, be exchanged for a new Bond of the same interest rate and maturity. So long as the Bond remains Outstanding, the County shall make all necessary provisions to permit the exchange of the Bond. Such new Bond shall reflect the principal amount thereof as then yet unpaid.

Section 3.06 Transferability and Registry.

The Bond shall at all times, when the same is Outstanding, be payable to a Person, and shall be transferable only in accordance with the provisions for registration and transfer contained in this Ordinance and in the Bond. So long as the Bond remains Outstanding, the Registrar shall maintain and keep, at its administrative office, books for the registration and transfer of the Bond, and, upon presentation thereof for such purpose at such office, the Registrar shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it may prescribe, the Bond. So long as the Bond remains Outstanding, the Registrar shall make all necessary provisions to permit the transfer of the Bond at its administrative office.

Section 3.07 Transfer of the Bond.

The Bond shall be transferable only upon the books of the Registrar, upon presentation and surrender thereof by the Holder of the Bond in person or by his attorney duly authorized in writing, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered Holder or his duly authorized attorney. Upon surrender for transfer of the Bond, the County shall execute, authenticate and deliver, in the name of the Person who is the transferee, a new Bond of the same principal amount and maturity and rate of interest as the surrendered Bond. Such new Bond shall reflect the principal amount thereof as then yet unpaid.

Section 3.08 Regulations with Respect to Exchanges and Transfers.

The Bond surrendered in any exchange or transfer shall forthwith be cancelled by the Registrar. For each such exchange or transfer of the Bond, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Holder requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The County shall not be obligated to issue, exchange or transfer the Bond during the 15 days next preceding the Bond Payment Date applicable thereto.

Section 3.09 Mutilated, Destroyed, Lost and Stolen Bond.

(a) If the Holder surrenders a mutilated Bond to the Registrar or the Registrar receives evidence to its satisfaction of the destruction, loss, or theft of the Bond, and there is delivered to the Registrar such security or indemnity as may be required by it to save it harmless, then, in the absence of notice that the Bond has been acquired by a bona fide purchaser, the County shall execute and deliver, in exchange for the mutilated Bond or in lieu of any such destroyed, lost, or stolen Bond, a new Bond of like tenor, maturity, and interest rate bearing a number unlike that of such mutilated, destroyed, lost, or stolen Bond, and shall thereupon cancel any such mutilated Bond so surrendered.

(b) Upon the issuance of any new Bond under this Section 3.09, the County may require the payment of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees or other fees, of the County or the Registrar connected therewith.

(c) Each new Bond issued pursuant to this Section in lieu of any destroyed, lost, or stolen Bond, shall constitute an additional contractual obligation of the County, whether or not the destroyed, lost, or stolen Bond shall at any time be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with the Bond duly issued pursuant to this Ordinance.

(d) The Bond shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of the mutilated, destroyed, lost, or stolen Bond and shall preclude (to the extent lawful) all other rights or remedies with respect to the replacement or payment of the mutilated, destroyed, lost, or stolen Bond or securities.

Section 3.10 Holder As Owner of Bond.

In its capacity as Registrar, the County may treat the Holder of the Bond as the absolute owner thereof, whether the Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the Bond Payment on the Bond and for all other purposes, and payment of the Bond Payment shall be made only to, or upon the order of, such Holder. All payments to such Holder shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid, and the County shall not be affected by any notice to the contrary.

Section 3.11 Cancellation of the Bond.

The Registrar shall destroy the Bond when the same shall be surrendered to it for cancellation. In such event, the Bond shall no longer be deemed Outstanding under this Ordinance and no Bond shall be issued in lieu thereof.

Section 3.12 Payments Due on Saturdays, Sundays and Holidays.

In any case where the Bond Payment Date shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of the Bond Payment need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close, with the same force and effect as if made on the Bond Payment Date and no interest shall accrue for the period after such date.

Section 3.13 Tax Exemption in South Carolina.

Bond Payments shall be exempt from all State, county, municipal, school district, and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

Section 3.14 Order to Levy Ad Valorem Taxes to Pay Principal and Interest of the Bond.

For the payment of principal of and interest on the Bond as the same become due and for the creation of such sinking fund as may be necessary therefor, the full faith, credit, and taxing power of the County are hereby irrevocably pledged, and there shall be levied an ad valorem tax

upon all taxable property located within the County sufficient to pay the principal of and interest on the Bond as the same become due and to create such sinking fund as may be necessary therefor.

Section 3.15 Notice to Auditor and Treasurer.

The Auditor and Treasurer of Newberry County, South Carolina, shall be notified of the issuance of the Bond and directed to levy and collect annually upon all taxable property within the County ad valorem property taxes in an amount sufficient to pay the principal of and interest on the Bond as the same become due and to create such sinking fund as may be necessary therefor.

Section 3.16 Form of the Bond.

The form of the Bond, and registration provisions to be endorsed thereon, shall be substantially as set forth in **Exhibit B** attached hereto and made a part of this Ordinance.

Section 3.17 Bond Anticipation Note.

The County Administrator may determine to issue a note or notes in anticipation of the issuance of the Bond (“BAN”) in accordance with this Section 3.17. The County Administrator may from time to time cause the issuance of refunding bond anticipation notes (each also a “BAN”) in accordance with this Section 3.17, provided that the principal amount of any BAN issued hereunder shall not exceed \$310,000. The form of the BAN, and registration provisions to be endorsed thereon shall be substantially as set forth in **Exhibit C** attached hereto and made a part of this Ordinance.

(a) The BAN shall be dated and bear interest from the date of delivery thereof, payable upon the stated maturity thereof and shall mature on such date, not later than a year following the issuance thereof, as selected by the County Administrator, with such privilege of prepayment, if any, as determined by the County Administrator.

(b) Both the principal of and interest on the BAN 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.

(c) Bids for the purchase of the BAN shall be solicited by the County Administrator from at least three financial institutions. The County Administrator is authorized to award the BAN to the bidder offering to purchase the BAN at the lowest net interest cost to the County at a price of not less than par. Net interest cost will be determined by deducting premium, if any, from the interest on the BAN, until maturity. Provided, however, that the BAN shall not be awarded at an interest rate in excess of 5% per annum without approval of the County Council by resolution duly adopted.

(d) The County Treasurer shall serve as Paying Agent (“BAN Paying Agent”) for the BAN and the Clerk to Council of the County shall serve as Registrar (“BAN Registrar”)therefor.

(e) Each BAN shall be transferable only upon the registry books of the County, which shall be kept for such purpose at the principal office of the BAN Registrar, 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 BAN Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such BAN the BAN Registrar on behalf of the County shall

issue in the name of the transferee a new fully registered BAN or BAN, of the same aggregate principal amount, interest rate and maturity as the surrendered BAN. Any BAN surrendered in exchange for a new registered BAN pursuant to this Section shall be cancelled by the BAN Registrar.

(f) The County and the BAN Paying Agent may deem or treat the person in whose name any fully registered BAN shall be registered upon the registry books as the absolute owner of such BAN, whether such BAN shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such BAN 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 BAN to the extent of the sum or sums so paid, and neither the County nor the BAN Paying Agent shall be affected by any notice to the contrary. In all cases in which the privilege of transferring BAN is exercised, the County shall execute and the BAN Registrar shall authenticate and deliver BAN in accordance with the provisions of this Ordinance. The BAN Registrar shall not be obliged to make any such transfer of BAN during the period beginning on the day after the fifteenth calendar day preceding (a) the maturity date thereof or (b) date upon which such BAN shall be redeemed.

(g) In the event any BAN is mutilated, lost, stolen or destroyed, the County may execute a new BAN of like date and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated BAN, such mutilated BAN shall first be surrendered to the County, and in the case of any lost, stolen or destroyed BAN, there shall be first furnished to the County evidence of such loss, theft or destruction satisfactory to the County, together with indemnity satisfactory to it; provided that, in the case of a holder which is a bank or insurance company, the agreement of such bank or insurance company to indemnify shall be sufficient. In the event any such BAN shall have matured, instead of issuing a duplicate BAN, the County may pay the same without surrender thereof. The County may charge the holder of such BAN with its reasonable fees and expenses in this connection.

(h) For the payment of the principal of and interest on the BAN as the same shall fall due, the full faith, credit and taxing power of the County shall be pledged. In addition thereto, so much of the principal proceeds of the Bond when issued shall and is hereby directed to be applied, to the extent necessary, to the payment of the BAN; and, further, the County covenants and irrevocably pledges to effect the issuance of the Bonds or, in the alternative, to refund or renew outstanding BAN in order that the proceeds thereof will be sufficient to provide for the retirement of any BAN issued pursuant hereto.

(i) The proceeds derived from the sale of the BAN issued pursuant to this Ordinance shall be paid to the Treasurer of Newberry County, South Carolina. Pending the use of proceeds of the BAN, the same shall be invested and reinvested by the Treasurer of Newberry County, South Carolina, in Authorized Investments. The proceeds of the BAN and all earnings from the investment thereof shall be applied to defray the cost of the Project or to pay costs of issuance associated with the BAN.

(j) The Council hereby authorizes the Chairman, the Clerk to Council, and the County Administrator to execute any and all such documents and instruments as may be necessary to provide for the issuance of the BAN.

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ARTICLE IV

REDEMPTION OF BOND

Section 4.01 Redemption of Bond.

The Bond shall not be subject to redemption prior to maturity except as may be agreed to by the Holder thereof and the County.

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ARTICLE V

SALE OF BOND

Section 5.01 Sale and Award of Bond.

The Bond shall be sold at a price of not less than par. Bids for the Bond shall be solicited by the County Administrator from not less than three (3) financial institutions with at least seven (7) days advance notice to institutions so solicited.

Unless all bids are rejected, the County Administrator is authorized to award the Bond to the bidder offering the lowest net interest cost therefor; for purposes of this paragraph, net interest cost shall be determined by computing the total dollar interest cost from the date of the Bond to maturity and deducting therefrom the amount of the premium offered, if any, over and above the principal amount and adding thereto any fees proposed by the bidder to be paid by the County. In the case of a tie in net interest cost, the award of the Bond shall be based upon the flip of a coin. Notwithstanding the foregoing, no such award shall be effective without the approval of Council, by resolution duly adopted, if the net interest cost of the Bond exceeds 6.00% per annum.

There shall be published in a newspaper of general circulation in the County at least seven (7) days prior to the delivery of the Bond a Notice of Sale in form substantially similar to that appearing at **Exhibit D** hereto.

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ARTICLE VI

DISPOSITION OF PROCEEDS OF SALE OF BONDS

Section 6.01 Disposition of Bond Proceeds Including Temporary Investments.

The proceeds derived from the sale of the Bond shall be paid to the Treasurer of Newberry County, to be deposited in a separate Bond Account, and shall be expended and made use of by the Council to defray the cost of issuing the Bond and the cost of the Project. Any premium shall be placed in the sinking fund held by the Treasurer of Newberry County for payment of principal and interest on the Bond and applied to the discharge of principal on the Bond.

Pending the use of Bond proceeds, the same shall be invested and reinvested by the Treasurer of Newberry County in Authorized Investments. All earnings from such investments shall be applied, at the direction of the Council, either (1) to defray the cost of the undertakings for which the Bond is issued and if not required for this purpose, then (2) to interest on the Bond from the proceeds of which such earnings were derived.

Neither the purchaser nor Holder of the Bond shall be liable for the proper application of the proceeds thereof.

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ARTICLE VII

DEFEASANCE OF BOND

Section 7.01 Discharge of Ordinance - Where and How The Bond is Deemed to Have Been Paid and Defeased.

If the Bond and the interest thereon shall have been paid and discharged, then the obligations of the County under this Ordinance as to the Bond and all other rights granted hereby shall cease and determine. The Bond shall be deemed to have been paid and discharged within the meaning of this Article under each of the following circumstances, viz.:

(1) A third party fiduciary, which shall be any bank, trust company, or national banking association which is authorized to provide corporate trust services (the "Fiduciary"), shall hold, in trust and irrevocably appropriated thereto, sufficient moneys for the payment of the Bond Payment due thereunder; or

(2) If default in the payment when due of the Bond Payment shall have occurred, and thereafter tender of such payment shall have been made, and at such time the Fiduciary shall hold in trust and irrevocably appropriated thereto, sufficient moneys for the payment thereof to the date of the tender of such payment; or

(3) If the County shall elect to provide for the payment of the Bond prior to its stated maturity and shall have deposited with the Fiduciary, in an irrevocable trust, moneys which shall be sufficient, or Government Obligations, the principal of and interest on which when due will provide moneys, which together with moneys, if any, deposited with the Fiduciary at the same time, shall be sufficient to pay the Bond Payment when due.

Neither the Government Obligations nor moneys deposited with the Fiduciary pursuant to this Section nor the Bond Payments thereon shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Bond Payment on the Bond; provided that any cash received from such principal or interest payments on Government Obligations deposited with the Fiduciary, if not then needed for such purpose, shall to the extent practicable be invested and reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the Bond Payment to become due on the Bond on the Bond Payment Date thereof, and interest earned from such reinvestments not required for the payment of the Bond Payment may be paid over to the County, free and clear of any trust, lien or pledge.

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ARTICLE VIII

CERTAIN TAX AND DISCLOSURE CONSIDERATIONS

Section 8.01 Covenants to Comply with Requirements of the Code.

The County hereby represents and covenants that it will comply with all requirements of the Code, and that it will not take any action which will, or fail to take any action (including, without limitation, filing the required information reports with the Internal Revenue Service) which failure will, cause interest on the Bond to become includable in the gross income of the Holder thereof for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Bond. Without limiting the generality of the foregoing, the County represents and covenants that:

1. All property provided by the net proceeds of the Bond will be owned by the County in accordance with the rules governing the ownership of property for federal income tax purposes.

2. The County shall not permit the proceeds of the Bond or any facility financed with the proceeds of the Bond to be used in any manner that would result in (a) ten percent (10%) or more of such proceeds being considered as having been used directly or indirectly in any trade or business carried on by any natural person or in any activity carried on by a person other than a natural person other than a governmental unit as provided in Section 141(b) of the Code, or (b) five percent (5%) or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code.

3. The County is not a party to nor will it enter into any contracts with any person for the use or management of any facility provided with the proceeds of the Bond that do not conform to the guidelines set forth in Revenue Procedure 97-13.

4. The County will not sell or lease the Project or any property provided by the Bond to any person unless it obtains the opinion of nationally recognized bond counsel that such lease or sale will not affect the tax exemption of the Bond.

5. The Bond will not be federally guaranteed within the meaning of Section 149(b) of the Code. The County is not a party to any leases or sales or service contracts with any federal government agency with respect to the projects and will not enter into any such leases or contracts unless it obtains the opinion of nationally recognized bond counsel that such action will not affect the tax exemption of the Bond.

Notwithstanding the foregoing, the County Administrator may determine that interest on the Bond shall be subject to federal income tax if so requested by the purchaser thereof, subject always to Section 5.01 of this Bond Ordinance. In such case, the foregoing covenants and the remainder of this Article VIII shall be inapplicable.

Section 8.02 Qualified Tax-Exempt Obligation.

The County expects that it and entities subordinate thereto will issue no tax-exempt obligations in calendar year 2015 which, along with the Bond, would aggregate more than \$10,000,000 in such calendar year. Accordingly, the Bond is hereby designated as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3)(B) of the Code. The County

Administrator may counter such designation if, at the time the Bond is issued, such expectation is inaccurate.

Section 8.03 Ability to Meet Arbitrage Requirements.

Careful consideration has been given to the time in which the expenditures of the proceeds of each Bond authorized hereby will be made, and it has been ascertained that all of the money received from the proceeds of each Bond will be expended within the limitations imposed by Section 148(c) of the Code, so that the Council will be able to certify upon reasonable grounds that each Bond is not an “arbitrage bond” within the meaning of Section 148(c) of the Code.

Section 8.04 Continuing Disclosure.

Pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, the County covenants to file with a central repository for availability in the secondary bond market when requested:

- (a) An annual independent audit, within thirty days of the County’s receipt of the audit; and
- (b) Event specific information within thirty days of an event adversely affecting more than five percent of revenue or the County’s tax base.

The only remedy for failure by the County to comply with the covenant in this Section 8.04 shall be an action for specific performance of this covenant. The County specifically reserves the right to amend this covenant to reflect any change in Section 11-1-85, without the consent of any Bondholder.

Section 8.05 Taxable Obligation.

Any Bond may be issued as a taxable obligation if the County Administrator determines in his sole discretion that it is in the best interests of the County to do so.

* * *

ARTICLE IX

MISCELLANEOUS

Section 9.01 Savings Clause.

If any one or more of the covenants or agreements provided in this Ordinance should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Ordinance.

Section 9.02 Successors.

Whenever in this Ordinance the County is named or referred to, it shall be deemed to include any entity, which may succeed to the principal functions and powers of the County, and all the covenants and agreements contained in this Ordinance or by or on behalf of the County shall bind and inure to the benefit of said successor whether so expressed or not.

Section 9.03 Ordinance to Constitute Contract.

In consideration of the purchase and acceptance of the Bond by those who shall purchase and hold the same from time to time, the provisions of this Ordinance shall be deemed to be and shall constitute a contract between the County and the Holder from time to time of the Bond, and such provisions are covenants and agreements with such Holder which the County hereby determined to be necessary and desirable for the security and payment thereof. The pledge hereof and the provisions, covenants, and agreements herein set forth to be performed on behalf of the County shall be for the benefit, protection, and security of the Holder of the Bond.

Section 9.04 Filing of Copies of Ordinance.

Copies of this Ordinance shall be filed in the offices of the Council and in the office of the Clerk of Court for Newberry County (as a part of the Transcript of Proceedings).

Section 9.05 Further Action by Officers of County.

The proper officers of the County are fully authorized and empowered to take the actions required to implement the provisions of this Ordinance and to furnish such certificates and other proofs as may be required of them, which includes but is not limited to providing the notice and conducting the public hearing described in Section 1.03 hereof. In the absence of any officer of the Council herein authorized to take any act or make any decision, the County Administrator is hereby authorized to take any such act or make any such decision.

Section 9.06 Effective Date of Ordinance.

This Ordinance shall take effect upon its third reading and shall be forthwith codified in the Code of County Ordinances and indexed under the general heading “An Ordinance To Provide For The Issuance And Sale Of A General Obligation Bond Of Newberry County, South Carolina Not Exceeding \$310,000 In Principal Amount, To Prescribe The Purposes For Which The Proceeds Of Said Bond Shall Be Expended, To Provide For The Payment Of Said Bond, Authorizing The Issuance Of Notes In Anticipation Of The Bond Authorized Herein, And Other Matters Relating Thereto.”

DONE IN MEETING DULY ASSEMBLED, this ____ of _____, 2014.

NEWBERRY COUNTY COUNCIL

(SEAL)

Chairman

Attest:

Clerk

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Newberry County Council, State of South Carolina will conduct the following public hearing(s) at its meeting on the ____ day of _____, 2012, to be held in the Newberry County Council Chamber, 1309 College Street, Newberry, South Carolina, at _____, 2013.

Ordinance No. ____: An Ordinance To Provide For The Issuance And Sale Of A General Obligation Bond Of Newberry County, South Carolina Not Exceeding \$310,000 In Principal Amount, To Prescribe The Purposes For Which The Proceeds Of Said Bond Shall Be Expended, To Provide For The Payment Of Said Bond, Authorizing The Issuance Of Notes In Anticipation Of The Bond Authorized Herein And Other Matters Relating Thereto.

[OTHER ORDINANCES RECEIVING PUBLIC HEARINGS INSERTED HERE]

At the time and place fixed for said public hearing(s), all taxpayers, residents or other interested persons who appear will be given an opportunity to express their views for or against the adoption of the Ordinance. A copy of the proposed Ordinance(s) is available for inspection in the Clerk to Council's office located in the Courthouse Annex at 1309 College Street, Newberry, South Carolina, during its regular business hours. Assistance is available for those who are visually or hearing-impaired. For assistance, call Laurie Renwick, Clerk to Council, (803) 321-2100.

Chairman, Newberry County Council

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
COUNTY OF NEWBERRY
GENERAL OBLIGATION BOND, SERIES _____

No. 1

Registered Holder: _____

Principal Amount: _____

NEWBERRY COUNTY, SOUTH CAROLINA (the "County"), a public body corporate and politic and a political subdivision of the State of South Carolina (the "State"), created and existing by virtue of the laws of the State, acknowledges itself indebted and for value received hereby promises to pay, solely as hereinafter provided, to the Registered Holder named above or registered assigns, the Principal Amount stated above and interest thereon on such date and in the manner provided herein

This bond ("Bond") is issued in the principal amount of _____ for purposes authorized by and pursuant to and in accordance with the Constitution and Statutes of the State of South Carolina, including particularly the provisions of Sections 4-15-10 through 4-15-180, Code of Laws of South Carolina, 1976, as amended, and an Ordinance duly adopted by the County Council of Newberry County (the "Ordinance"). This Bond is not subject to redemption prior to maturity except as may be agreed to by the County and the Holder hereof.

The principal and interest on this Bond shall be paid on _____, 20__ upon the presentation and surrender for cancellation of this Bond at the office of the County Treasurer of Newberry County, as Paying Agent, to the person shown on the books of registration of the County as the Holder hereof on the Record Date. The Bond Payment is payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinance. Certified copies of the Ordinance are on file in the office of the Clerk of Court of Newberry County and in the office of the County Council of Newberry County.

This Bond is payable from a tax levied on all taxable property within the County. For the prompt payment of the Bond Payment as the same shall become due, the full faith, credit, and taxing power of the County are irrevocably pledged.

This Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments of the State of South Carolina, direct or indirect, general

or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer, or certain franchise taxes.

The Bond is issued in the form of one (1) fully registered Bond and is transferable, as provided in the Ordinance, only upon the registration books of the County kept for that purpose at the offices of the County by the registered Holder in person or by his duly authorized attorney upon, (i) surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered holder or his duly authorized attorney, and (ii) payment of the charges, if any, prescribed in the Ordinance. Thereupon a new fully registered Bond of interest rate and like principal amount shall be issued to the transferee in exchange therefor as provided in the Ordinance. The County may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of the Bond Payment due hereon and for all other purposes.

For every exchange or transfer of the Bond, the County may make a charge sufficient to reimburse it for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer.

It is hereby certified and recited that all acts, conditions, and things required to exist, happen, and to be performed precedent to and in the adoption of the Ordinance and in the issuance of the Bond in order to make the legal, valid, and binding general obligation of the County in accordance with its terms, do exist, have been done, have happened and have been performed in regular and due form as required by law; and that the issuance of the Bond does not exceed or violate any constitutional, statutory, or other limitation upon the amount of indebtedness prescribed by law.

IN WITNESS WHEREOF, NEWBERRY COUNTY, SOUTH CAROLINA, has caused this Bond to be signed by the manual signature of the Chairman of the Newberry County Council, attested by the manual signature of the Clerk to the Newberry County Council, and the seal of the County impressed hereon.

NEWBERRY COUNTY, SOUTH CAROLINA

(SEAL)

Chairman, Newberry County Council

ATTEST:

Clerk, Newberry County Council

CERTIFICATE OF AUTHENTICATION

This Bond is the Bond of the issue described in the within mentioned Ordinance.

Registrar

By: _____
Clerk to Council

Date of Authentication: _____, 20____

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the entireties

_____ Custodian _____
(Cust) (Minor)

JT TEN - as joint tenants with right of survivorship and not as tenants in common

under Uniform Gifts to Minors Act _____
(state)

Additional abbreviations may also be used though not in above list.

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____
the within bond and does hereby irrevocably constitute and appoint _____
attorney to transfer the within bond 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 Medallion 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 bond in every particular, without alteration or enlargement or any change whatever.

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
NEWBERRY COUNTY
BOND ANTICIPATION NOTE OF 201_

No. ___ \$ _____

INTEREST RATE MATURITY DATE ORIGINAL ISSUE DATE
_____%

Registered Holder: _____

Principal Amount: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS that Newberry County, South Carolina (the "County") hereby acknowledges itself indebted, and for value received promises to pay to the registered owner hereof (named above) or registered assigns, the principal sum of _____ DOLLARS at the Office of the County Treasurer of Newberry County in the City of Newberry, State of South Carolina on the ___ day of _____, 201_, and to pay interest, calculated on the basis of a 360-day year consisting of twelve 30-day months, on said principal sum from the date hereof, at the rate of _____ per centum (___%) per annum, payable upon the maturity of this note. This note is (not) subject to prepayment prior to its maturity (as follows:).

Both the principal of and interest on this note are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for the payment of public and private debts.

This note is the single Bond Anticipation Note (the "Note"), issued by the County, in anticipation of the receipt of the proceeds to be derived from the general obligation bonds of the County (the "Bonds") to be issued pursuant to and in accordance with the provisions of the Constitution and Laws of the State of South Carolina including Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended; Title 11, Chapter 17, Code of Laws of South Carolina 1976, as amended; and an ordinance duly enacted by the County Council of the County on ___ day of _____, 2014 (the "Ordinance"). The full faith, credit and taxing power of the County and the proceeds to be derived from the sale of Bond authorized by the Ordinance are pledged for the payment of the principal of and interest on the Note.

This Note and the interest hereon are exempt from all state, county, municipal, County, and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer taxes, but the interest hereon may be included as franchise fees or taxes.

(IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and Statutes of the State of South Carolina to exist, to happen, or to be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due time, form and manner, and the amount of this Note does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, Newberry County, South Carolina, has caused this Note to be manually signed by the Chairman of the County Council, attested by the manual signature of the Clerk to Council of the County Council, the seal of the County impressed hereon and this Note to be dated the ____ day of _____, 201_.

NEWBERRY COUNTY, SOUTH CAROLINA

(SEAL)

Chairman, County Council

Attest:

Clerk to Council, County Council

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within mentioned Ordinance.

NEWBERRY COUNTY, SOUTH CAROLINA
as Registrar/Paying Agent

By: _____
County Treasurer, Newberry County

Date of Authentication: _____,
200 ____

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the entireties

_____ Custodian _____
(Cust) (Minor)

JT TEN - as joint tenants with right of survivorship and not as tenants in common

under Uniform Gifts to Minors Act _____
(state)

Additional abbreviations may also be used though not in above list.

(FORM OF ASSIGNMENT)

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

(Name and Address of Transferee)

the within bond and does hereby irrevocably constitute and appoint _____ attorney

to transfer the within bond 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 Agents Medallion 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 bond in every particular, without alteration or enlargement or any change whatever.

NOTICE OF SALE

Notice is hereby given that Newberry County, South Carolina shall deliver to (Purchaser) on (Date of Delivery) it's \$_____ principal amount General Obligation Bond, Series _____. The Bond has been sold to (Purchaser) at a price of _____ and an interest rate of ____%. The Bond matures on _____, 20__, at which time the principal thereof and interest thereon in the amount of \$_____ shall be due and payable.

Chairman, Newberry County Council

STATE OF SOUTH CAROLINA

COUNTY OF NEWBERRY

I, the undersigned, Clerk to Council of Newberry County, South Carolina, DO HEREBY CERTIFY:

1. That the foregoing is a true, correct and verbatim copy of an Ordinance adopted by the County Council of Newberry County on _____, 2014, at which a majority/all members were present. It was first introduced at the regular meeting of County Council held on _____, 201_. At that meeting, it was given first reading by the majority/unanimous vote of the County Council. Afterwards, at the regular meeting of the County Council held on _____, 2014, it was given its second reading and at the regular meeting of the County Council held on _____, 2014, it was give third and final reading by the unanimous vote of County Council. At each of said meetings, a quorum of County Council was present at all times during the proceedings pursuant to which the aforesaid Ordinance was adopted, the original of which is duly entered in the record of minutes of the aforesaid meetings of said County Council in my Custody as such Clerk.

2. As required by Title 30, Chapter 4 of the Code of Laws of South Carolina 1976, as amended, being the Freedom of Information Act, a copy of the agenda of meetings (showing the date, time and place of the meeting) of the County Council of the County is posted on a designated bulletin board in the administrative offices of the County and supplied to news media as requested at least 24 hours prior to regularly scheduled meetings of the County Council. An agenda was posted in accordance with the foregoing sentence for each meeting at which the attached Ordinance was voted upon, and each agenda as so posted contained as an item the consideration of the attached Ordinance by the County Council.

IN WITNESS WHEREOF, I have hereunto set my Hand and the Seal of the County, this ___ day of _____ 2014.

(SEAL)

Clerk, Newberry County Council

First reading: _____

Second reading: _____

Third reading: _____

Public Hearing: _____