

DORCHESTER COUNTY, SOUTH CAROLINA

TENTH SUPPLEMENTAL ORDINANCE NO. 18-14

A TENTH SUPPLEMENTAL ORDINANCE MAKING PROVISION FOR THE TERMS AND CONDITIONS OF WATERWORKS AND SEWER SYSTEM REVENUE BORROWING BY DORCHESTER COUNTY, SOUTH CAROLINA, AUTHORIZED BY GENERAL BOND ORDINANCE NO. 03-06 ENACTED BY THE COUNTY COUNCIL OF DORCHESTER COUNTY, SOUTH CAROLINA ON SEPTEMBER 2, 2003; APPROVING THE FINANCING OF SYSTEM IMPROVEMENTS IN DORCHESTER COUNTY, SOUTH CAROLINA, THROUGH THE BORROWING OF NOT EXCEEDING \$5,500,000 FROM THE STATE WATER POLLUTION CONTROL REVOLVING FUND, BY AGREEMENT WITH THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, PURSUANT TO TITLE 48, CHAPTER 5 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; PROVIDING FOR THE AGREEMENT TO MAKE AND TO ACCEPT A LOAN, THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN DORCHESTER COUNTY AND THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY, THE EXECUTION AND DELIVERY OF A PROMISSORY NOTE FROM DORCHESTER COUNTY TO THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY; AND OTHER MATTERS RELATING THERETO.

BE IT ORDAINED BY THE COUNTY COUNCIL OF DORCHESTER COUNTY, SOUTH CAROLINA, IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

SECTION 1.1. Findings of Fact. As an incident to the enactment of this Tenth Supplemental Ordinance, the County Council of Dorchester County, South Carolina (the "County Council"), the governing body of Dorchester County, South Carolina (the "County"), has made the following findings:

(a) The County is a political subdivision created pursuant to the laws of the State of South Carolina and empowered by the provisions of Title 48, Chapter 5 of the Code of Laws of South Carolina 1976, as amended (the "Act"), (i) to undertake construction of, among other things, publicly owned water and wastewater treatment works as defined in the Federal Water Pollution Control Act, Chapter 26, Title 33 of the United States Code, as amended; (ii) to make application for and to receive assistance; (iii) to comply with regulations relating to the receipt and disposition of money of the State Water Pollution Control Revolving Fund created by the Act; (iv) to apply for and receive state grants; (v) to enter into loan agreements; and (vi) to comply with all terms and conditions of any loan agreement.

(b) Title 6, Chapter 17 of the Code of Laws of South Carolina 1976, as amended, permits the incurring of debt for the purpose of financing facilities for the furnishing of water

and wastewater treatment services and permits the securing of such indebtedness with a pledge of revenues derived from the operation of the Waterworks and Sewer System (the "System") of the County.

(c) By ordinance entitled "GENERAL BOND ORDINANCE NO. 03-06 AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF WATERWORKS AND SEWER SYSTEM REVENUE BONDS OF DORCHESTER COUNTY, SOUTH CAROLINA; PRESCRIBING THE FORM OF BONDS; LIMITING THE PAYMENT OF THE BONDS SOLELY TO THE NET REVENUES DERIVED FROM THE OPERATION OF THE SYSTEM AND PLEDGING THE REVENUES TO SUCH PAYMENT; CREATING CERTAIN FUNDS AND PROVIDING FOR PAYMENTS INTO SUCH FUNDS; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING", enacted on September 2, 2003 (the "Bond Ordinance"), County Council made provision for the issuance from time to time of Waterworks and Sewer System Revenue Bonds of the County payable from Net Revenues (as such term is defined in the Bond Ordinance) derived from the operation of the System.

(d) The Net Revenues derived from the System are now hypothecated and pledged to the payment of the following:

- (i) the outstanding \$530,000 of an original issue of \$11,280,000 Waterworks and Sewer System Revenue Bonds, Series 2009, dated November 5, 2009;
- (ii) the outstanding \$2,465,241 of an original issue of \$3,860,225 Waterworks and Sewer System Revenue Bond, Series 2009A, dated September 11, 2009;
- (iii) the outstanding \$17,910,000 of an original issue of \$22,760,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2012, dated April 25, 2012;
- (iv) the outstanding \$1,121,030 of an original issue of \$1,481,830 Waterworks and Sewer System Revenue Bond, Series 2012A, dated June 27, 2012;
- (v) the outstanding \$887,667 of an original issue of \$1,700,000 Waterworks and Sewer System Revenue Bond, Series 2012B, dated October 25, 2012;
- (vi) the outstanding \$22,345,000 of an original issue of \$23,445,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2015, dated October 27, 2015; and
- (vii) the outstanding \$6,219,000 of an original issue of \$6,219,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2017, dated December 6, 2017.

The above-described are hereinafter referred to as the "Parity Bonds."

The Net Revenues have further been pledged to secure the following:

- (i) the outstanding \$1,110,000 of an original issue of \$2,100,000 Promissory Note to the South Carolina Public Service Authority, dated October 25, 2012; and
- (ii) the outstanding \$1,750,000 of an original issue of \$1,750,000 Waterworks and Sewer System Revenue Bond (Junior Lien), Taxable Series 2017, dated October 26, 2017.

The above-described are hereinafter referred to as the "Junior Bonds", which Junior Bonds are secured by liens and charges on and pledges of the Net Revenues junior and subordinate to the liens and charges thereon and pledges thereof securing the Parity Bonds.

(e) The County has determined to defray the cost of improving and equipping the Lower Dorchester Wastewater Treatment Plant (the "Project") through the borrowing authorized herein. The Project will be part of the System.

(f) On June 4, 2018, County Council adopted Resolution No. 18-18 authorizing application to the South Carolina Water Quality Revolving Fund Authority (the "State Authority") for a loan from the State Water Pollution Control Revolving Fund created by the Act (the "Loan"), to provide for the financing of the Project.

(g) On June 15, 2018, the State Authority, upon review of the County's loan application, conditionally approved the Loan.

(h) The Bond Ordinance provides that a Supplemental Ordinance shall be enacted by County Council with respect to each Series of Bonds which Supplemental Ordinance shall designate the Bonds provided thereby with an appropriate Series designation and with such further particular designations, if any, as the County Council deems appropriate. Each Supplemental Ordinance shall also specify:

- (1) the authorized principal amount of such Series of Bonds;
- (2) the purpose or purposes for which the Bonds of such Series are being issued, which shall be one or more of the purposes set forth in Sections 3.3 or 3.4 of the Bond Ordinance;
- (3) if the Bonds of the Series are being issued for a purpose specified in Section 3.3 of the Bond Ordinance, the Project for which such Bonds are being issued;
- (4) an estimate of the Costs of Acquisition and Construction for any Project to be financed by such Series of Bonds, and, in the event of the acquisition by purchase or condemnation of any facilities already constructed, a determination of what repairs,

replacements, additions and betterments will be necessary in order that such facilities may be effective for their purpose and an estimate of the cost required therefor;

(5) the date or dates of the Bonds of the Series;

(6) the maturity date or dates of the Bonds of the Series and the sinking fund installment amounts and due dates for the Term Bonds of the Series, if any;

(7) the interest rate or rates of the Bonds of such Series, or the manner of determining such rate or rates, the initial Interest Payment Date therefor, and the subsequent Interest Payment Dates;

(8) the denominations of (if other than as provided in the Bond Ordinance), and manner of numbering and lettering, the Bonds of such Series;

(9) the redemption premium or premiums, if any, or the redemption price or prices to be paid upon the redemption of the Bonds of such Series, the period or periods, if any, during which such premiums or prices shall be payable, and the terms and conditions, if any, of such redemption;

(10) the place or places of payment of the Bonds of the Series and interest thereon, and the Paying Agent and Registrar therefor and any Custodian of the funds and accounts created with respect thereto;

(11) the provisions for the sale or other disposition of the Bonds of the Series and the use, application and investment, if any, of the proceeds of such sale or other disposition, which use, application and investment shall not be inconsistent or in conflict with the provisions of the Bond Ordinance;

(12) whether such Series of Bonds will be subject to a Reserve Fund Requirement and the manner of satisfaction of such Reserve Fund Requirement;

(13) any other provisions which may be required to be inserted therein by other provisions of the Bond Ordinance; and

(14) any other necessary or desirable provisions not inconsistent or in conflict with the provisions of the Bond Ordinance.

(i) The Loan is to be made and secured pursuant to a loan agreement (the "Loan Agreement") between the County and the State Authority, and a promissory note executed and delivered by the County registered in the name of the State Authority (the "Note" or the "Bond"). Pursuant to the Loan Agreement, the County will agree to use the Loan proceeds only to pay the actual eligible costs of the Project, and the County will agree to pay to the State Authority such amounts as shall be required to provide for the payment of all amounts due with respect to the repayment of the Loan. To secure its obligations, the County will grant to the State Authority a pledge of, and lien upon, all Net Revenues derived from the operation of the System and all

funds and accounts of the County derived from such Net Revenues, which pledge is on a parity with the pledge securing the Parity Bonds and any additional bonds issued on a parity therewith.

Upon any failure of the County to make any payments to the State Authority pursuant to the Loan Agreement or the Note, the State Authority shall require the State Treasurer to pay to the State Authority, subject to the provisions of the Act, such amount from State appropriations to which the County may be or may become entitled as may be necessary to provide for the payment of all amounts due with respect to the Note.

(j) The Bond Ordinance permits the issuance of further bonds on a parity with the Parity Bonds for the purpose of paying all or part of the Costs of Acquisition and Construction of one or more Projects upon compliance with the following conditions. Capitalized terms used herein shall have the meanings ascribed thereto in the Bond Ordinance.

(1) There shall be executed a certificate of the Chairman of County Council or the County Administrator stating (i) either (a) that no Default exists in the payment of the principal of, premium, if any, or interest on any Bonds or Junior Bonds and all mandatory sinking fund redemptions, if any, required to have been made shall have been made, or (b) that the application of the proceeds of sale of the Series of Bonds to be issued as required by the Supplemental Ordinance authorizing their issuance will cure any such Default or permit such redemptions; and (ii) either (a) that to the best of his or her knowledge, the County is not in Default in the performance of any other of its covenants and agreements contained in the Bond Ordinance, or (b) setting forth the circumstances of each such Default known to him or her.

(2) If a certificate filed pursuant to the foregoing paragraph should disclose a Default or Defaults under the Bond Ordinance, there shall be filed with the County an opinion of Bond Counsel that, in the case of any Default disclosed in a certificate filed pursuant to the foregoing paragraph, each such Default does not deprive the Bondholders of the security afforded by the Bond Ordinance in any material aspect.

(3) For the issuance of Bonds to finance the Cost of Acquisition and Construction, or a portion thereof, of any Project, there shall be delivered either (i) a report, based upon the latest available audit of the System, from the County Administrator, the Finance Director of the County, the Director of Public Works of the County, an Accountant or a Consulting Engineer stating that the amount of the Net Revenues of the System is not less than 120% of the Maximum Debt Service on Bonds then Outstanding and the Bonds then proposed to be issued, or (ii) a certificate from an Accountant or Consulting Engineer stating that the amount of the Net Revenues of the System, as shall have been forecasted by such Accountant or Consulting Engineer, is not less than 120% of the actual Debt Service on all Bonds then Outstanding and the Bonds then proposed to be issued for each of the three Fiscal Years following the later of the date of the delivery of the Bonds of such Series or the period (if any) for which interest is funded from the proceeds of such Bonds; provided the amount of Net Revenues for the periods referred to above may be adjusted by adding the following:

(A) in case the rates and charges for the services furnished by the System shall have been revised and such revised rates and charges shall have been adopted prior to the delivery of the Bonds proposed to be issued, the additional amount of Net Revenues which would have been realized during the periods referred to above if such rates and charges had been in effect during such periods as determined by a Consulting Engineer, an Accountant, the County Administrator, the Finance Director of the County or the Director of Public Works of the County; and

(B) in case an existing sewer system, existing water system, existing electric system, existing natural gas system, or any other public utility system is to be acquired and combined or made a part of the System from the proceeds of the Bonds proposed to be issued, the additional amount of Net Revenues which would have been realized during the periods referred to above if such existing system or systems to be acquired had been a part of the System during such periods (which computation of the additional amount of Net Revenues shall be based upon the method of computing Net Revenues under the Bond Ordinance and approved by a Consulting Engineer or an Accountant).

(4) Such Bonds shall be issued to secure funds to defray the Cost of Acquisition and Construction of a Project, including any acquisition or construction of any existing or proposed system which shall be combined with or consolidated into the System pursuant to law; or to refund Junior Bonds, or any notes, bonds, or other obligations issued to finance or to aid in financing the acquisition, construction, improvement, enlargement or repair of the System or another public utility system combined with the System.

(5) The Supplemental Ordinance may provide for a deposit into the Debt Service Reserve Fund of cash or securities or an insurance policy, surety bond or letter of credit, as provided in the Bond Ordinance (inclusive of any proceeds of such Series of Bonds to be deposited in the applicable Debt Service Reserve Fund) having an aggregate value not less than the Reserve Fund Requirement, if any, with respect to the applicable Series of Bonds then proposed to be issued.

It is further specifically found that the Note, whose issuance is herewith provided for, is issued for purposes permitted by and in full compliance with all of the provisions set forth in the Bond Ordinance and that the Note will be on a parity with the Parity Bonds. It is further found that the commitment from the State Authority to purchase the Note is for an amount not to exceed \$5,500,000. The final amount of the borrowing as well as the dates on which principal and interest payments will be made and the amount of such payments are subject to revision as construction proceeds. The final terms and conditions of the borrowing will be set forth in the Loan Agreement attached hereto as Exhibit A which terms and conditions are incorporated herein.

(k) The County is enacting this Tenth Supplemental Ordinance in order to:

(1) authorize the execution and delivery on behalf of the County of the Loan Agreement and the Note;

(2) evidence the approval of the Project and the Loan by the County; and

(3) authorize the execution and delivery by, and on behalf of, the County of such other agreements and certificates and the taking of such other action by the County and its officers as shall be necessary or desirable in connection with the financing of the Project in order to carry out the intent of this Tenth Supplemental Ordinance.

NOW THEREFORE BE IT ORDAINED BY THE COUNTY COUNCIL OF DORCHESTER COUNTY IN MEETING DULY ASSEMBLED:

(1) The Note shall be in the original principal amount of not exceeding \$5,500,000 and the actual principal amount of the Note will be as set forth in the Loan Agreement.

(2) The proceeds of the Note shall be used to defray the Costs of Acquisition and Construction of the Project and costs associated therewith as set forth in Appendix A to the Loan Agreement.

(3) The Project consists of the improving and equipping of the Lower Dorchester Wastewater Treatment Plant.

(4) The Costs of Acquisition and Construction of the Project are estimated to be \$4,888,800.

(5) The Note shall be dated the date of delivery thereof.

(6) The date of maturity and payment amounts shall be as set forth in the Loan Agreement. Inasmuch as the final principal amount may be reduced to reflect lower than anticipated construction costs, any changes to the principal amount to provide for a reduction in the amount borrowed shall be permitted and shall be evidenced by the County's execution of the Loan Agreement, as it may be amended from time to time.

(7) The interest rate on the Note and the dates for payment of interest shall be as set forth in the Loan Agreement.

(8) The Note shall be designated Dorchester County, South Carolina, Waterworks and Sewer System Revenue Bond, Series 2018 (or such other appropriate designation to reflect the year in which the Note is issued), and shall be issued in the denomination of the final principal amount borrowed and shall be numbered 1.

(9) The Note is subject to prepayment in whole or in part, together with any accrued interest thereon, at any time without penalty or premium; all such prepayments shall be applied against principal installments due on the Note in inverse order of maturity.

(10) The Paying Agent and Registrar for the Note shall be the Trustee under the Bond Ordinance. The Note and the interest thereon shall be payable as stated in the Loan Agreement.

(11) The Note shall be sold to the State Authority pursuant to the State Authority's final approval of the Loan, and the proceeds of the Note shall be disbursed in accordance with the requirements of the Loan Agreement.

(12) The Note shall initially be subject to a Reserve Fund Requirement of zero. At such time that the Reserve Fund Requirement with respect to the Note shall be greater than zero as provided in the Loan Agreement, the Series 2018 Debt Service Reserve Fund shall be established pursuant to the provisions of Article V of this Tenth Supplemental Ordinance and shall be funded in an amount necessary to satisfy the Reserve Fund Requirement as set forth in the Loan Agreement at such time.

ARTICLE II

THE LOAN

SECTION 2.1. Authorization of Loan. The County Council hereby authorizes the County's acceptance of the Loan from the State Authority in the amount of not exceeding \$5,500,000 pursuant to and in accordance with the provisions of the Loan Agreement.

SECTION 2.2. Repayment of Loan by the County. The County Council hereby authorizes the repayment of the Loan by the County to the State Authority from Net Revenues of the System or, if said Net Revenues are not sufficient, from state appropriations as the County may become entitled to pursuant to and in accordance with the provisions of the Loan Agreement and the Note.

ARTICLE III

LOAN AGREEMENT AND NOTE

SECTION 3.1. Authorization of Loan Agreement and the Note. The Loan Agreement and the Note in substantially the forms attached hereto as Exhibit A with such changes as the executing officers shall approve (their execution to be conclusive evidence of such approval) are hereby approved and the execution and delivery of the Loan Agreement and the Note, on behalf of the County, are hereby authorized and directed. The Loan Agreement and the Note shall be executed on behalf of the County by the Chairman of the County Council and attested by the Clerk of County Council (the "Clerk").

ARTICLE IV

ESTABLISHMENT OF SERIES 2018 DEBT SERVICE FUND

SECTION 4.1. In accordance with Section 6.7 of the Bond Ordinance, the Series 2018 Debt Service Fund is hereby directed to be established by the Trustee on the date of the original delivery of the Note.

ARTICLE V

ESTABLISHMENT OF THE SERIES 2018 RESERVE FUND REQUIREMENT AND SERIES 2018 DEBT SERVICE RESERVE FUND

SECTION 5.1. Section 6.8 of the General Bond Ordinance provides that each Supplemental Ordinance thereunder may provide for establishment of a Debt Service Reserve Fund with regard to the applicable Series of Bonds and determine the amount of the Reserve Fund Requirement, if any, to be maintained therein. As provided in the Loan Agreement, the Reserve Fund Requirement with respect to the Note (the "Series 2018 Reserve Fund Requirement") shall initially be zero. At such time as the Series 2018 Reserve Fund Requirement shall be greater than zero as provided in the Loan Agreement, the Series 2018 Debt Service Reserve Fund shall be established by the Trustee in accordance with Section 6.8 of the Bond Ordinance. At such time as the Series 2018 Debt Service Reserve Fund is required to be established pursuant to the Loan Agreement, the Series 2018 Reserve Fund Requirement shall be satisfied by the County and thereafter maintained as provided in the Loan Agreement.

ARTICLE VI

MISCELLANEOUS

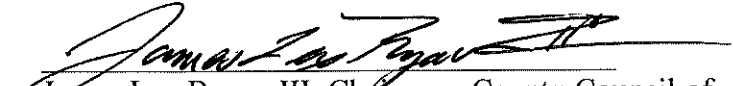
SECTION 6.1. Other Instruments and Actions. In order to implement the Loan pursuant to the Loan Agreement and Note and to give full effect to the intent and meaning of this Tenth Supplemental Ordinance and the agreements and actions herein authorized, the Chairman of County Council, the County Administrator, the Chief Financial Officer and the Clerk are hereby authorized to execute and deliver such certificates, showings, instruments and agreements and to take such further action as they shall deem necessary or desirable.

SECTION 6.2. Ordinance a Contract. This Tenth Supplemental Ordinance shall be a contract between the County and the State Authority, and shall be enforceable as such against the County.

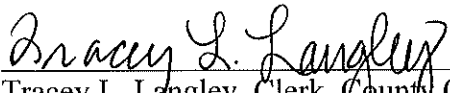
SECTION 6.3. Effective Date. This Tenth Supplemental Ordinance shall become effective upon receiving approval on third reading by County Council.

DONE, RATIFIED AND ENACTED THIS 4th day of September 2018.

(SEAL)


James Lex Byars, III, Chairman, County Council of
Dorchester County, South Carolina

Attest:


Tracey L. Langley, Clerk, County Council of
Dorchester County, South Carolina

First Reading: July 16, 2018
Second Reading: August 13, 2018
Third Reading: September 4, 2018

EXHIBIT A

Form of Loan Agreement and Note