

ORDINANCE NO. 12-09

AMENDING FOURTH SUPPLEMENTAL ORDINANCE NO. 09-12 AND FIFTH SUPPLEMENTAL ORDINANCE NO. 11-17 AND APPROVING AN AMENDMENT TO THE LOAN AGREEMENT BETWEEN THE SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY AND DORCHESTER COUNTY IDENTIFIED AS SOUTH CAROLINA WATER POLLUTION CONTROL REVOLVING FUND LOAN NUMBER S1-119-09-542-01 TO PROVIDE FOR CERTAIN CHANGES TO THE DEBT SERVICE RESERVE FUND FUNDING REQUIREMENTS THEREIN 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 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 \$2,090,000 of an original issue of \$32,500,000 Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2003, dated September 15, 2003;
- (ii) the outstanding \$30,030,000 of an original issue of \$34,240,000 Waterworks and Sewer System Revenue Bonds, Series 2006, dated December 20, 2006;
- (iii) the outstanding \$3,733,319.20 of an original issue of not exceeding \$4,034,983 Waterworks and Sewer System Revenue Bond, Series 2009A, dated September 11, 2009 (the "Series 2009A Bond");
- (iv) the outstanding \$10,050,000 of an original issue of \$11,280,000 Waterworks and Sewer System Revenue Bonds, Series 2009, dated November 5, 2009; and
- (v) the outstanding \$22,760,000 of an original issue of \$22,760,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2012.

The above-described borrowings in this paragraph (d) are hereinafter referred to as the "Parity Bonds."

(e) Pursuant to the provisions of the Bond Ordinance, the County Council enacted Fourth Supplemental Ordinance No. 09-12 on August 10, 2009 (the "Fourth Supplemental Ordinance") which authorized the County to enter into a loan agreement (the "2009 Loan Agreement") with the South Carolina Water Quality Revolving Fund Authority (the "State Authority") to provide for the financing of the rehabilitation of approximately 70,000 linear feet of sanitary sewer gravity pipe. The 2009 Loan Agreement is identified as South Carolina Water Pollution Control Revolving Fund Loan Number: S1-119-09-542-01 and was entered into on September 11, 2009.

(f) Pursuant to the provisions of the Bond Ordinance, the County Council enacted Fifth Supplemental Ordinance No. 11-17 on November 7, 2011 (the "Fifth Supplemental Ordinance") which authorized the County to enter into a loan agreement (the "2012 Loan Agreement") with the State Authority to provide for the financing of a reclaimed water storage, treatment and distribution system. The 2012 Loan Agreement is identified as South Carolina Water Pollution Control Revolving Fund Loan Number: X1-143-11-542-03. The County and the State Authority have not yet entered into the 2012 Loan Agreement. Concurrently with the

execution and delivery of the 2012 Loan Agreement, the County will issue its not exceeding \$1,481,830 plus capitalized interest, if any, Waterworks and Sewer System Revenue Bond, Series 2012A (the "Series 2012A Bond") to the State Authority.

(g) The State Authority has adopted a Fiscal Year 2012 Amendment to all Prior Loan Policies (the "Amended Loan Policies") which provide, among other things, for a reduction in certain circumstances of the debt service reserve requirements necessary to be maintained by borrowers in connection with loans made pursuant to the Act.

(h) In accordance with the Amended Loan Policies, the County, which currently maintains a published rating by Standard & Poor's Rating Service of "AA-" on its publicly issued Parity Bonds, desires to take advantage of its current ability to proceed under the 2009 Loan Agreement and the 2012 Loan Agreement with a Reserve Requirement (as defined therein) equal to zero. Accordingly, the County desires to amend the Fourth Supplemental Ordinance and the Fifth Supplemental Ordinance to provide for the same, and the County and the State Authority desire to cause the 2009 Loan Agreement to be amended to provide for the same, as well as to provide for the circumstances under which the applicable Reserve Requirement may have to be subsequently funded.

(i) The County further desires to amend the Fifth Supplemental Ordinance to reflect changes which have occurred since the enactment of the Fifth Supplemental Ordinance.

ARTICLE II

AMENDMENT OF FOURTH SUPPLEMENTAL ORDINANCE

SECTION 2.1. In order to reduce the Debt Service Reserve Fund Requirement for the Series 2009A Bond to zero in accordance with the Amended Loan Policies, the Fourth Supplemental Ordinance is hereby amended to delete Section 5.1 thereof in its entirety and restate it as follows:

SECTION 5.1. In accordance with Section 6.8 of the Bond Ordinance, a Debt Service Reserve Fund (the "Series 2009A Debt Service Reserve Fund") shall be established at such time and shall thereafter be funded and maintained in such amount (the "Series 2009A Reserve Fund Requirement") as provided in the Loan Agreement.

ARTICLE III

AMENDMENT OF 2009 LOAN AGREEMENT

SECTION 3.1. In order to amend the 2009 Loan Agreement to reduce the Reserve Requirement for the Series 2009A Bond to zero in accordance with the Amended Loan Policies, the County Council hereby authorizes the execution and delivery by the County of an amendment to the 2009 Loan Agreement, in form substantially similar to that attached hereto as Exhibit A, with such changes as the executing officers shall approve (their execution to be

conclusive evidence of such approval). Such amendment shall be executed on behalf of the County by the Chairman of the County Council and attested by the Clerk of the County Council.

ARTICLE IV

AMENDMENT OF FIFTH SUPPLEMENTAL ORDINANCE

SECTION 4.1. Section 1.1(d) of the Fifth Supplemental Ordinance is hereby deleted in its entirety and replaced with the provisions of Section 1.1(d) hereof.

SECTION 4.2. All references to "Series 2011" in the Fifth Supplemental Ordinance are hereby amended to reference "Series 2012A".

SECTION 4.3. In order to reduce the Debt Service Reserve Fund Requirement for the Series 2012A Bond to zero in accordance with the Amended Loan Policies, the Fifth Supplemental Ordinance is hereby amended to delete Section 5.1 thereof in its entirety and restate it as follows:

SECTION 5.1. In accordance with Section 6.8 of the Bond Ordinance, a Debt Service Reserve Fund (the "Series 2012A Debt Service Reserve Fund") shall be established at such time and shall thereafter be funded and maintained in such amount (the "Series 2012A Reserve Fund Requirement") as provided in the Loan Agreement.

ARTICLE V

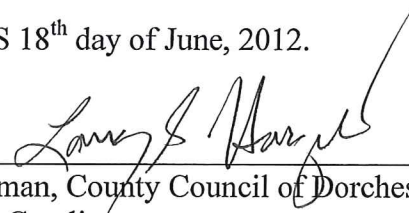
MISCELLANEOUS

SECTION 5.1. The Chairman of County Council, the County Administrator, the County Budget and Finance Director and the Clerk of County Council are hereby authorized to execute and deliver such certificates, showings, instruments and agreements and to take such further action as the shall deem necessary or desirable.

SECTION 5.2. This Ordinance shall become effective upon receiving approval on third reading by County Council.

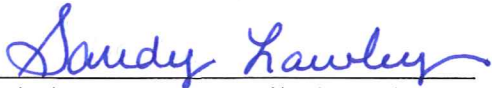
DONE, RATIFIED AND ENACTED THIS 18th day of June, 2012.

(SEAL)



Chairman, County Council of Dorchester County,
South Carolina

Attest:



Clerk, County Council of Dorchester
County, South Carolina

First Reading: May 21, 2012
Second Reading: June 4, 2012
Third Reading: June 18, 2012

EXHIBIT A

FOURTH AMENDMENT TO LOAN AGREEMENT

between

SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY

and

DORCHESTER COUNTY

Dated as of

_____, 2012

Relating to

South Carolina Water Pollution Control Revolving Fund

Loan Number: S1-119-09-542-01

FOURTH AMENDMENT TO LOAN AGREEMENT

This **FOURTH AMENDMENT TO LOAN AGREEMENT** is entered into as of the _____ day of _____, 2012, between the **SOUTH CAROLINA WATER QUALITY REVOLVING FUND AUTHORITY** (the "**Authority**") and **DORCHESTER COUNTY** (the "**Project Sponsor**"), in amendment of the Loan Agreement dated as of September 11, 2009, as amended, between the Authority and the Project Sponsor (the "**Loan Agreement**") with respect to South Carolina Water Pollution Control Revolving Fund Loan No. S1-119-09-542-01 (the "**Loan**").

WITNESSETH:

WHEREAS, the Authority is authorized by Title 48, Chapter 5 of the Code of Laws of South Carolina 1976, as amended (the "**Act**") to administer the South Carolina Water Pollution Control Revolving Fund (the "**Fund**") for the purpose of assisting Project Sponsors (as defined in the Act) in the construction of, among other things, publicly owned treatment and related works as defined in the Federal Water Pollution Control Act, Chapter 26, Title 33, United States Code, as amended; and

WHEREAS, pursuant to the Act and the terms of the Loan Agreement, and in order to finance the Project referred to in the Loan Agreement, the Authority extended the Loan to the Project Sponsor and, in connection therewith, the Project Sponsor delivered its Note (as defined in the Loan Agreement) to the Authority; and

WHEREAS, the Authority has adopted a Fiscal Year 2012 Amendment to all Prior Loan Policies (the "**Amended Loan Policies**"), which provide, among other things, for a reduction in certain circumstances of the debt service reserve requirements necessary to be maintained by borrowers in connection with loans made pursuant to the Act; and

WHEREAS, in accordance with the Amended Loan Policies, the Project Sponsor, which currently maintains a published ratings by Standard & Poor's Rating Service of "AA-" on its publicly issued revenue bond obligations, desires to take advantage of its current ability to proceed under the Loan Agreement with a Reserve Requirement equal to zero, and, accordingly, the Project Sponsor and the Authority desire to cause the Loan Agreement to be amended to provide for the same, as well as to provide for the circumstances under which the Reserve Requirement may have to be subsequently funded;

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

The Project Sponsor and the Authority have determined to amend the Loan Agreement as follows:

1. The following Section 3.6 is hereby added to the Loan Agreement. In connection therewith, all existing Sections 3.6 through 3.14, inclusive, of the Loan Agreement are hereby renumbered as Sections 3.7 through 3.15, inclusive, including all subsections therein:

SECTION 3.6. Ratings from Rating Agencies. If the Reserve Requirement, as defined in Section 4.2.1 herein, is initially, or at any time during the term of the Loan, set at a level that is less than the maximum amount due on the Note during any full calendar year, the Project Sponsor shall submit to the Authority, no later than January 31 of each year, a copy of its latest long-term, unenhanced underlying rating, or affirmation thereof, on the System and/or any Parity Debt, as defined in Section 4.3.2 hereof, from Standard & Poor's Rating Service, or its respective successors and assigns ("**S&P**"), or Moody's Investors Service, Inc., or its respective successors and assigns ("**Moody's**"), and from each if both S&P and Moody's have issued ratings. Additionally, the Project Sponsor shall promptly notify, and submit to, the Authority any commentaries, updated outlooks, CreditWatch placements, ratings downgrades, or other actions from S&P and/or Moody's with respect to the System and/or any Parity Debt.

2. Section 4.2 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 4.2. Establishment and Funding of Debt Service Reserve Fund.

4.2.1. There shall be established pursuant to the General Bond Ordinance, a Series 2009A Debt Service Reserve Fund to be maintained for the security of the Note, such Fund being designated as the "**Debt Service Reserve Fund**". Based on the Project Sponsor's receipt of a long-term, unenhanced underlying rating on the System and/or any Parity Debt in at least the "AA" or "Aa" category from S&P or Moody's, respectively, and from each if both S&P and Moody's issued ratings, and the submission of such to the Authority, the Debt Service Reserve Fund Requirement with respect to the Note (the "**Reserve Requirement**") shall equal zero on the effective date of this Amendment No. 4 of the Loan Agreement and shall continue to be zero subject to the provisions of the following Section 4.2.2. At such time as the Reserve Requirement is greater than zero as provided in Section 4.2.2, the Project Sponsor shall fund the amount then required.

4.2.2. (a) The Reserve Requirement shall continue to be zero if the Project Sponsor fully complies with all requirements of Section 3.6 hereof for annually submitting S&P/Moody's ratings and/or affirmations thereof and for immediately providing any other rating agency actions related to the System and/or any Parity Debt, and all such ratings are maintained in at least the "AA" or "Aa" category.

(b) If either the S&P or Moody's rating is downgraded to the "A" category, the Reserve Requirement will immediately increase to one-half of the maximum annual amount due on the Note, and the Project Sponsor will be required to meet the new requirement within six months through six equal monthly deposits, beginning in the month following any such downgrade.

(c) If there is no longer any current rating or if either the S&P or Moody's rating is further downgraded below the "A" category, the Reserve Requirement will immediately increase to the maximum annual amount due on the Note, and the Project Sponsor will be required to meet the new requirement within twelve months through

twelve equal monthly deposits, beginning in the month following any such downgrade or loss of the rating for the System and/or Parity Debt.

(d) In the event the Reserve Requirement is ever increased as provided in Section 4.2.2 (b) or (c) above due to a rating downgrade and is subsequently upgraded to the levels established in this Section 4.2.2 (a) or (b), then the Reserve Requirement shall revert to zero or one-half of the maximum annual amount due on the Note, respectively, and any excess money in the Debt Service Reserve Fund shall be applied as provided in Section 4.4.3 hereof.

4.2.3. The Debt Service Reserve Fund is intended to insure the timely payment of the principal of and interest on the Note. Money in the Debt Service Reserve Fund shall be used only to prevent a default in the payment of the Note, by reason of the fact that money in the Debt Service Fund is insufficient for such purposes.

4.2.4. The Project Sponsor shall deposit, or cause to be deposited, in the Debt Service Reserve Fund, if required to be established pursuant to the provisions of this Section 4.2, funds in an amount, or investments permitted by Section 4.4.3 having a value, equal to the Reserve Requirement.

3. Subsection 4.3.3 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

4.3.3. (a) In the event any amounts shall be withdrawn from the Debt Service Reserve Fund in order to provide for payment of any amounts due with respect to the Note, there shall be deposited in the Debt Service Reserve Fund not less than one-twelfth (1/12) of the amount of any such withdrawal and such deposits with respect to any such withdrawal shall begin in the month following such withdrawal and shall continue in each month thereafter until the amount on deposit in the Debt Service Reserve Fund shall equal at least the Reserve Requirement.

(b) In the event the Reserve Requirement for the Debt Service Reserve Fund is increased pursuant to any provision of Section 4.2.2 hereof, there shall be deposited in the Debt Service Reserve Fund not less than the monthly amount prescribed in Section 4.2.2 according to the circumstances applicable to the increased Reserve Requirement, and such deposits shall begin as required by Section 4.2.2 and shall continue in each month thereafter until the amount on deposit in the Debt Service Reserve Fund shall equal such increased Reserve Requirement.

(c) If the value of the Debt Service Reserve Fund is ever less than the Reserve Requirement, other than as provided in (a) or (b) above, there shall be deposited in the Debt Service Reserve Fund not less than one-fourth (1/4) of an amount equal to the total Reserve Requirement deficiency, beginning in the month following such a determination. Such deposits shall continue to be made until the amount on deposit in the Debt Service Reserve Fund shall equal at least the Reserve Requirement.

4. Section 4.4 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 4.4. Concerning the Debt Service Fund and the Debt Service Reserve Fund. The Debt Service Fund continued pursuant to Section 4.1.2 hereof and the Debt Service Reserve Fund, if established pursuant to Section 4.2 hereof, shall be held by the trustee under the General Bond Resolution (the "*Trustee*"). The Debt Service Fund and the Debt Service Reserve Fund, if established, shall be held and administered by the Trustee in accordance with provisions of the General Bond Resolution and the following provisions of this Section 4.4. The Trustee shall acknowledge and accept its duties and responsibilities with respect to the Debt Service Fund and the Debt Service Reserve Fund, if established, in one or more written instruments delivered to the Authority.

4.4.1. The Trustee shall notify the Authority in writing of the initial amount deposited in the Debt Service Fund and the Debt Service Reserve Fund. If the Project Sponsor fails to deposit the amount required by this Agreement in either fund at the time required for such deposit, the Trustee, no later than the fifth day after the date on which such deposit is to be made, shall provide written notification to the Project Sponsor, with a copy to the Authority, of the amount required for deposit into the Debt Service Fund or the Debt Service Reserve Fund pursuant to the provisions of this Agreement. If the Debt Service Reserve Fund has been established, the Trustee shall also verify balances in the Debt Service Reserve Fund, as requested by the Authority, but no less often than semiannually during any period of monthly deposits and no less often than annually when the full Reserve Requirement is met and maintained.

4.4.2. From sums deposited in the Debt Service Fund by the Project Sponsor, the Trustee shall transmit to the Authority an electronic funds transfer or a check made payable to "Office of Local Government - SRF" in the amount, and at the times, required by this Agreement and Note. If insufficient sums exist in the Debt Service Fund for any payment then due and no Debt Service Reserve Fund has been established, the Trustee shall immediately notify the Project Sponsor of the amount to be transmitted to the Trustee for the payment then due. If insufficient sums exist in the Debt Service Fund for any payment then due and the Debt Service Reserve Fund has been established, the Trustee shall transfer the amount needed for payment from the Debt Service Reserve Fund and the Trustee shall notify the Project Sponsor of the amounts required to be deposited in the Debt Service Reserve Fund in order to replenish such a withdrawal and have on deposit therein the amount required by this Agreement. A copy of any such notice shall be provided to the Authority by the Trustee.

4.4.3. Pending disbursement pursuant to this Section 4.4, any money in the Debt Service Reserve Fund shall be invested and reinvested in Permitted Investments, as defined in the General Bond Ordinance. Subject to the remaining provisions of this Section 4.4.3, the earnings from such investments shall be added to and become a part of the Debt Service Reserve Fund. Whenever, and as of any date of calculation, the value of the securities and money in the Debt Service Reserve Fund shall exceed the Reserve Requirement, such excess shall, at the direction of the Project Sponsor, either be used to effect partial prepayment of the Note, or shall be removed from the Debt Service Reserve

Fund and transferred into the Gross Revenue Fund; provided, if such excess is solely as a result of a reduction in the required level of the Reserve Requirement in accordance with Section 4.2.2, which excess shall be evidenced to the Trustee in writing by the Authority, the Trustee shall pay over such excess in the Debt Service Reserve Fund to the Project Sponsor.

4.4.4. Upon payment in full of all amounts due with respect to the Note, which payment shall be evidenced to the Trustee in writing by the Authority, the Trustee shall pay over all amounts remaining in the Debt Service Fund and the Debt Service Reserve Fund, if established, to the Project Sponsor upon the receipt of written directions from the Project Sponsor and the Trustee shall thereafter have no further responsibilities under this Agreement.

5. All other terms and provisions of the Loan Agreement shall remain in full force and effect.

6. In accordance with the Amended Loan Policies and the aforesaid amendments, and based on the revenue bond ratings currently enjoyed by the Project Sponsor as recited above, the Authority will, promptly after the effective date of this Fourth Amendment to Loan Agreement, direct U.S. Bank National Association as custodian/trustee of the existing Debt Service Reserve Fund established pursuant to the Loan Agreement, to return all funds on deposit therein to the Project Sponsor.

7. This Fourth Amendment to Loan Agreement shall be effective as of the date first above written.

IN WITNESS WHEREOF, the parties have executed this Amendment as of this ____ day of _____, 2012.

DORCHESTER COUNTY

By _____
Name: _____
Title: _____

Attest:

By _____
Name: _____
Title: _____

SOUTH CAROLINA WATER QUALITY
REVOLVING FUND AUTHORITY

By _____
Ashlie Lancaster, Interim Director, Office of
Local Government, South Carolina Budget
and Control Board