

DORCHESTER COUNTY, SOUTH CAROLINA

ORDINANCE NO. 12-16

APPROVING A LOAN FROM THE SOUTH CAROLINA PUBLIC SERVICE AUTHORITY TO DORCHESTER COUNTY, SOUTH CAROLINA TO FINANCE CERTAIN IMPROVEMENTS TO THE WATERWORKS AND SEWER SYSTEM OF DORCHESTER COUNTY; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERGOVERNMENTAL LOAN AGREEMENT BETWEEN THE SOUTH CAROLINA PUBLIC SERVICE AUTHORITY AND DORCHESTER COUNTY AND A PROMISSORY NOTE FROM DORCHESTER COUNTY TO THE SOUTH CAROLINA PUBLIC SERVICE AUTHORITY IN CONNECTION THEREWITH; 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 body politic and corporate and is a political subdivision of the State of South Carolina (the "State") and as such possesses all powers and duties granted to counties by the Constitution and laws of the State.

(b) The County owns and operates a Waterworks and Sewer System (the "System") which provides water and sewer service within portions of the County.

(c) 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 System.

(d) 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.

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

- (i) the outstanding \$1,065,000 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 \$29,080,000 of an original issue of \$34,240,000 Waterworks and Sewer System Revenue Bonds, Series 2006, dated December 20, 2006;
- (iii) the outstanding \$9,410,000 of an original issue of \$11,280,000 Waterworks and Sewer System Revenue Bonds, Series 2009, dated November 5, 2009;
- (iv) the outstanding \$3,689,471.98 of an original issue of not exceeding \$4,035,803 Waterworks and Sewer System Revenue Bond, Series 2009A, dated September 11, 2009;
- (v) the outstanding \$22,760,000 of an original issue of \$22,760,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2012, dated April 25, 2012; and
- (vi) the not exceeding \$1,481,830 Waterworks and Sewer System Revenue Bond, Series 2012A, dated June 27, 2012, which will be payable as to principal in such amount as is actually drawn down by the County.

The County intends to issue its \$1,700,000 Waterworks and Sewer System Revenue Bond, Series 2012B either prior to or concurrently with the issuance of the Note (as hereinafter defined). The borrowings described in this paragraph (e) are hereinafter referred to as the "Senior Lien Bonds".

(f) The Bond Ordinance permits the issuance of Junior Bonds (as such term is defined in the Bond Ordinance) payable from Net Revenues for the purpose of defraying the cost of improving, extending, enlarging or repairing the System or some part thereof provided that the pledge of Net Revenues securing the Junior Bonds shall at all times be subordinate and inferior to the pledge securing the Senior Lien Bonds.

(g) The County has determined to acquire and install a force main, pump station and reclaimed water line from the St. George Wastewater Treatment Plant to the Winding Woods Commerce Park (the "Project"). The Project will be part of the System.

(h) The County has negotiated with the South Carolina Public Service Authority (the "Authority") for a loan from the Authority (the "Loan") to provide for the financing of a portion of the Project.

(i) The Loan is to be made and secured pursuant to an intergovernmental loan agreement (the "Loan Agreement") between the County and the Authority, and a promissory note executed and delivered by the County to the Authority (the "Note"). Pursuant to the Loan Agreement, the County will agree to use the Loan proceeds only to pay the costs of the Project, and the County will agree to pay to the Authority such amounts as shall be required to provide for the payment of all amounts due with respect to the repayment of the Loan. The County intends to use a portion of the fee in lieu of tax revenues received by the County and held in the County's Economic Development Fund to repay the Loan. To secure its obligations, the County will grant to the Authority a pledge of, and lien upon, all Net Revenues derived from the operation of the System, which pledge will be junior and subordinate to the pledge securing the Senior Lien Bonds and any Series of Bonds (as such term is defined in the Bond Ordinance) hereafter issued on a parity with the Senior Lien Bonds.

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 constitute a "Junior Bond" under the Bond Ordinance. It is further found that the commitment from the Authority to make the Loan is for an amount not to exceed \$2,100,000. 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.

(j) The County is enacting this Ordinance in order to:

- (1) evidence the approval of the Project and the Loan by the County;
- (2) authorize the execution and delivery on behalf of the County of the Loan Agreement and the Note; 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 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 \$2,100,000 and the actual principal amount and terms of the Note will be as set forth in the Loan Agreement.

(2) The proceeds of the Loan shall be used to defray a portion of the costs of acquisition and installation of the Project and costs associated therewith, including the costs of issuance related thereto.

(3) The Project consists of the acquisition and installation of a force main, pump station and reclaimed water line.

(4) The date of maturity, payment amounts, interest rates, the dates for payment of principal and interest and prepayment terms shall be as set forth in the Loan Agreement.

ARTICLE II

THE LOAN

SECTION 2.1. Authorization of Loan. The County Council hereby authorizes the County's acceptance of the Loan from the Authority in the amount of not exceeding \$2,100,000 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 Authority from fee in lieu of tax revenues received by the County and held in the County's Economic Development Fund or, if said fee in lieu of tax revenues are not sufficient, from Net Revenues of the System junior and subordinate to the payments to be made therefrom to the Operation and Maintenance Fund, the Debt Service Funds and the Debt Service Reserve Funds (as such terms are defined in the Bond Ordinance) created pursuant to the Bond Ordinance.

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"). The Note shall constitute a "Junior Bond" under the Bond Ordinance.

ARTICLE IV

MISCELLANEOUS

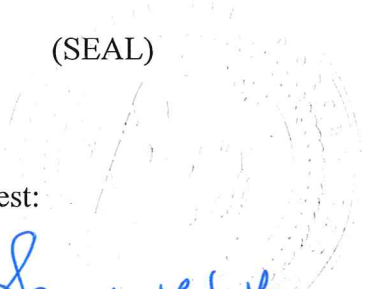
SECTION 4.1. Other Instruments and Actions. In order to implement the Loan pursuant to the Loan Agreement and Note and to give full effect to the intent and meaning of this Ordinance and the agreements and actions herein authorized, the Chairman of County Council, the County Administrator, the County Budget and Finance Director and the Clerk 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 4.2. Effective Date. This Ordinance shall become effective upon receiving approval on third reading by County Council.

DONE, RATIFIED AND ENACTED THIS 15th day of October, 2012.

(SEAL)



Chairman, County Council of Dorchester
County, South Carolina

Attest:

Clerk, County Council of Dorchester
County, South Carolina

First Reading: August 13, 2012
Second Reading: October 1, 2012
Third Reading: October 15, 2012

EXHIBIT A

Form of Loan Agreement and Note

This **INTERGOVERNMENTAL LOAN AGREEMENT** (“Agreement” herein) is entered into by and between **SOUTH CAROLINA PUBLIC SERVICE AUTHORITY** (“Authority” herein) and **DORCHESTER COUNTY, SOUTH CAROLINA** (“County” herein). Capitalized terms used in this Agreement are defined in Section 7. The terms of the Agreement are as follows:

1. Findings and Conclusions.

The Parties make the following findings:

- A. The County is in the process of designing, engineering, constructing and installing a regional pump station, force main, and reclaimed water line for the Winding Woods Industrial Site, located adjacent to the Town of St. George in Dorchester County, South Carolina (“Project” herein).
- B. Winding Woods Industrial Site (“Site” herein) is a 650-acre site which has been certified through the South Carolina Department of Commerce’s Certified Site Program. The Site offers strategic advantages including close proximity to ports, rail service and interstate highways.
- C. The Authority supplies electric power to wholesale customers, including Central Electric Power Cooperative, Inc., which in turn supplies electric power to Edisto Electric Cooperative, a member-owned rural electric cooperative headquartered in Bamberg, South Carolina. Edisto Electric Cooperative provides electric service to residential, commercial and industrial consumers in Dorchester County, maintains a substation on the Site, and provides electric power to the Site.
- B. The Authority operates and maintains the Lake Marion Regional Water Treatment Plant which provides potable water to wholesale customers. In turn, those wholesale customers provide water to retail customers.
- C. The County finds that the construction of the Project at the Site serves a legitimate public purpose in that the primary beneficiaries will be the public, the Project is not speculative, and there is a high probability that the Project will ultimately serve the public interest to a significant degree.
- D. The parties find that the Project will provide increased economic development opportunities which in turn will increase capital investment and jobs in Dorchester County.

Each Party reaches the following conclusions as to itself based on the above-listed findings and the below-listed representations:

- A. The Project serves legitimate public purposes.
- B. The Project has been duly authorized by each party’s respective governing body.
- C. The Agreement is in the best interests of and fair and equitable to each Party.

2. Exchange of Consideration in General. In overview, the exchange of consideration between the Parties in support of this Agreement is as follows:

- A. Pursuant to the terms of this Agreement, the Authority shall make the County a loan in the amount of \$2,100,000.00; and
- B. Pursuant to the terms of this Agreement, the County shall repay the Authority the total amount of the loan along with interest as defined herein for use of the funds.

3. Representations.

A. County Representations to the Authority. The County makes the following representations to the Authority as the basis for the County's undertakings in this Agreement:

- 1. The County is a political subdivision of the State created pursuant to the Constitution and statutes of the State.
- 2. The State has authorized the County to exercise certain powers, including the power to enter into agreements with other political subdivisions of the State to carry out the County's various missions.
- 3. The County is entering into this Agreement to carry out its mission of providing sanitary wastewater services which will, in turn, assist in creating jobs for County citizens.
- 4. The County has the legal right, power and authority to enter into this Agreement, and to take any and all action as may be required to carry out, give effect to and consummate the loan transaction.
- 5. County Council, by enactment of an ordinance, has authorized the County's (a) execution, delivery and performance of this Agreement and (b) taking of any and all actions as may be required to carry out, give effect to and consummate the loan transaction.
- 6. The enactment of an ordinance, execution and delivery by the County of this Agreement, and compliance with the provisions of the Agreement will not conflict with, result in any breach of any provisions

of, or constitute a default under any indenture, commitment, agreement, or instrument to which the County is a party or by which it is bound, or under any provisions of any existing rule, regulation, judgment, order or decree to which the County (or any of its officers in their respective official capacities) is subject or any provision of State law.

7. The County has completed all formalities prerequisite to enactment of the ordinance and to the execution and delivery of this Agreement, and same are in full force and effect.
 8. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board, or public body which is pending, or to the best knowledge of the undersigned County officers, is threatened against the County, which in any way questions the validity of State law upon which this Agreement is made, the powers of the County referred to above, or the validity of any proceeding taken by the County in connection with the authorization, execution or delivery of the Agreement, or wherein an unfavorable decision, ruling or finding would in any way adversely affect the transactions contemplated by, or which in any way would affect the validity or enforceability of this Agreement.
 9. The Project shall constitute a part of the waterworks and sewer system (the "System") of the County.
 10. On the Effective Date hereof, the County will execute and deliver to the Authority a Promissory Note (the "Note") to evidence its obligation to repay the Loan made by the Authority hereunder. The Note shall constitute a "Junior Bond" under General Bond Ordinance No. 03-06 enacted by the County Council on September 2, 2003 (the "General Bond Ordinance").
- B. Authority Representations to the County. The Authority makes the following representations to the County as the basis for the Authority's undertakings in this Agreement:
1. The Authority is a body politic and corporate of the State.
 2. The State has authorized the Authority to have certain powers, including the power to enter into agreements with other political

subdivisions of the State to carry out the Authority's various missions including economic development.

3. The Authority is entering into this Agreement in order to further its missions of supplying the electric and potable water needs of its wholesale customers which will, in turn, assist in meeting such universally recognized public purposes as improving living conditions and creating jobs for the citizens of this State.
4. The Authority has the legal right, power and authority to enter into this Agreement and to take any and all actions as may be required to carry out, give effect to, and consummate the loan transaction.
5. The Authority's Board of Directors, by passage of a resolution dated June 25, 2012 ("Authorizing Resolution" herein), has authorized the Authority's (a) execution, delivery and performance of this Agreement and (b) taking of any and all actions as may be required to carry out, give effect to and consummate the loan transaction.
6. The adoption of the Authorizing Resolution, execution and delivery by the Authority of this Agreement and compliance with the provisions of the Agreement will not conflict with, result in any breach of any provisions of, or constitute a default under any indenture, commitment, agreement, or instrument to which the Authority is a party or by which it is bound, or under any provisions of any existing rule, regulation, judgment, order or decree to which the Authority (or any of its officers in their respective official capacities) is subject or any provision of State law.
7. The Authority has completed all formalities prerequisite to passing the Authorizing Resolution and to the execution and delivery of this Agreement, and same are in full force and effect.
8. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board, or public body which is pending, or to the best knowledge of the undersigned Authority officers, is threatened against the Authority (nor to the best knowledge of the undersigned is there any basis therefor), which in any way questions the validity of State law upon which this Agreement is made, the powers of the Authority referred to above, or the validity of any proceeding taken by the Authority in connection with the

authorization, execution or delivery of the Agreement, or wherein an unfavorable decision, ruling or finding would in any way adversely affect the Loan transaction contemplated by, or which in any way would affect the validity or enforceability of this Agreement.

9. The Authority has full capability, power and authority to fully fund the Loan.

4. Loan. The Authority has made the Loan in the Loan Amount such that the Loan has been fully funded as of the Effective Date. The County shall be the borrower on the Loan.

A. Interest. Loan-interest shall be simple interest charged only on the Outstanding Principal Balance and shall be computed on the basis of a 360-day year consisting of twelve 30-day months:

1. Initial Interest Rate. The interest rate shall be two (2%) percent per year for the initial eight (8) years of the Loan and shall be payable as shown on Appendix A attached hereto.

2. Subsequent Interest Rates. Upon October 1, 2020 and upon each October 1 thereafter for the remainder of the Loan Term, the interest rate for any Outstanding Principal Balance shall be reset to the current rate of interest on 2-Year U.S. Treasury Notes.

3. Payment of Interest. The first interest payment shall be due from the County to the Authority on October 1, 2013. Thereafter, the County shall make annual interest payments to the Authority on each subsequent October 1 for the remainder of the Loan Term.

B. Repayment of Principal. Principal of the Loan shall be due and payable as shown on Appendix A attached hereto or upon such other dates and in such amounts as agreed to by the Parties in the event this Agreement is modified to extend the Loan Term as provided in Section 7.G hereof. There shall be no penalty for paying the Outstanding Principal Balance prior to the last day of the Loan Term.

5. Pledge to Secure Loan.

The Note will be secured by a pledge of revenues of the System that remain after payment of the expenses of operation and maintenance of the System (the "Net

Revenues", as further defined in the General Bond Ordinance) which pledge of Net Revenues will be junior and subordinate to the pledge of Net Revenues securing the County's waterworks and sewer system revenue bonds issued pursuant to the General Bond Ordinance as may be outstanding from time to time.

The Note, and the interest payable hereunder, shall not be a debt of the County, nor a charge, lien or encumbrance, legal or equitable, upon any property of the County or upon any income, receipts or revenues of the County other than such of the Net Revenues of the System as are pledged to the payment thereof.

No recourse shall be had for the payment of the Note, or the interest thereon, or any part thereof, against the general fund of the County, nor shall the credit or taxing powers of the County be deemed to be pledged to the payment of the principal of and interest on the Note. The full faith, credit and taxing powers of the State of South Carolina or of the County are not pledged to the payment of the principal of or the interest on the Note, and the Note shall never constitute an indebtedness of the County within the meaning of any State Constitutional provisions (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation.

6. Defaults and Remedies.

A. Events of Default. The following shall constitute events of default:

- i. Failure of the County to repay the Loan principal or interest in accordance with the provisions of this Agreement.
- ii. Failure of either Party to complete its respective obligations under this Agreement.
- iii. Any representation or warranty made by a Party in this Agreement shall prove to have been untrue or incorrect in any material respect when made or any breach by a Party of any covenant contained herein.

B. Cure. No action may be initiated by one of the Parties against the other without the complaining Party first having complied with the Cure of Default or Breach provision in accordance with Section 8.D. of this Agreement.

C. Remedies. In the event of an uncured event of default by the County, the Authority may declare the Outstanding Principal Balance and all accrued interest thereon due and payable without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the County. The Authority shall be entitled to apply for any remedy at law or in equity in accordance with Section 8.I. of this Agreement. In the event of an uncured event of default by the Authority, the County shall be entitled to apply for remedy at law or in equity in accordance with Section 8.I. of this Agreement.

7. Definitions. As used in this Agreement, the following capitalized words shall have the following meanings:

- A. Agreement means this Intergovernmental Loan Agreement by and between the Authority and the County.
- B. County means Dorchester County, South Carolina, a political subdivision of the State of South Carolina. The County is the Party that shall borrow the Loan funds.
- C. County Council means the County Council of Dorchester County, the governing body of the County.
- D. Effective Date means the date of signing of the Agreement by both Parties.
- E. Loan means the loan between the Parties documented in this Agreement.
- F. Loan Amount means \$2,100,000.00.
- G. Loan Term means a 10-year period that shall begin with the Effective Date; provided, however, that the Parties may extend the loan term for an additional five (5) years. In the event the Loan Term is extended, this Agreement may be modified to amend the principal payment schedule attached hereto as Appendix A as may be agreed to by the Parties hereto.
- H. Outstanding Principal Balance means the Loan Amount less the total monetary amount of all principal the County has previously repaid to the Authority.
- I. Party or Parties means the Authority and the County.
- J. State means the State of South Carolina.

8. Miscellaneous Terms.

- A. Applicable Law. This Agreement is subject to South Carolina law.
- B. Assignment and Transfer. Neither Party shall assign any right or interest it has in this Agreement to a third-party.
- C. Construction. The following rules of construction apply to this Agreement:
 - 1. Any reference in this Agreement to the Authority or the County or to any member or officer thereof includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law.
 - 2. The captions and headings in this Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of the substantive provisions of the Agreement.
 - 3. Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa.
- D. Cure of Default or Breach. If either Party believes that the other Party is in default or breach of this Agreement, the complaining Party shall send the other Party notice in writing of the alleged breach and necessary corrective action. The County shall have two (2) business days to cure any event of default involving a payment obligation. For all other events of default, the Party in receipt of the notice shall have thirty (30) days to cure the event of default.
- E. Duplicate Originals. This Agreement shall be executed in a manner that will provide each Party with a duplicate original of the Agreement to be retained in the respective Party's business records.
- F. Integration. This Agreement sets forth the entire agreement of the Parties regarding the Loan. While the Parties acknowledge that this Agreement is the culmination of negotiations, the Parties also acknowledge that all of the negotiations, whether oral or written, that preceded the execution of this Agreement, were mere precursors to the Agreement and are not enforceable unless same have been expressly included in this Agreement.
- G. Modification. To be enforceable, any purported modification of this Agreement must be in writing and signed by both Parties.

H. Notice. All notices given in connection with this Agreement shall be deemed fully given, made, and/or sent when placed in writing and delivered in person to the following agent of the relevant Party:

1. If to the County:

Dorchester County
Attn: County Administrator
Kenneth F. Waggoner Services Facility
201 Johnston Street
St. George, SC 29477

2. If to the Authority:

South Carolina Public Service Authority
Attn.: Manager, Economic Development
One Riverwood Drive
Moncks Corner, SC 29461

- I. Litigation. In the event that either Party pursues litigation to seek remedies under this Agreement the Parties waive any right they may have to a jury trial.
- J. Waiver. If a Party waives the other Party's compliance with any duty under this Agreement, that waiver stands alone for the specific instance of non-compliance, and does not adversely affect the Party's right to performance of the duty as to any other occasion of non-compliance.
- K. The Parties acknowledge that the interest payable on the Loan is not exempt for Federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.

IN WITNESS WHEREOF, Dorchester County has caused this Agreement to be signed in its name by the Chairman of its governing body, the County Council of Dorchester County, its corporate seal to be hereto affixed, and its attestation to be completed by the Clerk to County Council and, so too, the South Carolina Public Service Authority has caused this Agreement to be signed in its name by its duly authorized agent, its corporate seal to be hereto affixed, and its attestation to be completed by its duly authorized attesting officer, such that the Parties, by the signatures of their respective authorized agents, below, agree to the foregoing terms of this Agreement.

[SEAL]
ATTEST:

DORCHESTER COUNTY, SOUTH CAROLINA

Clerk to County Council of
Dorchester County

By:

In His Capacity as Chairman of
County Council of Dorchester County,
The Governing Body of
Dorchester County

IN THE PRESENCE OF

SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

By:

Lonnie N. Carter
In His Capacity as President and CEO

Attest:

**Dorchester County, SC
2012 Santee Cooper Loan**

| Payment Date | Repayment Schedule | | Total |
|---------------------|---------------------------|-----------------|--------------|
| | Principal | Interest | |
| 10/25/2012 | | | |
| 10/1/2013 | 215,000 | 4,013 | 219,013 |
| 10/1/2014 | 195,000 | 41,340 | 236,340 |
| 10/1/2015 | 195,000 | 37,440 | 232,440 |
| 10/1/2016 | 200,000 | 33,633 | 233,633 |
| 10/1/2017 | 205,000 | 29,727 | 234,727 |
| 10/1/2018 | 210,000 | 25,720 | 235,720 |
| 10/1/2019 | 215,000 | 21,613 | 236,613 |
| 10/1/2020 | 220,000 | 17,407 | 237,407 |
| 10/1/2021 | 220,000 | TBD | TBD |
| 10/1/2022 | 225,000 | TBD | TBD |
| Total | 2,100,000 | | |

STATE OF SOUTH CAROLINA

COUNTY OF DORCHESTER

PROMISSORY NOTE TO SOUTH CAROLINA PUBLIC SERVICE AUTHORITY

**DORCHESTER COUNTY, SOUTH CAROLINA
WATERWORKS AND SEWER SYSTEM REVENUE NOTE
(JUNIOR LIEN)**

FOR VALUE RECEIVED, Dorchester County, South Carolina (the "County") promises to pay to the order of the South Carolina Public Service Authority (the "Authority") the principal sum owing from time to time by the County pursuant to, and in accordance with, the Intergovernmental Loan Agreement (the "Loan Agreement"), the terms of which are incorporated herein by reference, between the Authority and the County dated October ___, 2012, principal sum, rate of interest and amount and due dates of payments thereunder being set forth in the Loan Agreement. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months and compounded annually.

The County may prepay the outstanding principal balance of this Note 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 this Note in the inverse order of the maturity dates thereof.

All payments of principal and interest shall be made in money of the United States at the office of the Authority in Moncks Corner, South Carolina, or at such place as the Authority may designate in writing, and shall be made in funds immediately available in Moncks Corner, South Carolina.

This Note is being issued pursuant to the provisions of Ordinance No. 12-__ enacted by the County Council of Dorchester County (the "County Council") on _____, 2012 to evidence the County's obligation to repay the loan made by the Authority to the County under the Loan Agreement.

The Note and the interest thereon are special obligations of the County and are payable from, and secured by a pledge of and lien upon, the Net Revenues (as defined in General Bond Ordinance No. 03-06 enacted by the County Council on September 2, 2003 (the "General Bond Ordinance")) derived by the County from its waterworks and sewer system (the "System"), junior and subordinate to the pledges and liens securing the County's outstanding Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2003; Waterworks and Sewer System Revenue Bonds, Series 2006; Waterworks and Sewer System Revenue Bonds, Series 2009; Waterworks and Sewer System Revenue Bond, Series 2009A; Waterworks and Sewer System Revenue Refunding Bonds, Series 2012; Waterworks and Sewer System Revenue Bond, Series 2012A; and Waterworks and Sewer System Revenue Bond, Series 2012B

(collectively, the "Parity Bonds") and any other Series of Bonds (as defined in the General Bond Ordinance) hereafter issued under the General Bond Ordinance payable from such Net Revenues on a parity and equally and ratably secured with the Parity Bonds.

THIS NOTE HAS BEEN ISSUED UNDER THE PROVISIONS OF TITLE 6, CHAPTER 17 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED, AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN ANY STATE CONSTITUTIONAL PROVISIONS (OTHER THAN ARTICLE X, SECTION 14, PARAGRAPH 10 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE). THIS NOTE SHALL NOT CONSTITUTE A DEBT OF THE COUNTY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE COUNTY OR ON ANY INCOME, RECEIPTS OR REVENUES THEREOF, OTHER THAN THE AFORESAID NET REVENUES OF THE SYSTEM PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THIS NOTE OR THE INTEREST THEREON AGAINST THE GENERAL FUND OF THE COUNTY AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE COUNTY SHALL BE DEEMED TO BE PLEDGED THERETO. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE COUNTY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE.

This Note may not be transferred by the Authority.

IN WITNESS WHEREOF, the County has caused this Note to be executed under its seal and to be registered in the name of the South Carolina Public Service Authority as of this ____ day of October, 2012.

DORCHESTER COUNTY, SOUTH CAROLINA

[SEAL]

Chairman, County Council of Dorchester County

Attest:

Clerk, County Council of Dorchester
County