

ORDINANCE 4301

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF COMBINED SYSTEM IMPROVEMENT REVENUE BONDS, TO BE DESIGNATED SERIES 2017 (SECOND LIEN), IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING TEN MILLION DOLLARS (\$10,000,000), OF THE CITY OF HARTSVILLE, SOUTH CAROLINA; AND OTHER MATTERS RELATING THERETO.

2017 SERIES ORDINANCE

DATED: SEPTEMBER 7, 2017

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BE IT ORDAINED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF HARTSVILLE, SOUTH CAROLINA IN A MEETING DULY ASSEMBLED, AS FOLLOWS:

ARTICLE I - FINDINGS OF FACT

Section 1.01 Findings.

Incident to the enactment of this ordinance (this “**2017 Series Ordinance**”), and the issuance of the bonds provided for herein, the City Council of the City of Hartsville (the “**City Council**”), the governing body of the City of Hartsville, South Carolina (the “**City**”), finds that the facts set forth in this Article exist and the following statements are in all respects true and correct:

(1) The City Council has made general provision for the issuance from time to time of Combined System Revenue Bonds (the “**Bonds**”) of the City by a bond ordinance entitled, “AN ORDINANCE PROVIDING FOR THE RESTRUCTURING OF THE WATERWORKS AND SEWER SYSTEM BY ADDING THE WATER PARK ENTERPRISE; AUTHORIZING THE ISSUANCE AND SALE OF COMBINED SYSTEM REVENUE BONDS OF THE CITY OF HARTSVILLE, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO,” enacted by the City Council on September 7, 2017 (the “**Bond Ordinance**”). Terms utilizing initial capitals and not otherwise defined herein shall have the meanings ascribed thereto in the Bond Ordinance.

(2) It is provided in and by the Bond Ordinance that, upon enactment of a “Series Ordinance,” there may be issued one or more series of Bonds for the purpose of, among other things: (1) obtaining funds for the purchasing, constructing, improving, enlarging and repairing of the Combined System of the City (the “**System**”), including the recoupment of funds already so expended; (2) providing funds for the payment of any bond anticipation notes; (3) refunding Bonds (and Senior Lien Bonds, as defined below) or other obligations; (4) providing funds for the payment of interest due on any Bonds; (5) funding a Debt Service Reserve Fund, if any, in an amount equal to the Reserve Requirement; and (6) paying the costs of issuance of Bonds, including any credit enhancement therefor.

(3) As recited in the Bond Ordinance, the City currently has Outstanding the now outstanding installments of the originally issued \$7,780,000 Waterworks and Sewer System Improvement and Refunding Revenue Bonds, Series 2015, dated August 13, 2015 (the “**Senior Lien Bonds**”). The Series 2017 Bonds authorized herein shall be junior and subordinate to the pledge and lien given to secure the Senior Lien Bonds.

(4) The City has determined to finance the costs of designing, constructing, and equipping a water park and related improvements to be located in Byerly Park (collectively, the “**Project**.”

(5) The City has determined to issue the Series 2017 Bonds (as defined herein) to: (i) defray the costs associated with acquiring, engineering, permitting, constructing, furnishing and

equipping of the Project, including the recoupment of funds previously expended; (ii) provide funds for the payment of interest on the Series 2017 Bonds during the Capitalized Interest Period; (iii) fund, if necessary, the 2017 Debt Service Reserve Fund (as defined herein) with cash, or to pay the premium associated with the issuance of a liquidity facility for the 2017 Debt Service Reserve Fund; and (iv) pay the costs of issuance of the Series 2017 Bonds, including the payment of any premium due on any Municipal Bond Insurance Policy (as defined in the Bond Ordinance).

(6) By reason of the foregoing, the City has determined to enact this 2017 Series Ordinance in accordance with the terms and provisions of the Bond Ordinance in order to issue the Series 2017 Bonds for the purposes described in Paragraph 5 above.

[End of Article I]

ARTICLE II - DEFINITIONS AND CONSTRUCTION

Section 2.01 Definitions.

(a) Except as provided in subsection (b) below, all terms which are defined in Section 2.02 of the Bond Ordinance shall have the same meanings in this 2017 Series Ordinance as such terms are prescribed to have in the Bond Ordinance.

(b) As used in this 2017 Series Ordinance, unless the context shall otherwise require the following terms shall have the following respective meanings:

“2017 Capitalized Interest Fund” shall mean the fund of that name established by Section 6.02 of this 2017 Series Ordinance.

“2017 Construction Fund” shall mean the fund of that name established by Section 6.03 of this 2017 Series Ordinance.

“2017 Series Ordinance” shall mean this ordinance of the City Council.

“2017 Debt Service Fund” shall mean the fund of that name established by this 2017 Series Ordinance pursuant to Section 7.03 of the Bond Ordinance.

“2017 Debt Service Reserve Fund” shall mean the fund of that name established by this 2017 Series Ordinance pursuant to Section 7.04 of the Bond Ordinance.

“2017 Reserve Requirement” if any, shall mean an amount determined by the Authorized Officer in compliance with the provisions and requirements of the Code.

“Authorized Officers” shall have the meaning ascribed thereto in the Bond Ordinance, but for purposes of making the determinations provided for under the provisions of this 2017 Series Ordinance, the City Manager shall constitute the Authorized Officer.

“Bond Purchase Agreement” shall mean the contract between the City and the Underwriter pursuant to Section 7.01 of this 2017 Series Ordinance.

“Capitalized Interest” shall mean with respect to the interest due or to become due on the Series 2017 Bonds during the Capitalized Interest Period, all or part of which is expected to be paid from the proceeds of the Series 2017 Bonds.

“Capitalized Interest Period” shall mean the period of time beginning from the Date of Issue of the Series 2017 Bonds through such date as may be determined by an Authorized Officer.

“Continuing Disclosure Agreement” shall mean the agreement, which may also be referred to as the Disclosure Dissemination Agent Agreement, of the City pursuant to Section 9.02 of this 2017 Series Ordinance.

“**Insurer**” shall mean the institution, if any, chosen by the City, acting through the Authorized Officer, to insure the Series 2017 Bonds.

“**Series 2017 Bonds**” shall mean the Series of Bonds authorized and designated by Section 4.01 of this 2017 Series Ordinance.

“**Trustee**” shall mean U.S. Bank National Association, its successors and assigns.

“**Underwriter**” shall mean the banking institution, as senior manager and including any co-managers, chosen by the Authorized Officer.

Section 2.02 Authority for this 2017 Series Ordinance.

This 2017 Series Ordinance is enacted pursuant to the provisions of the Bond Ordinance.

[End of Article II]

ARTICLE III - USEFUL LIFE

Section 3.01 Determination of the Useful Life of the System.

The period of usefulness of the System is hereby determined to be not less than forty (40) years from the date of enactment of this 2017 Series Ordinance.

[End of Article III]

ARTICLE IV - AUTHORIZATION AND TERMS OF THE SERIES 2017 BONDS

Section 4.01 Principal Amount; Designation of Series 2017 Bonds.

(a) Pursuant to the provisions of the Bond Ordinance, a Series of Bonds of the City entitled to the benefits, protection, and security of the provisions of the Bond Ordinance is hereby authorized in the principal amount of not exceeding Ten Million Dollars (\$10,000,000); such Bonds so authorized shall be designated the “City of Hartsville, South Carolina Combined System Improvement and Refunding Revenue Bonds, Series 2017 (Second Lien)” (the “**Series 2017 Bonds**”).

(b) The Series 2017 Bonds may be issued as a single Series of Bonds, or as separate Series, from time to time, as determined by the Authorized Officer; should the Authorized Officer determine to issue multiple Series of Bonds, the Authorized Officer shall be further authorized to re-designate such Bonds with different alphanumeric designations so as to properly distinguish each Series of Bonds issued. One or more Series of the Series 2017 Bonds may be issued on a taxable basis.

(b) References herein to the Series 2017 Bonds shall include all Series of Bonds.

Section 4.02 Purposes of the Series 2017 Bonds.

The Series 2017 Bonds are authorized for the principal purposes of:

(1) defraying the costs of the Project and reimbursing the City for costs of the Project that were previously incurred;

(2) providing funds for the payment of interest on the Series 2017 Bonds during the Capitalized Interest Period, if any;

(3) funding the 2017 Debt Service Reserve Fund, if any, in an amount equal to the 2017 Reserve Requirement, or for paying the premium associated with the issuance of a credit instrument, which, in lieu of cash, shall satisfy the 2017 Reserve Requirement for the 2017 Debt Service Reserve Fund; and

(4) paying certain costs and expenses relating to the issuance of the Series 2017 Bonds, including the payment of any premium due on any Municipal Bond Insurance Policy.

Section 4.03 Date of Issue; Interest Rates; Maturity; Redemption.

The Date of Issue of the Series 2017 Bonds shall be the date of delivery thereof, or such date as designated by the Authorized Officer. The Series 2017 Bonds shall have such principal amounts and shall bear interest at such rates and shall mature as Serial Bonds or as Term Bonds with such mandatory sinking fund installments as are set forth in a schedule approved by the Authorized Officer prior to or simultaneously with the issuance of the Series 2017 Bonds,

provided that the final maturity of the Series 2017 Bonds shall not extend beyond 40 years from the Date of Issue.

Interest on the Series 2017 Bonds shall be payable on such dates as determined by the Authorized Officer. The Record Dates for the payment of interest on the Series 2017 Bonds shall be 15 days prior to each interest payment date.

The Series 2017 Bonds shall be subject to redemption prior to maturity, upon such terms and conditions, and at such prices, as may be established by the Authorized Officer prior to or simultaneously with the issuance of the Series 2017 Bonds.

Section 4.04 Authentication; Payment of Series 2017 Bonds.

(a) Each of the Series 2017 Bonds shall be authenticated on such dates as they shall, in each case, be delivered. Each Series 2017 Bond shall bear interest from the Date of Issue if no interest has yet been paid; otherwise from the last date to which interest has been paid and which date is on or prior to the date of such Series 2017 Bond's authentication.

(b) The interest on all Series 2017 Bonds shall be paid by check or draft mailed from the office of the Trustee to the person in whose name each Series 2017 Bond is registered at the close of business on the Record Date; provided, however, that any Holder of Series 2017 Bonds in the aggregate principal amount of \$1,000,000 or more may request (in writing, delivered to the paying agent), prior to the applicable Record Date, that interest payments be made by wire transfer to such Holder at an account maintained by a financial institution located in the continental United States specified in such request.

Section 4.05 Denomination and Numbering of the Series 2017 Bonds.

The Series 2017 Bonds shall be issued in denominations of \$5,000 or any multiple thereof, not exceeding the principal amount of the Series 2017 Bonds maturing in such year. Each Series 2017 Bond shall be numbered by the Trustee in such a fashion as to reflect the fact that it is one of the Series 2017 Bonds, and to identify the owner thereof on the books kept by the Registrar.

Section 4.06 Establishment of 2017 Debt Service Fund.

In accordance with Section 7.03 of the Bond Ordinance, the 2017 Debt Service Fund is hereby directed to be established by the Trustee on the date of original delivery of the Series 2017 Bonds for the benefit of the Holders of the Series 2017 Bonds.

Section 4.07 2017 Debt Service Reserve Fund.

In accordance with Section 7.04 of the Bond Ordinance and the terms of this 2017 Series Ordinance, if an Authorized Officer determines that the 2017 Debt Service Reserve Fund is necessary and desirable, he shall direct the Trustee to establish such 2017 Debt Service Reserve Fund. If established, the 2017 Debt Service Reserve Fund shall be maintained by the Trustee in accordance with the provisions of the Bond Ordinance in an amount equal to the 2017 Reserve

Requirement, as may be determined in accordance with Section 4.11 hereof. The 2017 Debt Service Reserve Fund, if established, may be funded by cash or another method permitted by Section 7.04(D) of the Bond Ordinance, such method of funding to be determined by an Authorized Officer.

Section 4.08 Appointment of Trustee, Paying Agent and Registrar.

The Trustee is hereby appointed to act as Trustee, Paying Agent, and Registrar under the Bond Ordinance and this 2017 Series Ordinance. The Trustee shall signify its acceptance of the duties of Trustee, Paying Agent and Registrar upon delivery of the Series 2017 Bonds. The City shall pay to the Trustee from time to time reasonable compensation based on the then-standard fee schedule of such parties for all services rendered under the Bond Ordinance and this 2017 Series Ordinance, and also all reasonable expenses, charges, counsel fees, and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Bond Ordinance and this 2017 Series Ordinance.

The Series 2017 Bonds shall be presented for registration of transfers and exchanges, and notices and demands to or upon the Trustee and the City in respect of the Series 2017 Bonds may be served, at the corporate trust office of the Trustee.

The Trustee shall be a member of the Federal Deposit Insurance Corporation (the “*FDIC*”) and shall remain such a member throughout the period during which it shall act as Trustee, Paying Agent, and Registrar. The Trustee, in its capacity as Trustee, Paying Agent, and Registrar, shall accept its appointment by a written instrument embodying its agreement to remain a member of the FDIC. Unless the same be secured as trust funds in the manner provided by the applicable regulations of the Comptroller of the Currency of the United States of America, and unless otherwise provided for in the Bond Ordinance and in this 2017 Series Ordinance, all moneys in the custody of the Trustee in excess of the amount of such deposit insured by the FDIC, shall be secured by Government Obligations at least equal to the sum on deposit and not insured by the FDIC.

Section 4.09 Form of Series 2017 Bonds.

The Series 2017 Bonds, together with the certificate of authentication, certificate of assignment and/or statement of insurance, if any, are to be in substantially the following form with necessary and appropriate variations, omissions and insertions as permitted or required by the Bond Ordinance or this ordinance, to wit:

(FORM OF BOND)

**CITY OF HARTSVILLE
STATE OF SOUTH CAROLINA
COMBINED SYSTEM
IMPROVEMENT AND REFUNDING
REVENUE BOND
SERIES 2017 (SECOND LIEN)**

No. _____

Interest Rate

Maturity Date

Date of Issue

CUSIP

Registered Holder:

Principal Amount: DOLLARS (\$_____)

CITY OF HARTSVILLE, SOUTH CAROLINA (the “*City*”), acknowledges itself indebted and for value received hereby promises to pay, solely from the sources and as hereinafter provided, to the Registered Holder named above or registered assigns, the Principal Amount set forth above on the Maturity Date stated above, unless this Series 2017 Bond (this “*Series 2017 Bond*”) be subject to redemption and shall have been redeemed prior thereto as hereinafter provided, at the corporate trust office of U.S. Bank National Association. (the “*Trustee*”) in the City of Columbia, State of South Carolina, and to pay interest on such principal amount at the annual Interest Rate stated above (calculated on the basis of a 360-day year of twelve (12) 30-day months) until the obligation of the City with respect to the payment of such principal amount shall be discharged.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Trustee, as Registrar.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinances (as such term is defined below). Certified copies of the Ordinances are on file in the office of the Trustee and in the offices of the Clerk of Court for Darlington County, South Carolina.

This Bond is one of the Series 2017 Bonds issued in the aggregate principal amount of not exceeding _____ Dollars (\$ _____) of like tenor, except as to number, rate of interest, date of maturity and redemption provisions issued pursuant to and in accordance with the Constitution and statutes of the State of South Carolina (the “*State*”) including particularly Chapter 21, Title 6, inclusive, Code of Laws of South Carolina 1976, as amended (the “*South Carolina Code*”), and by an ordinance entitled, “AN ORDINANCE PROVIDING FOR THE RESTRUCTURING OF THE WATERWORKS AND SEWER SYSTEM BY ADDING THE WATER PARK ENTERPRISE; AUTHORIZING THE ISSUANCE AND SALE OF COMBINED SYSTEM REVENUE BONDS OF THE CITY OF HARTSVILLE, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO,” enacted by the City Council of the City of Hartsville (the “*City Council*”), the governing body of the City, on September 7, 2017 (the “*Bond Ordinance*”), and a series ordinance entitled, “AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF COMBINED SYSTEM IMPROVEMENT REVENUE BONDS, TO BE DESIGNATED SERIES 2017 (SECOND LIEN), IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING TEN MILLION DOLLARS (\$10,000,000), OF THE CITY OF HARTSVILLE, SOUTH CAROLINA; AND OTHER MATTERS RELATING THERETO” (the “*2017 Series Ordinance*”) duly enacted by the City Council on September 7, 2017 (the Bond Ordinance and the 2017 Series Ordinance are hereinafter together referred to as the “*Ordinances*”).

This Bond is being issued to: (1) defray the costs associated with acquiring, engineering, permitting, constructing, furnishing and equipping of the Project (as defined in the 2017 Series Ordinance), including the recoument of funds previously expended; (2) provide funds for the payment of interest on the this Bond during the Capitalized Interest Period (as defined in the 2017 Series Ordinance); (3) fund, if necessary, the 2017 Debt Service Reserve Fund (as defined in the 2017 Series Ordinance) with cash, or to pay the premium associated with the issuance of a liquidity facility for the 2017 Debt Service Reserve Fund; and (4) pay the costs of issuance of this Bond, including the payment of any premium due on any financial guaranty insurance policy.

The Date of Issue of this Bond is set forth on the face hereof. Each of the Series 2017 Bonds shall be authenticated on such dates as they shall, in each case, be delivered. Each Series 2017 Bond shall bear interest from the Date of Issue if no interest has yet been paid; otherwise from the last date to which interest has been paid and which date is on or prior to the date of this Bond’s authentication. Interest on this Bond is payable on _____ 1 and _____ 1 of each year beginning _____, 20___. The interest so payable on any _____ 1 or _____ 1 will be paid to the person in whose name this Series 2017 Bond is registered at the close of business on the _____ 15 or _____ 15 immediately preceding such _____ 1 or _____ 1 (the “*Record Date*”).

Interest hereon shall be payable by check or draft mailed at the times provided herein from the office of the Paying Agent to the person in whose name this Bond is registered on the Record Date at the address shown on the registration books; provided, however, that any Holder of Series 2017 Bonds in the aggregate principal amount of \$1,000,000 or more may request in writing delivered to the Paying Agent, prior to the applicable Record Date, that interest payments be made by wire transfer to such Holder at an account maintained by a financial institution located in the continental United States specified in such request. The principal of, redemption premium,

if any, and interest on this Bond are 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.

This Bond is being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Ordinances. One bond certificate with respect to each date on which the Series 2017 Bonds are stated to mature is being issued and is required to be deposited with the Securities Depository (as defined in the Bond Ordinance) and immobilized in its custody. The book-entry system will evidence positions held in this Bond by the Securities Depository's participants (as described in the Series Ordinance), beneficial ownership of the Series 2017 Bonds in the principal amount of \$5,000 or any multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants.

For the payment of the principal of and interest on this Bond issued pursuant to the Bond Ordinance, there are hereby irrevocably pledged the Gross Revenues of the System. Additionally, the Series 2017 Bonds are further secured by a statutory lien on the System as provided in Section 6-21-330 of the Code of Laws of South Carolina 1976, as amended. Such pledge and lien securing this Bond shall at all times and in all respects be and remain junior to the pledge and lien made and given to secure the Senior Lien Bonds (as defined in the Ordinances). Notwithstanding the Senior Lien Bonds, such pledge securing the Series 2017 Bonds shall have priority over all other pledges except those made to secure any Bonds (as defined hereinbelow) as may be currently outstanding or issued from time to time in the future.

THIS SERIES 2017 BOND SHALL NOT IN ANY EVENT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY PROVISION, LIMITATION OR RESTRICTION OF THE CONSTITUTION OR STATUTES OF THE STATE, OTHER THAN THOSE PROVISIONS AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A REVENUE-PRODUCING PROJECT NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE; AND THE FAITH, CREDIT AND TAXING POWER OF THE CITY ARE EXPRESSLY NOT PLEDGED THEREFOR. THE CITY IS NOT OBLIGATED TO PAY THIS BOND, OR THE INTEREST HEREON, SAVE AND EXCEPT FROM THE GROSS REVENUES.

The Bond Ordinance authorizes the issuance of additional bonds on a parity with the Series 2017 Bonds and any outstanding parity bonds which, when issued in accordance with the provisions of the Bond Ordinance, will rank equally and be on a parity herewith and therewith ("*Additional Bonds*" and together with the Series 2017 Bonds and any parity bonds, collectively the "*Bonds*").

The City has covenanted to continuously operate and maintain the System and fix and maintain such rates for the services and facilities furnished by the System as shall at all times be sufficient (1) to provide for the payment of the Senior Lien Bonds and to maintain any debt service reserve funds for the Senior Lien Bonds, (2) to maintain the Debt Service Funds and thus provide for the punctual payment of the principal of and interest on all Bonds, (3) to maintain the Debt Service Reserve Funds, if any, in the manner therein prescribed, (4) to provide for the

payment of Operation and Maintenance Expenses, (5) to build and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions to the System other than those necessary to maintain the same in good repair and working order, (6) to pay all amounts owing under a reimbursement agreement with any provider of a surety bond, insurance policy or letter of credit as contemplated under Section 7.04(d) hereof, (7) to provide for the punctual payment of the principal of and interest on all Junior Lien Bonds that may from time to time hereafter be outstanding, and (8) to discharge all obligations imposed by the Enabling Act and by the Bond Ordinance and any applicable Series Ordinance.

The Bond Ordinance provides that, in addition to other remedies, upon a default in payment of principal of or interest on any Bond, the Trustee may, and upon the written request of the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding shall, declare all Bonds Outstanding immediately due and payable.

This Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments imposed within the State, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer and certain franchise taxes.

This Bond is transferable, as provided in the Bond Ordinance, only upon the registration books of the City kept for that purpose and maintained by the Registrar, by the holder hereof in person or by his duly authorized attorney, upon (a) surrender of this Bond and an assignment with a written instrument of transfer satisfactory to the Trustee or any other Registrar, as the case may be, duly executed by the Holder hereof or his duly authorized attorney and (b) payment of the charges, if any, prescribed in the Ordinances. Thereupon a new Bond or Series 2017 Bonds of the same aggregate principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Bond Ordinance. The City, the Trustee and the Registrar 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 or on account of the principal or redemption price hereof and interest due hereon and for all other purposes.

For every exchange or transfer of the Series 2017 Bonds, the City or the Trustee or Registrar, as the case may be, 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.

[Insert Redemption Provisions]

If less than all of the Series 2017 Bonds are to be redeemed, the particular Series 2017 Bonds or portions of Series 2017 Bonds to be redeemed shall be selected in such order of maturity as determined by the City. In the event of redemption of less than all of the Series 2017 Bonds of any maturity, the Series 2017 Bonds or portions of Bonds to be redeemed shall be selected by the Trustee by lot. Series 2017 Bonds in a denomination of more than \$5,000 may be redeemed in part from time to time in one or more units of \$5,000 in the manner provided in the Bond Ordinance.

If any of the Series 2017 Bonds, or portions thereof, are called for redemption, the Trustee will give notice to the Holders of any such Series 2017 Bonds to be redeemed, in the name of the City, of the redemption of such Series 2017 Bonds, or portions thereof. Notice and redemption conditions shall otherwise comply with Section 4.13 of the Bond Ordinance.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened, that the amount of this Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by such Constitution or statutes.

IN WITNESS WHEREOF, THE CITY OF HARTSVILLE, SOUTH CAROLINA, has caused this Series 2017 Bond to be signed by the signature of the Mayor of the City, its corporate seal to be reproduced hereon and the same to be attested by the signature of the City Clerk.

CITY OF HARTSVILLE, SOUTH CAROLINA

(SEAL)

By: _____
Carl M. (Mel) Pennington IV, Mayor

Attest:

Sherron L. Skipper, CMC, City Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2017 Bonds of the issue described in the within mentioned Ordinances.

U.S. BANK NATIONAL ASSOCIATION, as Registrar

By: _____
Authorized Officer

Date: _____, 2017

(FORM OF ASSIGNMENT)

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

(please print or type name and address of Transferee and Social Security or other identifying number of _____ Transferee)

the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____
(Signature Guaranty)

Authorized Individual or Officer

NOTICE: Signature(s) 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 any change whatever.

Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program (“STAMP”) or similar program enlargement.

[(STATEMENT OF INSURANCE)

_____ has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on this Bond to _____, or its successor, as paying agent for the Series 2017 Bonds. Such policy is on file and available for inspection at the offices of the paying agent and a copy thereof may be obtained therefrom.]

Section 4.10 Book-Entry System.

Pursuant to Section 4.20 of the Bond Ordinance, the Series 2017 Bonds will be eligible securities for the purposes of the Book-Entry System of transfer maintained by The Depository Trust Company, New York, New York (“**DTC**”), and transfers of beneficial ownership of the Series 2017 Bonds shall be made only through DTC and its participants in accordance with rules specified by DTC. Such beneficial ownership must be of a \$5,000 principal amount of the Series 2017 Bonds of the same maturity or any integral multiple of \$5,000, with each increment of \$5,000 being separately of a single maturity.

The Series 2017 Bonds shall be issued in fully registered form, one certificate for each of the maturities of the Series 2017 Bonds, in the name of Cede & Co., as the nominee of DTC. When any principal of, premium, if any, or interest on the Series 2017 Bonds becomes due, the Trustee, from available monies on deposit for such purposes under the provisions of the Master Bond Ordinance, shall transmit or cause the Paying Agent to transmit to DTC an amount equal to such installment of principal, premium, if any, and interest. Such payments will be made to Cede & Co. or other nominee of DTC as long as it is owner of record on the applicable Record Date. Cede & Co. or other nominee of DTC shall be considered to be the owner of the Series 2017 Bonds so registered for all purposes of this 2017 Series Ordinance, including, without limitation, payments as aforesaid and receipt of notices and exercise of rights of beneficial owners of Series 2017 Bonds.

The Trustee shall notify DTC of any notice of redemption required to be given pursuant to this 2017 Series Ordinance at least thirty (30) days prior to the date fixed for redemption.

DTC is expected to maintain records of the positions of participants in the Series 2017 Bonds, and the participants and persons acting through participants are expected to maintain records of the beneficial owners in the Series 2017 Bonds. The City makes no assurances that DTC and its participants will act in accordance with such rules or expectations on a timely basis, and the City shall have no responsibility for any such maintenance of records of transfer or payments by DTC to its participants, or by the participants or persons acting through participants to the beneficial owners.

If (a) DTC determines not to continue to act as securities depository for the Series 2017 Bonds, or (b) the City has advised DTC of the City’s determination that DTC is incapable of discharging its duties, the City shall attempt to retain another qualified securities depository to replace DTC. Upon receipt by the City of the Series 2017 Bonds together with an assignment duly executed by DTC, the City shall execute and deliver to the successor depository, Series 2017 Bonds of the same principal amount, interest rate and maturity.

If the City is unable to retain a qualified successor to DTC or the City has determined that it is in the best interest of the City and the System not to continue the Book-Entry System of transfer or that the interest of the beneficial owners of the Series 2017 Bonds might be adversely affected if the Book-Entry System of transfer is continued (the City undertakes no obligation to make any investigation to determine the occurrence of any events that would permit them to make any such determination), and has made provision to so notify beneficial owners of the Series 2017 Bonds by mailing an appropriate notice to DTC, upon receipt by the City of the Series 2017 Bonds

together with an assignment duly executed by DTC, the City shall execute physical certificates for, and cause to be authenticated and delivered pursuant to the instructions of DTC, the Series 2017 Bonds in fully registered form, in substantially the form set forth in this 2017 Series Ordinance, in the denomination of \$5,000 or any integral multiple thereof.

Notwithstanding any other provisions of the Bond Ordinance to the contrary, so long as any Series 2017 Bond is registered in the name of Cede & Co., all payments with respect to the principal of, premium, if any, and interest on such Series 2017 Bonds and all notices with respect to such Series 2017 Bonds shall be made and given, respectively, to DTC, as provided in the letter of representations from the City to DTC.

In connection with any notice or other communication to be provided to the Holders by the City or the Trustee with respect to any consent or other action to be taken by the Holders, the City or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the Securities Depository notice of such record date not less than fifteen (15) days in advance of such record date to the extent possible.

Section 4.11 Delegations to Authorized Officer.

The City Council hereby delegates to the Authorized Officer the authority: (a) to determine the aggregate principal amount of the Series 2017 Bonds to be issued, and the interest rates, initial interest payment date, maturities and redemptions provisions with respect thereto; (b) to determine the Date of Issue of the Series 2017 Bonds; (c) to determine whether to use bond insurance with respect to the Series 2017 Bonds and, if so, make appropriate arrangements therefor, including the execution of any documentation associated therewith; (d) to determine the amounts of the 2017 Reserve Requirement and thereafter determine whether the 2017 Debt Service Reserve Fund needs to be created and funded in an amount equal to the 2017 Reserve Requirement; (e) to determine whether to purchase a credit instrument to fund the 2017 Debt Service Reserve Fund in lieu of cash; (f) to determine any amounts paid for the costs of the Project to be reimbursed to the City from the proceeds of the Series 2017 Bonds; (g) to determine whether to issue multiple series of Bonds; (h) to determine the redemption provisions for the Series 2017 Bonds; (h) based on advice received, to sell the Series 2017 Bonds in a private placement; (i) to determine the term of the Capitalized Interest Period; and (j) to make any such other decisions concerning the Series 2017 Bonds as may be necessary, appropriate or otherwise delegated herein.

The Authorized Officer is further directed to consult with the City's financial advisor and such other advisors as he determines to be appropriate in making any such decisions.

[End of Article IV]

ARTICLE V - EXECUTION; NO RECOURSE

Section 5.01 Execution of the Series 2017 Bonds.

The Series 2017 Bonds shall be executed and authenticated in accordance with the applicable provisions of the Bond Ordinance.

Section 5.02 No Recourse on the Series 2017 Bonds.

All covenants, stipulations, promises, agreements and obligations of the City contained in the Bond Ordinance or in this 2017 Series Ordinance shall be deemed to be the covenants, stipulation, promises, agreements and obligations of the City and not those of any officer or employee of the City in his or her individual capacity, and no recourse shall be had for the payment of the principal or redemption price of or interest on the Series 2017 Bonds or for any claim based thereon or on the Bond Ordinance or on this 2017 Series Ordinance, either jointly or severally, against any officer or employee of the City or any person executing the Series 2017 Bonds.

[End of Article V]

**ARTICLE VI - APPLICATION OF BOND PROCEEDS; ESTABLISHMENT OF 2017
CONSTRUCTION FUND**

Section 6.01 Use and Disposition of Bond Proceeds.

Upon the delivery of the Series 2017 Bonds and receipt of the proceeds thereof, net of underwriter's discount or premium, such funds shall be disposed of as follows:

- (1) if the Authorized Officer determines to fund the 2017 Debt Service Reserve Fund: (A) the sum equal to the 2017 Reserve Requirement shall be deposited into the 2017 Debt Service Reserve Fund held with the Trustee; or in the alternative, (B) an amount equal to the premium or fees due on any credit instrument, which in lieu of cash shall be issued in an amount equal to the 2017 Reserve Requirement for the 2017 Debt Service Reserve Fund shall be transferred to the provider thereof;
- (2) the sum necessary to pay Capitalized Interest, if any, on the Series 2017 Bonds shall be deposited into the Capitalized Interest Fund;
- (3) the sum necessary to pay costs of issuance shall be deposited with the Trustee in the 2017 Cost of Issuance Fund (the "**2017 COI Fund**") and used to pay the costs of issuance on the Series 2017 Bonds, including the costs of any Municipal Bond Insurance Policy; and
- (4) the remaining sums shall be deposited in the 2017 Construction Fund and shall be used for the purpose of defraying the cost of the Project, including the reimbursement to the City for costs of the Project previously incurred by the City.

Section 6.02 Establishment of 2017 Capitalized Interest Fund and Investment of Moneys Deposited Therein.

There may be established, in accordance with Section 4.01 of the Bond Ordinance, the 2017 Capitalized Interest Fund; if created, such fund shall be held by the Trustee and used to pay Capitalized Interest on the Series 2017 Bonds during the Capitalized Interest Period.

Subject to Section 15.16 of the Bond Ordinance, moneys in the 2017 Capitalized Interest Fund shall be invested and reinvested at the written direction of the City in Authorized Investments. All earnings thereon shall remain therein until the end of the Capitalized Interest Period. At the end of the Capitalized Interest Period, any moneys remaining therein shall be transferred to the 2017 Construction Fund or the 2017 Debt Service Fund as may be determined by the City.

Section 6.03 Establishment of 2017 Construction Fund and Investment of Moneys Deposited Therein.

There is hereby established, in accordance with Section 4.01 of the Bond Ordinance, the 2017 Construction Fund. There shall be paid into the 2017 Construction Fund the sums prescribed under Section 6.01(4) hereof. The 2017 Construction Fund shall be held, maintained and controlled by the Trustee, unless otherwise determined by an Authorized Officer at the closing of the Series 2017 Bonds.

Subject to Section 15.16 of the Bond Ordinance, moneys in the 2017 Construction Fund shall be invested and reinvested at the written direction of the City in Authorized Investments. All earnings shall be added to and become a part of the 2017 Construction Fund. Withdrawals from the 2017 Construction Fund shall be made upon written order of the City. The Trustee shall be fully protected in releasing monies from the 2017 Construction Fund based upon written orders of the City. Any amounts remaining in the 2017 Construction Fund following completion of the construction of the Project shall be used to pay principal or interest on the Series 2017 Bonds. The City shall direct the Trustee in writing to close the 2017 Construction Fund upon the completion of the Project.

Section 6.04 Establishment of 2017 COI Fund.

There is hereby established, in accordance with Section 4.01 of the Bond Ordinance, the 2017 COI Fund. There shall be paid into the 2017 COI Fund the sums prescribed by Section 6.01(4) hereof. The 2017 COI Fund shall be held and controlled by the Trustee, unless otherwise determined by the Authorized Officer at the closing of the Series 2017 Bonds. The 2017 COI Fund may be established as a sub-account of the 2017 Construction Fund. Withdrawals for the payment of costs of issuance from the 2017 COI Fund shall be made upon written order of the City. The Trustee shall be fully protected in releasing monies from the 2017 COI Fund based upon such written orders of the City.

Subject to Section 15.16 of the Bond Ordinance, moneys in the 2017 COI Fund shall be invested and reinvested at the written direction of the City in Authorized Investments. Upon written notification from the City that the payment of all costs of issuance for the Series 2017 Bonds have been paid, the remaining sums therein shall be transferred by the Trustee and applied as follows: first to the 2017 Construction Fund, and then to the 2017 Debt Service Fund.

[End of Article VI]

ARTICLE VII - SALE OF BONDS

Section 7.01 Approval of Underwriter and Execution of Bond Purchase Agreement; Series 2017 Bonds May be Sold as Commercial Loan.

(a) The Series 2017 Bonds shall be sold to the Underwriter pursuant to the terms of the Bond Purchase Agreement substantially in the form presented to City Council prior to the enactment of this 2017 Series Ordinance. The Bond Purchase Agreement shall be executed on behalf of the City by the official(s) designated therein and with such changes as such official(s) shall approve. The execution of the Bond Purchase Agreement by such official(s) shall constitute conclusive evidence of their approval to any changes herein authorized and the selection of the Underwriter.

(b) Notwithstanding Section 7.01(a) above, the Authorized Officer may determine, in her sole discretion, not to pursue the sale of the Series 2017 Bonds through the Underwriter; in such event, the City may solicit bids from financial institutions desiring to submit a bid to purchase the Series 2017 Bonds for the purpose of investment (“**Direct Placement Bidders**”). Direct Placement Bidders shall bid a single fixed rate of interest for the Series 2017 Bonds at a price not less than par. In the event a Direct Placement Bidder is awarded the Series 2017 Bonds, the Series 2017 Bonds will be issued as a single bond, without CUSIP identification. Further, the Direct Placement Bidder shall execute an investor letter to the City acknowledging its purchase of the Series 2017 Bonds as a commercial loan. In the event the Series 2017 Bonds are sold in a private placement to a Direct Placement Bidder, no Bond Purchase Agreement shall be required.

Section 7.02 Approval of Preliminary and Final Official Statement.

The Preliminary Official Statement, substantially in the form presented to City Council prior to the enactment of this 2017 Series Ordinance, with such changes as an Authorized Officer may approve prior to the distribution thereof, is hereby approved and its use by the Underwriter is hereby approved and ratified. Such Preliminary Official Statement is hereby “deemed final” within the meaning of Rule 15c2-12 of the rules and regulations of the United States Securities and Exchange Commission. The preparation and distribution by the Underwriter of a final Official Statement for such purposes, dated the date of the Bond Purchase Agreement, in substantially the form of the Preliminary Official Statement, with such changes as contemplated by the Bond Purchase Agreement and as may be approved by the officials of the City executing the final Official Statement, is hereby approved and authorized. The execution of the final Official Statement by such officials shall constitute conclusive evidence of their approval to any changes herein authorized.

In the event the Series 2017 Bonds are not sold as securities, but sold to a Direct Placement Bidder as a commercial loan, no Preliminary Official Statement or final Official Statement shall be required.

[End of Article VII]

ARTICLE VIII - COMPLIANCE WITH REQUIREMENTS OF THE CODE

Section 8.01 General Covenant.

The City 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 report with the Internal Revenue Service) which failure will, cause interest on the Series 2017 Bonds to become includable in the gross income of the Holders thereof for federal income tax purposes. Without limiting the generality of the foregoing, the City represents and covenants that:

(a) All property financed or refinanced with the net proceeds of the Series 2017 Bonds will be owned by the City for federal income tax purposes.

(b) The City shall not permit the proceeds of the Series 2017 Bonds or any property financed or refinanced with the proceeds of the Series 2017 Bonds to be used such that (i) five percent (5%) or more of such proceeds are considered as having been used in a Private Business Use; or (ii) an amount greater than the lesser of five percent (5%) of such proceeds or \$5,000,000 are 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.

(c) The City is not a party to and will it enter into or permit any other party to enter into, any contracts with any entity involving the management of any property provided with the proceeds of the Series 2017 Bonds that do not conform to the guidelines set forth in Revenue Procedure 2017-13, or a successor revenue procedure, Code provision or Federal Income Tax Regulation.

(d) The City will not sell or lease or permit any other party to sell or lease, any property financed or refinanced with the proceeds of the Series 2017 Bonds to any person unless it obtains the opinion of nationally recognized bond counsel that such lease, sale or other disposition will not adversely affect the tax exemption of the Series 2017 Bonds.

(e) The Series 2017 Bonds will not be “federally guaranteed” within the meaning of Section 149(b) of the Code. The City shall not enter into any leases or sales or service contracts with any federal government agency unless it obtains the opinion of nationally recognized bond counsel that such action will not adversely affect the tax exemption of the Series 2017 Bonds.

Section 8.02 Arbitrage Covenant; Authorization to Execute Tax Compliance Agreement and Arbitrage Certificates.

(a) The City hereby covenants that no use of the proceeds of the Series 2017 Bonds will be made which, if such use had been reasonably expected on the date of issue of the Series 2017 Bonds, would have caused the Series 2017 Bonds to be an issue of “arbitrage bonds,” as defined in the Code, and that it will comply with the requirements of Section 148 of the Code and Regulations with respect to the Series 2017 Bonds.

(b) In order to comply with the requirements of paragraph (a) of this Section, the City further agrees to compute and pay arbitrage rebate required under Section 148(f) of the Code.

(c) Supplemental to the covenant of Section 8.01 hereof and in no way in limitation thereof, the Authorized Officer of the City is hereby authorized and directed to execute, at or prior to delivery of the Series 2017 Bonds, a certificate or certificates specifying actions taken or to be taken by the City, and the reasonable expectations of such officials, with respect to the Series 2017 Bonds, the proceeds thereof or the System.

Section 8.03. Qualified Tax-Exempt Obligation.

To the extent the City has not issued and does not intend to issue tax-exempt obligations in calendar year 2017, which together with the Series 2017 Bonds do not add up to more than \$10,000,000 in the aggregate, the Series 2017 Bonds are hereby accordingly designated as “qualified tax-exempt obligations” in accordance with Section 265(b)(3) of the Code.

[End of Article VIII]

ARTICLE IX – CONTINUING DISCLOSURE

Section 9.01 State Law Continuing Disclosure.

The City covenants to comply with the requirements of S.C. Code Section 11-1-85 by filing with a central repository for availability in the secondary bond market when requested:

- (i) An annual independent audit, within thirty (30) days of the City’s receipt of the audit; and
- (ii) Event specific information within thirty (30) days of an event adversely affecting more than five percent (5%) of the Gross Revenues or the City’s tax base.

The City specifically reserves the right to amend the above covenant in order to reflect any applicable change in law, including without limitation said Section 11-1-85, without the consent of the Insurer, the Trustee or the Holders of any Series 2017 Bonds.

Section 9.02 Rule 15c2-12 Undertaking.

Any Authorized Officer is hereby authorized to execute and deliver on behalf of the City the Continuing Disclosure Agreement in form substantially similar to that presented to City Council prior to the enactment of this 2017 Series Ordinance, with such changes thereto as such official, with advice of counsel, shall approve. The City hereby covenants and agrees to comply with and carry out its obligations pursuant to said Continuing Disclosure Agreement. Additionally, the Authorized Officer is authorized to contract with DAC Bond for certain dissemination services associated with the execution and delivery of the Continuing Disclosure Agreement. Should the City determine to contract with DAC Bond, the City may executed an amendment to a prior Continuing Disclosure Agreement in lieu of a new such agreement.

In the event the Series 2017 Bonds are not sold as securities, but sold to a Direct Placement Bidder as a commercial loan, no Continuing Disclosure Agreement shall be required.

Section 9.03 Remedy.

The only remedy for failure by the City to comply with the covenants set forth in Sections 9.01 and 9.02 hereof shall be an action for specific performance of such covenants; and failure to comply with such covenants shall not constitute a default or an “Event of Default” under the Bond Ordinance or this 2017 Series Ordinance. The Trustee shall have no responsibility to monitor the City’s compliance with such covenants. However, any holder of the Series 2017 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Article.

[End of Article IX]

ARTICLE X – MISCELLANEOUS

Section 10.01 Severability.

If any one or more of the covenants or agreements provided in this 2017 Series Ordinance on the part of the City or any fiduciary to be performed 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 2017 Series Ordinance.

Section 10.02 Additional Documents.

The City Council authorizes the Authorized Officer to execute and sign all other documents necessary to effect the purchase and sale of the Series 2017 Bonds.

Section 10.03 Table of Contents and Section Headings Not Controlling.

The Table of Contents and the headings of the several articles and sections of this 2017 Series Ordinance have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this 2017 Series Ordinance.

[End of Article X]

DONE, RATIFIED AND ENACTED this 7th day of September, 2017.

CITY OF HARTSVILLE, SOUTH CAROLINA

(SEAL)

By: _____
Carl M. (Mel) Pennington IV, Mayor

Attest:

By: _____
Sherron L. Skipper, CMC, City Clerk

First Reading: August 8, 2017
Public Hearing: September 7, 2017
Second Reading: September 7, 2017