

ORDINANCE #2025-____

A MASTER BOND ORDINANCE OF THE TOWN OF MONCK'S CORNER, SOUTH
CAROLINA PROVIDING FOR THE ISSUANCE AND SALE OF STORMWATER
SYSTEM REVENUE BONDS; AND OTHER MATTERS RELATING THERETO

MASTER BOND ORDINANCE

Enacted November 18, 2025

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NOW THEREFORE, BE IT ORDAINED BY THE MAYOR AND TOWN COUNCIL OF THE TOWN OF MONCKS CORNER, IN COUNCIL, DULY ASSEMBLED, THAT:

ARTICLE I

FINDINGS AND DETERMINATIONS

Section 1.01 Findings and Determinations.

Incident to the enactment of this master bond ordinance (this “**Bond Ordinance**”, as further defined herein), the Town Council of the Town of Moncks Corner (the “**Town Council**”), the governing body of the Town of Moncks Corner, South Carolina (the “**Town**”), finds that the facts set forth in this Article exist, and the statements herein are in all respects true and correct:

(a) The Town is a municipal corporation of the State of South Carolina (the “**State**”), located in Berkeley County, South Carolina (the “**County**”), and as such possesses all the general powers granted by the Constitution of the State of South Carolina 1895, as amended (the “**Constitution**”), and statutes of the State to municipal corporations, including the power to possess and operate utility systems.

(b) The Town, pursuant to State law, owns, operates, maintains and manages a system of drainage through storm and surface water management facilities and components, which provides for the collection, management, and disposal of storm and surface water affecting the health, safety, and welfare of the residents of and visitors to the Town (the “**System**”).

(c) The System constitutes a “drainage system” or other “system” as such term is defined in Sections 6-21-40 and 6-21-50 of the Enabling Act (as defined herein).

(d) The Town, acting by and through the Town Council, is responsible for the management of the System and the issuance of revenue bonds to defray the costs of capital improvements to the System.

(e) The Town has enacted a Stormwater Management Ordinance to govern the Town’s Stormwater Management Utility and Stormwater Management Program, and imposes fees for the operation thereof that are subject to adjustment through the Town’s annual budget ordinance.

(f) The revenues of the System are not presently pledged or hypothecated to secure the payment of any revenue bonds or other obligations of the Town.

(g) Upon enactment hereof, the provisions of this Bond Ordinance shall govern the issuance from time to time of all revenue bonds or other obligations secured by the revenues of the System.

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ARTICLE II

DEFINITIONS, CONSTRUCTION, AND INTERPRETATIONS

Section 2.01 Definition of Ordinance.

This ordinance may be hereafter cited and is hereinafter sometimes referred to as the “**Bond Ordinance**”; such term shall include all ordinances supplemental to, or amendatory of, this Bond Ordinance.

Section 2.02 Defined Terms.

In this Bond Ordinance, terms defined in Article I shall have the meaning assigned therein, and unless a different meaning clearly appears from the context, the following terms shall have the following respective meanings:

“**Accountant**” means an independent firm of certified public accountants of suitable standing selected by the Town who audit the books, records, and accounts of the Town.

“**Accounting Principles**” means generally accepted accounting principles and practices applicable to governmental entities, including those applicable to governmentally owned and operated utility systems such as the System.

“**Accreted Value**” means the amounts set forth in, or the amounts determined in the manner set forth in, a Series Ordinance authorizing the issuance of Bonds in the form of Capital Appreciation Bonds.

“**Annual Budget**” means, for a Fiscal Year, the budget or amended budget of the Town adopted with respect to such Fiscal Year, to include necessary appropriations for the System as provided in or required by provisions of this Bond Ordinance.

“**Annual Principal and Interest Requirement**” means, with respect to any particular Fiscal Year and to a Series of Bonds Outstanding, an amount (other than amounts paid from proceeds of Bonds) equal to the sum of (i) all interest payable on such Series of Bonds during such Fiscal Year, plus (ii) any Principal Installment of such Series of Bonds during such Fiscal Year, minus (iii) any Interest Payment Subsidies received by or on deposit with the Town for such Series of Bonds during such Fiscal Year and used to pay debt service on such Series of Bonds during such Fiscal Year.

For purposes of computing the Annual Principal and Interest Requirement:

(a) With respect to Balloon Indebtedness, the amount of principal which would be payable in such Fiscal Year if the principal of such Balloon Indebtedness to be amortized in succeeding Fiscal Years were amortized from the date of incurrence of such Balloon Indebtedness over a period of 20 years (or such shorter period as the Town may choose) on a level debt service basis at an interest rate set forth in a certificate or opinion of an Independent Consultant as the

interest rate at which the Town could reasonably expect to borrow the same by issuing an obligation with the same term and a fixed rate of interest as assumed above (and this method of determining the applicable interest rate shall control in the case of existing or prospective Balloon Indebtedness issued as Variable Rate Bonds); provided, however, that if the date of calculation is within 12 months of the stated maturity of such Balloon Indebtedness, the full amount of principal payable at maturity shall be included in such calculation unless (1) a binding commitment to refinance such Balloon Indebtedness shall be in effect, in which case the amortization schedule established by such commitment shall apply or (2) the Town has received a letter from an Independent Consultant to the effect that such firm has evaluated the creditworthiness of the Town and concluded that it is reasonable to assume that the Town will have access to the debt markets at reasonable interest rates and setting forth the projected interest rate and assumed maximum amortization schedule for such debt, in which case the amortization schedule and projected interest rate established by such letter shall apply.

(b) With respect to Variable Rate Bonds, the interest on such Series of Bonds shall be calculated at (1) in the case of Outstanding Variable Rate Bonds, the rate which is equal to the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period) and (2) in the case of Variable Rate Bonds proposed to be incurred, the rate which is equal to the average of the SIFMA Municipal Swap Index (or any other specified index or reference rate for such Variable Rate Bonds) for the most recent 12-month period immediately preceding the date of calculation (or, if the SIFMA Municipal Swap Index or such other index or reference rate is not available for such 12-month period, the Revenue Bond Index most recently published by The Bond Buyer), plus or minus any specified fixed spread.

(c) The amounts available in the Debt Service Reserve Fund established for a Series of Bonds may be applied against the interest payable on and the Principal Installments due on such Series of Bonds in the last Fiscal Year that such Series of Bonds is Outstanding.

“Authorized Investments” means, within the limitations set forth herein, any investments now or hereafter permitted under Section 6-5-10 of the South Carolina Code, or any successor or similar statute, and shall also include the South Carolina Pooled Investment Fund (including the Local Government Investment Pool) established at Sections 6-6-10 to 6-6-40 of the South Carolina Code or any successor or similar statute and as the same may be further limited pursuant to the provisions of a Series Ordinance.

“Authorized Officer” means the Mayor, the Town Administrator, or any other official authorized by resolution or ordinance (including a Series Ordinance) of the Town Council to act on behalf of the Town under this Bond Ordinance, any one of whom may act individually as the Authorized Officer. A certificate of incumbency and specimen signature shall be delivered to the Trustee at the closing of each Series of Bonds and from time to time as necessary to establish the Authorized Officers.

“BAN Act” means Title 11, Chapter 17, of the South Carolina Code.

“Balloon Indebtedness” means a Series of Bonds, 25% or more of the original principal of which matures during any consecutive 12-month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such 12-month period.

“Bond Anticipation Note” means any Note or other obligation issued under the BAN Act or the Enabling Act in anticipation of the issuance of Bonds.

“Bond Counsel” means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state, and public agency financing, selected by the Town.

“Bondholder,” “Holder,” “Owner,” “Registered Holder,” or “Registered Owner” or any similar term, (i) when used in reference to a registered Bond or Bonds, means any person who shall be the registered owner of any Outstanding Bond, (ii) when used in reference to Bonds issued in bearer form, the holder of any such Bond, and (iii) when used in reference to Bonds consisting of contractual obligations not in the form of an instrument under Section 4.22 hereof, the party entitled to enforce the Town’s payment obligation thereunder.

“Bond Ordinance” means this Master Bond Ordinance and all ordinances supplemental to or amendatory thereof.

“Bond Payment Date” means an Interest Payment Date, a Principal Payment Date, or a date consisting of both an Interest Payment Date and a Principal Payment Date.

“Bond Year” means the period commencing on July 2 in a year and ending on July 1 in the subsequent year.

“Bonds” means any indebtedness or obligations (issued as tax-exempt or taxable obligations), including those entered into under the provisions of long-term contracts payable from the revenues of the System entered into under Section 4.22 hereof, issued in accordance with the provisions of the Enabling Act, this Bond Ordinance, and a Series Ordinance, excluding indebtedness or obligations incurred in accordance with Article VI hereof.

“Business Day” means, except as set forth in a Series Ordinance with respect to the Series of Bonds issued thereunder, any day other than a Saturday, a Sunday, a day on which banking institutions in the State or in the State of New York are required or authorized by law (including executive orders) to close, or a day on which the United States federal reserve payment system is not operational.

“Capital Appreciation Bonds” means Bonds that bear interest payable only at maturity or payable prior to maturity only on the redemption dates set forth in, and in the amounts determined by reference to the Accreted Value established in accordance with the provisions of the Series Ordinance authorizing the issuance of such Capital Appreciation Bonds.

“Clerk” means the municipal clerk of the Town. The term also includes the acting municipal clerk when the Clerk is unavailable or unable to act as established by a certificate of an Authorized Officer. The Clerk-Treasurer of the Town currently acts as Clerk.

“Code” means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations issued thereunder, in each case, as from time to time in force.

“County” has the meaning given such term in Section 1.01 hereof.

“Date of Issue” means that date established in, or by the manner set forth in, any Series Ordinance from which interest shall accrue on the Bonds of the applicable Series.

“Debt Service Fund” means the fund of that name established pursuant to Section 7.04 of this Bond Ordinance, which fund is designed to provide for the payment of the Principal Installment of, premium, if any, and interest on all Bonds Outstanding and issued pursuant hereto, as the same respectively fall due. This fund constitutes the “bond and interest redemption fund” as such term is used in the Enabling Act.

“Debt Service Fund Account” means the account of that name created in the Debt Service Fund and established for each respective Series of Bonds issued under the terms hereof. Within each Debt Service Fund Account, the Trustee may, but is not required to, further create an interest account, principal account, and bond redemption account with respect to each such Series of Bonds.

“Debt Service Reserve Fund” means the fund, if any, so designated and established (i) to secure the timely payment of the Principal Installments of and interest on an applicable Series of Bonds Outstanding and issued pursuant to this Bond Ordinance and the applicable Series Ordinance, and (ii) to provide for the redemption of such Series of Bonds Outstanding prior to their stated maturity, as established by the provisions of Section 7.04 hereof.

“Defeasance Obligations,” unless otherwise provided in a Series Ordinance for a particular Series of Bonds, mean non-callable: (i) Government Obligations; (ii) evidences of ownership of a proportionate interest in specified Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian; (iii) U.S. Treasury Securities—State and Local Government Series Securities; and (iv) AAA-rated general obligation bonds issued by at least one nationally recognized credit rating organization, of the State, its institutions, agencies, school districts, and political subdivisions.

“Depository” means any bank or trust company selected by the Town as a depository of moneys or securities held under the provisions of this Bond Ordinance and may include the Trustee.

“Depreciation and Contingent Fund” means the fund herein so designated and established to provide for the replacement of depreciated or obsolete parts of the System and for

improvements, betterments, and extensions of the System, as established by the provisions of Section 7.06 hereof.

“Electronic Means” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“Enabling Act” means (i) as to the initial Series of Bonds issued hereunder, Title 6, Chapter 21, and (ii) as for any subsequent issuance, any of Title 6, Chapter 21; Title 6, Chapter 17; or Title 11, Chapter 21 of the South Carolina Code, or any combination thereof, and all other statutory authorizations as may be available from time to time, authorizing and enabling the Town to enact this Bond Ordinance and issue Bonds hereunder, all as may be amended from time to time.

“Events of Default” means those events set forth in Section 13.01 of this Bond Ordinance.

“Fiscal Year” means the period of 12 calendar months, beginning on July 1 of each year and ending on June 30 of the following year, unless the same shall have been changed by the Town pursuant to the authorization contained in Section 3.01 hereof.

“Government Obligations” means: (i) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America are pledged; (ii) obligations, the payment of the principal (if any), or the interest (if any) on which is fully guaranteed as a full faith and credit obligation of the United States of America; and (iii) obligations issued by the Federal Home Loan Bank and/or the Federal National Mortgage Association as permitted by Section 6-5-10(a)(2) of the South Carolina Code.

“Gross Revenues” or “Gross Revenues of the System” means:

(a) all receipts, income, and revenues derived from or paid on account of the operation of the System (but excluding those revenues allocable to the operation of Special Facilities to the extent the same have been pledged to the payment of Special Facilities Bonds) including without limitation all services fees, availability fees, and applicable impact fees;

(b) all proceeds from the sale or other disposition of any property owned directly or beneficially by the Town in connection with the operation of the System;

(c) all interest and other income received directly or indirectly by the Town from the investment of moneys or accounts relating to the System; excluding, however, investment income restricted to a purpose inconsistent with the payment of operating expenses or debt service, and specifically excluding (whether or not so restricted) interest earned on any Project Fund created with the proceeds of any borrowing by the Town;

(d) all other money to which the Town may become entitled from any source whatsoever in connection with the operation of the System which may be used to pay Principal Installments of and interest on Bonds, Operation and Maintenance Expenses, or both; and

(e) all Interest Payment Subsidies to the extent such monies are not otherwise used to pay debt service on a Series of Bonds. Any Interest Payment Subsidies received by the Town and used to pay debt service on a Series of Bonds shall not be included in Gross Revenues.

All amounts received as *ad valorem* taxes shall not be included in Gross Revenues.

“Independent Consultant” means such firm or firms, professional engineers, architects, financial advisors, accountants, rate consultants, or other professionals who are nationally recognized and have a favorable reputation for consulting services for utility systems similar to the System. Such Independent Consultant shall not be an employee of the Town and shall be engaged by the Town to perform the tasks set forth to be performed by such Independent Consultant under the provisions of this Bond Ordinance.

“Insurance Consultant” means a person or firm who is not, and no member, director, officer, or employee of which is, an officer or employee of the Town, which is qualified to survey risks and to recommend insurance coverage for public utilities and services and organizations engaged in such operations. The Insurance Consultant shall be selected by the Town.

“Insurer,” with respect to any Series of Bonds, means an insurance company that has written a Municipal Bond Insurance Policy covering such Series of Bonds.

“Interest Payment Date” means, for a particular Series of Bonds, date or dates on which interest shall be due, as may be established, or established in a manner otherwise delegated, in accordance with the Series Ordinance authorizing such Bonds.

“Interest Payment Subsidies” means refundable tax credit subsidies or direct payments payable to the Town from the federal government under any section of the Code that authorizes such tax credits or sums borrowed in a Series of Bonds for the purpose of paying all or a portion of the interest due on a Series of Bonds on specific Bond Payment Dates, as applicable.

“Junior Lien Bonds” means any revenue bonds issued by the Town or other obligations entered into by the Town including such obligations under the provisions of long-term contracts, which are secured by pledges of the revenues of the System on a junior and subordinate basis in all respects to the pledges and liens made to secure Bonds, to the payment of debt service on Bonds, and to the payment by the Town of all Operation and Maintenance Expenses.

“Mayor” means the Mayor of the Town. The term shall also include the acting Mayor or Mayor Pro Tempore when the Mayor is unavailable or unable to act as established by a certificate of the Clerk.

“Municipal Bond Insurance Policy” means any municipal bond insurance policy insuring the payment, when due, of the Principal Installments of and interest on a Series of Bonds.

“Net Earnings” means, for the period in question, the net income of the System, determined in accordance with Accounting Principles, but whether or not Accounting Principles so require, it shall be adjusted as follows:

- (1) Gross Revenues shall be included in income;
- (2) investment income not restricted to a purpose inconsistent with the payment of operating expenses or debt service shall be included in income;
- (3) investment income restricted to a purpose inconsistent with the payment of Operation and Maintenance Expenses or debt service including (whether or not so restricted) interest earned on any construction fund or construction account created with the proceeds of borrowing by the Town in connection with the System, shall be excluded as income;
- (4) any amounts received as Interest Payment Subsidies, to the extent credited against interest on Bonds, shall be excluded as income;
- (5) any amounts received from property taxes imposed by the Town, shall be excluded as income;
- (6) gains on the sale or other disposition of investments or fixed or capital assets which do not result from the ordinary course of business, shall be excluded as income;
- (7) any amounts received by way of federal or state government grants or aids-to-construction shall be excluded as income;
- (8) revenues derived from the operation of Special Facilities shall be excluded as income;
- (9) unrealized gains resulting from changes in the value of investments and swap agreements shall be excluded as income;
- (10) with regard to transfers from the Rate Stabilization Fund:
 - (a) amounts transferred into the Operation and Maintenance Fund from the Rate Stabilization Fund shall be included in income, and
 - (b) amounts transferred from Rate Stabilization Fund into any other fund, excluding the Operation and Maintenance Fund as provided in (1) above shall be excluded from income;
- (11) There shall be added back to such net income:
 - (a) losses on the sale or other disposition of investments or fixed assets which do not result from the ordinary course,

- (b) depreciation allowances,
- (c) amortization (including Bond principal) allowances,
- (d) principal and interest payments with respect to capital leases or other lease financing arrangements under Section 6.03 hereof; the fees and charges of the Trustee or trustee of any fund, including reasonable attorneys fees; the costs of audits required hereunder; the costs of computation and payment of any arbitrage rebate; and the premiums for all insurance and fidelity bonds required by this Bond Ordinance,
- (e) amounts paid as interest on Bonds, Junior Lien Bonds, Special Facilities Bonds, or Bond Anticipation Notes,
- (f) Operation and Maintenance Expenses paid from *ad valorem* taxes,
- (g) expenses resulting directly from the operation of Special Facilities to the extent that the revenues derived therefrom have been pledged to secure, and used for, the payment of Special Facilities Bonds,
- (h) any non-cash expenses related to net pension liabilities, other post-employment benefit liabilities, or similar accounting determinations under Accounting Principles that do not result in any actual disposition of cash, and
- (i) amortization of financing expenses, underwriting discounts, call premiums, gains or losses on the extinguishment of debt due to the refinancing of the same, and other related or incidental non-recurring expenses resulting from the issuance or refinancing of Bonds, Junior Lien Bonds, Special Facilities Bonds, or Bond Anticipation Notes.

“Office of State Treasurer” means the Office of State Treasurer of the State.

“Operation and Maintenance Expenses” means, for the period in question, all expenses incurred in connection with the administration and the operation of the System, including, without limiting the generality of the foregoing, such expenses as may be reasonably necessary to preserve the System in good repair and working order.

“Operation and Maintenance Fund” means the fund established by the provisions of Section 7.05 hereof and which is designed to provide for the payment of all Operation and Maintenance Expenses. This fund constitutes the “operation and maintenance fund” as such term is defined in the Enabling Act.

“Other Available Moneys Account” means the account of that name established within the Operation and Maintenance Fund pursuant to Section 7.05 hereof.

“Outstanding,” when used with reference to any Bonds, subject to Section 16.01 hereof, and except as may be modified for any Series of Bonds pursuant to the provisions of a Series Ordinance, means, as of any date, all such Bonds theretofore or then being authenticated and delivered except:

- (1) Bonds cancelled at or prior to such date;
- (2) Bonds in lieu of or in substitution for which other Bonds shall have been executed and delivered;
- (3) Bonds deemed to have been paid as provided in Article XVI hereof; and
- (4) for purposes of any consent or other action to be taken by the Holders of a specified percentage of Bonds, Bonds, as to which a Responsible Officer has actual knowledge, held by, or for the account of, the Town, or by any person controlling, controlled by, or under common control with the Town (unless all Bonds are so held).

“Paying Agent” means the financial institution which is authorized in writing by the Town Council to pay the Principal Installments of or interest on and redemption premium, if any, on any Bonds and having the duties, responsibilities and rights provided for in this Bond Ordinance and any Series Ordinance, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Bond Ordinance. Pursuant to the provisions of Section 15.02 of this Bond Ordinance, the Trustee appointed for a Series of Bonds shall serve as Paying Agent.

“Principal Installment” means, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a Bond Payment Date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due of, and application in accordance with, any mandatory sinking fund payment payable before such future date, plus (ii) any mandatory sinking fund payment due on such certain future date, together with the aggregate amount of the premiums, if any, applicable to such mandatory sinking fund payments, plus (iii) with respect to any Capital Appreciation Bonds required to be paid on such certain date, the Accreted Value as of such certain date of such Capital Appreciation Bonds; and in this latter respect, any reference to “principal” of Bonds in this Bond Ordinance means, with respect to Capital Appreciation Bonds, the Accreted Value of such Capital Appreciation Bonds as of the date of calculation.

“Principal Payment Date” means, for a particular Series of Bonds, the date or dates on which a Principal Installment shall be due, as may be established, or established in a manner otherwise delegated, in accordance with the Series Ordinance authorizing such Bonds.

“Project Fund” means any fund created by and designated as such in a Series Ordinance, in accordance with Section 7.08 hereof.

“Rate Stabilization Fund” means the fund established pursuant to Section 7.07 hereof designed to provide for the stabilization of stormwater rates by carrying forward surplus revenues.

“Record Date” means the 15th day of the month immediately preceding each Bond Payment Date (or such other time or times as shall be prescribed by any applicable Series Ordinance).

“Redemption Price” means, with respect to Bonds of any Series or a portion thereof, the principal amount of such Bonds or portion thereof plus the applicable premium, if any, and accrued interest payable upon redemption thereof in the manner contemplated in accordance with its terms, this Bond Ordinance, and the applicable Series Ordinance.

“Registrar” means the Trustee or any bank, trust company, or national banking association which is authorized in writing by the Town to maintain an accurate list of those who from time to time shall be the Holders of Bonds of a particular Series and to effect the transfer of such Bonds in accordance with the provisions of this Bond Ordinance and having the duties, responsibilities, and rights provided for in this Bond Ordinance and any Series Ordinance, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Bond Ordinance; however, the Town Council may, pursuant to a Series Ordinance, authorize the Town to serve as Registrar for the applicable Series of Bonds, in lieu of the Trustee or institutions referred to above.

“Reserve Requirement” means as of any date of calculation, the debt service reserve requirement, if any, established by a Series Ordinance authorizing a Series of Bonds.

“Responsible Officer” means, when used with respect to the Trustee, any vice president, assistant vice president, senior associate, associate or other officer of the Trustee having direct responsibility for the administration of this Bond Ordinance.

“Securities Depository” means The Depository Trust Company, or any other recognized securities depository selected by the Town, which securities depository maintains a book-entry system in respect of the Bonds of any Series, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

“Securities Depository Nominee” means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by any Registrar, the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

“Serial Bonds” means the Bonds of any Series which are stated to mature in installments and for which there are no mandatory sinking fund provisions.

“Series” means all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction and designated as a single Series as authorized by the authorizing Series Ordinance, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for

(but not to refund) such Bonds as herein provided, regardless of variations in maturity, interest rate or other provisions.

“Series Ordinance” means an ordinance enacted by Town Council authorizing the issuance of a Series or multiple Series of Bonds pursuant to this Bond Ordinance in accordance with the terms and provisions hereof, in accordance with Article IV hereof.

“South Carolina Code” means the Code of Laws of South Carolina 1976, as from time to time amended.

“Special Facilities” means those facilities financed with the proceeds of Special Facilities Bonds as described in Section 6.02 hereof.

“Special Facilities Bonds” means those obligations issued in accordance with Section 6.02 hereof.

“State” has the meaning given such term in Section 1.01.

“Stormwater Fund” means the account or accounts established and maintained by the Town in such fashion as to adequately reflect all of the receipts and revenues derived from the operation of the System, with the exception of customer deposits, if any, and all interest and other income earned by the Town in connection with the operation of the System, as established by the provisions of Section 7.02 hereof.

“System” shall have the meaning given in Section 1.01 hereof as the same is now, or in accordance with Sections 11.02 and 11.03 of this Bond Ordinance may be constituted, all property real and personal, used and useful therefor, all apparatus and equipment used in connection therewith, and all acquisitions, replacements, enlargements, improvements, extensions, additions and betterments that may be made thereto at any time hereafter; provided, that during such time as any Special Facilities Bonds issued to finance Special Facilities are outstanding, the term “System” shall not include such Special Facilities.

“Term Bonds” means the Bonds of any Series which are stated to mature in a single year and which are subject to mandatory sinking fund redemption prior to the stated maturity date.

“Town” has the meaning given such term in Section 1.01 hereof.

“Town Administrator” means the Town Administrator of the Town or in the absence of the Town Administrator, the Deputy Town Administrator or other officer of the Town authorized to act on behalf of the Town Administrator, including, specifically, any acting Town Administrator.

“Town Council” has the meaning given such term in Section 1.01 hereof.

“Trustee” means the financial institution serving as Trustee in accordance with this Bond Ordinance, and which shall have such other duties, privileges and functions as are set forth herein.

Such term shall include any successor and any corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder. Such term shall include any successor and any corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party.

“Variable Rate Bonds” means, for any period of time, any Bonds which during such period bear interest at a variable rate; provided that Bonds, the interest rate on which has been fixed for the remainder of the term thereof, shall no longer be Variable Rate Bonds.

“Water Quality Authority” means the South Carolina Water Quality Revolving Fund Authority.

Section 2.03 Interpretations.

In this Bond Ordinance, unless the context otherwise requires:

(a) Articles, Sections, and paragraphs referred to by number mean the corresponding Articles, Sections, and paragraphs of this Bond Ordinance.

(b) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, or other legal entities, including public bodies, as well as natural persons.

(c) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this Bond Ordinance, refer to this Bond Ordinance or Sections or paragraphs of this Bond Ordinance and the term “hereafter” mean any date after the date of enactment of this Bond Ordinance.

(d) Unless otherwise specified herein, all accounting terms used herein without definition shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with Accounting Principles. In the event of changes to Accounting Principles which become effective after the date of enactment of this Bond Ordinance, the Town may in good faith effect appropriate amendments to this Bond Ordinance so as to perpetuate the meaning and effect of Accounting Principles as in effect on the date of enactment of this Bond Ordinance.

(e) References to the payment of principal of Bonds shall be deemed to include payment of principal at maturity, at redemption pursuant to optional redemption, and by mandatory redemption pursuant to any sinking fund payment obligations.

(f) The Trustee and any other fiduciary shall be deemed to hold an Authorized Investment in which money is invested pursuant to the provisions of this Bond Ordinance, even

though such Authorized Investment is evidenced only by a book entry or similar record of investment in the name of the Trustee or such other fiduciary.

(g) Three asterisks mark the end of each Article.

* * *

ARTICLE III

FISCAL YEAR

Section 3.01 Establishment and Modification of Fiscal Year.

The System shall be operated on a Fiscal Year basis, which shall commence on the 1st day of October of each year and shall end on the 30th day of September of the following year. The Town may, by ordinance duly enacted by the Town Council, change the Fiscal Year at any time from that now existing to a different twelve-month period. Upon any change to the Fiscal Year, the Town shall provide the Trustee a copy of the ordinance authorizing such change.

* * *

ARTICLE IV

THE BONDS

Section 4.01 Authorization for Bonds in Series.

- (a) From time to time and for the purposes of:
 - (1) obtaining funds for the acquiring, purchasing, constructing, improving, enlarging, and repairing of the System and improvements and additions thereto, including the recoupment or reimbursement of funds already so expended;
 - (2) providing funds for the payment of any Bond Anticipation Note issued in order to defray the cost of expansions, additions, and improvements to the System and that were issued in anticipation of the issuance and sale of Bonds;
 - (3) refunding Bonds or other obligations issued to provide land or facilities or equipment which are or are to become a part of the System or which are or were payable in whole or in part from revenues of the System;
 - (4) providing funds for the payment of interest due on any Bonds during the period permitted by the Enabling Act;
 - (5) funding any Debt Service Reserve Fund or restoring the value of the cash and securities in any Debt Service Reserve Fund to the amount equal to its Reserve Requirement, and reimbursing amounts owed to any providers of a surety bond, line of credit, insurance policy or letter of credit established pursuant to Section 7.04(d) hereof; and
 - (6) paying the costs of issuance of Bonds, including any costs of credit enhancement therefor;

but subject to the terms, limitations, and conditions herein, the Town Council may authorize the issuance of a Series of Bonds by the enactment of a Series Ordinance, and the Bonds of any such Series may be issued and delivered upon compliance with the provisions of this Article. Except as otherwise provided herein, the Bonds of each Series shall be issued in fully-registered form, without coupons, and may be issued in the form of book-entry bonds. The Bonds shall, in addition to the title “Town of Moncks Corner, South Carolina Stormwater System Revenue Bonds” (or such other appropriate designation to denote the purpose of such Series of Bonds), bear a letter or number Series designation as may be necessary to distinguish them from the Bonds of every other Series and shall designate the year in which the Series is issued. Bonds of any Series may be authorized to be issued in the form of Serial Bonds or Term Bonds, with or without mandatory sinking fund payments, or Capital Appreciation Bonds, or a combination of any of them, and may bear interest in whatever manner and payable at whatever frequency as shall be prescribed by the applicable Series Ordinance.

(b) Each Series Ordinance shall include a determination to the effect that the issuance of such Series of Bonds is necessary to provide funds to be used and expended for one or more of the purposes enumerated in subsection (a) above. In addition, in each Series Ordinance the Town Council shall specify and determine, and, as applicable, may delegate to an Authorized Officer or other person the authority to determine, the following:

- (1) The then period of usefulness of the System;
- (2) The Date of Issue of such Series of Bonds or the manner or method for determining the Date of Issue and the official authorized to make such determination;
- (3) The maximum authorized principal amount of such Series of Bonds, and the manner or method of determining the precise principal amount and the official authorized to make such determination;
- (4) The Bond Payment Dates, the Record Dates, and the date or dates of maturity and the amounts thereof, for the Bonds in such Series or the manner of determining such dates and amounts and the official authorized to make such determinations, and further provided that the Series Ordinance shall specify a date beyond which the final maturity of such Series shall not extend, which date shall not be longer than 45 years from the Date of Issue of such Series of Bonds;
- (5) The purposes for which such Series of Bonds are being issued;
- (6) The title and designation of such Series of Bonds;
- (7) The manner in which such Series of Bonds are to be sold and provisions for the sale thereof and, as applicable, the official authorized to cause such sale, or to determine the manner or method of making such determination and the official authorized to make such determination;
- (8) The interest rate or rates, or the manner of determining such rate or rates, of the Bonds of such Series, including whether and on what terms there shall be entered by the Town an agreement for any form of interest rate swap or similar transaction with respect to such Series or manner or method of making such determination and, as applicable, the official authorized to make such determination;
- (9) The portion of such Series that are Serial Bonds and that are Term Bonds and that are Capital Appreciation Bonds, if any, including the amount and date of each mandatory redemption or sinking fund installment, if any, required by such Series Ordinance to be paid for the retirement of any such Bonds, or the manner or method of making such designations and determinations by an authorized official;
- (10) The Redemption Price or Redemption Prices and the redemption date or redemption dates and other terms of redemption, if any, applicable to any of the Bonds of such Series for such payments, or the manner or method of determining such dates and prices and the official authorized to make such determination;

- (11) The Paying Agent and the Registrar for such Bonds and if other than the Trustee, the manner of determining the Paying Agent and the Registrar and officials authorized to make such determinations;
- (12) The form or forms of the Bonds of such Series, and the officials authorized to make any revisions thereto upon the advice of Bond Counsel;
- (13) The manner of numbering and lettering, and the denomination or denominations of the Bonds of such Series or the manner or method of determining such matters;
- (14) Whether the Bonds of such Series shall be issued in book-entry form pursuant to Section 4.20 hereof;
- (15) That the then applicable Reserve Requirement, if any, for all Series of Bonds Outstanding have been met;
- (16) The Reserve Requirement, if any, for the Series of Bonds authorized thereby, or method for determining the same and the officials authorized to make such determination;
- (17) The disposition or application of the proceeds of the sale of the Bonds of such Series and the manner of their application;
- (18) That a Debt Service Fund Account (within the Debt Service Fund) shall be established and a Debt Service Reserve Fund may be established for the Series of Bonds, and that a Project Fund be established if the proceeds of the Bonds of any Series are intended to be used for the expansion or improvement of the System, and that a capitalized interest account and/or a cost of issuance account be established as a standalone account or within any such Project Fund or applicable Debt Service Fund Account, as set forth in a Series Ordinance, if interest for any period is to be paid from proceeds of such Series of Bonds;
- (19) An estimate of the cost of the purchasing, constructing, improving, enlarging, or repairing of the System, or any combination thereof, to be funded with the proceeds of the Bonds of such Series; and
- (20) Any other provisions or funds deemed advisable by the Town for the Bonds and any other applicable redemption requirement for the Bonds of such Series and the method of satisfying the same and not in conflict with or in substitution for the provisions of this Bond Ordinance.

Section 4.02 Conditions to Issuance of Bonds of a Series.

All Bonds shall be issued in compliance with the following provisions of this Section 4.02 and in compliance with any further conditions set forth in any Series Ordinance with respect to any Bonds then Outstanding:

- (1) Bonds shall be stated to mature and/or have mandatory or sinking fund redemptions on such day or days in the years and amounts prescribed or determined in the manner approved by the Series Ordinance.
- (2) Bonds shall bear interest at the rate or rates and be payable on the occasions prescribed or determined in the manner approved by the Series Ordinance.
- (3) Bonds shall be issued for a purpose or purposes set forth in Section 4.01(a) herein.
- (4) There shall exist, on the occasion of the issuance of the Bonds, no default in the payment of the Principal Installments of or interest on any Bonds or any Junior Lien Bonds and Special Facilities Bonds then Outstanding.
- (5) On the date of delivery of such Series of Bonds there shall be on deposit in each Debt Service Reserve Fund such amounts as may be necessary to make the value of the moneys and securities in such Debt Service Reserve Fund equal to the Reserve Requirement applicable to the Series of Bonds for which such Debt Service Reserve Fund was created, unless:
 - (A) the applicable Series Ordinance and any previous Series Ordinances shall have provided for successive monthly payments beginning in the first month following the date of the issuance of the Bonds of any such Series in substantially equal monthly amounts (the “*Monthly Series Payments*”) so that within ten years from the date of issuance of such Series of Bonds, or such shorter period of time as set forth in the Series Ordinance, there shall be in the applicable Debt Service Reserve Fund an amount equal to the applicable Reserve Requirement with respect to such Bonds; and
 - (B) there shall be no unremedied defaults of any Monthly Series Payments required to have been made.
- (6) Except in the case of the first Series of Bonds issued under this Bond Ordinance, and in the case of any additional Bonds issued for the purpose of refunding Bonds, or in the event no Bonds are Outstanding, the Town may issue additional Bonds if:
 - (A) Net Earnings during the most recent Fiscal Year for which audited financial statements of the System are completed shall not be less than 120% of the maximum Annual Principal and Interest Requirements on all Bonds Outstanding and on such proposed Series of Bonds, with such calculation to be made by an Authorized Officer upon the basis of such audited financial

statements for the Fiscal Year preceding the Fiscal Year in which the proposed Series of Bonds are to be issued; or

- (B) for each of the three Fiscal Years following the later of the date of delivery of the proposed Series of Bonds, or the period (if any) for which interest is funded from the proceeds of such Bonds, Net Earnings, as has been forecasted by an Authorized Officer, taking into account such circumstances and factors as he finds appropriate including, without limitation, rate adjustments, or acquisitions or improvements to expand the System, will not be less than 120% of the maximum Annual Principal and Interest Requirements on all Bonds Outstanding and on such proposed Series of Bonds.

The Authorized Officer making the calculations described in this paragraph (6) may, but is not required to, rely on a report, calculation, or projection of the Accountants or Independent Consultants.

Whenever this paragraph (6) requires a calculation based on the most recent Fiscal Year for which audited financial statements are available, the Town may, in its discretion, provide for a special audit and based upon such special audit, in lieu of the audit for such Fiscal Year, provided such special audit covers twelve consecutive calendar months of the eighteen full consecutive calendar months preceding the date of issuance of the proposed Series of Bonds.

- (7) In the case of Bonds issued for the purpose of refunding any Bonds, Series of Bonds, or a portion of a Series of Bonds:
 - (A) the Annual Principal and Interest Requirement of the refunding Bonds shall not exceed 120% of the Annual Principal and Interest Requirement of the refunded Bonds for any Fiscal Year until a time subsequent to the last maturity of Bonds issued prior to the issuance of such refunding Bonds which are not refunded and which remain Outstanding following the issuance of the refunding Bonds;
 - (B) the additional Bonds test prescribed by paragraph (6) herein shall be complied with; or
 - (C) an overall net present value savings results from the issuance of the refunding Bonds.
- (8) If any Series of Bonds shall contain Variable Rate Bonds:
 - (A) The Series Ordinance shall provide for and specify a maximum interest rate on (i) such Bonds and (ii) any reimbursement obligation to a liquidity provider for such Bonds;

- (B) The liquidity provider for such Bonds shall be rated within the highest two short-term rating categories by any rating agency then rating any Series of Bonds; and
 - (C) Any accelerated principal payments or any interest computed at a rate in excess of that on such Bonds due to the liquidity provider for such Bonds pursuant to any reimbursement agreement with such liquidity provider shall be subordinate to the payment of debt service on all Bonds; provided, however, if the tests referred to in Sections 4.02(6) and 4.02(7) of this Bond Ordinance are calculated (and met) assuming such accelerated principal payment and such excess interest amount to the liquidity provider, then such accelerated principal payment and excess interest amount may be on a parity with the payment of debt service on all Bonds.
- (9) All amounts then due under a reimbursement agreement with any provider of a surety bond, line of credit, insurance policy or letter of credit as contemplated under Section 7.04(d) hereof shall have been paid.
 - (10) Any Series Ordinance authorizing a Series of Bonds may prescribe, in addition to the requirements set forth in Sections 4.02(6) and 4.02(7) hereof, further requirements that must be met for the issuance of Bonds on a parity with all Series of Bonds then Outstanding.

Section 4.03 Reliance Upon Certificates.

The Town, the Trustee, and any purchaser of any Bonds shall be entitled to conclusively rely upon certificates or reports of the Accountants, an Authorized Officer, an Independent Consultant and any Insurance Consultant, made in good faith, pursuant to any provision of this Bond Ordinance.

Section 4.04 Execution of Bonds.

(a) Unless otherwise prescribed by any Series Ordinance, the Bonds shall be executed in the name of and on behalf of the Town by the Mayor or in his absence another Authorized Officer, the corporate seal of the Town shall be impressed or reproduced thereon and the same shall be attested by the Clerk. Such officers may employ facsimiles of their signatures and also a Series Ordinance may specify the manner of executing the Bonds by electronic signature.

(b) In case any officer whose signature or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office.

Section 4.05 Authentication.

Only such Bonds as shall have endorsed thereon a certificate of authentication duly executed by the Registrar shall be entitled to any right or benefit under this Bond Ordinance. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Registrar, and such executed certificate of the Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Bond Ordinance. The Registrar's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by any authorized signatory of the Registrar.

Section 4.06 Medium of Payment.

The Bonds shall be payable with respect to Principal Installments, interest on, and premium, if any, in lawful money of the United States of America, unless otherwise provided in a Series Ordinance.

Section 4.07 Mutilated, Lost, Stolen or Destroyed Bonds.

In the event any Bond is mutilated, lost, stolen or destroyed, the Town may execute and the Registrar may authenticate a new Bond of the same Series of like date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Town and to the Registrar evidence of or affidavit as to such loss, theft or destruction satisfactory to the Town and the Registrar together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the Town shall pay the same. The Town and the Registrar may charge the Holder or owner of such Bond with their reasonable fees and expenses (including reasonable attorney's fees, costs and expenses) in connection with such actions.

Section 4.08 Transfer and Registry; Persons Treated as Owners.

(a) As long as any Bonds shall be Outstanding, the Town shall cause books for the registration and for the transfer of Bonds to be kept. Such books shall be kept by the Trustee unless there shall have been appointed a Registrar other than the Trustee to keep the books of registration for any particular Series of Bonds, in which case such Registrar shall promptly notify the Trustee of any registration or transfer of the Bonds. The transfer of each Bond may be registered only upon the registration books of the Town kept for that purpose by the Holder thereof in person or by his duly authorized attorney upon surrender thereof and an assignment with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder or his duly authorized attorney. Upon the registration or transfer of any Bond, the Town shall cause to be issued, subject to the provisions of Section 4.11 hereof, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

(b) Any of the Town, the Trustee, any Registrar, and any Paying Agent may deem and treat the person in whose name any Bond shall be registered upon the registration books of the Town as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the Principal Installment of, premium (if any)

and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or, upon his order, shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid; and none of the Town, the Trustee, any Registrar, or the Paying Agent shall be affected by any notice to the contrary.

(c) Notwithstanding anything in subsections (a) and (b) of this Section 4.08 to the contrary, Bonds may be issued in the form of contractual obligations which are not instruments and which may be transferred as provided in such contracts.

Section 4.09 Date and Payment Provisions.

Unless otherwise provided in any Series Ordinance with respect to Bonds issued thereunder, each Bond of a Series shall be authenticated on such dates as they shall, in each case, be delivered. Each 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 Bond's authentication.

Holders of at least \$1,000,000 principal amount of a Series of Bonds may, by written notice containing wiring instructions filed with the Trustee or Registrar, as the case may be, at least 20 days prior to any Bond Payment Date, provide for the payment of the interest on such Bonds by wire transfer to an account at a bank located in the continental United States.

Section 4.10 Transferability of Bonds.

Bonds of a Series, upon surrender thereof at the office of the Registrar for the Bonds of such Series with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder or his duly authorized attorney, may, at the option of the Holder and upon payment by such Holder of any charges made pursuant to Section 4.11 hereof, be exchanged for an equal aggregate principal amount of Bonds of such Series of like maturity and interest rate of any other authorized denominations.

Section 4.11 Regulations with Respect to Exchanges and Transfer.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Town shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Bond Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Registrar to the Town. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Ordinance. There shall be no charge to the Holder for such exchange or transfer of Bonds except that the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Town nor the Registrar, as the case may be, shall be required to register, transfer or exchange Bonds of a Series during the period between a Record Date and its related Bond Payment Date, or to register, transfer or exchange any Bonds called for redemption after the mailing of any notice of redemption of such Bond.

Section 4.12 Cancellation and Destruction of Mutilated, Paid or Surrendered Bonds.

Upon the surrender of mutilated Bonds pursuant to Section 4.07 hereof, or Bonds paid or surrendered, the same shall be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate evidencing such destruction shall be furnished by the Trustee or the Registrar, as the case may be, to the Town. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Ordinance.

Section 4.13 Notice of Redemption.

If any of the Bonds, or portions thereof, are called for redemption, the Registrar, at the written direction of an Authorized Officer, shall give written notice to the Holders of any Bonds to be redeemed, in the name of the Town, of the redemption of such Bonds, or portions thereof. Notice of each redemption of Bonds is required to be mailed by the Registrar by first class mail, postage prepaid, at least 30 but no more than 60 days prior to the redemption date to each Registered Owner of Bonds to be redeemed, at the address of such owner recorded on the bond register and to be otherwise given in accordance with, among others, the following requirements:

- (1) notices must contain, at a minimum, whether the redemption is conditioned on any event, the complete official name of the Bonds, CUSIP numbers (if any), Bond numbers, principal amount of each Bond to be redeemed (if less than all), publication date, redemption date, Redemption Price, redemption agent's name and address with contact person and phone number, Registrar's name and address, date of the Bonds, interest rate, maturity date, the place or places where amounts due will be payable, and any other descriptive information deemed necessary by the Registrar;
- (2) except in the case of a Bond held by a single Holder, in which case notice need only be provided as stated in the first paragraph to this Section 4.13, notices must be sent to Bondholders of \$1,000,000 or more, to the Municipal Securities Rulemaking Board, if necessary (via its Electronic Municipal Market Access (EMMA) system, or its successor, as may be amended or modified), and any Securities Depository (if such Bonds are registered in the name of a Securities Depository or the nominee of such Securities Depository) by such method or such other method as is standard in the industry; in addition, any Bondholder holding in excess of \$1,000,000 principal amount of Bonds may request the Registrar to send notices to any additional addressee specified;
- (3) a second notice to Holders of the Bonds must be mailed by the means specified above to any Bondholder who has not presented Bonds for redemption 60 days after the redemption date;
- (4) notice of redemptions effected by advance refundings must also be given in accordance with the above requirements and any other requirements specified by the applicable Enabling Act; and

- (5) CUSIP number identification, if any, with appropriate dollar amounts for each CUSIP number must accompany all redemption payments and interest payments, whether by check or by wire transfer.

The obligation to provide notice shall not be conditioned upon the prior payment to the Paying Agent of money or the delivery to the Paying Agent of Authorized Investments or Government Obligations sufficient to pay the Redemption Price of the Bonds to which such notice relates or the interest thereon to the redemption date.

If at the time of mailing of a notice of redemption, there shall not have been deposited with the Paying Agent moneys sufficient to redeem all the Bonds or portions thereof called for redemption, which moneys are or will be available for redemption of such Bonds, such notice is required to state that it is conditional on the deposit of the redemption moneys with the Paying Agent not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

The failure of the Registrar to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any other Bonds for which notice is properly given. Any Bondholder may waive notice of redemption by delivery of a written waiver to the Registrar.

Any Series Ordinance providing for the issuance of Bonds consisting of contractual obligations not in the form of an instrument or not registered in the name of a Securities Depository or the nominee of such Securities Depository or providing for Bonds in bearer form may provide for or authorize alternative methods for delivery of notice of redemption, and the Trustee shall be entitled to conclusively rely on such Series Ordinance as being consistent with the provisions of this Bond Ordinance.

Provided sufficient funds for such redemption are on deposit with the Paying Agent, all Bonds so called for redemption shall cease to bear interest on the specified redemption date and shall no longer be deemed to be Outstanding hereunder. If said money shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Section 4.14 Cancellation of Bonds Which Have Been Redeemed.

All Bonds which have been redeemed shall be cancelled and destroyed by the Registrar and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Registrar to the Town. All Bonds so destroyed shall thereafter no longer be considered Outstanding for any purposes of this Bond Ordinance.

Section 4.15 Restriction on Optional Redemption.

Notwithstanding anything in this Bond Ordinance to the contrary, no optional redemption of Bonds may occur unless all amounts payable by the Town owing under a reimbursement agreement with any provider of a surety bond, line of credit, insurance policy or letter of credit as contemplated under Section 7.04(d) hereof shall have been paid in full.

Section 4.16 Selection of Bonds to be Redeemed.

In the event that less than all of the Bonds of any Series are to be redeemed at the option of the Town, Bonds to be redeemed shall be in such order of maturity as selected by the Town. In the event of redemption of less than all of the Bonds of a Series of any maturity, the Bonds or portions of Bonds to be redeemed, shall be selected by lot by the Trustee. The portion of any Bond of a denomination which is larger than the minimum denomination for the Bonds of such Series shall be in the principal amount of such minimum denomination or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of minimum denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by the amount of the minimum denomination; provided further that, if less than all of the beneficial interests in a Bond of a single maturity registered in the name of a Securities Depository or a Securities Depository Nominee are to be redeemed, the beneficial interests to be redeemed shall be selected by lot or in such manner as may be directed by the Securities Depository. If there shall be drawn for redemption less than all of a Bond, the Town shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of the same Series in any authorized denomination. The procedures for selection of Bonds of a Series for redemption set forth in this Section 4.16 are subject, however, to any alternative provisions set forth in a Series Ordinance applicable to such Series of Bonds.

Section 4.17 Purchase of Bonds.

The Town may, or the Trustee for a Series of Bonds at the written direction of the Town, shall, if and to the extent practicable, purchase Bonds at such time, in such manner and at such price as may be specified by the Town. The Trustee may so purchase Bonds with any money then held by the Trustee which is available for the redemption or purchase of Bonds and in excess of that set aside for the payment of Bonds called for redemption; provided, that the Trustee is provided with an opinion of Bond Counsel to the effect that such redemption or purchase complies with any limitations or restrictions on such redemption or purchase contained in this Bond Ordinance.

Section 4.18 Bonds Issued as Taxable Obligations.

Notwithstanding anything in this Bond Ordinance to the contrary, the Town may from time to time, pursuant to one or more Series Ordinances, provide for the issuance of Bonds and Junior Lien Bonds the interest on which may be includable in gross income of the Holders of such Bonds for federal income taxation purposes.

Section 4.19 Security for Payment of Bonds; Priority of Lien.

(a) The Bonds, together with the interest thereon, shall be payable solely from and secured equally and ratably by a pledge of and a lien upon the Gross Revenues. The principal of the Bonds, together with the interest and redemption premium, if any, thereon shall be payable from and secured, subject to the foregoing, by a pledge of the funds deposited, from time to time, in the funds and accounts created hereunder, including the Debt Service Fund; provided, however, that amounts on deposit in each Debt Service Fund Account, and any subaccount therein, and in each Debt Service Reserve Fund shall be held solely for the benefit of the Series of Bonds for which such accounts, subaccounts, or funds were established. Such pledge and lien securing the Bonds shall at all times and in all respects be and remain superior to pledges and liens made and given to secure any other bonds or other obligations payable from the revenues of the System.

(b) To further secure the Bonds, pursuant to Section 6-21-330 of the Enabling Act and as additional security for the payment of the Bonds, there is hereby granted to the Holders of Bonds Outstanding from time to time, a statutory lien on the System until payment in full of such Bonds as may be Outstanding from time to time. Such lien shall extend to the entirety of the System as currently constituted and as expanded from time to time unless otherwise provided in the Series Ordinance authorizing a Series of Bonds for a specific improvement to or expansion of the System. The Trustee, may, either at law or in equity, by suit, action, mandamus or other proceedings, protect and enforce such statutory lien and may, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties of the officials of the Town hereunder, including the fixing of sufficient rates, the collection of Gross Revenues, the proper segregation of the Gross Revenues of the System and the proper application thereof. But such statutory lien shall not be construed to give the Trustee or any such Bondholder authority to compel the sale of the System or any part thereof.

(c) The Town is expressly authorized to pledge the Gross Revenues on a parity or junior lien basis to secure obligations issued under Title 31, Chapter 6 of the South Carolina Code as authorized by Section 31-6-110 of the South Carolina Code if the same are used to finance in whole or in part the extension or expansion of the System, upon enactment of a Series Ordinance, or other authorizing ordinance in the case of a junior lien pledge, and compliance with all requirements to issue a Series of Bonds or junior lien bonds, as applicable.

(d) The Bonds shall (a) be payable solely from the Gross Revenues, (b) not be secured by, or in any way entitled to, a pledge of the full faith, credit, or taxing power of the Town, (c) not be an indebtedness of the Town within the meaning of any State constitutional provision or statutory limitation but are payable solely from a revenue-producing project or special source which source does not involve revenues from any tax or license, and (d) not be a pecuniary liability of the Town or a charge against the Town's general credit or taxing power. The Town is not obligated to pay any of the Bonds or the interest thereon except from the Gross Revenues.

Section 4.20 Bonds in Book-Entry Form.

Notwithstanding any other provision of this Bond Ordinance with respect to the form of Bonds to the contrary, a Series Ordinance may provide for the issuance of one or more Series of Bonds solely in fully-registered form registerable to a Securities Depository, a Securities Depository Nominee or the beneficial owner of the Bonds. A Series Ordinance may further provide that such Series of Bonds shall be evidenced by one or more certificates or by a system of book entries in a form satisfactory to an Authorized Officer and to provide for payment, redemption, notices, and like provisions in a manner consistent with such system of registration.

Section 4.21 Waiver of Certain Provisions.

Notwithstanding anything in this Bond Ordinance to the contrary, whenever all of the debt issued or all of the obligations incurred by the Town under a Series Ordinance are acquired by and are held by a single entity, that single entity, at its sole option, may waive any provision or requirement of this Bond Ordinance that relates separately to the governance of such Series and is for the protection and benefit of such single entity only and not for the protection or benefit of any other Holder or Holders of Bonds; provided that if such Series of Bonds is insured by an Insurer, then any such waiver shall require the prior written approval of such Insurer.

Section 4.22 Bonds Not in the Form of an Instrument.

The Town may from time to time issue a Series of Bonds as contractual obligations not in the form of an instrument, and in such event such contract shall recite that it is authorized under the provisions of this Bond Ordinance and shall be authorized through the enactment of a Series Ordinance therefor, and the provisions regarding redemption or prepayment of such Bonds, notices to Bondholders, and transfers of such Bonds contained herein may be altered or supplemented by the provisions of the Series Ordinance pursuant to which such Bonds are issued or the contract pursuant to which such obligations are created.

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ARTICLE V
RATES AND CHARGES

Section 5.01 Rate Covenant.

(a) It is hereby determined that the rates for services and facilities furnished by the System shall, until otherwise revised pursuant to the provisions of this Bond Ordinance, be as now established. Said rates and charges are determined to be sufficient to meet the requirements of this Bond Ordinance but they shall be revised whenever necessary in order that they shall at all times be maintained on a basis sufficient to meet the requirements of this Bond Ordinance, and the Town specifically covenants and agrees to maintain rates and charges for all services furnished by the System which shall at all times be sufficient:

- (1) to maintain the Debt Service Fund and the Debt Service Fund Accounts and thus provide for the punctual payment of the Principal Installments of and interest on the Bonds;
- (2) to provide for the payment of the Operation and Maintenance Expenses as may be necessary to preserve the System in good repair and working order;
- (3) to maintain the Debt Service Reserve Funds in the manner prescribed herein and in any applicable Series Ordinance;
- (4) 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(e) hereof;
- (5) 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;
- (6) to build and maintain the Depreciation and Contingent Fund for depreciation of the System and to build up a reserve for improvements, betterments and extensions to the System other than those necessary to maintain it in good repair and working order; and
- (7) to discharge all obligations imposed by the Enabling Act and by this Bond Ordinance and any applicable Series Ordinance.

(b) The Town covenants and agrees that it will, at all times, prescribe and maintain and thereafter collect rates and charges for the services and facilities furnished by the System which, together with other income, are reasonably expected to yield annual Net Earnings in the current Fiscal Year equal to at least the sum of 120% of the Annual Principal and Interest Requirements for all Series of Bonds Outstanding in such Fiscal Year. Promptly upon any material change in the circumstances which were contemplated at the time such rates and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, shall review the rates and charges for its services and shall promptly revise such rates and charges as necessary to comply with the

foregoing requirement. Prior to the beginning of each Fiscal Year, the Town shall adopt an Annual Budget including amended rate schedules for such Fiscal Year which shall set forth in reasonable detail the estimated revenues and operating expenses and other expenditures of the System for such Fiscal Year and the amount to be deposited during such Fiscal Year in the Depreciation and Contingent Fund. The Town may at any time adopt an amended Annual Budget for the remainder of the then current Fiscal Year.

(c) If the Town Council, in adopting the Annual Budget, determines that revenues may not be sufficient to meet the rate covenant established hereinabove or if the audited financial statements of the Town indicate that the Town did not satisfy such rate covenant for the prior year, the Town shall, within 45 days, engage an Independent Consultant to prepare a report recommending such actions which will provide sufficient revenues in the following Fiscal Year to permit the Town to meet the rate covenant. Copies of such report shall be made available to the Town and the Trustee no later than sixty days after the engagement of the Independent Consultant. The Town agrees that it shall use its best efforts to effect such changes recommended by the Independent Consultant in its report. So long as the Town uses its best efforts to comply with such recommendations, failure to comply with the rate covenant shall not constitute an Event of Default under Article XIII hereof; provided however, a failure to comply with the rate covenant for a period of three consecutive Fiscal Years shall constitute an Event of Default.

(d) To the extent any legally available sources, which are not otherwise considered Gross Revenues, are made available by the Town in its Annual Budget, such amount shall be timely transferred to the Other Available Moneys Account.

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ARTICLE VI

JUNIOR LIEN BONDS AND SPECIAL FACILITIES BONDS

Section 6.01 Junior Lien Bonds; Junior Lien Bonds as Contracts; Accession.

(a) Notwithstanding that Bonds may be Outstanding, subject to compliance with the conditions and limitations expressly set forth herein and in any Series Ordinance, the Town may at any time, and without further limitation and free of all conditions, issue Junior Lien Bonds for any corporate purpose of the Town, in such amount as it may from time to time determine, payable from the revenues of the System, provided that the pledge of and lien upon the revenues of the System granted for the protection of said Junior Lien Bonds, shall at all times be and remain subordinate and inferior in all respects to the pledge of and lien upon the revenues made or authorized for the Bonds and to the payment of all Operation and Maintenance Expenses; and provided, further, that the maturity of Junior Lien Bonds may not be accelerated or paid in full unless all of the Bonds shall have been paid or provision therefor has been made pursuant to Article XVI hereof.

(b) The Town may provide for Junior Lien Bonds in the form of contractual obligations, and not as instruments, and in such event such contracts shall recite that it is authorized under the provisions of this Bond Ordinance as a Junior Lien Bond and shall be authorized through the enactment of an ordinance therefor.

(c) By proceedings authorizing the issuance of Junior Lien Bonds, the Town may provide for the accession of such Junior Lien Bonds to the status of Bonds provided all of the following conditions are met. Any such subsequent proceedings adopted by the Town Council providing for such accession shall make the findings provided in the below paragraphs (1) through (4) and state whether and to what extent a Debt Service Reserve Fund shall be established as set forth in paragraph (5).

- (1) The Junior Lien Bonds were issued for a purpose or purposes set forth in Section 4.01(a) hereof.
- (2) There shall exist on the date of accession (a) no default in the payment of the Principal Installments of or interest on any Bonds Outstanding or any Junior Lien Bonds then outstanding, (b) no default in the performance of any duties required under the provisions of this Bond Ordinance, and (c) no amount owed by the Town with respect to the full funding of a Debt Service Reserve Fund, either by way of cash or reimbursement of any other funding mechanism, except in accordance with paragraph (6)(A) of Section 4.02 hereof.
- (3) There shall be deposited in the Debt Service Fund Account for such Series of newly-acceded Bonds the amounts which would have been required under the provisions of Section 8.02 hereof to be accumulated therein on the date of accession if said Junior Lien Bonds had originally been issued as Bonds.

- (4) On the date of accession, an earnings test prescribed by paragraph (6) of Section 4.02 hereof shall have been met.
- (5) In the event such proceedings require a Reserve Requirement to be maintained for such Series of newly-acceded Bonds, then in such event, there shall be on deposit on the date of accession in a Debt Service Reserve Fund an amount equal to the Reserve Requirement established for such Junior Lien Bonds which are being acceded to the status of Bonds.
- (6) The Town shall obtain an opinion of Bond Counsel to the effect that: (a) this Bond Ordinance and the proceedings authorizing such Junior Lien Bonds have been duly adopted and are in full force and effect; (b) the Junior Lien Bonds have been duly and lawfully authorized and executed by the Town and are valid and binding upon, and enforceable against, the Town (except to the extent that the enforceability thereof may be limited by the operation of bankruptcy, insolvency and similar laws affecting rights and remedies of creditors); and (c) with respect to such Junior Lien Bonds, this Bond Ordinance creates the valid pledge of, and lien which it purports to create on, the Gross Revenues and of moneys and securities on deposit in any of the funds established hereunder subject to the application thereof to the purposes and on the conditions permitted by this Bond Ordinance.
- (7) In the event such Junior Lien Bonds were issued with variable rates, the provisions of paragraph (8) of Section 4.02 shall have been met.

Section 6.02 Right to Issue Special Facilities Bonds.

The Town shall have at all times the right to enter into contracts, leases, or other agreements pursuant to which it will agree to construct, operate and pay the costs of Special Facilities to be financed by its issuance of Special Facilities Bonds, subject to the following conditions:

- (1) it shall have been determined to the satisfaction of the Town Council that the rents, revenues, or receipts to be derived from the Special Facilities shall be at least equal to the principal, interest and any reserve requirements contained in the ordinance authorizing such Special Facilities Bonds and to pay all operation, maintenance and other costs and expenses applicable to such Special Facilities;
- (2) the revenues derived from Special Facilities need not be deposited in the Stormwater Fund and may be pledged to secure Special Facilities Bonds; but no debt service on, or other costs or expense related to, any Special Facilities Bonds may be paid from System revenues deposited in the Stormwater Fund except pursuant to Section 8.08 hereof;
- (3) the Town Council shall have determined that the issuance of the Special Facilities Bonds and the application of revenues from the Special Facilities to the payment thereof shall not have a detrimental effect on the System or the Bondholders; and

- (4) the Town shall timely notify the Trustee of the planned issuance of any such Special Facilities Bonds;

For purposes of this Section 6.02, the term “Special Facilities” shall include all or a portion of stormwater facilities and rights to all or a portion of the use of, or the capacity available from, any such facilities.

Section 6.03 Lease Financing Agreements.

The Town shall have at all times the right to enter into capital leases or other lease financing agreements secured by a lien on the property, plant and equipment comprising a part of the System; provided, however, that (i) (a) such capital lease or other lease financing agreement shall be payable solely from amounts available for such purpose in the Operations and Maintenance Fund and the aggregate principal amount of all such leases or other financing agreements outstanding at any time shall not exceed 10% of the value of the System, less accumulated depreciation, as shown on the audited financial statements of the Town for the most recent Fiscal Year for which audited financial statements are available, and (b) the loss of the property secured by the lien will not materially adversely affect the ability of the Town to meet its financial obligations under this Bond Ordinance; or (ii) the capital lease or other financing agreement constitutes Bonds, Junior Lien Bonds, or Special Facilities Bonds and is entered into pursuant to and in accordance with the provisions of this Bond Ordinance.

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ARTICLE VII

ESTABLISHMENT OF FUNDS

Section 7.01 Requirement for Special Funds.

For so long a time as any sum remains due and payable by way of Principal Installments or interest on Bonds, the following funds or accounts of the System shall be established and maintained, and deposits shall be made therein in the manner herein required.

Section 7.02 The Stormwater Fund.

(a) There shall be established and maintained a fund or account designated as the Stormwater Fund held and administered by the Town.

(b) Except as otherwise specifically directed or permitted herein, all Gross Revenues of the System shall be deposited in accordance with and in the manner prescribed by Article VIII hereof into the Stormwater Fund. Money in the Stormwater Fund shall be withdrawn and made use of only in the manner and in the order of priority specified in Article VIII hereof. So long as the Town establishes, under Accounting Principles, proper records of receipts and disbursements from the Stormwater Fund, the Stormwater Fund may be used for the purposes of the Operation and Maintenance Fund and the Depreciation and Contingent Fund, subject, in the case of the Depreciation and Contingent Fund, to the prior applications of the amounts in the Stormwater Fund for the purposes set forth in Sections 7.03 and 7.04 hereof.

Section 7.03 The Debt Service Fund.

(a) There shall be established and maintained a Debt Service Fund held by the Trustee. Within the Debt Service Fund there shall be established a Debt Service Fund Account for each Series of Bonds Outstanding. Each Debt Service Fund Account is intended to provide for the ratable payment of the Principal Installments of, redemption premium, if any, and interest on the respective Series of Bonds as the same fall due. Payments into the Debt Service Fund shall be made in the manner prescribed by this Bond Ordinance, including the applicable provisions of Article VIII of this Bond Ordinance, and, except as herein provided, all money in the applicable Debt Service Fund Accounts shall be used solely to pay the Principal Installments of, redemption premium, if any, and interest on the applicable Series of Bonds, and for no other purpose. Each Debt Service Fund Account shall bear a number or alphanumeric Series designation as may be necessary to distinguish each Debt Service Fund Account. Within each Debt Service Fund Account, the Trustee may, but is not required, to further create an interest account, principal account, and bond redemption account with respect to each such Series of Bonds.

(b) The Debt Service Fund and each Debt Service Fund Account shall be kept in the complete custody and control of the Trustee, and withdrawals from each Debt Service Fund Account shall be made only by such Trustee who shall transmit to each Bondholder, when due, the sums required to pay the Principal Installments of, redemption premium, if any, and interest on the applicable Series of Bonds. Amounts held by the Trustee due to non-presentment of Bonds on any redemption date must be retained by the Trustee for a period of at least one year after the

final maturity of such Bonds. Funds retained for more than one year shall be remitted to the Office of State Treasurer as unclaimed property. Further, subject to the written consent of the Town, payment on a Series of Bonds may be made without presentation and surrender of the physical Bond; in such event, the Trustee assumes no liability to any person and no obligation shall be imposed on the Trustee to seek the return of such Series of Bonds from the Holder thereof. Provided, however, in the event (i) a Series of Bonds is purchased by a single institution and thereafter held by a single Bondholder, and (ii) there is not established for such Series of Bonds a Reserve Requirement, the Debt Service Fund Account established for such Series of Bonds may be held by the Holder of that Series of Bonds, and the Holder of any such Series of Bonds must provide to the Trustee, as and when requested by the Trustee, a written certificate containing current information as to the principal Outstanding, the redemption premium, if any, and accrued interest on such Series of Bonds, and, if the Holder of such Series of Bonds does not provide the Trustee such written certificate within five Business Days of a request by the Trustee, the Trustee, for all purposes of this Bond Ordinance, shall conclusively assume that such Series of Bonds has been paid in accordance with the original tenor of such Series of Bonds. Furthermore, if a Series of Bonds is sold to an agency of the United States of America, including the United States Department of Agriculture – Rural Development, withdrawal from the applicable Debt Service Fund Account may be made to a custodial or checking account from which such entity may directly withdraw payments of Principal Installments and interest on such Series of Bonds.

(c) Moneys in the Debt Service Fund shall be invested and reinvested by the Trustee at the written direction of an Authorized Officer in Authorized Investments, maturing not later than the date on which such money is required to pay the Principal Installments of, premium, if any, and interest on the next occurring maturity of the Bonds. The Trustee shall have no responsibility for the investment of money in the Debt Service Fund that is not held by the Trustee. The Trustee shall be entitled to conclusively rely on such written direction as to the legality and suitability of any such investments and as to qualifications as Authorized Investments and compliance with the requirements of this section. Unless otherwise provided in a Series Ordinance, all earnings from such investments shall be added to and become a part of the Debt Service Fund Account in which such investments are held, but shall be credited against payments that would otherwise be made to such Debt Service Fund Account pursuant to the provisions of Section 8.02 hereof.

(d) There may be established in the applicable Debt Service Fund Accounts from time to time a capitalized interest account to provide for the payment of interest on the Bonds of a particular Series. Any such account shall be created by the Series Ordinance relating to the issuance of such Series of Bonds. Any earnings from the investment of funds in the capitalized interest account not required to pay interest on the Bonds of any Series during the period for which interest on the Bonds of such Series is capitalized shall be deposited in the Project Fund created by the Series Ordinance relating to such Bonds or, if such Project Fund has been terminated or no such fund was created, such earnings shall be retained in the appropriate Debt Service Fund Account.

(e) The Trustee shall maintain two separate sub-accounts within each Debt Service Fund Account into which (i) amounts transferred from the Stormwater Fund (including any Interest Payment Subsidies), and (ii) amounts transferred from the Other Available Moneys Account of the Operation and Maintenance Fund, respectively, shall be deposited.

(f) All monies received by the Trustee or by the Town as Interest Payment Subsidies shall be deposited in the Debt Service Fund Account for the Series of Bonds with respect to which such Interest Payment Subsidy was received and used to pay debt service on such Series of Bonds.

(g) Within each Debt Service Fund Account, the Trustee, or as otherwise provided in the Series Ordinance, is authorized to create sub-accounts, as requested by the Town for the timely payment of the principal of, interest on, and sinking fund installments due on the Bonds.

Section 7.04 The Debt Service Reserve Funds.

(a) Each Series Ordinance may create a Debt Service Reserve Fund for the Series of Bonds authorized thereby. Any such Debt Service Reserve Fund shall be for the equal and ratable benefit only of Bonds of that Series. Each such Debt Service Reserve Fund is intended to insure the timely payment of the Principal Installments of, and premium, if any, and interest on, that Series of Bonds, and to provide for the redemption of such Bonds prior to their stated maturities. Any Debt Service Reserve Fund shall be maintained in an amount equal to the Reserve Requirement established by the Series Ordinance for such Series of Bonds. Unless otherwise provided in a Series Ordinance, money in a Debt Service Reserve Fund shall be used for the following purposes, and for no other:

- (1) To prevent a default in the payment of the Principal Installments of or interest on the applicable Series of Bonds, by reason of the fact that money in the applicable Debt Service Fund Account is insufficient for such purposes;
- (2) To pay the Principal Installments of, interest on, and redemption premium, if any, of the applicable Series of Bonds in the event that all Outstanding Bonds of such Series are to be defeased or redeemed as a whole; or
- (3) To effect partial redemption of the applicable Series of Bonds; but subject to the restrictions of Section 4.15 hereof and provided that subsequent to said partial redemption, the market value of the cash and securities in such Debt Service Reserve Fund shall be not less than the Reserve Requirement therefor.

Notwithstanding the above provisions of paragraphs (1) through (3) of this Section 7.04(a) and as permitted by the Code and Section 4.21 hereof, if the Debt Service Reserve Fund was funded with cash generated by the System, then, upon the written consent of the Holder of such Series of Bonds secured by such Debt Service Reserve Fund, the monies in such Debt Service Reserve Fund may be returned to the Town prior to the final maturity of such Series. The requirements for and provisions governing any Debt Service Reserve Fund in the remainder of this Bond Ordinance, in references to “the Debt Service Reserve Fund,” “the Reserve Requirement,” the “Debt Service Fund(s)” and “the Bonds”, shall be deemed to refer to each such Debt Service Reserve Fund created by a Series Ordinance, if any, and in each case to the Reserve Requirement for the applicable Series of Bonds, and to Bonds only of that applicable Series and not to any other Bonds.

- (b) (i) Each Debt Service Reserve Fund shall be kept in the complete custody and control of the Trustee, and withdrawals from each Debt Service Reserve Fund shall be made only by such Trustee, who, at the direction of an Authorized Officer, shall transmit

to each Bondholder the sums required to pay the Principal Installments of, redemption premium, if any, and interest on such Series of Bonds; or

(ii) If a Series of Bonds is held by the Water Quality Authority, then the Debt Service Reserve Fund for such Series of Bonds may be kept in the custody and control of the Office of State Treasurer and invested in the South Carolina Local Government Investment Pool in Authorized Investments. Withdrawals therefrom shall be made only as directed by the Water Quality Authority at such times as may be required to pay the principal and interest on such Series of Bonds. Any withdrawal of the monies in a Debt Service Reserve Fund that exceeds the Reserve Requirement shall be transferred in accordance with the provisions of Section 7.04(c) hereof.

(c) Except as provided in Section 7.04(b)(ii) of this Bond Ordinance, money in a Debt Service Reserve Fund shall be invested and reinvested by the Trustee at the written direction of an Authorized Officer in Authorized Investments. The Trustee shall be entitled to conclusively rely on such written direction as to the legality and suitability of any such investments and as to qualifications as Authorized Investments and compliance with the requirements of this section. Subject to the remaining provisions of this paragraph (c), the earnings from such investments in a particular Debt Service Reserve Fund shall be added to and become a part of that Debt Service Reserve Fund. Except as provided in a Series Ordinance, if as of any date of calculation (as described in Section 8.02 hereof), the value of the securities and money in any Debt Service Reserve Fund shall exceed its Reserve Requirement, such excess shall first be fully used to raise the level of any other Debt Service Reserve Funds that are then underfunded to their applicable Reserve Requirements, and then any remaining excess shall either be used to effect partial redemption of such Series of Bonds, or shall be removed from such Debt Service Reserve Fund and, either (i) transferred into the applicable Debt Service Fund Account, as directed in writing by the Authorized Officer, or (ii) transferred to the Stormwater Fund, as permitted by the provisions of the Code.

(d) In the event a Series Ordinance requires a Debt Service Reserve Fund to be established for a Series of Bonds, unless otherwise required by such Series Ordinance, the Town, in lieu of the deposit of moneys into a Debt Service Reserve Fund, may alternatively satisfy the applicable Reserve Requirement by causing to be credited to such Debt Service Reserve Fund an irrevocable and unconditional surety bond, line of credit, letter of credit or insurance policy equal to the Reserve Requirement therefor.

(e) In the event the amount on deposit in, or credited to, a Debt Service Reserve Fund, in addition to the amount available under a surety bond, line of credit, insurance policy, or letter of credit (the “**Original Funding Instrument**”) also includes amounts available under another surety bond, line of credit, insurance policy, or letter of credit (the “**Additional Funding Instrument**”), draws on the Original Funding Instrument and the Additional Funding Instrument shall be made on a pro rata basis to fund any insufficiency in the Debt Service Fund Account. In the event a Debt Service Reserve Fund is funded with both monies and a surety bond, line of credit, insurance policy or letter of credit, (i) any withdrawals from such Debt Service Reserve Fund shall be made first from such monies (or the liquidation of investments made therewith) and second from such surety bond, line of credit, insurance policy or letter of credit, and (ii) cash deposits to such Debt Service Reserve Fund shall be used first to restore the cash balance and second to reinstate the surety bond,

line of credit, insurance policy, or letter of credit. The surety bond, line of credit, insurance policy, or letter of credit shall be payable (upon the giving of notice as required thereunder) on any Bond Payment Date on which moneys will be required to be withdrawn from such Debt Service Reserve Fund and applied to the payment of the Principal Installments of or interest on the Outstanding Series of Bonds to which such surety bond, line of credit, insurance policy or letter of credit relates when such payments cannot be made by amounts otherwise credited to such Debt Service Reserve Fund.

Section 7.05 The Operation and Maintenance Fund.

(a) There shall be established and maintained an Operation and Maintenance Fund held and administered by the Town. The Operation and Maintenance Fund is intended to provide for the payment of the Operation and Maintenance Expenses.

(b) Within the Operation and Maintenance Fund there shall be established an Other Available Moneys Account.

(c) Withdrawals from the Operation and Maintenance Fund shall be made by or on the order of the Town in accordance, as nearly as may be practicable, with the Annual Budget then in effect.

Section 7.06 The Depreciation and Contingent Fund.

(a) There shall be established and maintained a Depreciation and Contingent Fund to be held and administered by the Town. This fund, which shall constitute both the “Depreciation Fund” and the “Contingent Fund” as referred to in Title 6, Chapter 21 of the Enabling Act, shall be maintained in an amount to be established not less frequently than annually by the Town Council in order to provide a reasonable reserve for depreciation of the System, for contingencies and improvements, and betterments and extensions of the System.

(b) Money in this fund shall be used solely:

- (1) For the purpose of restoring depreciated or obsolete items of the System;
- (2) For improvements, betterments, and extensions of the System other than for those things which are reasonably necessary to maintain the System in good repair and working order;
- (3) To defray the costs of unforeseen contingencies;
- (4) To prevent defaults in Bonds and Junior Lien Bonds; and
- (5) For optional redemption of Bonds and Junior Lien Bonds.

(c) Withdrawals from this fund shall be made by or on order of an Authorized Officer.

(d) Within the Operation and Maintenance Fund there shall be established an Other Available Moneys Account.

Section 7.07 Rate Stabilization Fund.

The Town Council may establish a Rate Stabilization Fund, as needed, and, if created, shall hold and administer such fund under the provisions of this Bond Ordinance and State law.

Section 7.08 Establishment of Project Funds.

There shall be established a Project Fund with respect to each Series of Bonds issued to finance acquisition of, additions or improvements to, or equipment for the System in the Series Ordinance providing for the issuance of such Series of Bonds, the moneys in which shall be used to defray the costs of and to pay any costs incurred or to be incurred with respect to the project so financed and costs of issuance incurred in connection therewith. Any such Project Fund may be held by the Trustee or the Town, as required by any Series Ordinance or as may be required by the purchaser of any Series of Bonds. The Project Fund for any Bonds issued with a draw-down structure may be held by the purchaser. The Town may but shall not be required to establish a capitalized interest account and a cost of issuance account in any Project Fund so created and as may be provided in a Series Ordinance. On the occasion of the delivery of any such Series of Bonds, the proceeds therefrom shall be paid into the Project Fund established for such Series as set forth in the Series Ordinance authorizing their issue. Withdrawals from a Project Fund shall not be made except as provided in the Series Ordinance establishing such Project Fund.

Section 7.09 Investments of Funds.

Whenever, in the opinion of the Town, it becomes desirable to invest money in any of the funds established by this Article (other than the Debt Service Reserve Funds and the Debt Service Fund, and any capitalized interest account) for which provisions are made above, the Town may make Authorized Investments. Earnings resulting from the investment of money in a particular fund shall be deposited into the Stormwater Fund (i) except as otherwise provided in Sections 7.02, 7.03, and 7.04 hereof, and (ii) unless the Town Council shall have determined pursuant to the Annual Budget that any such earnings on amounts in the Depreciation and Contingent Fund shall remain therein.

Notwithstanding anything contained herein to the contrary and as limited solely to the funds held or invested by the Trustee, the Trustee shall have no obligation to enter into any repurchase agreement, investment agreement or any similar agreements with respect to the investment of any monies held under this Bond Ordinance unless (i) such agreement is in form and content acceptable to the Trustee in its sole discretion, (ii) any liability of the Trustee under such agreement is limited to loss occasioned by the negligence or willful misconduct of the Trustee, and (iii) the Town shall pay to the Trustee an additional fee established by the Trustee in accordance with its customary practices.

* * *

ARTICLE VIII

DISPOSITION OF REVENUES

Section 8.01 Deposits to Stormwater Fund; Dispositions Therefrom.

The Gross Revenues of the System, excluding that money the disposition of which is controlled by other provisions of this Bond Ordinance, are declared to be a part of the Stormwater Fund and shall from time to time be promptly deposited in a bank, depository, or trust company selected by the Town in an account which will reflect the fact that they are a part of the Stormwater Fund. If Bonds are Outstanding, the dispositions from the Stormwater Fund required by the remaining Sections of this Article shall be made on or before the last Business Day of each month following the delivery of the first Series of Bonds issued pursuant to this Bond Ordinance and in the order of priority established by the sequence of the remaining Sections of this Article.

Any amounts representing *ad valorem* taxes appropriated to pay System expenses shall be deposited in the Operation and Maintenance Fund or the Depreciation and Contingent Fund.

Section 8.02 Payments for Bonds.

Provision shall be made for the payment of the Principal Installments of, premium, if any, and interest on all Bonds then Outstanding without priority of any other Bonds but ratably as to each Series of Bonds. To that end:

- (1) From the Stormwater Fund, to the extent Gross Revenues are available, there shall be deposited into the Debt Service Fund and thereafter transferred into the applicable Debt Service Fund Account as directed in writing by an Authorized Officer (and thereafter to the applicable interest sub-account, if any) the monthly fraction of the aggregate amount of interest to become due on the applicable Series of Bonds on the next ensuing Bond Payment Date. On or before the fifteenth day of the calendar month prior to an Interest Payment Date, there shall be transferred to each Debt Service Fund Account in the following order of priority: first, from the Stormwater Fund the amount necessary, after taking into account the current balance in the applicable Debt Service Fund Account, to pay the installment of interest coming due on the applicable Series of Bonds on such Interest Payment Date, and then, to the extent necessary to pay such installment, from the Other Available Moneys Account of the Operation and Maintenance Fund (which amounts shall be designated in writing by the Town to the Trustee and thereafter be credited to the respective sub-accounts therein), so that on each Interest Payment Date the amount of interest to be paid shall have been accumulated and be on hand; provided, however, that if provision has been made for the payment of all or part of the next installment of interest to become due on any Bonds, or the Trustee is in receipt of any Interest Payment Subsidies, pursuant to any other provision of this Bond Ordinance, or any Series Ordinance, or by reason of investment earnings or otherwise, then, in such event, the deposits required by this paragraph may be omitted, or reduced accordingly

- (2) From the Stormwater Fund, to the extent Gross Revenues are available, there shall be deposited into the Debt Service Fund and thereafter transferred into the respective Debt Service Fund Account (and thereafter to the respective principal sub-account, if any) an amount not less than the monthly fraction of the Principal Installment of the respective Series of Bonds next becoming due and payable (whether at stated maturity or by sinking fund installments), so that on each Principal Payment Date the amount of principal to be paid shall have been accumulated and be on hand; provided, however, that on or before the fifteenth day of the calendar month prior to a Principal Payment Date, there shall be transferred to each Debt Service Fund Account in the following order of priority: first, from the Stormwater Fund the amount necessary, after taking into account the current balance in the applicable Debt Service Fund Account, to pay the Principal Installment on the applicable Series of Bonds coming due on such Principal Payment Date, and then, to the extent necessary to pay such Principal Installment, from the Other Available Moneys Account of the Operation and Maintenance Fund (which amounts shall be designated in writing by the Town to the Trustee and thereafter be credited to the respective sub-accounts therein), so that on each Principal Payment Date the amount of principal to be paid shall have been accumulated and be on hand; provided, however, that if provision has been made for the payment of all or part of the next installment of principal to become due on the respective Series of Bonds, pursuant to any other provision of this Bond Ordinance, or any Series Ordinance, or by reason of investment earnings or otherwise, then, in such event, the deposits required by this paragraph may be omitted, or reduced accordingly.

Section 8.03 Deposits for the Debt Service Reserve Funds; Valuation.

Deposits shall next be made in the amounts required by this Section 8.03 or Section 4.02(5) into the applicable Debt Service Reserve Funds. Except as provided in Section 7.04(b)(ii), the Trustee shall calculate the Value of the cash and securities in each Debt Service Reserve Fund forty-five days prior to each Bond Payment Date in order to determine if each Debt Service Reserve Fund contains the Reserve Requirement therefor, and the extent to which payments therefor or withdrawals must be made therefrom, and the timing thereof, pursuant to this Bond Ordinance and the applicable Series Ordinances. To the extent the Trustee or an Authorized Officer, as applicable, determines that a deficiency exists, but such deficiency is solely the result of accounting practices governing the valuation of securities in the Debt Service Reserve Fund, the Trustee or Authorized Officer, as applicable, may alternatively calculate the value of the securities in each Debt Service Reserve Fund as of the maturity date of such securities, so long as such securities mature on or prior to the Bond Payment Date. Unless a Debt Service Reserve Fund is being funded pursuant to paragraph (5)(a) of Section 4.02 of this Bond Ordinance or then contains in cash and securities (or a surety bond, insurance policy, line of credit or letter of credit as herein described) an amount at least equal to its Reserve Requirement, unless otherwise provided in the Series Ordinance, there shall be paid into such Debt Service Reserve Fund on the last Business Day of each of the 24 months following a determination of a deficiency in such Debt Service Reserve Fund 1/24th of the amount necessary to re-establish in such Debt Service Reserve Fund its Reserve Requirement; provided, however, nothing herein shall preclude the Town from fully re-establishing such Reserve Requirement in a more timely fashion than as so prescribed.

Any surety bond, line of credit, insurance policy or letter of credit being used to meet the Reserve Requirement of a Debt Service Reserve Fund shall be valued at the amount still remaining to be drawn thereon; and in the event that any such surety bond, line of credit, insurance policy or letter of credit has been drawn upon, the amount necessary to restore the principal balance thereof shall be paid by the Town in the same manner and on a parity with the payments described in this Section 8.03 or as provided in an insurance agreement or applicable Series Ordinance.

For purpose of this Section and Section 7.04, “*Value*” means, with respect to any investment, the value calculated as follows:

- (1) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not published therein, then in *The New York Times*): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;
- (2) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;
- (3) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and
- (4) as to any investment not specified above, the value thereof established by prior agreement between the Town and the Trustee.

Section 8.04 Reimbursement of Interest on Amounts Advanced by Credit Providers for the Debt Service Reserve Fund.

Provision shall then be made for payment of interest and any fees or penalties on amounts advanced by the provider of any surety bond, line of credit, insurance policy or letter of credit as contemplated in Section 7.04(e) hereof.

Section 8.05 Payments for Junior Lien Bonds.

Provision shall then be made for the payment of Junior Lien Bonds.

Section 8.06 Deposits to the Operation and Maintenance Fund.

There shall be deposited in the Operation and Maintenance Fund, either from the Stormwater Fund or the Rate Stabilization Fund, the amounts budgeted for Operation and Maintenance Expenses for the ensuing month and any amounts required for an operational reserve. Such transfer shall be made by or on the order of the Town in accordance, as nearly as may be practicable, with the Annual Budget then in effect.

There shall be deposited to the Other Available Moneys Account within the Operation and Maintenance Fund such legally available moneys which the Town Council in its sole discretion determines to apply for such purpose.

Section 8.07 Deposits for the Depreciation and Contingent Fund.

There shall be deposited into the Depreciation and Contingent Fund that sum which is 1/12th of the sum which has been currently determined by the Town Council to be the budgeted requirement therefor for the then current Fiscal Year.

Section 8.08 Bond Year Determination, Use of Surplus Money.

In any Bond Year, at such time as deposits to the Stormwater Fund equal the amounts required to be paid pursuant to Sections 8.02 through 8.07 for the then current Bond Year, and provided that each Debt Service Fund Account within the Debt Service Fund in the aggregate has on deposit therein an amount equal to all Debt Service due on the Bonds for the then current Bond Year, then any excess amount on deposit in or thereafter deposited to the Stormwater Fund in such Bond Year may be released from the Stormwater Fund and, subject to Accounting Principles, applied for any lawful purpose in such manner as the Town Council shall from time to time determine.

In any Bond Year, to the extent the moneys in the Stormwater Fund are insufficient to fund the deposits required pursuant to this Article VIII, then, in its discretion, the Town Council, in adopting its Annual Budget (including an supplement thereto), may appropriate funds from any legally available source for deposit to the Other Available Moneys Account of the Operation and Maintenance Fund. To the extent the application of monies from the Other Available Moneys Account for Debt Service is limited by the provisions of the Enabling Act, an amount equal to the amount to be appropriated from Other Available Moneys Account shall be applied from any balance in the Operation and Maintenance Fund and used for the purposes in Sections 8.03(1) and (2) above.

The Town Council may determine, at any time, to deposit any percentage or any set amount of surplus money under this Section 8.08 into the Rate Stabilization Fund. Amounts on deposit in the Rate Stabilization Fund may be used to make deposits into the Operation and Maintenance Fund required by Section 8.06 hereof. Amounts on deposit in the Rate Stabilization Fund may, at the option of the Town Council, be withdrawn and used for any other required purpose of the System, but in such event, such withdrawal, if for a purpose other than the payments of Operation and Maintenance Expenses, shall be excluded from Net Earnings.

* * *

ARTICLE IX

AGREEMENT TO FURNISH INFORMATION WITH RESPECT TO SYSTEM

Section 9.01 Keeping Records.

The Town recognizes that those who may from time to time hereafter be Bondholders will, throughout the life of the Bonds, require full information with respect to the System, the fiscal affairs of the System, and all matters incident to each. To that end the Town hereby covenants and agrees that it will create and thereafter at all times maintain proper books of records and accounts, separate and distinct from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the System, and all revenues and receipts derived therefrom, directly or indirectly. Such books and records shall be kept in such fashion as to reveal in detail:

- (1) The Gross Revenues of the System and the source from whence derived;
- (2) All Operation and Maintenance Expenses;
- (3) All amounts appropriated to the Other Available Moneys Account;
- (4) The Net Earnings of the System;
- (5) All expenditures made from the several funds established by this Bond Ordinance, and Series Ordinances authorizing the issuance of the Bonds; and
- (6) The rate schedules that may from time to time be in force.

Section 9.02 Audit Required.

The Town further covenants and agrees that so long as any Bonds are Outstanding, it will, not later than the first day of the eighth month after the close of each Fiscal Year, cause to be made and completed by the Accountants, an audit of the records, books and accounts pertaining to the System, made in accordance with Accounting Principles, showing, among other things, Gross Revenues and Net Earnings; and that it will furnish a copy of such audit to the Trustee. Such audit shall comment upon any violation of any provision of any ordinance authorizing the issuance of any Bonds or Junior Lien Bonds and any violation of any provision of this Bond Ordinance noted by the Accountants, and such other matters as to them seem pertinent. The cost of such audit shall be treated as an Operation and Maintenance Expense. Any audits made available to the Town shall not otherwise be restricted as to their subsequent dissemination to any party. Any copies so furnished need not be certified. Pursuant to the Enabling Act, the Town will make available, upon request, for inspection during regular business hours an unaudited balance sheet and income statement and other information required thereby within three months of the close of the Fiscal Year.

* * *

ARTICLE X

INSURANCE

Section 10.01 Requirement of Insurance.

- (a) The Town covenants and agrees that so long as any Bonds are Outstanding:
 - (1) To the extent insurance coverage is available, that it will insure and at all times keep the System insured against physical loss or damage with a responsible insurance company or companies, authorized and qualified under the laws of the State, to assume the risks insured against, in such amount as private corporations engaged in similar endeavors would customarily insure for, provided, however, that such requirement shall not apply to in-ground assets;
 - (2) That it will secure adequate fidelity bonds (blanket or individual) of a surety company doing business in the State, indemnifying the Town against defalcation of all persons handling money derived from the System or signing checks on any bank accounts relating to the System, other than the Trustee or any Registrar;
 - (3) That all premiums on all bonds or insurance policies shall be deemed an Operation and Maintenance Expense and paid out of Gross Revenues of the System;
 - (4) That all insurance policies shall be open to the inspection of any Bondholder (or the Trustee on behalf of any Bondholder) at any reasonable time;
 - (5) That all money received by the Town as a consequence of any defalcation, covered by any fidelity bond, shall be used to restore the fund depleted by the defalcation. All sums received by the Town from insurance policies covering the System may, to the extent necessary, be applied to the repair and replacement of the damaged or destroyed property, but, in the event that such money is not used for such purposes, then the same shall be deposited in the Depreciation and Contingent Fund; and
 - (6) That it will comply with the requirements of State law regarding the mandatory purchase of liability insurance contained in Section 15-78-140(b) of the South Carolina Code.
- (b) Insurance required by this Section 10.01 may be provided through the South Carolina Insurance Reserve Fund, insurance offered by the Municipal Association of South Carolina or a subsidiary thereof (such as the South Carolina Municipal Insurance and Risk Financing Fund), or through other commercially available insurance. The Town may obtain or adopt alternative risk management programs which an Insurance Consultant determines to be reasonable, including, without limitation, self-insurance in whole or in part individually or in connection with other institutions, participation in programs of captive insurance companies; participation with other governmental entities in mutual or other cooperative insurance or other risk management programs, participation in state or federal insurance programs, taking advantage

of state or federal laws now or hereafter in existence limiting liability, or establishing or participating in other alternative risk management programs; all as may be approved by the Insurance Consultant as reasonable and appropriate risk management by the Town. If the Town shall be self-insured for any coverage, the Town shall obtain a report of an Insurance Consultant stating whether the anticipated funding of any self-insurance fund is actuarially sound, and if not, the required funding to produce such result and such coverage shall be reviewed by the Insurance Consultant not less frequently than annually. Any self-insurance program shall be subject to annual review by the Insurance Consultant who shall provide a written report to the Town which shall include recommendations relating to such self-insurance program. The Town shall provide to the Trustee annual certification evidencing compliance with the Insurance Consultant's recommendations. The Trustee has no duty or obligation to make any determination as to the sufficiency of the insurance required to be maintained hereunder.

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ARTICLE XI

ADDITIONAL COVENANTS

Section 11.01 Additional Covenants to Secure Bonds.

The Town further covenants and agrees:

- (1) That neither the System, nor any part thereof, nor any of the revenues derived from the System, have been or will be hypothecated, mortgaged, otherwise pledged or encumbered, save and except in accordance with the provisions hereof;
- (2) That it will permit no free service to be rendered, or use to be made of the services and facilities of the System, and for the services and facilities of the System used by the Town, the reasonable cost and value of such services and facilities shall be paid as such services accrue. The revenue so received from the Town shall be deemed revenue derived from the operation of the System, and shall be accounted for in the same manner as other revenues of the System;
- (3) That it will permit no customer to be connected to the System, or to receive any service afforded by the System, unless a proper account is established and charges are levied against such account for services rendered, and such customer shall become obligated to pay for the service rendered at the appropriate rate according to the rate schedule then in force;
- (4) That so long as there are any Bonds Outstanding and unpaid, it will perform all duties with reference to the System required by the Constitution and the South Carolina Code;
- (5) That it will not pledge, mortgage, or otherwise encumber the System or any portion thereof, or any revenues therefrom except in the manner herein authorized, and it will not sell, lease or otherwise dispose of all or any portion of the System except as provided in Section 11.03 herein;
- (6) That it will permit, so long as there are any Bonds Outstanding, any Bondholder to inspect the System and all records and accounts thereof under reasonable terms and conditions and after reasonable notice has been given;
- (7) That it will not make any use, and it shall direct the Trustee and any fiduciary not to make any use, of the proceeds of any Series of Bonds which Bonds were intended upon the issuance thereof to be exempt from federal income taxation, which, if such use had been reasonably expected on the date of the issuance of the Bonds of such Series would have caused such Bonds or any other Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and will observe and not violate the requirements of Section 148 of the Code;

- (8) That, as to any Series of Bonds that was intended at the time of their issuance to be exempt from federal income taxation, it will take all actions required of it under the Code that are necessary to preserve the tax-exempt status of such Series of Bonds, including without limitation, actions necessary to comply with all information reporting requirements and any obligation to rebate arbitrage earnings on the proceeds of such Bonds to the United States Government;
- (9) That it will make all payments or deposits required under Articles VII and VIII of this Bond Ordinance in a timely manner;
- (10) That no payments on account of appropriations to the general fund of the Town shall be made except as permitted under Section 8.08 hereof;
- (11) In adopting the Annual Budget, the Town shall determine whether it expects to have sufficient Gross Revenues to make, in such Fiscal Year, the payments and transfers agreed to pursuant to Sections 8.02 through 8.07 of this Bond Ordinance. If the Town does not expect to have sufficient Gross Revenues for such purpose, Town Council shall consider a budgetary appropriation from legally available funds in an amount that together with funds on deposit in the Stormwater Fund, each Debt Service Fund Account, and any Debt Service Reserve Fund will be sufficient to provide for the interest and Principal Installments on the Bonds in such Fiscal Year. Any such lawfully appropriated funds shall be deposited to the Other Available Moneys Account of the Operation and Maintenance Fund not later than the beginning of each Fiscal Year for which any legally available funds have been appropriated. In considering such budgetary appropriation, the Town Council may in its sole discretion determine not to make the budgetary appropriation (a ***“Determination of Nonappropriation”***) described above and such Determination of Nonappropriation shall not constitute an Event of Default under this Bond Ordinance, nor shall the Town have any obligation to enact such appropriation; and
- (12) Wherever in this Bond Ordinance there is a statement to the effect that the Town may apply such other legally available moneys as the Town Council shall in its discretion determine to apply for a purpose, or words of similar import, such application shall be made by Town Council applying its legislative discretion in determining whether to apply such moneys. Any payment from other available moneys described in this Bond Ordinance shall constitute a current expense of the Town and shall not in any way be construed to be a debt of the Town in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness of the Town, nor shall anything contained in this Bond Ordinance constitute or give rise to a general obligation or pledge of the general tax revenues, taxing power or full faith or credit of the Town Council. Any such budgetary appropriation shall be subject in all respects to the discretion of Town Council, and any failure to make such an appropriation, notwithstanding any provision of this Bond Ordinance to the contrary, shall not constitute a default or Event of Default under this Bond Ordinance.

Section 11.02 Acquisition of Additional Systems.

No provision of this Bond Ordinance shall prevent the combining of the System with any other utility or public works authorized for financing under Section 6-21-50 of the South Carolina Code. The Town shall have the right, from time to time, to add such utility or public works, provided that it complies with the additional bonds test set forth at paragraph (6) of Section 4.02 of this Bond Ordinance upon addition or acquisition thereof, or combination therewith.

Section 11.03 Sale, Exchange, Removal or Disposal of Component of System.

(a) The Town may from time to time sell, exchange, remove or dispose of (but not lease, contract, or agree for the use thereof) an entire component or a material portion of the facilities or related appurtenances comprising the System, if the Town Council determines by Ordinance:

- (1) that the sale, exchange, removal or other disposition thereof would not materially reduce Net Earnings; or
- (2) that the sale, exchange, removal or other disposition thereof (i) would not materially adversely affect the ability of the Town to comply with the rate covenant, set forth in Section 5.01 hereof, for the current and next succeeding Fiscal Year, and (ii) would be for a consideration of not less than reasonable value as may be determined in the sole discretion of the Town Council; or
- (3) that the sale, exchange, removal, or other disposition thereof would not cause Net Earnings in the current and next succeeding Fiscal Year to equal less than 120% of the Annual Principal and Interest Requirements for all Series of Bonds Outstanding in such Fiscal Year after adjusting (i) Net Earnings to account for the impact of such sale, exchange, removal, or other disposition and (ii) Annual Principal and Interest Requirements to reflect the impact of the expected payment, redemption, or defeasance of Bonds, contracts, or other obligations as provided at Section 11.03(c).

(b) In addition to the provisions of Section 11.03(a) hereof, if the Town Council determines to sell, exchange, remove or dispose of an entire component comprising a part of the System the following conditions shall also be met:

- (1) the Town shall obtain an opinion of Bond Counsel to the effect that the sale, exchange, removal or disposal of a component of the System from the System has been effected in accordance with the terms of this Bond Ordinance; and
- (2) notice shall be provided by the Town to any rating agency, if any, then rating any Series of Bonds regarding the sale, exchange, removal or disposal of such component from the System.

(c) If the Town sells, exchanges, removes or otherwise disposes of a component of the System, the proceeds, if any, of such transaction may be applied, at the discretion of the Town Council, as follows:

- (1) to the payment or satisfaction, in whole or in part, of (i) Bonds associated with or related to such component and (ii) any other type of indebtedness of the Town associated with or related to such component; or
- (2) to the payment or satisfaction, in whole or in part, of the amount due under any type of contractual obligations of the Town associated with or related to such component; or
- (3) to the payment of the construction or purchase of additional improvements or expansions to the System.

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ARTICLE XII

MODIFICATION OF ORDINANCE

Section 12.01 Modification without Bondholder Approval.

(a) Provided always that the security of the Bonds shall not be diminished, or in any manner impaired, the Town Council may for any one or more of the following purposes at any time, or from time to time, enact an ordinance, amending or supplementing this Bond Ordinance, which supplemental ordinance shall be fully effective in accordance with its terms:

- (1) to provide for the issuance of a Series of Bonds in accordance with Article IV of this Bond Ordinance;
- (2) to add to the covenants and agreements of the Town in this Bond Ordinance, other covenants and agreements thereafter to be observed;
- (3) to surrender any right, power or privilege reserved to or conferred upon the Town by this Bond Ordinance;
- (4) to cure, correct, and remove any ambiguity or inconsistent provisions contained in this Bond Ordinance;
- (5) to implement an addition to the System pursuant to Section 11.02 hereof; and
- (6) for any other purpose which, in the opinion of Bond Counsel, does not materially affect the interests of the Bondholders.

(b) It is further provided that such supplemental ordinance shall not become effective until (i) a copy thereof, duly certified, shall have been filed in the office of the Clerk of Court for the County, and (ii) the Town shall have received an opinion of Bond Counsel to the effect that such supplemental Ordinance has been lawfully enacted in accordance with the provisions hereof and is in full force and effect. The Trustee will promptly give notice of adoption and a copy of any modification made hereunder to any Insurer.

Section 12.02 Modification with Bondholder Approval.

The rights and duties of the Town and the Bondholders and the terms and provisions of this Bond Ordinance may be modified or altered in any respect by an ordinance enacted by the Town Council with the consent of the Holders of a majority in principal amount of all Bonds of each Series which would be affected by such modification or alteration then Outstanding and the prior written consent of the Insurer, if any, of each such Series of Bonds, such consent to be evidenced by an instrument or instruments executed by such Holders and duly acknowledged or proved before a notary public or other public officer authorized to take oaths, but no such modification or alteration shall, without the consent of the Holders of all Bonds affected by such change or modification:

- (1) extend the maturity of any payment of a Principal Installment of or interest due upon any Bond;
- (2) effect a reduction in the amount which the Town is required to pay by way of principal, interest or redemption premium on any Bond;
- (3) effect a change as to the type of currency in which the Town is obligated to effect payment of the Principal Installment, interest and redemption premium of any Bond;
- (4) permit the creation of a pledge of or lien upon the revenues of the System prior to or equal to the Bonds except as may be permitted under the provisions of this Bond Ordinance;
- (5) permit preference or priority of any Bonds to others;
- (6) alter or modify the provisions of Section 4.02 or of Articles V, VII, and VIII of this Bond Ordinance; or
- (7) reduce the percentage required for the written consent to the modification or alteration of the provisions of this Bond Ordinance, without the consent of the Holders of all Bonds affected by such change or modification.

Section 12.03 Procedure for Procuring Bondholder Approval.

The Town and the Trustee may rely upon the registry books maintained by the Registrar to determine who are the Holders of the Bonds. Any and all modifications made pursuant to Section 12.02 shall not become effective until (i) there has been filed with the Clerk of Court for the County and with the Trustee a copy of such amendatory or supplemental ordinance hereinabove provided for, duly certified, (ii) there has been filed with the Trustee an opinion of Bond Counsel stating that such amendatory or supplemental Ordinance has been duly and lawfully adopted by the Town in accordance with the provisions of this Bond Ordinance and is valid and binding upon the Town and (iii) proof of consent to such modification by the Holders (depending on the type of type of type of modification) of a majority in principal amount of the Bonds of each Series then Outstanding shall be filed with the Trustee. In the event that any Series of Bonds are held under a book-entry system pursuant to Section 4.20, the approvals of Bondholders may be obtained in the manner provided in the agreement with the Securities Depository.

Section 12.04 Notice to Rating Agencies.

Any rating agency rating a Series of Bonds shall be provided notice by the Town and a copy of any amendment to this Bond Ordinance or to any Series Ordinance within 15 days of its execution or enactment; notice electronically filed on the Municipal Securities Rulemaking Board's EMMA system shall be deemed sufficient to satisfy such notice requirement upon such filing for purposes of this Section 12.04.

Section 12.05 Consent of Trustee.

No amendment, modification or alternation of this Master Bond Ordinance may adversely modify the rights or duties of the Trustee or Registrar hereunder without the express written consent of the Trustee.

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ARTICLE XIII
EVENTS OF DEFAULT

Section 13.01 Events of Default.

- (a) Each of the following events is hereby declared to be an Event of Default:
 - (1) payment of the Principal Installments of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption;
 - (2) payment of any installment of interest on any Bonds shall not be made when the same becomes due and payable;
 - (3) except as provided in Section 5.01(c) hereof, the Town shall not comply with the rate covenant in Section 5.01(b) herein;
 - (4) the Town shall for any reason be rendered incapable of fulfilling its obligations hereunder;
 - (5) an order or decree shall be entered with the consent or acquiescence of the Town appointing a receiver, or receivers, of the System, or of the revenues thereof, or any proceedings shall be instituted with the consent or acquiescence of the Town for the purpose of effecting a composition between the Town and its creditors whose claims relate to the System, or for the purpose of adjusting claims of such creditors, pursuant to any federal or State statute now or hereafter enacted, or if such order or decree, having been entered without the consent or acquiescence of the Town, shall not be vacated or discharged or stayed on appeal within 60 days after entry thereof, or if such proceeding having been instituted without the consent or acquiescence of the Town, shall not be withdrawn or any orders entered shall not be vacated, discharged, or stayed on appeal within 60 days after the institution of such proceedings, or the entry of such orders;
 - (6) the Town shall fail to operate the System in an efficient and businesslike fashion so as to materially impair the operations of the System or shall default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds or in any Series Ordinance or in this Bond Ordinance (except as provided in Section 5.01(b) and (c) hereof), and such default as to efficient operation or otherwise shall continue for 30 days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Town by any Bondholder, provided that in the case of default specified in this paragraph (6), if the default be such that it cannot be corrected within the said 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Town within said 30-day period and diligently pursued until the default is corrected;

(b) The occurrence of an Event of Default on the part of the Town under any reimbursement agreement between the Town and a provider of a surety bond, line of credit, insurance policy or letter of credit as contemplated under Section 7.05(d) hereof; and

(c) Such other events of default as may be specified in a Series Ordinance.

In determining whether a default in payment has occurred under paragraphs (1) or (2) of subsection (a) and in determining whether a payment on Bonds has been made under any other provision of this Bond Ordinance, no effect shall be given to payments made under a Municipal Bond Insurance Policy.

(d) The foregoing provisions of paragraphs (3), (4), (5), and (6) of the preceding subsection (a) are subject to the following limitations: If by reason of “force majeure” the Town is unable in whole or in part to carry out its agreements herein contained (other than the obligations on the part of the Town contained in any of Section 4.02 or Articles V, VII and VIII hereof as to which this paragraph shall have no application), the Town shall not be deemed in default during the continuance of such inability attributable to such force majeure. The term “force majeure” as used herein means, without limitation, the following: acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the State or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, tunnels or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Town Council, it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Town Council, and the Town shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Town unfavorable to the Town.

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ARTICLE XIV

REMEDIES

Section 14.01 Acceleration; Annulment of Acceleration.

(a) Upon the occurrence of an Event of Default, the Trustee may, and shall upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds Outstanding, by notice in writing to the Town, declare all Bonds Outstanding immediately due and payable, and such Bonds shall become and be immediately due and payable, anything in the Bonds or in this Bond the Town to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

(b) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Bond Ordinance, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if:

- (1) moneys shall have been deposited in the Debt Service Fund and appropriately apportioned among each Debt Service Fund Account sufficient to pay all matured installments of interest and principal (other than principal then due only because of such declaration) of all Outstanding Bonds;
- (2) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee;
- (3) all other amounts then payable by the Town hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and
- (4) every Event of Default actually known to the Trustee (other than a default in the payment of a Principal Installment of such Bonds then due only because of such declaration) shall have been remedied as certified in writing by an Authorized Officer to the Trustee.

No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 14.02 Additional Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Trustee shall, upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, proceed forthwith to protect and enforce its rights and the rights of the Bondholders under this

Bond Ordinance by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

- (1) seeking a *writ of mandamus*, requiring the Town to carry out its duties and obligations under the terms of this Bond Ordinance and under the Enabling Act;
- (2) suit upon all or any part of the Bonds;
- (3) civil action to require the Town to account as if it were the trustee of an express trust for the Holders of Bonds;
- (4) civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds; or
- (5) enforcement of any other right of the Bondholders conferred by law or by this Bond Ordinance including the right to make application for the appointment of a receiver to administer and operate the System.

(b) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, and upon receipt of assurances of indemnification of the Trustee, the sufficiency of which shall be determined in the Trustee's sole discretion, shall institute and maintain such suits and proceedings as it may be advised by counsel shall be necessary or expedient:

- (1) To prevent any impairment of the security under this Bond Ordinance by any acts which may be unlawful or in violation of this Bond Ordinance; or
- (2) To preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions of this Bond Ordinance and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request.

(C) When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 14.03 Application of Revenues and Other Moneys After an Event of Default.

(a) The Town covenants that if an Event of Default shall happen and shall not have been remedied, the Town, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee:

- (1) Forthwith, all moneys and securities then held by the Town which are credited to any fund under this Bond Ordinance. Any moneys and securities in any Project

Fund created with proceeds of Bonds if construction of the projects to be paid for thereby has been completed or terminated but exclusive of any amounts remaining in such Project Fund that are in dispute between the Town and any contractor; provided however, any monies in a Debt Service Fund Account or Debt Service Reserve Fund shall be applied only toward the applicable Series of Bonds for which such Debt Service Fund Account or Debt Service Reserve Fund was established; and

(2) As promptly as practicable after receipt thereof, all Gross Revenues.

(b) During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, Gross Revenues, payments and receipts in its possession and the income therefrom as follows and in the following order:

- (1) to the payment of the reasonable and proper charges of the Trustee and its reasonable counsel fees and expenses;
- (2) to the payment of Operation and Maintenance Expenses;
- (3) to the payment of the interest and principal (and redemption premium, if any) then due on the Bonds, as follows:

(A) unless the principal of all of the Bonds shall have become or have been declared due and payable,

(i) first: to the payment of the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference;

(ii) second: to the payment to the persons entitled thereto of the unpaid Principal Installments (and redemption premiums, if any) of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal (plus redemption premium, if any) due on such date, to the persons entitled thereto, without any discrimination or preference;

(B) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over

interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any differences as to the applicable rates of interest specified in the Bonds;

- (4) to the payment of the amounts required by Section 8.03, ratably, according to the amounts due thereon to the persons entitled thereto;
- (5) to the payment of the amounts required by Section 8.04, ratably, according to the amounts due thereon to the persons entitled thereto;
- (6) to the payment of the amounts required by Section 8.05, ratably, according to the amounts due thereon to the persons entitled thereto; and
- (7) to the payment of the required deposits to the Depreciation and Contingent Fund under Section 8.07.

Section 14.04 Remedies Not Exclusive.

No remedy by the terms of this Bond Ordinance conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Bond Ordinance or existing at law or in equity or by statute (including the Enabling Act) on or after the date hereof.

Section 14.05 Remedies Vested in Trustee.

All rights of action (including the right to file proof of claims) under this Bond Ordinance or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Section 14.03 hereof, any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

Section 14.06 Majority of Bondholders Control Proceedings.

If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Bond Ordinance to the contrary, the Holders of at least a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of this Bond Ordinance or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is in accordance with law and the provisions of this Bond Ordinance (including indemnity

satisfactory to the Trustee) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Bondholders not joining in such direction and provided further that nothing in this Section 14.06 shall impair the right of the Trustee in its discretion to take any other action under this Bond Ordinance which it may deem proper and which is not inconsistent with such direction by the Holders of at least a majority in principal amount of Bonds then Outstanding.

Section 14.07 Individual Bondholder Action Restricted.

(a) No Holder of any Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of this Bond Ordinance or for the execution of any trust hereunder or for any remedy under this Bond Ordinance unless:

- (1) an Event of Default has occurred:
 - (A) under paragraph (1) or (2) of subsection (a) of Section 13.01 hereof;
 - (B) as to which the Trustee has actual notice; and
 - (C) as to which the Trustee has been notified in writing.
- (2) the Holders of at least 25% in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in this Bond Ordinance or to institute such action, suit or proceeding in its own name;
- (3) such Bondholders shall have provided assurances of indemnification of the Trustee, the sufficiency of which shall be determined in the Trustee's sole discretion; and
- (4) the Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

(b) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of this Bond Ordinance or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds Outstanding.

(c) Nothing contained in this Bond Ordinance shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond:

- (1) to receive payment of the Principal Installments of or interest on such Bond on the due date thereof; or
- (2) to institute suit for the enforcement of any such payment on or after such due date.

Section 14.08 Termination of Proceedings.

In case any proceeding taken by the Trustee or any Bondholder on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, the Town, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Section 14.09 Waiver and Nonwaiver of Event of Default.

(a) No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article XIV to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Bond Ordinance, or before the completion of the enforcement of any other remedy under this Bond Ordinance.

(c) Notwithstanding anything contained in this Bond Ordinance to the contrary but subject to the provisions of Section 17.01 hereof, the Trustee, upon the written request of the Holders of at least a majority of the aggregate principal amount of Bonds then Outstanding (including, if more than one Series of Bonds shall at the time be Outstanding, the Holders of a majority in principal amount of all Bonds then Outstanding of each such Series), shall waive any Event of Default hereunder and its consequences; provided, however, that except under the circumstances set forth in subsection (b) of Section 14.01 hereof or subsection (b) of this Section 14.09, a default in the payment of the principal of, premium, if any, or interest on, any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time Outstanding.

(d) In case of any waiver by the Trustee of an Event of Default hereunder, the Town, the Trustee, each Insurer and the Bondholders shall be restored to their former positions and rights under this Bond Ordinance, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section 14.09.

Section 14.10 Notice of Events of Default.

- (a) Within 30 days after:
 - (1) the receipt of notice of an Event of Default as provided in Section 14.07(a)(1)(B) or (C) hereof; or
 - (2) the occurrence of an Event of Default under paragraphs (1) or (2) of Section 13.01(a) hereof, as to which the Trustee shall be deemed to have notice,

the Trustee shall, unless such Event of Default shall have been cured, give written notice thereof by first class mail to each Insurer of any Series of Bonds then Outstanding, if any, and to each Bondholder, provided that, except in the case of a default in the payment of Principal Installments of, together with premium, if any and interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondholders.

(b) The Trustee shall promptly notify the Town and each Insurer of any Series of Bonds then Outstanding of any Event of Default actually known to the Trustee.

Section 14.11 Rights of Insurers.

Any Series Ordinance may provide that any Insurer, insuring the applicable Series of Bonds, upon the occurrence of an Event of Default and with respect to all remedies provided herein, may prevent the acceleration of the Bonds of all Series or may prevent the annulment of the acceleration of the Bonds of all Series. Such Insurer may be subrogated to the rights to payment of the Holders of any Bonds with respect to which it pays any principal or interest on the Bonds owned by that Holder.

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ARTICLE XV

TRUSTEE AND ITS FUNCTIONS; OTHER FIDUCIARIES

Section 15.01 Appointment and Vesting of Powers in Trustee; Limitation of Rights of Bondholders to Appoint Trustee.

Prior to the delivery of any Bonds pursuant to this Bond Ordinance, the Town shall appoint the Trustee. Such appointment shall be made by means of the Series Ordinance adopted by the Town Council in connection with the issuance of the first Series of Bonds pursuant to this Bond Ordinance or as otherwise permitted under the provisions of this Bond Ordinance. The Trustee shall be and is hereby vested with all rights and powers necessary to enable it to discharge its duties hereunder but the right of the Bondholders to appoint a Trustee hereunder is limited to the circumstances contemplated by Section 15.10 hereof.

Section 15.02 Functions of Trustee.

The Trustee shall have the following additional functions:

- (1) to authenticate, as applicable, the Bonds of all Series that may be issued;
- (2) to act as custodian of the Debt Service Fund and each Debt Service Fund Account (and any subaccounts) established thereunder;
- (3) except as otherwise provided herein, to act as custodian of the Debt Service Reserve Funds, if any;
- (4) except as otherwise provided herein, to act as Paying Agent for the Bonds;
- (5) unless otherwise prescribed by any Series Ordinance, to act as Registrar for the Bonds, and to maintain a set of registration books therefor, which shall at all times accurately reflect the names and addresses of all those who may be Holders of any Bonds;
- (6) to make reports to the Town on a monthly or such other basis as may be requested by the Town, but not less often than semi-annually and not more frequently than monthly:
 - (A) listing balances for any funds or accounts held by the Trustee;
 - (B) listing investments made for any fund held by the Trustee;
 - (C) listing the market value of the Debt Service Reserve Funds; and
 - (D) listing all securities, if any, pursuant to Section 15.13 hereof.

Section 15.03 Duty of Trustee with Respect to Deficits in Debt Service Funds.

It shall be the further duty of the Trustee to give written notice to the Town three Business Days prior to each Bond Payment Date, if there is any deficiency in any Debt Service Fund Account which would result in a need for further moneys to meet the payment of interest and/or principal falling due on the next ensuing Bond Payment Date, and the extent, if any, to which resort must be had to the applicable Debt Service Reserve Fund to meet such deficiency.

Section 15.04 Acceptance by Trustee Required.

Prior to the delivery of any Bonds, the Trustee appointed pursuant to Section 15.01 hereof shall signify its acceptance of the powers, duties and obligations conferred and imposed upon it by this Bond Ordinance, by executing and delivering to the Town a written acceptance thereof.

Section 15.05 No Liability as to Recitals in Bond Ordinance and Bonds.

(a) The recitals of fact made in this Bond Ordinance, in any Series Ordinance, and in the Bonds shall be taken as statements of the Town, and the Trustee shall not be deemed to have made any representation as to the correctness of the same, nor shall the Trustee be deemed to have made any representation whatsoever as to the validity or sufficiency of this Bond Ordinance or of the Bonds issued hereunder except with respect to the authentication of any Bonds, as applicable. Nor shall the Trustee be under any responsibility or duty with respect to the operation of the System, any offering document or memorandum related to the marketing or sale of Bonds, or the issuance of Bonds or the application of the proceeds thereof, except to the extent provided for herein. Nor shall the Trustee be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(b) Prior to the occurrence of an Event of Default of which the Trustee has or is deemed to have notice hereunder, and after the curing of any Event of Default which may have occurred:

- (1) the Trustee shall undertake to perform such duties and only such duties as are specifically set forth in this Bond Ordinance or any Series Ordinance, as applicable, and no implied covenants or obligations shall be read into this Bond Ordinance or any Series Ordinance, as applicable, against the Trustee; and
- (2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Bond Ordinance or any Series Ordinance, as applicable.

(c) In case an Event of Default of which the Trustee has or is deemed to have notice hereunder has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Bond Ordinance or any Series Ordinance, as applicable, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use in the conduct of such person's own affairs.

Section 15.06 Trustee May Rely on Notices, Etc.

The Trustee shall at all times be protected in acting upon any notice, ordinance, request, consent, order, certificate, statement, opinion, bond, or other paper or document believed to be genuine and to have been signed by the proper party or parties.

Section 15.07 Trustee Permitted to Resign.

The Trustee may, at any time, resign and be discharged of its duties and obligations hereunder by giving to the Town and the Bondholders written notice of such resignation, specifying a date (not less than 60 days after such notice) when such resignation is intended to take effect. Such resignation shall take effect immediately upon but not before the appointment and qualification of its successor. If after 60 days no successor has been appointed, the Trustee may petition a court of competent jurisdiction to appoint a successor.

Section 15.08 Removal of Trustee.

(a) The Trustee may be removed at any time by the Holders of not less than a majority in aggregate principal amount of Bonds Outstanding upon 30 days written notice to the Trustee.

(b) Provided an Event of Default has not occurred and is not continuing, the Trustee may be removed at any time by the Town upon thirty days written notice to the Trustee.

(c) Any such removal shall take effect immediately (after the 30 day notice period) upon, but not before the appointment and qualification of its successor.

Section 15.09 Appointment of Successor Trustee Upon Resignation or Removal of Trustee.

(a) In case at any time the Trustee shall resign, or be removed or become incapable of acting, or be adjudged bankrupt or insolvent, or a receiver of its property shall be appointed, or any public officer shall take charge or control of its property or affairs, a successor thereto shall be promptly appointed by the Town by ordinance duly enacted. The successor shall in all instances be a bank or a trust company, and duly chartered pursuant to the laws of the United States or of any state and shall have a combined capital and surplus of not less than \$500,000,000.

(b) Immediately following such appointment the Town shall give written notice of such appointment to the Bondholders and any Registrar other than the Trustee.

Section 15.10 When Bondholder May Seek Successor Trustee.

If no appointment of a successor Trustee shall be promptly made pursuant to Section 15.09, any Bondholder, the resigning or removed Trustee may make application to any court of competent jurisdiction for the appointment of a successor and said court may thereupon, after such notice, if any, as such court may prescribe, appoint a successor.

Section 15.11 Acceptance by Successor Trustee.

Any successor Trustee appointed hereunder shall execute and deliver to its predecessor and to the Town a written acceptance of such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor hereunder with like effect as if originally named as such Trustee and its predecessor shall be obligated to pay over, transfer, assign and deliver all moneys, securities and other property held by it to its successor, and on the written request of the Town, or the successor, shall execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may be reasonably required for the vesting and confirming in such successor all the right, title and interest of the predecessor in and to any property held by it.

Section 15.12 Effect of Trustee Merging with Another Bank.

Any bank or trust company into which the Trustee may be merged, or with which it may be consolidated, or any bank or trust company resulting from any merger or consolidation to which it shall be a party, or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, shall become the successor without the execution or filing of any paper or the performance of any further act; provided, always, that if the Town shall be dissatisfied with the institution resulting from the merger, consolidation or other action spoken of above, then the Town may at any time within 30 days after such action name a new Trustee (with the qualifications prescribed by Section 15.09 hereof) in lieu of the Trustee then acting.

Section 15.13 Trustee to Secure Funds and Securities Held in Trust.

Unless the same be secured as trust funds in the manner provided by the regulations of the Comptroller of the Currency as from time to time in effect, all funds or securities in the custody of the Trustee, in excess of the amount of such deposit insured by the Federal Deposit Insurance Corporation, shall be invested in Authorized Investments at the written direction of the Town.

Section 15.14 Disposition of Paid Bonds.

It shall be the duty of the Trustee to cancel all Bonds which shall have been paid, whether upon their maturity or redemption prior to maturity; such cancellation shall be done in such fashion as to render such Bonds incapable of further negotiation or hypothecation. In any event it shall furnish appropriate certificates or documents to the Town indicating the disposition of such Bonds.

Section 15.15 Appointment of Substitute Registrar.

The Town may, from time to time, appoint a Registrar or Registrars to act in the place and stead of the Trustee as Registrar of the Bonds of one or more Series. The Town shall cause written notice of such appointment to be mailed to the Holders of all Bonds affected by such appointment 30 days prior to the effective date of such appointment.

Section 15.16 Additional Provisions Regarding the Trustee.

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Bond Ordinance, and no implied covenants or obligations should be read into this Bond Ordinance against the Trustee.

(b) The Trustee agrees to perform the trust functions provided herein upon and subject to the expressed terms and conditions of this Section 15.16.

(c) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers appointed with due care.

(d) The permissive items assigned to the Trustee as enumerated herein shall not be construed as a duty.

(e) The Trustee shall not be accountable for the use or application by the Town of any money paid over by the Trustee in accordance with the provisions of this Bond Ordinance.

(f) Before taking any action under this Bond Ordinance relating to an Event of Default or in connection with its duties under this Bond Ordinance other than making payments of principal and interest on the Bonds as they become due or causing an acceleration of the Bonds whenever required by this Bond Ordinance, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all costs and expenses to which it may be subject (including legal fees, costs and expenses) and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated to have resulted from its own negligence or willful misconduct in connection with any action so taken.

(g) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal tax or securities laws in connection with the Bonds.

(h) None of the provisions of this Bond Ordinance shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds cannot be assured to the Trustee's satisfaction.

(i) The Trustee may conclusively rely upon the Town's written instructions as to both the suitability and legality of all investments directed hereunder and their qualification as Authorized Investments. The Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments or to confirm whether an investment continues to be an Authorized Investment and shall have no liability if such investment ceases to be an Authorized Investment. The Trustee may, but it not required to, make any and all such

investments through its own investment department or that of its affiliates or subsidiaries, and may charge reasonable fees for such trades, including cash sweep accounts. Notwithstanding anything to the contrary herein, in the absence of written investment instructions from the Town, the Trustee shall not be responsible or liable for keeping moneys held by it hereunder fully invested. The Trustee shall not be liable for any losses from or diminution in the value of such investments executed pursuant to the written direction of the Town. Broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered.

(j) The Trustee shall have no duty to review or analyze any financial statements delivered to it hereunder (including the audit required by Section 9.02 hereof) or verify the accuracy thereof and shall hold such financial statements solely as a repository for the benefit of the Bondholders; the Trustee shall not be deemed to have notice of any information contained therein or Event of Default which may be disclosed therein.

(k) The Town shall pay to the Trustee reasonable compensation for all services performed by it hereunder and also its reasonable expenses, charges and other disbursements and the fees, costs, and expenses of its attorneys, agents and employees incurred in and about the administration and the performance of its powers and duties hereunder. If the Trustee is required by a governmental agency or court proceeding initiated by a third party to undertake efforts beyond that which is set forth herein but related thereto, the Trustee shall notify the Town of same in writing. Payment for such extraordinary fees, costs and expenses (including but not limited to reasonable attorney's fees, costs and expenses) shall be made promptly by the Town only after said notice.

(l) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Bond Ordinance arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation: acts of God; earthquakes; fire; flood; hurricanes or other catastrophic storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(m) Upon request from any Bondholder and absent any further direction or consent of the Town, the Trustee may disseminate a copy of the financial statements to such requester.

(n) The Trustee shall have the right to accept and act upon directions or instructions delivered using Electronic Means; provided, however, that the Town shall provide to the Trustee an incumbency certificate listing qualified officers with the authority to provide such directions or instructions (each a "**Qualified Officer**") and containing specimen signatures of such Qualified Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Town elects to give the Trustee directions or instructions using Electronic Means and the Trustee in its discretion elects to act upon such directions or instructions, the Trustee's understanding of such directions or instructions shall be deemed controlling. The Town understands and agrees that the Trustee cannot determine the identity of the actual sender

of such directions or instructions and that the Trustee shall conclusively presume that directions or instructions that purport to have been sent by a Qualified Officer listed on the incumbency certificate provided to the Trustee have been sent by such Qualified Officer. The Town shall be responsible for ensuring that only Qualified Officers transmit such directions or instructions to the Trustee and that all Qualified Officers treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such directions or instructions notwithstanding such directions or instructions conflict or are inconsistent with a subsequent written direction or written instruction. The Town agrees: (i) to assume all risks arising out of the use of Electronic Means to submit directions or instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions or instructions, and the risk of interception and misuse by third parties, (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions or instructions to the Trustee and that there may be more secure methods of transmitting directions or instructions, and (iii) that the security procedures (if any) to be followed in connection with its transmission of directions or instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

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ARTICLE XVI

DEFEASANCE

Section 16.01 Defeasance Generally.

Subject to the provisions of any Series Ordinance, if all of the Bonds issued pursuant to this Bond Ordinance and any other amounts required to be paid to the Trustee and a provider of a surety bond, line of credit, insurance policy or letter of credit hereunder shall have been paid and discharged, then the obligations of the Town under this Bond Ordinance, the pledge of Gross Revenues made hereby, and all other rights granted hereby shall cease and determine. Subject to the provisions of any Series Ordinance, Bonds shall be deemed to have been paid and discharged within the meaning of this Article under each of the following circumstances:

- (1) The Trustee shall hold, at the stated maturities of such Bonds (or properly noticed redemption or prepayment dates), in trust and irrevocably appropriated thereto, sufficient money for the payment thereof,
- (2) If default in the payment of the Principal Installments of such Bonds or the interest thereon shall have occurred and thereafter tender of such payment shall have been made, and the Trustee shall then hold in trust and irrevocably appropriated thereto, sufficient money for the payment thereof to the date of the tender of such payment, or
- (3) If the Town shall have deposited with the Trustee, or any other bank or trust company which would otherwise meet the chartering and capital and surplus requirements contained in Section 15.09(a) hereof (after properly establishing an escrow account therefor), in irrevocable trust money or Defeasance Obligations, the principal of and interest on which when due (without reinvestment thereof) will, as certified in a verification report provided by an independent entity providing such services and selected by the Town, provide money which, together with the money, if any, deposited at the same time, shall be sufficient to pay, when due, the principal, interest and redemption premium, if any, due and to become due on and prior to the maturity, or, if the Town has irrevocably elected to redeem Bonds, on and prior to the redemption date, of such Bonds.

Section 16.02 Money to be Held in Trust - When Returnable to the Town.

Any money which at any time shall be deposited with the Trustee or other escrow holder authorized under paragraph (3) of Section 16.01 by or on behalf of the Town for the purpose of paying and discharging any Bonds or the interest thereon, shall be and is hereby assigned, transferred and set over to the Trustee or such other escrow holder in trust for the applicable Holders of the Bonds, and such money shall be and is hereby irrevocably appropriated to the payment and discharge thereof. But if, through lapse of time or otherwise, the Holders of said Bonds shall no longer be entitled to enforce payment of their obligations, then, in such event, it

shall be the duty of the Trustee or such other escrow holder to forthwith return said funds to the Town.

Section 16.03 Deposits with Trustee Subject to Conditions of Article XVI.

The Town covenants and agrees that any money which it shall deposit with the Trustee shall be deemed to be deposited in accordance with, and subject to, the applicable provisions of this Article, and that whenever it shall have elected to redeem Bonds it will irrevocably bind and obligate itself to give notice of redemption thereof, and will further authorize and direct the Trustee to cause the publication of such notice of redemption in its name and on its behalf.

Section 16.04 No Defeasance of Series of Bonds Paid by Insurer.

In the event that the Principal Installments and/or interest due on a Series of Bonds shall be paid by an Insurer pursuant to a Municipal Bond Insurance Policy, such Series of Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Town until the Insurer has been reimbursed in full therefor in accordance with the terms of the Municipal Bond Insurance Policy, and the assignment and pledge of the Gross Revenues of the System and all covenants, agreements and other obligations of the Town to the registered Holders shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such registered Holders.

* * *

ARTICLE XVII

MISCELLANEOUS

Section 17.01 Miscellaneous Rights of an Insurer.

(a) Notwithstanding any provision of this Bond Ordinance to the contrary, each Insurer shall be deemed the exclusive Holder of all Bonds insured by that Insurer, for the purposes of all approvals, consents, waivers, institution of any action, and the direction of all remedies. No rights granted to an Insurer by this Bond Ordinance or any Series Ordinance shall be effective at any time that such Insurer is in breach of its obligations under the Municipal Bond Insurance Policy, has committed a default under the Municipal Bond Insurance Policy or is subject to bankruptcy or receivership proceedings. Additionally, this paragraph (a) shall be effective only in the event the Insurer's Municipal Bond Insurance Policy results in being rated at least investment grade by either Standard & Poor's or Moody's Investors Service, Inc.

(b) Any provision of this Bond Ordinance expressly recognizing or granting rights in or to an Insurer may not be amended in any manner which affects the rights of such Insurer hereunder without the prior written consent of each such Insurer.

(c) To the extent that an Insurer makes payment of the principal of or interest on any Bonds, it shall become the owner and Holder of such Bonds, appurtenant coupons or right to payment of such principal of or interest on such Bonds and shall be fully subrogated to all of the registered Holders' rights thereunder, including the registered Holders' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note Insurer's rights as subrogee on the registration books of the Town maintained by the Trustee or Registrar upon receipt of proof from the Insurer as to payment of interest thereon to the registered Holders of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Insurer's rights as subrogee on the registration books of the Town maintained by the Trustee or Registrar upon surrender of the Bonds by the registered Holders thereof to the Insurer or its agent.

(d) In the event that the principal of and/or interest on any Bonds shall be paid by the Insurer pursuant to the terms of its Municipal Bond Insurance Policy, (i) such Bonds shall continue to be "Outstanding" under this Bond Ordinance, and (ii) the assignment and pledge of the Gross Revenues and all covenants, agreements and other obligations of the Town to the registered Holders shall continue to exist, and the Insurer shall be fully subrogated to all of the rights of such registered Holders in accordance with the terms and conditions of subparagraph (c) above and the Insurer's Municipal Bond Insurance Policy.

(e) The terms and provisions of this Bond Ordinance or of any applicable Series Ordinance may not be terminated as long as there are any moneys owed to an Insurer under such terms and provisions of this Bond Ordinance or the applicable Series Ordinance or any agreement between such Insurer and the Town.

Section 17.02 Purpose of Covenants in Bond Ordinance.

Every covenant, undertaking and agreement made on behalf of the Town, as set forth in this Bond Ordinance and any Series Ordinance is made, undertaken and agreed to, for the proper securing of the payment of the principal of and interest on the Bonds. Each shall be deemed to partake of the obligation of the contract between the Town and the Bondholders and shall be enforceable accordingly. In this connection, any provider of a surety bond, line of credit, insurance policy or letter of credit as contemplated under Section 7.05(e) hereof may enforce the terms, conditions and obligations under this Bond Ordinance as a third-party beneficiary hereunder. Nothing in this Bond Ordinance and any Series Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Town, the Insurers, the Trustee, and the Holders of the Bonds, any right, remedy or claim under or by reason of this Bond Ordinance and any Series Ordinance or any covenant, condition or stipulation thereof, and all covenants, stipulations, promises and agreements in this Bond Ordinance contained by and on behalf of the Town shall be for the sole and exclusive benefit of the Town, the Insurers, the Trustee, and the Holders of the Bonds.

Section 17.03 Severability.

If any Section, paragraph, clause or provision of this Bond Ordinance shall be held invalid, the invalidity of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Bond Ordinance.

Section 17.04 Remedies Granted by Ordinance Not Being Available to Holders of Other Bonds.

If it shall be held by any court of competent jurisdiction that any right or remedy granted by this Bond Ordinance or any Series Ordinance to the Holders of any Bond is not available to the Holders of all other Bonds, then such rights and remedies are herewith conferred upon the Holders of such other Bonds.

Section 17.05 Authorization to Sign.

For purposes of all consents and other necessary documentation associated with the issuance of Bonds, the Authorized Officers and the Clerk shall be authorized to sign on behalf of the Town.

Section 17.06 Repealing Clause.

All ordinances, or parts thereof, inconsistent herewith shall be and the same are hereby repealed to the extent of such inconsistencies.

Section 17.07 Governing Law.

The provisions of this Bond Ordinance shall be governed by the laws of the State, without regard to conflict of law principles.

Section 17.08 Notices.

Notices to the Town and the Trustee may be transmitted to the following addresses as follows:

If to the Town:

Town of Moncks Corner
118 Carolina Avenue
Moncks Corner, SC 29461
Attn: Town Administrator

If to the Trustee:

U.S. Bank Trust Company, National Association
1441 Main Street, Suite 775
Columbia, SC 29201
Attn: Corporate Trust

The Town and the Trustee may designate any further or different addresses to which subsequent notice, certificates or other communications may be sent

Section 17.09 Date Effective.

The provisions of this Bond Ordinance shall become effective upon enactment.

* * *

NOW, THEREFORE, BE IT ORDAINED and ordered by the Mayor and Town Council of the Town of Moncks Corner, South Carolina, in Council duly assembled, that this Master Bond Ordinance is approved and ordered.

ENACTED IN REGULAR MEETING, the 18th day of November 2025.

First reading and Public Hearing: October 21, 2025

Second Reading: November 18, 2025

Thomas J. Hamilton, Jr., Mayor

Council:

ATTEST:

Marilyn M. Baker, Clerk to Council

APPROVED AS TO FORM:

James Brogdon, Town Attorney