
ORDINANCE NO. 2016-10

PROVIDING FOR THE ISSUANCE AND SALE OF NOT EXCEEDING \$12,000,000 SEWER SYSTEM REVENUE BONDS, SERIES 2016, OF THE CITY OF SIMPSONVILLE, SOUTH CAROLINA, FOR THE EXPENDITURE OF THE PROCEEDS THEREOF, FOR THE PAYMENT OF SAID BONDS, AND OTHER MATTERS RELATING THERETO.

2016 SERIES ORDINANCE
Enacted October 11, 2016

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BE IT ORDAINED BY CITY OF SIMPSONVILLE, SOUTH CAROLINA, IN MEETING ASSEMBLED AND BY THE AUTHORITY THEREOF:

ARTICLE I

FINDINGS OF FACT

Section 1.01 Findings.

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

(1) The City has made general provision for the issuance from time to time of Sewer System Revenue Bonds (the “**Bonds**”) of the City through the enactment, on even date herewith, of an ordinance entitled “AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF SEWER SYSTEM REVENUE BONDS OF THE CITY OF SIMPSONVILLE, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO” (the “**Bond Ordinance**”).

(2) It is provided in and by the Bond Ordinance that, upon enactment of a Series Ordinance there may be issued one or more series of Bonds for the purpose of obtaining funds for the expansion and improvement of the sewer system of the City (the “**System**”); providing funds for the payment of the issuance and sale of Bonds; refunding Bonds or other obligations issued to provide land or facilities that are or are to become a part of the System or that are or were payable in whole or in part from revenues of the System; providing funds for the payment due of interest on such Bonds; funding a debt service reserve fund established for the benefit of the Holders of a particular Series of Bonds or restoring such funds to their required funding level; and paying the cost of issuance of Bonds, including the cost of any credit enhancement therefor.

(3) The City Council has determined that it is in the best interests of the customers of the System to raise not exceeding \$12,000,000 through the issuance of a series of Bonds in order to provide funds (i) to defray the cost of various improvements to the System including (a) flow metering, smoke testing and manhole inspection of portions of the System to determine inflow and infiltration of stormwater into the System; (b) rehabilitation, repair and/or replacement of sewer lines and manholes; (c) lining of sewer lines as needed with cured in place pipe; and (d) various other capital improvements to the System including improvements needed to become compliant or maintain compliance with an Intergovernmental Agreement between the City and Renewable Water Resources, South Carolina (collectively, the “**Improvements**”), (ii) to satisfy the 2016 Reserve Requirement (as defined herein), if any, and (iii) to pay costs of issuance.

(4) By reason of the foregoing, the City has determined to enact this ordinance as a Series Ordinance in accordance with the terms and provisions of the Bond Ordinance in order to effect the issuance of the Series 2016 Bonds (as defined below) for the purpose of defraying the cost of the Improvements, funding the 2016 Reserve Requirement, if any, and defraying the cost of issuance of said bonds, including the costs of the premium for the Municipal Bond Insurance Policy (as defined below), if any, associated therewith.

[End of Article I]

ARTICLE II

DEFINITIONS AND AUTHORITY

Section 2.01 Definitions.

(a) Except as provided in subsection (b) below, all terms which are defined in **Section 2.02** of the Bond Ordinance shall have the same meanings in this 2016 Series Ordinance as such terms are prescribed to have in the Bond Ordinance.

(b) As used in this 2016 Series Ordinance, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Authorized Representative” shall mean the Mayor or the City Administrator or such other employee or official of the City as designating in a certificate of the City Administrator.

“Bond Insurer” shall mean the issuer of the Municipal Bond Insurance Policy and/or the Surety Bond.

“Bond Ordinance” shall mean the Ordinance entitled “AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF SEWER SYSTEM REVENUE BONDS OF THE CITY OF SIMPSONVILLE, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO” enacted on even date herewith, by the City Council.

“Interest Payment Date” shall mean, with respect to the Series 2016 Bonds, April 1, 2017, or such other date as determined by the City Administrator upon advice of the City’s municipal advisor, and any April 1 or October 1 thereafter (until the principal of the Series 2016 Bonds has been paid in full).

“Municipal Bond Insurance Policy” shall mean a municipal bond insurance policy or financial guaranty insurance policy insuring the payment when due of the principal of and interest on the Series 2016 Bonds as provided therein.

“Purchase Contract” shall mean the purchase contract or bond purchase agreement between the City and the Underwriter relating to the purchase by the Underwriter of the Series 2016 Bonds.

“Series 2016 Bonds” shall mean the Bonds of the City of the Series authorized by this 2016 Series Ordinance, in the principal amount of not exceeding \$12,000,000 whether or not the Bonds are actually issued in calendar year 2016. If the Series 2016 Bonds are issued in a year other than 2016, then the Series 2016 Bonds will bear the year designation of the year in which it is actually issued.

“Surety Bond” shall mean a surety bond, if any, issued by the Bond Insurer guaranteeing certain payments into the 2016 Debt Service Reserve Fund, if any, with respect to the Series 2016 Bonds as provided therein and subject to the limitations set forth therein.

“Underwriter” shall mean Raymond James & Associates, Inc.

“2016 Construction Fund” shall mean the Fund established pursuant to **Section 6.01** hereof with respect to payments of the costs of the Improvements and costs of issuance.

“2016 Debt Service Fund” shall mean the Fund established pursuant to **Section 4.06** hereof to provide for the payment of the principal of and interest on the Series 2016 Bonds.

“2016 Debt Service Reserve Fund” shall mean the Fund, if any, established pursuant to **Section 4.07** hereof to provide additional security for the payment of the principal of and interest on the Series 2016 Bonds.

“2016 Reserve Requirement” shall mean, as of the date of its calculation, an amount equal to the least of (i) 10% of the original sales proceeds of the Series 2016 Bonds (within the meaning of the Code), (ii) maximum remaining Annual Principal and Interest Requirement for the then-current and each future Fiscal Year with respect to the Series 2016 Bonds outstanding, (iii) 125% of the average Annual Principal and Interest Requirement for the then-current and each future Fiscal Year with respect to the Series 2016 Bonds outstanding, or (iv) such other amount as may be determined by the City Administrator upon advice of the City’s municipal advisor.

“2016 Series Ordinance” shall mean this Ordinance.

Section 2.02 Authority for this 2016 Series Ordinance.

This 2016 Series Ordinance is enacted pursuant to the provisions of the Bond Ordinance.

[End of Article II]

ARTICLE III

USEFUL LIFE

Section 3.01 Determination of the Useful Life of the System.

The period of usefulness of the System is hereby determined to be not less than forty (40) years from the date hereof.

[End of Article III]

ARTICLE IV

AUTHORIZATION AND TERMS OF THE SERIES 2016 BONDS

Section 4.01 Principal Amount and Designation of Series 2016 Bonds.

Pursuant to the provisions of the Enabling Act and the Bond Ordinance, a series of Bonds of the City entitled to the benefits, protection and security of the provisions of the Bond Ordinance is hereby authorized to be issued for the purposes set forth in **Section 4.02** below. The Bonds so authorized shall be in the total principal amount of not exceeding \$12,000,000 and designated "City of Simpsonville, South Carolina Sewer System Revenue Bonds, Series 2016" (the "**Series 2016 Bonds**").

Section 4.02 Purposes of Series 2016 Bonds.

The Series 2016 Bonds are authorized for the purposes of:

- (a) defraying the costs of the Improvements;
- (b) funding the 2016 Debt Service Reserve Fund, if any, at the 2016 Reserve Requirement either by depositing a portion of the proceeds of the Series 2016 Bonds therein or by purchasing a Surety Bond; and
- (c) paying costs and expenses relating to the issuance of the Series 2016 Bonds, including the premium for the Municipal Bond Insurance Policy, if any, pursuant to **Section 10.06** hereof.

Section 4.03 Date, Interest Rate and Maturity of Series 2016 Bonds.

(a) The Series 2016 Bonds shall mature on April 1 in the years and in the principal amounts as determined by the City Administrator; provided that the aggregate principal amount may not exceed \$12,000,000 and the final maturity date shall not be later than April 1, 2041. The net interest rate shall not exceed 5.00% per annum. The Purchase Contract will set forth the respective years of maturity, principal amounts and interest rates.

(b) A portion of the Series 2016 Bonds may be retired by mandatory redemption payments (the "**Series 2016 Term Bonds**") which shall be accumulated in a bond redemption account in the Debt Service Fund in amounts sufficient to redeem such Series 2016 Bonds in the years specified in the Purchase Contract as determined by the City Administrator. To the extent all or a portion of the principal amount of Series 2016 Term Bonds are purchased by the City or redeemed by right of optional redemption, future mandatory redemption payments may be reduced by the amount of such excess in the years and amounts designated in writing by the City delivered to the Trustee.

(c) The Series 2016 Bonds shall originally be dated the date of issuance and shall be issued as fully registered Bonds in the denominations of \$5,000 and integral multiples of \$5,000.

(d) Principal of and premium, if any, of the Series 2016 Bonds shall be payable at the corporate trust office of the Trustee, in the City of St. Paul, Minnesota. Interest on the Series 2016 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof to which interest has been paid, unless the date of authentication is an Interest Payment Date, in which case interest shall be payable from that date; provided, however, that interest shall be payable from the dated date. Interest on the Series 2016 Bonds shall be payable on each Interest Payment Date, in each case to the Holders as of the

immediately preceding Record Date, interest to be paid by the Trustee by check or draft mailed to each Holder at his address as it appears on the Books of Registry maintained at the corporate trust office of the Trustee, in the City of St. Paul, Minnesota; provided that payment to a Holder of \$1,000,000 or more may be made by wire transfer to an account within the continental United States in accordance with written instructions filed with the Trustee at least five Business Days prior to such Record Date.

Section 4.04 Optional Redemption.

The Series 2016 Bonds shall be subject to redemption prior to maturity, at the option of the City, on the dates selected by the City Administrator, and set forth in the Purchase Contract, as a whole or in part at any time, in the maturities as designated by the City and by lot within a maturity, at the redemption prices with respect to each Series 2016 Bond, expressed as a percentage of principal amount of the Series 2016 Bond to be redeemed, as set forth in the Purchase Contract, together, in each case, with the interest accrued on the principal amount thereof to the date fixed for redemption. Any notice of redemption given by the City shall not be conditioned upon the prior payment to the Trustee of money or the delivery to the Trustee of Authorized Investments sufficient to pay the redemption price of the Series 2016 Bonds or the interest thereon to the redemption date.

Section 4.05 Appointment of Registrar, Paying Agent and Trustee; Transfer and Exchange of Series 2016 Bonds.

U.S. Bank National Association is hereby appointed to act as Registrar, Paying Agent and Trustee for the Series 2016 Bonds under the Bond Ordinance.

The Series 2016 Bonds shall be presented for registration of transfers and exchanges as provided in the Bond Ordinance, and notices and demands in respect of the Series 2016 Bonds may be served upon the Registrar.

Section 4.06 Establishment of 2016 Debt Service Fund.

In accordance with the Bond Ordinance, the 2016 Debt Service Fund is hereby directed to be established with the Trustee on the date of original delivery of the Series 2016 Bonds for the benefit of the Holders of the Series 2016 Bonds. Payments to and from the 2016 Debt Service Fund shall be made in accordance with the provisions of Articles VII and VIII of the Bond Ordinance. The Trustee shall be entitled to rely upon any investment direction provided to it by an Authorized Representative as a certification to the Trustee that such investments constitute Authorized Investments. In the absence of written investment directions from an Authorized Representative, the Trustee shall hold the amounts in the 2016 Debt Service Fund uninvested in cash, without liability for interest.

Section 4.07 Establishment of 2016 Debt Service Reserve Fund.

If as of the date of the initial delivery of the Series 2016 Bonds, the City Administrator, upon advice of the City's municipal advisor, determines that the 2016 Debt Service Reserve Fund needs to be established for the issuance of the Series 2016 Bonds, then the City Administrator shall provide the Trustee with a written direction to establish with the Trustee the 2016 Debt Service Reserve Fund on the date of original delivery of the Series 2016 Bonds for the benefit of the Holders of the Series 2016 Bonds pursuant to Section 7.05 of the Bond Ordinance. The 2016 Debt Service Reserve Fund, if established, shall be held by the Trustee and maintained at the 2016 Reserve Requirement in accordance with the provisions of Section 7.05 of the Bond Ordinance. The Trustee shall be entitled to rely upon any investment direction provided to it by an Authorized Representative as a certification to the Trustee that such investments constitute Authorized Investments. In the absence of written investment directions from

an Authorized Representative, the Trustee shall hold the amounts in the 2016 Debt Service Reserve Fund uninvested in cash, without liability for interest.

Section 4.08 Form of Series 2016 Bonds.

The Series 2016 Bonds together with the Certificate of Authentication and Assignment to appear thereon, are to be in substantially the form attached hereto as **Exhibit A**, with necessary and appropriate variations, omissions and insertions as permitted or required by the Bond Ordinance or this 2016 Series Ordinance. The Series 2016 Bonds shall be numbered R-1 and upward.

Section 4.09 Book-Entry System; Recording and Transfer of Ownership of Series 2016 Bonds.

Unless and until the book-entry-only system described in this **Section 4.09** has been discontinued, the Series 2016 Bonds will be available only in book-entry form in principal amounts of \$5,000 or any integral multiple thereof. The Depository Trust Company, New York, New York ("**DTC**"), will act as securities depository for the Series 2016 Bonds, and the ownership of one fully registered Series 2016 Bond for each maturity, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. Purchases of Series 2016 Bonds under the book-entry system may be made only through brokers and dealers who are, or act through, DTC Participants in accordance with rules specified by DTC. Each DTC Participant will receive a credit balance in the records of DTC in the amount of such DTC Participant's ownership interest in the Series 2016 Bonds. The ownership interest of each actual purchaser of a Series 2016 Bond (the "**Beneficial Owner**") will be recorded through the records of the DTC Participant or persons acting through DTC Participants (the "**Indirect Participants**"). Transfers of ownership interests in the Series 2016 Bonds will be accomplished only by book entries made by DTC and, in turn, by DTC Participants or Indirect Participants who act on behalf of the Beneficial Owners. Beneficial Owners of the Series 2016 Bonds will not receive nor have the right to receive physical delivery of Series 2016 Bonds, and will not be or be considered to be holders thereof under the Bond Ordinance, except as specifically provided in the event the book-entry system is discontinued.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2016 Bonds, references in this 2016 Series Ordinance to the Bondholders or registered owners of the Series 2016 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners. The City, the Trustee, the Registrar and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2016 Bonds registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the Series 2016 Bonds, giving any notice permitted or required to be given to Bondholders under the Bond Ordinance, registering the transfer of Series 2016 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. The City, the Trustee, the Registrar and the Paying Agent shall not have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Series 2016 Bonds under or through DTC or any DTC Participant, or any other person which is not shown on the registration books kept by the Registrar as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any DTC Participant; the payment by DTC or any DTC Participant of any amount in respect of the principal of or interest or premium, if any, on the Series 2016 Bonds; any notice which is permitted or required to be given to Bondholders thereunder or under the conditions to transfers or exchanges adopted by the City or the Trustee; or any consent given or other action taken by DTC as a Bondholder.

Principal, premium, if any, and interest payments on the Series 2016 Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Series 2016 Bonds. Payments by DTC Participants and Indirect Participants to Beneficial Owners of the Series 2016 Bonds will be the responsibility of such DTC Participant or Indirect Participant and not of DTC, the Trustee, the Registrar, the Paying Agent or the City.

While the book-entry system is used for the Series 2016 Bonds, the Trustee will give any notice of redemption or any other notice required to be given to holders of the Series 2016 Bonds only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Indirect Participant, or of any DTC Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content and effect will not affect the validity of the redemption of the Series 2016 Bonds called for redemption or of any other action premised on such notice. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and in turn by DTC Participants and Indirect Participants to Beneficial Owners of the Series 2016 Bonds will be governed by arrangements among them.

Neither the City, the Trustee, the Registrar nor the Paying Agent will have any responsibility or obligation to such DTC Participants, or the persons for whom they act as nominees, with respect to payments actually made to DTC or its nominee, Cede & Co., as registered owner of the Series 2016 Bonds in book-entry form, or with respect to the providing of notice for the DTC Participants, the Indirect Participants, or the Beneficial Owners of the Series 2016 Bonds in book-entry form.

For every transfer and exchange of a beneficial ownership interest in the Series 2016 Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. If for any such reason the system of book-entry-only transfers through DTC is discontinued, Series 2016 Bond certificates will be delivered as described in the Bond Ordinance in fully registered form in denominations of \$5,000 or any integral multiple thereof in the names of Beneficial Owners or DTC Participants; provided, however, that in the case of any such discontinuance the City may within 90 days thereafter appoint a substitute securities depository which, in the City's opinion, is willing and able to undertake the functions of DTC upon reasonable and customary terms.

In the event the book-entry system is discontinued, the persons to whom Series 2016 Bond certificates are delivered will be treated as "Bondholders" for all purposes of the Ordinance, including the giving by the City or the Trustee of any notice, consent, request or demand pursuant to the Bond Ordinance for any purpose whatsoever. In such event, the Series 2016 Bonds will be transferable to such Bondholders, interest on the Series 2016 Bonds will be payable by check or draft of the Trustee, as Paying Agent, mailed to such Bondholders, and the principal and redemption price of all Series 2016 Bonds will be payable at the principal corporate trust office of the Paying Agent.

Section 4.10 Investment Agreements.

The City Administrator is authorized to accept proposals for the investment of amounts held in the 2016 Construction Fund, the 2016 Debt Service Fund and/or the 2016 Debt Service Reserve Fund, if established. To the extent the City Administrator directs the Trustee to enter into one or more investment agreements with respect to funds held by the Trustee in the 2016 Construction Fund, the 2016 Debt Service Fund or the 2016 Debt Service Reserve Fund, if established, the City shall assume all responsibility for complying with requirements of the Code with respect to obtaining any such investment agreements.

Section 4.11 Brokerage Confirmations.

To the extent permitted by applicable law, the City specifically waives compliance with 12 C.F.R. § 12 and hereby notifies the Trustee that no brokerage confirmations need to be sent relating to the security transactions as they occur. Notwithstanding the foregoing, to the extent the Trustee receives and invests amounts under this 2016 Series Ordinance, the Trustee shall provide the City with periodic cash transaction statements which shall include details for all investment transactions made by the Trustee hereunder.

[End of Article IV]

ARTICLE V

EXECUTION OF BONDS; NO RECOURSE

Section 5.01 Execution.

The Series 2016 Bonds shall be executed by the Mayor or the City Administrator and attested by the Clerk and authenticated in accordance with the applicable provisions of the Bond Ordinance.

Section 5.02 No Recourse.

All covenants, stipulations, promises, agreements and obligations of the City contained in the Bond Ordinance or in this 2016 Series Ordinance shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not those of any officer or employee of the City in his or her individual capacity, and no recourse shall be had for the payment of the principal or redemption price of or interest on the Series 2016 Bonds or for any claim based thereon or on the Bond Ordinance or on this 2016 Series Ordinance, either jointly or severally, against any officer or employee of the City or any person executing the Series 2016 Bond.

[End of Article V]

ARTICLE VI

2016 CONSTRUCTION FUND

Section 6.01 Creation of 2016 Construction Fund.

There is hereby created a fund to be known as the “*2016 Construction Fund.*” There shall be paid into the 2016 Construction Fund the sums prescribed under **Section 6.02** hereof. The 2016 Construction Fund shall be held and maintained by the Trustee.

Section 6.02 Use, Disposition and Investment of Series 2016 Bonds Proceeds.

(a) Upon the delivery of the Series 2016 Bonds and receipt of the proceeds thereof, a portion of the proceeds of the Series 2016 Bonds as further described in **Section 7.01** hereof shall be deposited into the 2016 Construction Fund.

(b) Withdrawals from the 2016 Construction Fund shall be made only upon written certificate of the City executed by an Authorized Representative of the City. Except as set forth in paragraph (e) below, the City hereby authorizes the Trustee to disburse the moneys in the 2016 Construction Fund to the persons entitled thereto in accordance with instruction of the Authorized Representative in the form referred to below, only for the purpose of paying costs of issuance of the Series 2016 Bonds and costs of the Improvements.

(c) Payments made from the 2016 Construction Fund shall be made by the Trustee only upon receipt of the certificate below described:

(1) A requisition signed by the Authorized Representative stating, with respect to each payment:

(i) the amount to be paid;

(ii) the nature and purpose of the obligation for which the payment is requested;

(iii) the person to whom the obligation is owed or to whom a reimbursable advance has been made;

(iv) that the obligation has been properly incurred and is a proper charge against the 2016 Construction Fund and has not been the basis of any previous withdrawal;

(v) that it has not received notice of any mechanic’s, materialmen’s or other liens or right to liens or other obligations (other than those being contested in good faith) which should be satisfied or discharged before payment of the obligation is made; and

(vi) that the payment does not include any amount which is then entitled to be retained under any holdbacks or retainages provided for in any agreement.

(2) With respect to any requisition for payment for work, materials, or supplies, a certificate signed by the Authorized Representative certifying that, insofar as the obligation was incurred for work, materials, or supplies in connection with the acquisition, construction, or

installation of the Improvements, the work was actually performed in a satisfactory manner, and the materials or supplies were actually used in or for the acquisition, construction, or installation or delivered to the Improvements for that purpose in accordance with the approved plans and specifications; and

(3) Copies of all bills, invoices, or statements for all expenses for which the disbursement is requested.

(d) In making any payment from the 2016 Construction Fund, the Trustee may rely on directions, requisitions, and certifications delivered to it pursuant to this **Section 6.02**, and the Trustee shall not have any liability with respect to making payments in accordance with directions, requisitions, and certifications for any liability with respect to the proper application hereof by the City. The Trustee shall be liable only for its own negligent and willful misconduct. Any requisition made from the 2016 Construction Fund shall be in substantially the form attached hereto as ***Exhibit B***.

(e) Promptly after the completion of the Improvements, the City shall instruct the Trustee of the 2016 Construction Fund, in writing, to transfer any moneys held therein and not needed to pay the costs of the Improvements (i) to the 2016 Debt Service Fund and shall be used only to pay the principal of, premium, if any, and interest on the Series 2016 Bonds; or (ii) to apply to other lawful purposes with respect to the System provided an Opinion of Bond Counsel is provided to the Trustee that such disposition will not jeopardize the tax-exemption of interest on the Series 2016 Bonds.

(f) Moneys in the 2016 Construction Fund shall be invested and reinvested in Authorized Investments at the written direction of an Authorized Representative of the City. All earnings shall be added to and become a part of the 2016 Construction Fund. The Trustee shall be entitled to rely upon any investment direction provided to it by an Authorized Representative as a certification to the Trustee that such investments constitute Authorized Investments. In the absence of written investment directions from an Authorized Representative, the Trustee shall hold the amounts in the 2016 Construction Fund uninvested in cash, without liability for interest.

[End of Article VI]

ARTICLE VII

APPLICATION OF SERIES 2016 BOND PROCEEDS

Section 7.01 Use and Disposition of Series 2016 Bonds Proceeds.

Upon the delivery of the Series 2016 Bonds and receipt of the proceeds thereof, such proceeds and other available funds shall be disposed of as follows:

- (1) such amount as necessary to pay any Municipal Bond Insurance Policy premium, if any, and/or a Surety Bond premium, if any, shall be deposited with the Bond Insurer;
- (2) the remaining proceeds of the Series 2016 Bonds will be deposited with the Trustee to be utilized as follows:
 - (i) fund the 2016 Debt Service Reserve Fund at the 2016 Reserve Requirement (if established and to the extent not funded with a Surety Bond); and
 - (ii) the remaining proceeds will be deposited into the 2016 Construction Fund to pay costs of the Improvements (and to reimburse the City for expenditures previously made therefor) and costs of issuance of the Series 2016 Bond; and
- (3) any proceeds remaining after the establishment of the 2016 Debt Service Reserve Fund, the payment of the costs of the Improvements and the payment of costs of issuance shall be applied as set forth in **Section 6.02(e)** hereof.

[End of Article VII]

ARTICLE VIII

AWARD OF BOND

Section 8.01 Award of Series 2016 Bonds; Official Statement.

(a) City Council hereby authorizes and directs the City Administrator to award the Series 2016 Bonds to the Underwriter under the terms and conditions provided herein. The City Council authorizes and directs the Mayor and the City Administrator, acting jointly or individually, to execute the Purchase Contract with such changes as he or she may approve upon advice of the City Attorney, such person's execution being conclusive evidence of such approval, and deliver it on behalf of the City to the Underwriter.

(b) City Council authorizes the City Administrator to execute a certificate on behalf of the City deeming the Preliminary Official Statement "final" for purposes of S.E.C. Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended. City Council authorizes the preparation and delivery and use by the Underwriter of the Preliminary Official Statement of the City relating to the Series 2016 Bonds.

(c) City Council hereby authorizes the use of the Official Statement of the City and the information contained therein relating to the Series 2016 Bonds, with any modification as the City Administrator approves in connection with the public offering and sale of the Series 2016 Bonds by the Underwriter. The Mayor and the City Administrator, acting jointly or individually, are each hereby authorized and directed to execute copies of the Official Statement and deliver them on behalf of the City to the Underwriter, which execution and delivery shall be conclusive evidence of the approval of any modifications.

(d) A copy of this 2016 Series Ordinance shall be filed with the minutes of this meeting.

(e) City Council hereby authorizes and directs all of the officers and employees of the City to carry out or cause to be carried out all obligations of the City under the Bond Ordinance and the Purchase Contract and to perform all other actions as they shall consider necessary or advisable in connection with the issuance, sale, and delivery of the Series 2016 Bonds.

(f) Such persons as the City Administrator shall designate may exercise the foregoing powers and duties of the City Administrator in lieu thereof.

[End of Article VIII]

ARTICLE IX

COMPLIANCE WITH REQUIREMENTS OF THE CODE

Section 9.01 Compliance with the Code Generally.

(a) The City will comply with all requirements of the Code in order to preserve the tax-exempt status of the Series 2016 Bond, including without limitation, the requirement to file an information report with the Internal Revenue Service and the requirement to comply with the provisions of Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations pertaining to the rebate of certain investment earnings on the proceeds of the Series 2016 Bonds (including without limitation on sums on deposit in the 2016 Construction Fund and the 2016 Debt Service Reserve Fund, if established) to the United States Government.

(b) The City further represents and covenants that it will not take any action which will, or fail to take any action (including, without limitation, filing the required information report with the Internal Revenue Service) which failure will, cause interest on the Series 2016 Bonds to become includable in the gross income of the Holder thereof for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder. Without limiting the generality of the foregoing, the City represents and covenants that:

(1) All property financed by the Series 2016 Bonds will be owned by the City in accordance with the rules governing the ownership of property for federal income tax purposes.

(2) The City shall not permit any facility financed with the proceeds of the Series 2016 Bonds to be used in any manner that would result in (i) ten percent (10%) or more of such proceeds being considered as having been used directly or indirectly in any trade or business carried on by any natural person or in any activity carried on by a person other than a natural person other than a governmental unit as provided in Section 141(b) of the Code, or (ii) five percent (5%) or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code.

(3) The City is not a party to nor will it enter into any contracts with any person for the use or management of any facility financed with the proceeds of the Series 2016 Bonds that do not conform to the guidelines set forth in Revenue Procedure 97-13 of the Internal Revenue Service.

(4) The City will not sell or lease any property financed by the Series 2016 Bonds to any person unless it obtains the opinion of Bond Counsel that such lease or sale will not affect the tax exemption of the Series 2016 Bond.

(5) The Series 2016 Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code. The City shall not enter into any leases or sales or service contracts with any federal government agency unless it obtains the opinion of nationally recognized bond counsel that such action will not affect the tax exemption of the Series 2016 Bond.

[End of Article IX]

ARTICLE X

MISCELLANEOUS

Section 10.01 Severability.

If any one or more of the covenants or agreements provided in this 2016 Series Ordinance on the part of the City or any fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this 2016 Series Ordinance.

Section 10.02 Table of Contents and Section Headings Not Controlling.

The Table of Contents and the Headings of the several Articles and Sections of this 2016 Series Ordinance have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this 2016 Series Ordinance.

Section 10.03 Continuing Disclosure.

(a) In accordance with Section 11-1-85, Code of Laws of South Carolina 1976, as amended, the City hereby covenants to, as long as the provisions of said Section 11-1-85 remain in effect with respect to the Series 2016 Bond, file with a central repository for availability in the secondary bond market when requested: (1) an annual independent audit, within thirty (30) days of the City's receipt of such audit; and (2) event specific information, within thirty (30) days of an event adversely affecting more than five percent of the City's revenue or tax base. The only remedy for failure by the City to comply with the covenant in this **Section 10.03(a)** shall be an action for specific performance of the covenant. The City specifically reserves the right to amend or delete the covenant to reflect any change in (or repeal of) Section 11-1-85, without the consent of any Series 2016 Bondholder.

(b) The City hereby covenants and agrees for the benefit of the Holders of the Series 2016 Bonds issued from time to time hereunder that it will execute and deliver the Continuing Disclosure Undertaking to the Underwriter on the date of delivery of the Series 2016 Bonds in substantially the form attached hereto as **Exhibit C**, and that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Ordinance, any Holder of any Series 2016 Bond may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Company to comply with its obligations under this paragraph.

Section 10.04 Ordinance to Constitute Contract.

In consideration of the purchase and acceptance of the Series 2016 Bonds by those who shall purchase and hold the same from time to time, the provisions of this Ordinance shall be deemed to be and shall constitute a contract between the City and the Holder from time to time of the Series 2016 Bond, and such provisions are covenants and agreements with such Holder which the City hereby determines to be necessary and desirable for the security and payment thereof. The pledge hereof and the provisions, covenants, and agreements herein set forth to be performed on behalf of the City shall be for the equal benefit, protection, and security of the Holder of the Series 2016 Bond.

Section 10.05 Additional Documents.

The Mayor, the City Administrator, the Clerk and the City Attorney are fully authorized and empowered to take any further action and to execute and deliver any closing documents as may be necessary and proper to effect the award, issuance and delivery of the Series 2016 Bonds, to carry out the intentions of this 2016 Series Ordinance and to comply with the requirements of the Bond Insurer, if applicable, in accordance with the terms and conditions hereinabove set forth, and the action of the officers or any one or more of them in executing and delivering any documents, in the form as he, she or they shall approve, is hereby fully authorized.

Section 10.06 Bond Insurance and Surety Bond.

Upon the recommendation of the Underwriter and the City's municipal advisor, the City Administrator is authorized to accept pricing for a Municipal Bond Insurance Policy with respect to the Series 2016 Bonds and a Surety Bond to satisfy the 2016 Reserve Requirement, if any. Proceeds of the Series 2016 Bonds may be used to pay the premiums for the Municipal Bond Insurance Policy and the Surety Bond. The City Administrator is authorized to execute and deliver on behalf of the City one or more insurance agreements between the City and the Bond Insurer (the "*Insurance Agreement*") setting forth certain covenants of the City, providing for the procedure for payment of principal and interest when due under the Municipal Bond Insurance Policy, providing for all matters related to the Surety Bond, and granting certain rights to the Bond Insurer and the Trustee with respect thereto. An event of default under the Insurance Agreement shall constitute an event of default under this 2016 Series Ordinance. In the event of any conflict between the Bond Ordinance and this 2016 Series Ordinance and the Insurance Agreement, the Insurance Agreement shall control. The Insurance Agreement will be fully effective as if stated herein.

Section 10.07 Notices

All notices, certificates or other communications hereunder or under the Bond Ordinance shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid or given when dispatched by telegram addressed as follows:

If to the City: City of Simpsonville
 118 NE Main Street
 Simpsonville, South Carolina 29681
 Attention: City Administrator

If to the Trustee: U.S. Bank National Association
 1441 Main Street, Suite 775
 Mail Code: EX-SC-WMSC
 Columbia, South Carolina 29201
 Attention: Global Corporate Trust Services

The City, the Trustee and any custodian may, by notice given to the other parties, designate any further or different addresses to which subsequent notice, certificates or other communications shall be sent.

[End of Article X]

This 2016 Series Ordinance shall be effective on the date of final reading approval by City Council.

DONE AND ENACTED this 11th day of October, 2016.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

Mayor

ATTEST:

Clerk

APPROVED AS TO FORM:

City Attorney

First Reading: September 13, 2016
Second Reading: October 11, 2016

EXHIBIT A

**(FORM OF BOND)
UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
CITY OF SIMPSONVILLE
SEWER SYSTEM REVENUE BOND
SERIES 2016**

No. R-_____ \$ _____

Interest Rate Maturity Date Original Date of Issue CUSIP

REGISTERED HOLDER: _____

PRINCIPAL SUM : _____ **DOLLARS**

KNOW ALL MEN BY THESE PRESENTS, that **City of Simpsonville, South Carolina** (the "**City**"), a body politic and corporate and a political subdivision under the laws of the State of South Carolina (the "**State**"), is justly indebted, and, for value received, hereby promises to pay, but only from the Gross Revenues (as defined in the Ordinance defined below) remaining after provision has been made for payment of costs of operation and maintenance of the System pledged to the payment hereof, to the Registered Holder, or registered assigns, hereof on the Maturity Date set forth above, the Principal Amount set forth above (unless this bond be subject to redemption and shall have been duly called for previous redemption and payment of the redemption price made or provided for), and to pay interest on the Principal Sum from the date hereof or from the April 1 or October 1 next preceding the date of authentication to which interest shall have been paid, unless the date of authentication is a April 1 or October 1 to which interest shall have been paid, in which case from that date, interest being payable to the maturity hereof on the first days of April and October of each year (those dates being hereinafter referred to as the "**Interest Payment Dates**"), commencing _____, at the rate per annum specified above, until payment of the Principal Sum. The interest so payable and to be punctually paid or duly provided for on any Interest Payment Date will be paid to the person in whose name this bond is registered at the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding the Interest Payment Date (the "**Record Date**"), mailed to the Registered Holder hereof by U.S. Bank National Association (the "**Trustee**") at his address as it appears on the registration books (the "**Books of Registry**") of the Trustee or at any other address as is furnished in writing by the Registered Holder to the Trustee; provided that payment to any Registered Holder of \$1,000,000 or more of Series 2016 Bonds (as hereinafter defined) may be made by wire transfer to an account in the United States in accordance with written instructions filed with the Trustee at least five Business Days prior to such Record Date. The principal of and premium, if any, of this bond, when due, shall be payable upon presentation and surrender of this bond at the corporate trust office of the Trustee in the City of St. Paul, State of Minnesota. Both the principal of and interest on this bond are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for the payment of public and private debts.

THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF CHAPTER 21, TITLE 6 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED (THE "**ENABLING STATUTE**"), AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN ANY STATE CONSTITUTIONAL PROVISIONS (OTHER THAN ARTICLE X, SECTION 14, PARAGRAPH 10 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY

FROM SPECIAL SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE) OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE CITY OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWER. THE FULL FAITH, CREDIT, AND TAXING POWERS OF THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND.

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

It is hereby certified and recited that all acts, conditions, and things required by the Constitution and Laws of the State to exist, to happen, and to be performed precedent to or in the issuance of this bond exist, have happened, and have been done and performed in regular and due time, form, and manner, and that the amount of this bond, and the issue of which this bond is one, does not exceed any constitutional or statutory limitation thereon.

This bond shall not be entitled to any benefit under the Ordinance (as hereinafter defined) or become valid or obligatory for any purpose until it shall have been authenticated by the execution of the Certificate of Authentication which appears hereon by the manual signature of an authorized agent of the Trustee as Bond Registrar.

This bond is one of a series of bonds (the “*Series 2016 Bonds*”) of like tenor and effect, except as to number, denomination, date of maturity, rate of interest, date of authentication, registered owner, and redemption provisions, aggregating \$_____ issued pursuant to a Bond Ordinance enacted by the City of Simpsonville Council on October 11, 2016 and a Series Ordinance enacted by the City Council on October 11, 2016, (collectively, the “*Ordinance*”), and under and in full compliance with the Constitution and Statutes of the State, including particularly Section 14, Paragraph 10 of Article X of the South Carolina Constitution and the Enabling Statute, to obtain funds to (i) pay for the costs of the Improvements (as defined in the Series Ordinance); (ii) [fund the 2016 Debt Service Reserve Fund at the 2016 Reserve Requirement]; and (iii) pay costs of issuance of the Series 2016 Bonds and other costs related thereto.

The Series 2016 Bonds maturing on or prior to April 1, 2027 are not subject to redemption prior to their maturity. The Series 2016 Bonds maturing subsequent April 1, 2027 are subject to redemption, at the option of the City, on and after April 1, 2027, in whole or in part at any time, but if in part in order of maturity to be selected by the City and by lot as to bonds or portions of bonds within a maturity (but only in integral multiples of \$5,000 denominations), at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

[The Series 2016 Bonds maturing on April 1, 20__, are also subject to mandatory sinking fund redemption, prior to maturity, at par plus accrued interest to the redemption date on April 1, 20__, and each April 1 thereafter, to and including April 1, 20__, in the following principal amounts on the dates specified below:

| <u>Year</u> | <u>Principal Amount</u> |
|-------------|-------------------------|
|-------------|-------------------------|

*

*Final Maturity

The Series 2016 Bonds to be redeemed in compliance with the mandatory redemption requirements shall be selected by lot by the Trustee.]

In the event any of the Series 2016 Bonds shall be called for redemption, notice of redemption shall be given by first-class mail, not less than thirty (30) days and not more than sixty (60) days prior to the redemption date, to the Registered Holder of each Series 2016 Bond to be redeemed in whole or in part at the address shown on the Books of Registry. Failure to give notice by mail, or any defect in any notice so mailed, to the Registered Holder of any Series 2016 Bond shall not affect the validity of the proceedings for redemption of any other Series 2016 Bonds. Interest on the Series 2016 Bonds or portion thereof to be redeemed shall cease to accrue from and after the redemption date specified in the notice, unless the City defaults in making due provisions for the payment of the redemption price thereof.

All principal, interest, or other amounts due hereunder shall be payable only to the Registered Holder hereof. The City designates the Trustee as Bond Registrar and directs the Trustee as Bond Registrar to maintain the Books of Registry for the registration or transfer of this bond. This bond may not be transferred except by the Registered Holder hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee as Bond Registrar duly executed by the Registered Holder of this bond or his duly authorized attorney. Any purported assignment in contravention of the foregoing requirements shall be, as to the City, absolutely null and void. The person in whose name this bond shall be registered shall be deemed and regarded as the absolute owner hereof for all purposes, and payment of the principal of and interest on this bond shall be made only to or upon the order of the Registered Holder or his legal representative. All payments made in this manner shall be valid and effective to satisfy and discharge the liability of the City upon this bond to the extent of the sum or sums paid. No person other than the Registered Holder shall have any right to receive payments, pursue remedies, enforce obligations, or exercise or enjoy any other rights under this bond against the City. Notwithstanding the foregoing, nothing herein shall limit the rights of a person having a beneficial interest in this bond as against a person (including the Registered Holder) other than the City, as in the case where the Registered Holder is a trustee or nominee for two or more beneficial owners of an interest in this bond.

Neither the City nor the Trustee as Bond Registrar shall be required (a) to exchange or transfer Series 2016 Bonds (i) from the Record Date to the next succeeding Interest Payment Date or (ii) for a period of fifteen (15) days following any selection of Series 2016 Bonds to be redeemed or thereafter until after the first publication or mailing of any notice of redemption or (b) to transfer any Series 2016 Bonds called for redemption.

The principal of, premium, if any, and interest on the Series 2016 Bonds are payable solely from the Gross Revenues derived from the operation of the City's solid waste collection, recycling and disposal system (the "**System**") after provision has been made for payment of costs of operation and maintenance of the System. The pledge of Gross Revenues remaining after provision has been made for payment of costs of operation and maintenance of the System and the statutory lien on the System made to secure the payment of the Series 2016 Bonds have priority over all other pledges of Gross Revenues remaining after provision has been made for payment of costs of operation and maintenance of the System and statutory liens on the System except the pledge and lien in favor of Bonds issued under the Ordinance which are on a parity with the Series 2016 Bonds. Additional Bonds issued on a parity with the Series 2016 Bonds are authorized under certain conditions pursuant to the Ordinance.

No recourse shall be had for the payment of the principal of, premium, if any, and interest on the Series 2016 Bonds against the several funds of the City, except in the manner and to the extent provided in the Ordinance, nor shall the credit or taxing power of the City be deemed to be pledged to the payment of the Series 2016 Bonds. The Series 2016 Bonds shall not be a charge, lien, or encumbrance, legal or equitable, upon any property of the City or upon any income, receipts, or revenues of the City, other than the Gross

Revenues remaining after provision has been made for payment of costs of operation and maintenance of the System that have been pledged to the payment thereof, and this bond is payable solely from the Gross Revenues remaining after provision has been made for payment of costs of operation and maintenance of the System pledged to the payment thereof and the City is not obligated to pay the same except from the Gross Revenues remaining after provision has been made for payment of costs of operation and maintenance of the System.

Whenever the terms of this bond require any action be taken on a Saturday, Sunday, or legal holiday or bank holiday in the State or in any state where the corporate trust office of the Trustee is located, the action shall be taken on the first business day occurring thereafter.

The Ordinance contains provisions defining terms; sets forth the terms and conditions upon which the covenants, agreements, and other obligations of the City made therein may be discharged at or prior to the maturity of this bond with provisions for the payment thereof in the manner set forth in the Ordinance; and sets forth the terms and conditions under which the Ordinance may be amended or modified with or without the consent of the Registered Holder of this bond. Reference is hereby made to the Ordinance, to all the provisions of which any Registered Holder of this bond by the acceptance hereof thereby assents.

IN WITNESS WHEREOF, CITY OF SIMPSONVILLE, SOUTH CAROLINA, has caused this bond to be signed in its name by the Mayor and attested by the Clerk.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

Mayor

ATTEST:

Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue designated herein and issued under the provisions of the within-mentioned Ordinance.

U.S. BANK NATIONAL ASSOCIATION,
Bond Registrar

By: _____
Authorized Agent

Date of Authentication _____

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants in entireties
JT TEN - as joint tenants with right of survivorship
and not as tenants in common

UNIF GIFT MIN ACT - _____
(Cust)

Custodian _____
(Minor)

under Uniform Gifts to Minors Act _____
(State)

Additional abbreviations may also be used, though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ (Social Security No. or other Identifying Number of Assignee _____) the within Bond of City of Simpsonville, and does hereby irrevocably constitute and appoint _____ to transfer the within Bond on the books kept for registration thereof with full power of substitution in the premises.

DATED: _____

Signature Guaranteed: _____

NOTICE: Signature must be guaranteed by an institution who is a participant in the Securities Transfer Agent Medallion Program (**"STAMP"**) or similar program.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B

FORM OF REQUISITION

\$ _____
CITY OF SIMPSONVILLE, SOUTH CAROLINA
SEWER SYSTEM REVENUE BONDS
SERIES 2016

Requisition No.: _____

Total Requisition Amount: \$ _____

With regard to the Bond Ordinance enacted on October 11, 2016 and the Series Ordinance enacted on October 11, 2016 (collectively the "**Ordinance**") by the City Council of City of Simpsonville, South Carolina (the "**City**"), authorizing the issuance of the City's \$ _____ Sewer System Revenue Bonds, Series 2016, the City hereby requests a withdrawal from the 2016 Construction Fund and hereby certifies the following in connection with the payment of costs of the Improvements or costs of issuance for the Series 2016 Bonds:

1. The amount to be paid are for costs of Improvements or costs of issuance, have been properly incurred, are due and payable from the 2016 Construction Fund and have not been the subject of any previous requisition.
2. All representations and warranties contained in the Ordinance remain true and correct.
3. The City is not in breach of any provisions contained in the Ordinance.
4. Payments for this requisition are to be made as follows:

| Payee and Purpose | Amount | Payment Address |
|-------------------|--------|-----------------|
| | | |
| | | |
| | | |

5. The City has not received notice of any mechanic's, materialmen's or other liens or right to liens or other obligations (other than those being contested in good faith) which should be satisfied or discharged before payment of such obligation is made.

6. This payment does not include any amount which is currently entitled to be retained under any holdbacks or retainages provided for in any agreement.

With respect to a cost of the Improvements, these obligations were incurred for work, material or supplies in connection with the acquisition, construction or installation of the Improvements, and such work

was actually performed in a satisfactory manner, and such materials or supplies were actually used in or for such acquisition, construction or installation or delivered to the Improvements for that purpose in accordance with the approved plans and specifications.

Attached are the written bills, invoices or statements for all expenses for which the disbursement is requested from the parties providing the items or services for which payment is to be made.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

Dated: _____

By: _____
Authorized Representative

EXHIBIT C

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “*Disclosure Undertaking*”) is executed and delivered by City of Simpsonville, South Carolina (the “*Issuer*”) pursuant to Securities and Exchange Commission Rule 15c2-12 (the “*Rule*”) and in connection with the issuance of \$_____ City of Simpsonville, South Carolina Sewer System Revenue Bonds, Series 2016 (the “*Bonds*”). The Bonds are being issued pursuant to Bond Ordinance enacted by the Issuer on October 11, 2016, as supplemented by the Series Ordinance enacted by the Issuer on October 11, 2016 (collectively, the “*Ordinance*”). The Issuer represents, covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 hereof.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Dissemination Agent*” shall mean the Issuer or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“ *Holders*” or “ *Holders of the Bonds*” shall mean the registered owners of the Bonds.

“*Listed Events*” shall mean any of the events listed in Section 5(a) hereof.

“*National Repository*” shall mean the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“*EMMA*”) system at www.emma.msrb.org or any successor National Repositories as determined by the Securities and Exchange Commission.

“*Official Statement*” shall mean the official statement of the Issuer dated _____, 2016, prepared in connection with the issuance of the Bonds.

“*Participating Underwriter*” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“*Repository*” shall mean each National Repository and each State Depository, if any.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*State*” shall mean the State of South Carolina.

“State Depository” shall mean any public or private repository or entity designated by the State as a state information depository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Undertaking, there is no State Depository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than seven (7) months after the end of the Issuer’s fiscal year (currently, June 30) commencing with the report for the fiscal year ending June 30, 2017, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by cross-reference other information as provided in Section 4 hereof; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) business days prior to the date specified in subsection (a) above for providing the Annual Report to Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent, if such is appointed. If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a) above, the Issuer shall send a notice to the National Repositories, the Municipal Securities Rulemaking Board and the State Depository, if any, in substantially the form attached as Schedule I.

(c) The Dissemination Agent, if any, shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Depository, if any; and

(ii) (if the Dissemination Agent is other than the Issuer) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the Issuer’s complete audited financial statements for the preceding fiscal year prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. The following shall also be filed as part of the Annual Report:

1. Summary of Revenues and Expenses of the City’s sewer system;
2. Historical Net Earnings, with debt service coverage for the City’s sewer system;
3. _____;
4. _____; and
5. _____.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities which have been

submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

The Issuer may discharge its undertaking described above by transmitting the documents referred to above to any entity and by any method authorized by the Securities and Exchange Commission.

SECTION 5. Reporting of Significant Events.

Unless otherwise required by the Securities and Exchange Commission pursuant to the provisions of this Section 5, the Issuer shall give or cause to be given, to the Repositories, notice of the occurrence of any of the following events with respect to the Bonds, within ten (10) business days of the occurrence thereof:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of Holders of the Bonds, if material;
8. bond calls, if material;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Bonds, if material;
11. rating changes;
12. tender offers;
13. bankruptcy, insolvency, receivership or similar event of the obligated person;
14. merger, consolidation, or acquisition of the obligated person, if material; or
15. appointment of a successor or additional trustee, or the change of name of a trustee, if material.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Undertaking. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Undertaking, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Ordinance or the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, the Participating Underwriter, Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

City Administrator

Date: _____

SCHEDULE I

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: CITY OF SIMPSONVILLE, SOUTH CAROLINA

Name of Bond Issue: \$_____ SEWER SYSTEM REVENUE BONDS, SERIES 2016

Date of Issuance: _____, 2016

CUSP Prefix: _____

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds. The Issuer anticipates that the Annual Report will be filed by _____.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

By: _____
City Administrator

Date: _____

