STATE OF SOUTH CAROLINA)
)
COUNTY OF LANCASTER)

ORDINANCE NO. 2021-1763

AUTHORIZING THE ISSUANCE AND SALE OF NOT EXCEEDING $7,250,000 SPECIAL OBLIGATION BONDS, SERIES 2021, OR SUCH OTHER APPROPRIATE SERIES DESIGNATION, AND THE EXECUTION AND DELIVERY OF AN ACQUISITION, USE AND SECURITY AGREEMENT IN CONNECTION THEREWITH OR THE EXECUTION AND DELIVERY OF A DIRECT PLACEMENT ACQUISITION, USE AND SECURITY AGREEMENT BY LANCASTER COUNTY, SOUTH CAROLINA; FIXING CERTAIN OF THE DETAILS OF THE BONDS AND THE APPROPRIATE AGREEMENT; AUTHORIZING THE COUNTY ADMINISTRATOR TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS AND THE APPROPRIATE AGREEMENT; PROVIDING FOR THE PAYMENT OF THE BONDS OR DIRECT PLACEMENT AGREEMENT AND THE DISPOSITION OF THE PROCEEDS THEREOF; AND OTHER MATTERS RELATING THERETO.

Be it ordained by the Council of Lancaster County, South Carolina:

Section 1. Findings and Determinations. The County Council (the "Council") of Lancaster County, South Carolina (the "County"), hereby finds and determines:

(a) Pursuant to Section 4-9-10 of the Code of Laws of South Carolina 1976, as amended (the "Code") and the results of a referendum held in accordance therewith, the Council-Administrator form of government was adopted and the County Council constitutes the governing body of the County.

(b) The County is a body politic and corporate under the laws of the State of South Carolina (the "State"), and pursuant to Section 4-9-30(2) of the S. C. Code empowers the County to acquire, lease, sell, or otherwise dispose of real and personal property.

(c) Pursuant to Resolution No. 1156-R2021 adopted by Council on June 14, 2021, the County has determined it would be in its best interest to acquire certain fire apparatus (the "Equipment").

(d) The County believes that it would be in its best interest to finance the cost of the acquisition and installation of the Equipment by issuing special obligation bonds in an amount not exceeding $7,250,000 (the "Bonds") secured by an Acquisition, Use and Security Agreement (the "Agreement") with a trustee to be named (the "Trustee") or to enter into an Acquisition, Use and Security Agreement (the "Direct Placement Agreement") with a bank or third party.

(e) To the extent that the proceeds of the Bonds or Direct Placement Agreement are used to acquire equipment, the Bonds or Direct Placement Agreement will not constitute a "financing agreement" and the Equipment does not constitute an "asset," as such terms are defined in Section 11-27-110 of the Code. Thus, the amount of the Bonds or Direct Placement Agreement will not be included when calculating the County's constitutional debt limit.

(f) The County will have the option of making annual Acquisition Payments (as defined in the Agreement or Direct Placement Agreement) from its general fund revenue or from the proceeds of general

obligation debt. The Agreement and Direct Placement Agreement will be subject to annual appropriation by the Council.

(g) Pursuant to Ordinance No. 2015-1335 duly enacted by Council on February 23, 2015, the County adopted Written Procedures related to Tax-Exempt Debt.

(h) It is in the best interest of the County to finance the Equipment by issuing the Bonds and entering into the Agreement or by entering into the Direct Placement Agreement.

Section 2. Authorization of Equipment Acquisition Transaction and Delegation of Approval of Agreement and Direct Placement Agreement. The Council hereby authorizes the acquisition and financing of the Equipment through the issuance of the Bonds and execution and delivery of the Agreement as security therefor, or the execution and delivery of the Direct Placement Agreement, each in the principal amount of not exceeding $7,250,000, subject to and in accordance with the provisions of this Ordinance. The Agreement or the Direct Placement Agreement shall be in the form approved by the County Administrator of the County (the "County Administrator"), with advice of the County's Bond Counsel and Financial Advisor, with the execution and delivery thereof constituting approval of the Agreement or the Direct Placement Agreement.

Section 3. Authorization and Details of Bonds. Pursuant to the laws of the State, there is hereby authorized to be issued special obligation bonds of the County in an amount not exceeding $7,250,000 to obtain funds for the purposes mentioned in Section 1(h) above designated"$[amount issued] Special Obligation Bonds, Series 2021, of Lancaster County, South Carolina."

The Bonds shall be issued as fully-registered Bonds; shall be dated their date of delivery; shall be in denominations of $5,000 or any integral multiple thereof not exceeding the principal amount of the Bonds maturing in each year; shall be numbered from R-1 upward; shall be book-entry bonds; shall bear interest at such times as hereafter designated by the County Administrator at such rate or rates as may be determined at the time of the sale thereof; and shall mature serially in annual installments as determined by the County Administrator.

Section 4. Delegation of Authority to Determine Certain Matters Relating to the Bonds. The Council hereby delegates to the County Administrator the authority, upon the advice of the County's Bond Counsel and Financial Advisor, to: (a) determine the final par amount of the Bonds; (b) determine the maturity dates of the Bonds, and the respective principal amounts maturing on such dates; (c) determine the interest payment dates of the Bonds; (d) appoint the Trustee and Registrar/Paying Agent for the Bonds; (e) determine the redemption provisions, if any, for the Bonds; and (f) approve the terms of the sale of the Bonds, including whether the Bonds shall be underwritten or competitively sold.

In the event the Bonds are underwritten, the County Administrator is further authorized to negotiate the terms of, with the advice of the County's Financial Advisor and Bond Counsel, and execute a bond purchase agreement between the County and an underwriter to be named.

Section 5. Registration, Transfer and Exchange of Bonds. The County shall cause books (herein referred to as the "registry books") to be kept at the offices of the Registrar/Paying Agent, for the registration and transfer of the Bonds. Upon presentation at its office for such purpose the Registrar/Paying Agent shall register or transfer, or cause to be registered or transferred, on such registry books, the Bonds under such reasonable regulations as the Registrar/Paying Agent may prescribe.

Each Bond shall be transferable only upon the registry books of the County, which shall be kept for such purpose at the principal office of the Registrar/Paying Agent, by the registered owner thereof in person or by his duly authorized attorney upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar/Paying Agent duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond, the Registrar/Paying Agent on behalf of the County shall issue in the name of the transferee a new fully-registered Bond or Bonds of the same aggregate principal amount, interest rate and maturity as the surrendered Bond. Any Bond surrendered in exchange for a new registered Bond pursuant to this Section shall be canceled by the Registrar/Paying Agent.

The County and the Registrar/Paying Agent may deem or treat the person in whose name any fully-registered Bond shall be registered upon the registry books as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes and all such payments so made to any such registered owner 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 neither the County nor the Registrar/Paying Agent shall be affected by any notice to the contrary. In all cases in which the privilege of transferring Bonds is exercised, the County shall execute and the Registrar/Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. Neither the County nor the Registrar/Paying Agent shall be obliged to make any such transfer of Bonds during the fifteen (15) days preceding an interest payment date on such Bonds.

Section 6. Record Date. The County hereby establishes a record date for the payment of interest or for the giving of notice of any proposed redemption of Bonds, and such record date shall be the fifteenth (15th) day (whether or not a business day) preceding an interest payment date on such Bond or, in the case of any proposed redemption of Bonds, such record date shall be the fifteenth (15th) day (whether or not a business day) prior to the mailing of notice of redemption of Bonds.

Section 7. Mutilation, Loss, Theft or Destruction of Bonds. In case any Bond shall at any time become mutilated in whole or in part, or be lost, stolen or destroyed, or be so defaced as to impair the value thereof to the owner, the County shall execute and the Registrar shall authenticate and deliver at the principal office of the Registrar, or send by registered mail to the owner thereof at his request, risk and expense a new Bond of the same series, interest rate and maturity and of like tenor and effect in exchange or substitution for and upon the surrender for cancellation of such defaced, mutilated or partly destroyed Bond, or in lieu of or in substitution for such lost, stolen or destroyed Bond. In any such event the applicant for the issuance of a substitute Bond shall furnish the County and the Registrar evidence or proof satisfactory to the County and the Registrar of the loss, destruction, mutilation, defacement or theft of the original Bond, and of the ownership thereof, and also such security and indemnity as may be required by the laws of the State or such greater amount as may be required by the County and the Registrar. Any duplicate Bond issued under the provisions of this Section in exchange and substitution for any defaced, mutilated or partly destroyed Bond or in substitution for any allegedly lost, stolen or wholly-destroyed Bond shall be entitled to the identical benefits under this Ordinance as was the original Bond in lieu of which such duplicate Bond is issued, and shall be entitled to equal and proportionate benefits with all the other Bonds of the same series issued hereunder.

All expenses necessary for the providing of any duplicate Bond shall be borne by the applicant therefor.

Section 8. Execution of Bonds and Agreement. The Bonds shall be executed in the name of the County with the manual or facsimile signature of the Chair or Vice Chair of the Council attested by the manual or facsimile signature of the Secretary of the Council under the seal of the County which shall be impressed, imprinted or reproduced thereon. The Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication. The Bonds shall bear a certificate of authentication manually executed by the Registrar in the substantially the form set forth herein. The Agreement shall be executed in the name of the County with the manual or facsimile signature of the Chair or Vice Chair of the Council attested by the manual or facsimile signature of the Clerk to Council under the seal of the County which shall be impressed, imprinted or reproduced thereon

Section 9. Eligible Securities. The Bonds initially issued (the "Initial Bonds") may be eligible securities for the purposes of the book-entry system of transfer maintained by The Depository Trust Company, New York, New York ("DTC"), and if issued in book-entry form (the "Book-Entry Bonds"), transfers of beneficial ownership of the Book-Entry Bonds shall be made only through DTC and its participants in accordance with rules specified by DTC. Such beneficial ownership must be of $5,000 principal amount of Bonds of the same maturity or any integral multiple of $5,000.

The Book-Entry Bonds shall be issued in fully-registered form, one Bond for each of the maturities of the Bonds, in the name of Cede & Co., as the nominee of DTC. When any principal of or interest on the Book-Entry Bonds becomes due, the County shall transmit to DTC an amount equal to such installment of principal and interest. DTC shall remit such payments to the beneficial owners of the Bonds or their nominees in accordance with its rules and regulations.

Notices of redemption of the Book-Entry Bonds or any portion thereof shall be sent to DTC in accordance with the provisions of the Ordinance.

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

If the County is unable to retain a qualified successor to DTC or the County has determined that it is in its best interest not to continue the book-entry system of transfer or that interests of the beneficial owners of the Bonds might be adversely affected if the book-entry system of transfer is continued (the County undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify beneficial owners of the Bonds by mailing an appropriate notice to DTC, upon receipt by the County of the Book-Entry Bonds, together with an assignment duly executed by DTC, the County shall execute, authenticate and deliver to the DTC participants Bonds in fully-registered form and in the denominations of $5,000 or any integral multiple thereof.

Section 10. Security for the Bonds. The Bonds are special obligation bonds of the County, payable solely from and secured by amounts pledged under the Agreement which obligates the County to make Acquisition Payments to the Trustee in amounts calculated to be sufficient to enable the Trustee to pay, when due, the principal of and interest on the Bonds. The financial obligations of the County under

the Agreement do not constitute general obligations of the County to which its full faith, credit, resources or taxing power are pledged, but are subject to and dependent upon lawful appropriations of funds being made by the Council to pay Acquisition Payments due in each fiscal year under the Agreement. The County's obligations under the Agreement are from year to year only and do not constitute a mandatory payment obligation of the County in any fiscal year in which funds are not appropriated by the County to pay the Acquisition Payments due in such fiscal year. The County has no continuing obligation to appropriate funds to pay Acquisition Payments due under the Agreement and may terminate its obligations under the Agreement on an annual basis without any penalty.

Section 11. Direct Placement Acquisition, Use and Security Agreement. In the event it is the recommendation of the County's Financial Advisor and Bond Counsel that the Equipment should be financed with the Direct Placement Agreement rather than issuing the Bonds, there is hereby authorized the execution and delivery of the Direct Placement Agreement. The County Administrator is authorized to make all determinations required and necessary for such structure.

Section 12. Defeasance. The obligations of the County under this Ordinance and the pledges, covenants and Agreement of the County therein made or provided for, shall be fully discharged and satisfied as to any portion of the Bonds or the Direct Placement Agreement, and such Bonds or Direct Placement Agreement shall no longer be deemed to be outstanding when:

(a) such Bonds or Direct Placement Agreement shall have been purchased by the County and surrendered to the County for cancellation or otherwise surrendered to the County or the Paying Agent and is canceled or subject to cancellation by the County or the Paying Agent; or

(b) payment of the principal of and interest on such Bonds or the Direct Placement Agreement either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with a corporate trustee in trust and irrevocably set aside exclusively for such payment (1) moneys sufficient to make such payment, or (2) Government Obligations (as defined below) maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment and all necessary and proper fees, compensation and expenses of the corporate trustee. At such time as the Bonds or the Direct Placement Agreement shall no longer be deemed to be outstanding thereunder, such Bonds or the Direct Placement Agreement shall cease to draw interest from the due date thereof and, except for the purposes of any such payment from such moneys or Government obligations as set forth in (ii) above, shall no longer be secured by or entitled to the benefits of the Ordinance.

"Government Obligations" means any of the following:

(a) direct obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America; and

(b) non-callable, U. S. Treasury Securities - State and Local Government Series ("SLGS").

Section 13. Exemption from State Taxes. Both the principal of and interest on the Bonds and the Direct Placement Agreement shall be exempt, in accordance with the provisions of Section 12-2-50 of the Code, from all State, County, municipal, school district and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

Section 14. Investment Contracts. The Council hereby authorizes the County Administrator to execute such investment contracts and related documents as he determines to be in the best interest of the County; provided that all such investments shall be permitted investments of public funds as provided in Sections 6-5-10 and 11-1-60 of the Code.

Section 15. Preliminary and Official Statement. If the County Administrator determines that the Bonds should be issued, the Council hereby authorizes the County Administrator and the Chief Financial Officer, cause to be prepared, a Preliminary Official Statement to be distributed to prospective purchasers of the Bonds. The Council authorizes the County Administrator to designate the Preliminary Official Statement as "final" for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule"). The County Administrator is further authorized to see to the completion of the final form of the Official Statement upon the sale of the Bonds so that it may be provided to the purchaser of the Bonds.

Section 16. Filings with Central Repository. In compliance with Section 11-1-85 of the Code, the County covenants that it will file or cause to be filed with a central repository for availability in the secondary bond market when requested: (a) a copy of the annual audit of the County within thirty (30) days of the County's receipt thereof; and (b) within thirty (30) days of the occurrence thereof, relevant information of an event which adversely affects more than five (5%) percent of the revenues of the County or the County's tax base.

Section 17. Continuing Disclosure. If the County Administrator determines that the Bonds should be issued, in compliance with the Rule, the County covenants and agrees for the benefit of the holders from time to time of the Bonds to execute and deliver prior to closing, and to thereafter comply with the terms of, a continuing disclosure undertaking. In the event of a failure of the County to comply with any of the provisions of a continuing disclosure undertaking, an event of default under this Ordinance shall not be deemed to have occurred. In such event, the sole remedy of any bondholder or beneficial owner shall be an action to compel performance by the County.

Section 18. Deposit and Use of Proceeds. The proceeds derived from the sale of the Bonds or the Direct Placement Agreement shall be deposited in accordance with the terms and provisions of the appropriate agreement.

Section 19. Reimbursement of Certain Expenditures. The Council hereby declares that this Ordinance shall constitute its declaration of official intent pursuant to Treasury Regulation § 1.150-2 to reimburse the County from the proceeds of the Bonds or the Direct Placement Agreement, if any, for expenditures with respect to the capital improvements (the "Expenditures"). The County anticipates incurring Expenditures with respect to the capital improvements prior to the issuance by the County of the Bonds or delivery of the Direct Placement Agreement for such purposes. To be eligible for reimbursement of the Expenditures, the reimbursement allocation must be made not later than 18 months after the later of (a) the date on which the Expenditures were paid, or (b) the date the Equipment was placed in service, but in no event more than three (3) years after the original Expenditures. The

Expenditures are incurred solely to acquire, construct or rehabilitate property having a reasonably expected economic life of at least one (1) year. The source of funds for the Expenditures with respect to the capital improvements will be the County's general reserve funds or other legally-available funds.

Section 20. Federal Tax Covenants. The County hereby covenants and agrees with the holders of the Bonds or the Direct Placement Agreement that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds or the Direct Placement Agreement to become includable in the gross income of the holders for federal income tax purposes pursuant to the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations promulgated thereunder in effect on the date of original issuance of the Bonds or delivery of the Direct Placement Agreement. The County further covenants and agrees with the holders of the Bonds or the Direct Placement Agreement that no use of the proceeds of the Bonds or the Direct Placement Agreement shall be made which, if such use had been reasonably expected on the date of issue of the Bonds or the Direct Placement Agreement would have caused the Bonds or the Direct Placement Agreement to be "arbitrage bonds," as defined in Section 148 of the Code, and to that end the County hereby shall:

(a) comply with the applicable provisions of Sections 103 and 141 through 150 of the Code and any regulations promulgated thereunder so long as the Bonds are or the Direct Placement Agreement is outstanding;

(b) establish such funds, make such calculations and pay such amounts, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebates of certain amounts to the United States; and

(c) make such reports of such information at the time and places required by the Code.

Section 21. Miscellaneous. The Council hereby authorizes the Chair, the Clerk to Council, the County Administrator, and the Chief Financial Officer to execute such documents and instruments as may be necessary to effect the issuance of the Bonds or the Direct Placement Agreement.

Section 22. Professionals. The Council hereby retains Burr & Forman LLP as Bond Counsel and Disclosure Counsel, if necessary, and Compass Municipal Advisors, LLC, as Financial Advisor, in connection with the issuance of the Bonds or delivery of the Direct Placement Agreement. The County Administrator is authorized to execute such contracts, documents or engagement letters as may be necessary and appropriate to effectuate these engagements. The County Administrator, with advice from the Financial Advisor and Bond Counsel, is authorized to engage other professionals, including but not limited to underwriter(s), underwriter(s) counsel, and trustee who will be required to accomplish the purposes of this Ordinance.

All rules, regulations, ordinances, resolutions and parts thereof, procedural or otherwise, in conflict herewith or the proceedings authorizing the issuance of the Bonds or the Direct Placement Agreement are, to the extent of such conflict, hereby repealed and this Ordinance shall take effect and be in full force from and after its adoption.

This ordinance is effective upon third reading.

AND IT SO ORDAINED.

Dated this _____ day of _____, 2021.

LANCASTER COUNTY, SOUTH CAROLINA

_____
Steve Harper, Chair, County Council

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Billy Mosteller, Secretary, County Council

ATTEST:

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Sherrie Simpson, Clerk to Council

First Reading: August 9, 2021
Second Reading: August 23, 2021
Public Hearing: August 23, 2021
Third Reading: September 13, 2021

Approved as to form:

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John K. DuBose III, County Attorney