

REGULAR MEETING OF FLORENCE CITY COUNCIL

MONDAY, MAY 12, 2014 - 1:00 P.M.

CITY CENTER – COUNCIL CHAMBERS

324 W. EVANS STREET

FLORENCE, SOUTH CAROLINA

ADDENDUM TO THE AGENDA

VIII. INTRODUCTION OF ORDINANCES

a. Bill No. 2014-19

An Ordinance providing for the issuance and sale of a City of Florence, South Carolina Hospitality Fee Revenue Refunding Bond, Series 2014A, and a City of Florence, South Carolina Hospitality Fee Revenue Refunding Bond, Series 2014B, in the aggregate principal amount of \$6,193,000; and other matters relating thereto.

FLORENCE CITY COUNCIL MEETING

DATE: May 12, 2014

AGENDA ITEM: Revenue Bond Ordinances – **Amended**

DEPARTMENT/DIVISION: Finance

I. ISSUES UNDER CONSIDERATION

A. For Gymnasium Construction

A Series Ordinance providing for the issuance and sale of a Series 2014 Hospitality Fee Revenue Bond in the principal amount in the principal amount of \$4,605,000 to finance the construction of a regional gymnasium facility.

B. For Downtown Capital Improvement Construction

An Ordinance providing for the issuance and sale of a Series 2014 Tax Increment Revenue Bond in the principal amount of \$12,936,000 to finance a number of public improvement projects in downtown Florence; and

II. CURRENT STATUS/PREVIOUS ACTION TAKEN

A. For Gymnasium/Recreational Facility Construction

1. On February 8, 2010, representatives of the Florence Youth Basketball league (a City sponsored league) appeared before City Council to request that the City consider funding the construction of a basketball gym to accommodate the league's present and future needs.
2. During a City Council meeting held on March 8, 2010, the Parks and Beautification Commission presented the annual plan which included the future construction of a basketball gym in support of the Florence Youth Basketball League.
3. On October 10, 2011, City Council considered a Resolution which committed the City to fund the construction of a basketball gym and youth outreach center. City council deferred action on the Resolution and recommended a work session to receive additional information pertaining to the proposed basketball gym and youth center.
4. On November 16, 2012 a work session was held wherein City Council approved a motion directing staff to meet with community stakeholders to discuss the purpose, goals, costs, location, financing, and other issues regarding the use and construction of a basketball gym and youth center.
5. On January 9, 2012, a work session was held to discuss priorities for the City. During that meeting, Council directed staff to report back regarding a basketball gym and youth center.
6. In a City Council meeting held on April 9, 2012, Council considered and rejected adoption of a resolution committing the City to fund, with a tax millage increase, the construction and operating expense for a basketball and youth activity center.

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7. Staff has since been working with the City's financial advisor and bond attorney on alternative funding options for the construction of a regional recreation facility and gymnasium to include the possible use of tax increment financing and/or financing through the use of Hospitality Fees.

B. For Downtown Capital Improvement Construction

1. On December 18, 2006, City Council adopted an ordinance establishing the Downtown Redevelopment District Project Area (the "TIF District") in downtown Florence. As established by the ordinance, the City has until December 2016 to issue a TIF obligation bond to fund public improvements. The City also has until December 2026 to repay the bonds.

2. On August 13, 2012 City Council adopted a resolution declaring the City's intent to make reimbursement from funds generated by the TIF District to the City's Water and Sewer Enterprise Fund for costs associated with water and sewer improvements and related street repairs in the TIF District.

3. These water and sewer improvements were required for the private redevelopment projects underway at that time in downtown, and to encourage and foster new development, as well.

4. Since that time, a number of redevelopment projects have been completed including Hotel Florence, the Barringer Building, Dolce Vita, the Clay Pot, the North Dargan Street Innovation Center, and numerous façade improvements on W. Evans Street.

5. Other redevelopment projects are either currently under construction or scheduled for immediate construction including the Waters Building, the 1031 American Grill, the Kress/Kuker/Guaranty Properties project, the Royal Knight building, and the City Grill building.

6. Additionally, Francis Marion University will begin construction of a health sciences education facility on the corner of Irby and Evans Street within the next several months.

7. Due to these redevelopment projects, as well as anticipated future projects, the City is now afforded the opportunity to issue a Tax Increment Revenue Bond for much needed public improvements that will continue to support redevelopment downtown. These improvement projects include the construction of two parking decks, streetscapes and amenities, building demolition, surface parking, and utilities upgrades.

C. Financing Plan for Downtown Capital Improvements and Gymnasium Construction

1. On November 5, 2013, the City's financial advisor, bond attorney, and city staff (the "financing group") met with City Council to review a financing plan to fund a number of downtown development capital projects and the construction of a regional gymnasium facility.

2. As discussed in that meeting with City Council, the financing plan, which includes approximately \$16 million in funding for these projects, will be provided by revenue bonds repaid with Tax Increment Financing funds and Hospitality Fees.

III. POINTS TO CONSIDER

A. Since meeting with Council, the financing group has continued to develop and refine the most appropriate debt structure to fund these projects.

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B. A number of factors have been thoroughly reviewed and analyzed including TIF and Hospitality Fee revenue streams, the number of years remaining to repay TIF debt, and current outstanding Hospitality Fee debt.

C. After due consideration and study, the financing group has determined that the debt structure should consist of two separate financings, to be approved concurrently – a Tax Increment Revenue Bond to finance approximately \$12.175 million downtown improvement projects, and a Hospitality Fee Revenue Bond to finance approximately \$4 million for the construction of a regional gymnasium facility.

D. A regional recreational facility will provide recreational and social activities for both residents and non-residents and will include multiple basketball courts of a design that will allow use for other sports and activities as well. As such, the facility will provide and promote regional programming and services for the City's residents as well as persons visiting the City. In addition, the Project will serve as an inducement to economic redevelopment and private investment in the TIF District and will serve as a catalyst for commercial activity by both residents and non-residents. For these and other reasons, the Project constitutes a "tourism-related...recreational...facility" as provided at Section 6-1-730 of the Local Hospitality Tax Act.

E. Following the April 21, 2014 City Council meeting, wherein first reading was given to both the Series 2014 Hospitality Fee Revenue Bond and the Series 2014 Tax Increment Revenue Bond, staff continued working with the City's financial advisor and bond attorney to obtain competitive rates and terms for both revenue bonds.

F. On May 6, 2014, the City obtained competitive bank proposals from interested financial institutions to provide a Tax Increment Revenue Bond to finance approximately \$12.175 million downtown improvement projects. The City received two timely proposals for the TIF Bond from Sun Trust and Capital One Public Funding. Sun Trust provided two rates a 13-year fixed rate of 3.04% with a pre-payment anytime and a fixed rate w of 2.87%ith a "make-whole" provision. Both of the Sun Trust rates were less than the Capital One fixed rate of 3.75%. To maintain flexibility for future financing and refinancing options, both the City's Bond Attorney and Financial Advisor recommend the fixed rate of 3.04% with the pre-payment anytime option.

G. In 2006 and in 2009 the City issued lease-purchase financings using hospitality fee annual appropriations to repay the debt for Veterans Park construction and Radio Drive improvements, and for the Tennis Center construction and FMU Performing Arts center capital construction contribution. Both of these lease-purchase agreements are being financed by BB&T.

H. The City has negotiated with BB&T to reduce the interest for the 2006 financing from the current rate of 2.62% to 2.05% for the remaining life of the loan, and to reduce the interest for the 2009 financing from the current rate of 3.79% to 2.60% for the remaining life of the loan, resulting in a total present value savings on the two loans of \$309,881.65. For the 2014 Hospitality Fee Revenue Bond BB&T has also agreed to provide the City with an interest of 3.42% for 20 years to finance the construction of a regional gymnasium facility.

I. Adoption of separate financing ordinances is required prior to the closing of the Series 2014 Tax Increment Revenue Bond and the Series 2014 Hospitality Fee Revenue Bond.

J. Additionally, a separate Series Ordinance to refund the 2006 and 2009 hospitality lease-purchase financings and adopting a Hospitality Revenue Bond for the refinancing these issues at lower interest rates will need to be adopted by City Council.

IV. STAFF RECOMMENDATION

A. Approve and adopt the proposed ordinances on second reading to provide for the issuance and sale of the following two revenue bonds:

- A A Series 2014 Hospitality Fee Revenue Bond in the principal amount of \$4,605,000 for regional recreational facility/gymnasium construction.
- Series 2014 Tax Increment Revenue Bond in the principal amount of \$12,936,000 for downtown capital improvement construction to be placed with Sun Trust at a fixed rate of 3.04% with a pre-payment anytime; and

B. Approve and adopt on first reading a Series 2014A and 2014B Hospitality Fee Revenue Refunding Bonds ordinance.

V. ATTACHMENTS

- A. Bond Financing Schedule for Series 2014 Tax Increment Financing Revenue Bond and Series 2014 Hospitality Revenue Bond.
- B. Series 2014 Tax Increment Revenue Bond Ordinance.
- C. Series 2014 Hospitality Fee Revenue Bond Ordinance.

Thomas W. Chandler
Finance Director

Andrew H. Griffin
City Manager

2014 REFUNDING SERIES ORDINANCE

ORDINANCE NO. 2014__

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF A CITY OF FLORENCE, SOUTH CAROLINA HOSPITALITY FEE REVENUE REFUNDING BOND, SERIES 2014A, AND A CITY OF FLORENCE, SOUTH CAROLINA HOSPITALITY FEE REVENUE REFUNDING BOND, SERIES 2014B, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$6,193,000; AND OTHER MATTERS RELATING THERETO.

BE IT ORDAINED by the City Council of the City of Florence (the "Council"), the governing body of the City of Florence, South Carolina (the "City"):

Section 1. Findings of Fact.

As an incident to the enactment of this ordinance, and the issuance of the bonds provided for herein, the Council finds that the facts set forth in this Section 1 exist and the following statements are in all respects true and correct:

(a) On May 12, 2014, the Council adopted a General Bond Ordinance (the "General Bond Ordinance") providing for the issuance of Hospitality Fee Revenue Bonds.

(b) On June 30, 2006, as amended effective April 10, 2012, the City entered into a \$3,000,000 Lease Purchase Financing with Branch Baking and Trust Company, Inc. to defray the cost of improvements to Veterans Memorial Park and the widening of Radio Road and related transportation infrastructure improvements in the vicinity of the Florence Civic Center (the "2006 Lease Purchase"). On March 23, 2009, the City entered into a \$7,500,000 Lease Financing with Branch Banking and Trust Company, Inc. to defray the cost of construction of a municipal tennis complex and providing a capital contribution for the construction of the Francis Marion University Center for the Performing Arts to be located in downtown Florence (the "2009 Lease Purchase").

(c) Council has now determined that it is in the best interest of the City to issue several series of Bonds (collectively, the "Bonds") pursuant to the General Bond Ordinance for the purposes of (i) restructuring/refinancing the 2006 Lease Purchase and (ii) restructuring/refinancing the 2009 Lease Purchase.

(D) Branch Banking & Trust Co., in the correspondence attached hereto as Exhibit A, and as holder of the 2006 Lease Purchase and the 2009 Lease Purchase has offered to reduce the interest rate on these obligations from 2.62% and 3.79% to 2.05% and 2.60%, respectively. As a result, Council has determined to issue refunding obligations pursuant to the General Bond Ordinance as described in the next succeeding paragraph.

(e) The series of bonds relating to the refinancing of the 2006 Lease Purchase shall be in the amount of \$1,545,000 and shall be designated the "Series 2014A Bond." The series of bonds relating to the refinancing of the 2009 Lease Purchase shall be in the amount of \$4,648,000 and shall be designated the "Series 2014B Bond."

(f) The capital improvements constructed with the proceeds of the 2006 Lease Purchase and the 2009 Lease Purchase constitute "tourism-related cultural, recreational, or historic facilities" as well as "highways, roads, streets...providing access to tourist destinations." Thus, the refinancing of the 2006 Lease

Purchase and the 2009 Lease Purchase with the proceeds of the Series 2014A Bond and the Series 2014B Bond, respectively, is permitted by the Local Hospitality Tax Act.

Section 2. Definitions. The terms defined above and in this Section 2 and all words and terms defined in the General Bond Ordinance (the General Bond Ordinance, as from time to time amended or supplemented by Supplemental Ordinances, being defined as the "Ordinance") (except as herein otherwise expressly provided or unless the context otherwise requires), shall for all purposes of this Series Ordinance have the respective meanings given to them in the Ordinance and in this Section 2.

"2014 Refunding Series Ordinance" shall mean this ordinance, by which issuance of the Bonds is authorized.

"Interest Payment Date" shall mean, (a) with respect to the Series 2014A Bond, each June 1 and December 1, commencing December 1, 2014, until the principal of the Series 2014A Bond has been paid in full; and (b) with respect to the Series 2014B Bond, each April 1 and October 1, commencing October 1, 2014, until the principal of the Series 2014B Bond has been paid in full.

"Purchaser" shall mean Branch Banking & Trust Co., its successors or assigns.

Section 3. Authorization of Bonds, Maturities and Interest Rates.

Series 2014A Bond

(a) There is hereby authorized to be issued a Series of Bonds designated "Hospitality Fee Revenue Bond, Series 2014A" (the "Series 2014 Bond") in the total principal amount of \$1,545,000 for the purpose of restructuring/refinancing the 2006 Lease Purchase.

(b) The Series 2014A Bond shall be issued as a single fully registered Bond in the denomination of \$1,545,000. The Series 2014A Bond shall bear interest at the rate of 2.05%. The Series 2014A Bond shall be numbered R-1. The Series 2014A Bond shall be dated as of its date of delivery and shall be payable as to interest on June 1 and December 1 of each year commencing December 1, 2014. Principal shall be payable on June 1 of each year as set forth below:

<u>Year</u>	<u>Principal Amount</u>
2015	\$205,000
2016	204,000
2017	214,000
2018	220,000
2019	231,000
2020	232,000
2021	239,000

(c) Principal of and interest on the Series 2014A Bond (calculated on the basis of a 360-day year of twelve 30-day months) shall be payable to the Holder thereof as of the immediately preceding Record Date by check or draft mailed to the Holder at his address as it appears on the Books of Registry maintained by the City.

(d) The Series 2014A Bond shall be in substantially the form attached hereto as Exhibit B, with any necessary or appropriate variations, omissions, and insertions as are incidental to the series, numbers,

denominations, maturities, interest rate or rates, redemption provisions, and other details thereof or as are otherwise permitted or required by law or by the Ordinance, including this 2014 Refunding Series Ordinance.

Series 2014B Bond

(a) There is hereby authorized to be issued a Series of Bonds designated "Hospitality Fee Revenue Bond, Series 2014B" (the "Series 2014 Bond") in the total principal amount of \$4,648,000 for the purpose of restructuring/refinancing the 2009 Lease Purchase.

(b) The Series 2014B Bond shall be issued as a single fully registered Bond in the denomination of \$4,648,000. The Series 2014B Bond shall bear interest at the rate of 2.60%. The Series 2014B Bond shall be numbered R-1. The Series 2014B Bond shall be dated as of its date of delivery and shall be payable as to interest on April 1 and October 1 of each year commencing October 1, 2014. Principal shall be payable on April 1 of each year as set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2015	\$431,000	2020	\$465,000
2016	429,000	2021	474,000
2017	434,000	2022	488,000
2018	445,000	2023	507,000
2019	450,000	2024	525,000

(c) Principal of and interest on the Series 2014B Bond (calculated on the basis of a 360-day year of twelve 30-day months) shall be payable to the Holder thereof as of the immediately preceding Record Date by check or draft mailed to the Holder at his address as it appears on the Books of Registry maintained by the City.

(d) The Series 2014B Bond shall be in substantially the form attached hereto as Exhibit C, with any necessary or appropriate variations, omissions, and insertions as are incidental to the series, numbers, denominations, maturities, interest rate or rates, redemption provisions, and other details thereof or as are otherwise permitted or required by law or by the Ordinance, including this 2014 Refunding Series Ordinance.

Section 4. Redemption Provisions. The Bonds shall be subject to optional redemption prior to maturity in whole on any payment date at a redemption premium of one percent during the first half of the term of the respective series of bonds and at par thereafter.

Section 5. Establishment of Funds. In accordance with Section 6.01(b) of the General Bond Ordinance, there has been hereby established the Series 2014 Debt Service Fund. A Debt Service Reserve Fund shall not be established for and of the Bonds. The Series 2014 Debt Service Fund shall be held in the complete control and custody of the City until such time as a Trustee is appointed in accordance with the provisions of the General Bond Ordinance.

Section 6. Certain Findings and Determinations. The City finds and determines:

(a) This 2014 Refunding Series Ordinance supplements the Ordinance, constitutes and is a "Series Ordinance" within the meaning of the quoted term as defined and used in the Ordinance, and is enacted under and pursuant to the Ordinance.

(b) The Bonds constitute and are a "Bond" within the meaning of the quoted word as defined and used in the Ordinance.

(c) The Hospitality Fee Revenues pledged under the Ordinance are not encumbered by any lien or charge thereon or pledge thereof.

(d) There does not exist an Event of Default, nor does there exist any condition which, after the passage of time or the giving of notice, or both, would constitute an Event of Default under the Ordinance.

(e) The Bonds are being issued for the purposes described in Section 3 of this 2014 Refunding Series Ordinance.

Section 7. Continuing Disclosure. Pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, the City has covenanted to file with a central repository for availability in the secondary bond market, when requested, an annual independent audit, within 30 days of its receipt of the audit; and event specific information within 30 days of an event adversely affecting more than five percent of its revenue or tax base. The only remedy for failure by the City to comply with the covenant in this Section 7 shall be an action for specific performance of this covenant. The City specifically reserves the right to amend this covenant to reflect any change in or repeal of Section 11-1-85, without the consent of any Bondholder.

Section 8. Award of Bonds.

(a) The Bonds are authorized to be sold to the Purchaser.

(b) A copy of this 2014 Refunding Series Ordinance shall be filed with the minutes of this meeting.

(c) The 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 Ordinance and to perform all other actions as they shall consider necessary or advisable in connection with the issuance, sale, and delivery of the Bonds.

Section 9. Tax Exemption of the Bonds.

(a) The City will comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") in order to preserve the tax-exempt status of the Bonds, 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 Bonds 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 Bonds to become included in the gross income of the Holder thereof for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Bonds. Without limiting the generality of the foregoing, the City represents and covenants that:

(i) All property provided by the net proceeds of the Bonds or the 2006 Lease Purchase and the 2009 Lease Purchase will be owned by the City in accordance with the rules governing the ownership of property for federal income tax purposes.

(ii) The City shall not permit any facility refinanced or financed with the proceeds of the Bonds or the 2006 Lease Purchase and the 2009 Lease Purchase to be used in any manner that would result in (i) ten percent 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 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.

(iii) 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 or refinanced or financed with the proceeds of the Bonds that do not conform to the guidelines set forth in Revenue Procedure 97-13 of the Internal Revenue Service.

(iv) The City will not sell or lease any property refinanced or financed by the 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 Bonds.

(v) The 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 Bonds.

(c) The Series 2014A Bond and the Series 2014B Bond are each "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) by virtue of the fact that they were each designated "qualified tax-exempt obligations" when initially issued.

Section 10. Interested Parties

Nothing in the General Bond Ordinance or this 2014 Refunding Series Ordinance, expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the City and the Registered Holder of the Bonds, any right, remedy or claim under or by reason of the Ordinance or this 2014 Refunding Series Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in the General Bond Ordinance and this 2014 Refunding Series Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City and the Registered Holders of the Bonds.

Section 11. Additional Provisions. The General Bond Ordinance remains in full force and effect and shall govern the issuance of the Bonds.

Section 12. Additional Documents. The Mayor, City Manager, Finance Director and City Clerk 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 delivery of the Bonds 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 13. Section Headings. The headings and titles of the several sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation, or effect of this 2014 Refunding Series Ordinance.

Section 14. Notices.

(a) All notices, certificates, or other communications hereunder or under the 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 Florence
324 W. Evans Street
Florence, South Carolina 29501-3430
Attention: Finance Director

If to the Purchaser:

Senior Vice President/Governmental Finance
Branch Banking & Trust Co.
1201 Main Street, Suite 700
Columbia, South Carolina 29201

(b) The City and the Purchaser may, by written notice given to the other party, designate any further or different addresses to which subsequent notice, certificates, or other communications shall be sent.

Section 15. Required Publications and Public Hearing. Section 6-1-760 of the Local Hospitality Tax Act provides that bonds may be issued utilizing the procedures of South Carolina Code Sections 4-29-68 or 6-17-10 or 6-21-10 and pledge as security for such bonds the proceeds of the Hospitality Fee. As required at Section 4-29-68, Code of Laws of South Carolina, 1976, which provision has been selected from those cited in the preceding sentence, a public hearing shall be held prior to adoption of this Ordinance. Notice of such public hearing shall in the form set forth in Exhibit D.

Section 16. Effective Date. This 2014 Refunding Series Ordinance shall become effective immediately upon its enactment.

DONE, RATIFIED AND ADOPTED THIS 9th day of June, 2014.

Mayor, City of Florence, South Carolina

Attest:

Clerk, City of Florence, South Carolina

First Reading: May 12, 2014
Second Reading: June 9, 2014

EXHIBIT A

FORM OF SERIES 2014A BOND

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
CITY OF FLORENCE
HOSPITALITY FEE REVENUE REFUNDING BOND
SERIES 2014A

No. R-1

<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Original Date Of Issue</u>
2.05%	June 1,2021	May __, 2014

REGISTERED HOLDER: Branch Banking & Trust Co.

PRINCIPAL SUM: One Million Five Hundred Forty-Five Thousand Dollars (\$1,545,000)

THE CITY OF FLORENCE, SOUTH CAROLINA acknowledges itself indebted and for value received hereby promises to pay, solely from the sources and as hereinafter provided, the Registered Holder, or its registered assigns, the principal amount of \$1,545,000 on the Final Maturity Date stated above, unless this bond (the "Series 2014A Bond") shall have been redeemed prior thereto as hereinafter provided, and to pay interest on such principal amount at the rate of 2.05% (calculated on the basis of a 360-day year of twelve 30-day months), until the obligation of the City with respect to the payment of such principal amount shall be discharged.

This Series 2014A Bond shall be subject to optional redemption prior to maturity in whole on any payment date at a redemption premium of one percent during the first half of the term of the respective series of bonds and at par thereafter. This Series 2014A Bond is payable on June 1 of each year in the following principal amounts:

<u>Year</u>	<u>Principal Amount</u>
2015	\$205,000
2016	204,000
2017	214,000
2018	220,000
2019	231,000
2020	232,000
2021	239,000

This Series 2014A Bond shall bear interest from ____, 2014. Interest on this Series 2014A Bond shall be payable on June 1 and December 1 (each, a "Bond Payment Date") of each year, commencing December 1, 2014, until this Series 2014A Bond is paid in full. The principal and interest so payable on a Bond Payment Date will be paid to the person in whose name this Series 2014A Bond is registered at the close of business on the 15th day of the month immediately preceding such Bond Payment Date (the "Record Date").

THIS SERIES 2014A BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF TITLE 6, CHAPTER 17 AND SECTION 6-1-760 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED (COLLECTIVELY, 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 CONSTITUTION OF THE STATE OF SOUTH CAROLINA, 1895, AS AMENDED, AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES PERMITTED THEREIN) 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 Series 2014A Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except estate, transfer or certain franchise taxes. This Series 2014A 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 officer of the City as Bond Registrar.

This Series 2014A Bond is issued as a single fully registered bond (and may only be so issued) in the principal amount of \$1,545,000 pursuant to a General Bond Ordinance enacted by the City Council of the City on May 12, 2014, and a 2014 Refunding Series Ordinance enacted by the City Council of the City of even date therewith (collectively, the "Ordinance"), and under and in full compliance with the Constitution and Statutes of the State of South Carolina, including particularly Section 14, Paragraph 10 of Article X of the Constitution of the State of South Carolina, 1895, as amended, and the Enabling Statute.

All principal, interest, or other amounts due hereunder shall be payable only to the Registered Holder hereof. The City is the Registrar for this Series 2014A Bond and as such will maintain the Books of Registry for the registration or transfer hereof. This Series 2014A 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 City as Bond Registrar duly executed by the Registered Holder of this Series 2014A 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 City shall not be required to register, transfer or exchange this Series 2014A Bond after the Record Date until the next succeeding Bond Payment Date.

The person in whose name this Series 2014A 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 Series 2014A 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 Series 2014A 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 Series 2014A Bond against the City.

The principal of and interest on this Series 2014A Bond are payable solely from and secured by a lien upon the Hospitality Fee Revenues (as defined in the Ordinance). The pledge of and lien upon the Hospitality Fee Revenues given to secure this Series 2014A Bond has priority over all other pledges of Hospitality Fee Revenues and liens against the same, except such additional Bonds as may hereafter be issued pursuant to and in accordance with the terms of the Ordinance, which, when issued, shall be on a parity in all respects with this Series 2014A Bond.

No recourse shall be had for the payment of the principal of, premium, if any, and interest on the Series 2014A Bond 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 2014A Bond. The Series 2014A Bond 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 Hospitality Fee Revenues that have been pledged to the payment thereof, and this Series 2014A Bond is payable solely from the Hospitality Fee Revenues pledged to the payment thereof and the City is not obligated to pay the same except from the Hospitality Fee Revenues.

Whenever the terms of this Series 2014A Bond require any action be taken on a Saturday, Sunday, or legal holiday or bank holiday in the State of South Carolina or in any state where the corporate trust office of the trustee or custodian, if then appointed, 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 Series 2014A 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 Series 2014A Bond. Reference is hereby made to the Ordinance, to all the provisions of which any Registered Holder of this Series 2014 Bond by the acceptance hereof thereby assents.

This Series 2014A Bond is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Code.

It is hereby certified and recited that all acts, conditions, and things required by the Constitution and Laws of the State of South Carolina to exist, to happen, and to be performed precedent to or in the issuance of this Series 2014A Bond exist, have happened, and have been done and performed in regular and due time, form, and manner, and that the amount of this Series 2014A Bond does not exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, THE CITY OF FLORENCE, SOUTH CAROLINA, has caused this Series 2014A Bond to be signed in its name by the manual signature of the Mayor, and attested by the manual signature of the City Clerk, under the Seal of the City of Florence, South Carolina, impressed or reproduced hereon.

(SEAL)

Mayor, City of Florence, South Carolina

Attest:

Clerk, City of Florence, South Carolina

CERTIFICATE OF AUTHENTICATION

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

_____, Bond Registrar

Authorized Officer

Date of Authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ (Social Security No. or other Identifying Number of Assignee _____) the within Bond 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.

FORM OF SERIES 2014B BOND

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
CITY OF FLORENCE
HOSPITALITY FEE REVENUE BOND
SERIES 2014B

No. R-1

<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Original Date Of Issue</u>
2.60%	April 1, 2024	May __, 2014

REGISTERED HOLDER: Branch Banking & Trust Co.

PRINCIPAL SUM: Four Million Six Hundred Forty-Eight Thousand Dollars (\$4,648,000)

THE CITY OF FLORENCE, SOUTH CAROLINA acknowledges itself indebted and for value received hereby promises to pay, solely from the sources and as hereinafter provided, the Registered Holder, or its registered assigns, the principal amount of \$4,648,000 on the Final Maturity Date stated above, unless this bond (the "Series 2014B Bond") shall have been redeemed prior thereto as hereinafter provided, and to pay interest on such principal amount at the rate of 2.60% (calculated on the basis of a 360-day year of twelve 30-day months), until the obligation of the City with respect to the payment of such principal amount shall be discharged.

This Series 2014B Bond shall be subject to optional redemption prior to maturity in whole on any payment date at a redemption premium of one percent during the first half of the term of the respective series of bonds and at par thereafter. This Series 2014B Bond is payable on April 1 of each year in the following principal amounts:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2015	\$431,000	2020	\$465,000
2016	429,000	2021	474,000
2017	434,000	2022	488,000
2018	445,000	2023	507,000
2019	450,000	2024	525,000

This Series 2014B Bond shall bear interest from ____, 2014. Interest on this Series 2014B Bond shall be payable on April 1 and October 1 (each, a "Bond Payment Date") of each year, commencing October 1, 2014, until this Series 2014B Bond is paid in full. The principal and interest so payable on a Bond Payment Date will be paid to the person in whose name this Series 2014B Bond is registered at the close of business on the 15th day of the month immediately preceding such Bond Payment Date (the "Record Date").

THIS SERIES 2014B BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF TITLE 6, CHAPTER 17 AND SECTION 6-1-760 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED (COLLECTIVELY, 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 CONSTITUTION OF THE STATE OF SOUTH CAROLINA, 1895, AS AMENDED, AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES PERMITTED THEREIN) 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 Series 2014B Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except estate, transfer or certain franchise taxes. This Series 2014B 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 officer of the City as Bond Registrar.

This Series 2014B Bond is issued as a single fully registered bond (and may only be so issued) in the principal amount of \$4,648,000 pursuant to a General Bond Ordinance enacted by the City Council of the City on May 12, 2014, and a 2014 Refunding Series Ordinance enacted by the City Council of the City of even date therewith (collectively, the "Ordinance"), and under and in full compliance with the Constitution and Statutes of the State of South Carolina, including particularly Section 14, Paragraph 10 of Article X of the Constitution of the State of South Carolina, 1895, as amended, and the Enabling Statute.

All principal, interest, or other amounts due hereunder shall be payable only to the Registered Holder hereof. The City is the Registrar for this Series 2014B Bond and as such will maintain the Books of Registry for the registration or transfer hereof. This Series 2014B 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 City as Bond Registrar duly executed by the Registered Holder of this Series 2014B 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 City shall not be required to register, transfer or exchange this Series 2014B Bond after the Record Date until the next succeeding Bond Payment Date.

The person in whose name this Series 2014B 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 Series 2014B 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 Series 2014B 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 Series 2014B Bond against the City.

The principal of and interest on this Series 2014B Bond are payable solely from and secured by a lien upon the Hospitality Fee Revenues (as defined in the Ordinance). The pledge of and lien upon the Hospitality Fee Revenues given to secure this Series 2014B Bond has priority over all other pledges of Hospitality Fee Revenues and liens against the same, except such additional Bonds as may hereafter be issued pursuant to and in accordance with the terms of the Ordinance, which, when issued, shall be on a parity in all respects with this Series 2014B Bond.

No recourse shall be had for the payment of the principal of, premium, if any, and interest on the Series 2014B Bond 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 2014B Bond. The Series 2014B Bond 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 Hospitality Fee Revenues that have been pledged to the payment thereof, and this Series 2014B Bond is payable solely from the Hospitality Fee Revenues pledged to the payment thereof and the City is not obligated to pay the same except from the Hospitality Fee Revenues.

Whenever the terms of this Series 2014B Bond require any action be taken on a Saturday, Sunday, or legal holiday or bank holiday in the State of South Carolina or in any state where the corporate trust office of the trustee or custodian, if then appointed, 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 Series 2014B 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 Series 2014B Bond. Reference is hereby made to the Ordinance, to all the provisions of which any Registered Holder of this Series 2014B Bond by the acceptance hereof thereby assents.

This Series 2014B Bond is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Code.

It is hereby certified and recited that all acts, conditions, and things required by the Constitution and Laws of the State of South Carolina to exist, to happen, and to be performed precedent to or in the issuance of this Series 2014B Bond exist, have happened, and have been done and performed in regular and due time, form, and manner, and that the amount of this Series 2014B Bond does not exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, THE CITY OF FLORENCE, SOUTH CAROLINA, has caused this Series 2014B Bond to be signed in its name by the manual signature of the Mayor, and attested by the manual signature of the City Clerk, under the Seal of the City of Florence, South Carolina, impressed or reproduced hereon.

(SEAL)

Mayor, City of Florence, South Carolina

Attest:

Clerk, City of Florence, South Carolina

CERTIFICATE OF AUTHENTICATION

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

_____, Bond
Registrar

Authorized Officer

Date of Authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ (Social Security No. or other Identifying Number of Assignee _____) the within Bond 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.

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council of City of Florence, South Carolina, at its meeting on the 9th day of June, 2014, at 1:00 o'clock p.m., in the City Council Chambers, 324 W. Evans Street, Florence, South Carolina, will conduct a public hearing for the purpose of receiving comments on adoption of an Ordinance titled "AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF A CITY OF FLORENCE, SOUTH CAROLINA HOSPITALITY FEE REVENUE REFUNDING BOND, SERIES 2014A, AND A CITY OF FLORENCE, SOUTH CAROLINA HOSPITALITY FEE REVENUE REFUNDING BOND, SERIES 2014B, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$6,193,000; AND OTHER MATTERS RELATING THERETO."

At the time and place fixed for said public hearing, all residents or other interested persons who appear will be given an opportunity to express their views for or against the adoption of the Ordinance.

Clerk, City Council of the City of Florence

Date of Publication:

May 23, 2014

STATE OF SOUTH CAROLINA

COUNTY OF FLORENCE

I, the undersigned, City Clerk of the City of Florence, South Carolina, DO HEREBY CERTIFY:

That the foregoing constitutes a true, correct and verbatim copy of an Ordinance adopted by City Council, having been read at two duly called and regularly held meetings at which a quorum attended and remained present throughout each of May 12 and June 9, 2014.

The Ordinance is now of full force and effect.

IN WITNESS WHEREOF, I have hereunto set my Hand this 9th day of June, 2014.

Clerk, City of Florence, South Carolina