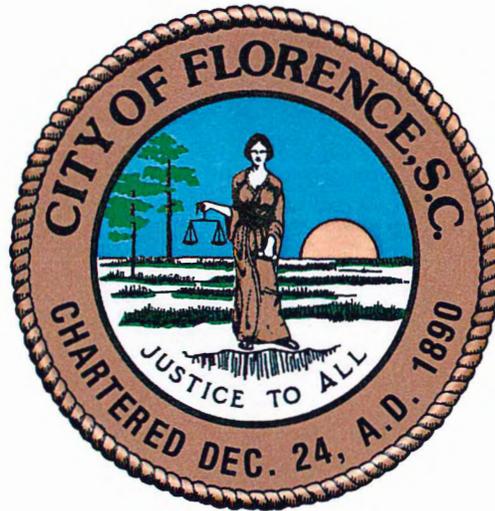


SPECIAL MEETING  
OF  
FLORENCE CITY COUNCIL



COUNCIL CHAMBERS  
324 W. EVANS STREET  
FLORENCE, SOUTH CAROLINA

FRIDAY  
OCTOBER 14, 2016  
9:00 A.M.

**SPECIAL MEETING OF FLORENCE CITY COUNCIL**

**FRIDAY, OCTOBER 14, 2016 – 9:00 A.M.**

**CITY CENTER – CITY COUNCIL CHAMBERS**

**324 W. EVANS STREET**

**FLORENCE, SOUTH CAROLINA**

**AGENDA**

**I. CALL TO ORDER**

**II. INVOCATION**

*Pledge of Allegiance to the American Flag*

**III. ORDINANCES IN POSITION**

**a. Bill No. 2016-35 – Second Reading**

*A General Bond Ordinance authorizing and providing for the issuance of Special Obligation Bonds (Florence Downtown Redevelopment Project Area) of the City of Florence, South Carolina; prescribing the form of bonds; providing for the payment of the bonds from the sources provided herein; creating certain funds and providing for payments into such funds; making other covenants and agreements in connection with the foregoing; and other matters relating thereto.*

**b. Bill No. 2016-36 – Second Reading**

*A First Supplemental Ordinance providing for the issuance and sale of City of Florence, South Carolina, Special Obligation Bonds (Florence Downtown Redevelopment Project Area) in one or more series, in the principal amount of not exceeding \$40,000,000, in order to defray the costs of certain redevelopment projects; refund the outstanding Tax Increment Bond of the City of Florence; authorizing the Mayor, the City Manager and the Finance Director to determine certain matters with respect to the bonds; providing for the Junior Lien Pledge of Combined Waterworks and Sewerage System Revenues for the payment of the bonds; providing for the payment of the bonds and the disposition of the proceeds thereof; prescribing the form and details of such bonds; and other matters relating thereto.*

- c. **Bill No. 2016-37 – Second Reading**  
*A Series Ordinance making provision for the terms and conditions of an issue of Combined Waterworks and Sewerage System Refunding Revenue Bonds of the City of Florence, South Carolina, in the aggregate principal amount of not exceeding \$16,000,000 as authorized by a Bond Ordinance of the City of Florence, South Carolina, adopted October 24, 1989; and other matters relating thereto.*

**IV. INTRODUCTION OF EMERGENCY ORDINANCE NO. 2016-51**  
***(Pursuant to Section 2-29(c) of the Florence City Code of Ordinances***

- a. *An Ordinance to consider suspension of certain procedures and rules contained in various ordinances of the City of Florence in response to the emergency conditions created by Hurricane Matthew and its aftermath.*

**V. ADJOURN**

**III. a.**  
**Bill No. 2016-35**  
**Second Reading**

**FLORENCE CITY COUNCIL MEETING**

**DATE:** September 12, 2016

**AGENDA ITEM:** Florence Downtown Redevelopment Project Area Tax Increment Financing District (TIF) General Bond Ordinance – First Reading

**DEPARTMENT/DIVISION:** Finance

**I. ISSUE UNDER CONSIDERATION**

For Council consideration is the adoption of a General Bond Ordinance authorizing and providing for the issuance of the City of Florence, SC Special Obligation Bonds for the Florence Downtown Redevelopment Project Area Tax Increment Financing District (TIF).

**II. CURRENT STATUS/PREVIOUS ACTION TAKEN**

- A. On December 18, 2006, City Council adopted an ordinance establishing the TIF District in Downtown Florence. As established by the ordinance, the City had until December 2016 to issue TIF obligation bonds to fund public improvements and until December 2026 to repay the bonds.
- B. On May 12, 2014 City Council approved an ordinance authorizing the issuance of a Series 2014 Tax Increment Revenue Bond in the principal amount of \$12,936,000 for downtown capital improvements. On May 28, 2014 the Tax Increment Revenue Bond was issued through the year 2026.
- C. On July 11, 2016, following a public hearing held on June 13, 2016, City Council approved an ordinance to revise and extend the original TIF redevelopment plan adopted in 2006, and to extend the maximum term of maturity of TIF obligations from the original 20-year maturity of 2026 to a 40-year maturity expiring in 2046.
- D. These revisions were made by City Council to provide for the issuance of a TIF bond to be used for the construction of additional parking, street improvements, and other essential infrastructure enhancements in the TIF district as well as funding for the revitalization and redevelopment of three Florence School District One facilities. The TIF bond would also be used to refund the Series 2014 TIF Revenue Bond noted in Item B above.

**III. POINTS TO CONSIDER**

- A. Article X, Section 14, of the State Constitution, as amended provides that the General Assembly may authorize that indebtedness be incurred for redevelopment within incorporated municipalities, and that the debt service may be provided from the added increments of tax revenues that result from the redevelopment project.
- B. Section 31-6-80(F)(2) of the Tax Increment Financing Law provides that following the adoption of an ordinance approving a redevelopment plan, a municipality is permitted to "make changes to the proposed use of the proceeds of the obligations in relationship to the redevelopment plan, or to extend the maximum amount or term of obligations to be issued under the redevelopment plan in accordance with the procedures provided in this chapter for the initial approval of a redevelopment project and designation of a redevelopment project area."
- C. As noted in item II C above, City Council adopted an ordinance amending the TIF Redevelopment

**Florence City Council Meeting Agenda Item  
TIF District General Bond Ordinance – Page 2**

Plan. This ordinance: 1) authorized the issuance of tax increment bonds with a term not to extend beyond December 18, 2046; 2) added certain publicly-owned redevelopment projects to be undertaken in the Florence Downtown Redevelopment Project Area; and 3) provided that the original Florence Downtown Redevelopment Plan, as amended would expire on December 18, 2046.

D. On April 18, 2016, the City provided the County and the School District written notice of its intent to adopt the amended Redevelopment Plan, to extend the maximum term of obligations to be issued, and also extend the duration of the Plan.

E. The County objected to extending the maximum term of obligations and as a result, the County will not participate beyond the expiration of the original Redevelopment Plan of December 18, 2026.

F. Florence School District One will, however, participate in the Redevelopment Plan along with the City through 2046.

G. The proposed General Bond Ordinance serves as the enabling ordinance for the issuance of the first Supplemental TIF Bond Ordinance that will also be considered for adoption by City Council at the September 12, 2016 Regular City Council Meeting. The Supplemental Ordinance will provide TIF financing as described in item II D above.

H. The General Bond Ordinance also serves as the enabling ordinance for any future Supplemental TIF Bonds that may be required for downtown redevelopment.

I. Adoption of the proposed General Bond Ordinance is required for City Council to authorize the issuance of Special Obligation Bonds for the Florence Downtown Redevelopment Project Area Tax Increment Financing District (TIF) based on the terms and conditions set forth in the General Bond Ordinance and any Supplemental Ordinance required.

**IV. STAFF RECOMMENDATION**

Approve and adopt of the proposed ordinance.

**V. ATTACHMENTS**

Attached is the General Bond Ordinance authorizing and providing for the issuance of the City of Florence, SC Special Obligation Bonds for the Florence Downtown Redevelopment Project Area Tax Increment Financing District (TIF).



Thomas W. Chandler  
Finance Director



Andrew H. Griffin  
City Manager

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CITY OF FLORENCE, SOUTH CAROLINA

GENERAL BOND ORDINANCE NO. 2016-39

AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF SPECIAL OBLIGATION BONDS (FLORENCE DOWNTOWN REDEVELOPMENT PROJECT AREA) OF THE CITY OF FLORENCE, SOUTH CAROLINA; PRESCRIBING THE FORM OF BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS FROM THE SOURCES PROVIDED HEREIN; CREATING CERTAIN FUNDS AND PROVIDING FOR PAYMENTS INTO SUCH FUNDS; MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING; AND OTHER MATTERS RELATING THERETO

Enacted: October 14, 2016

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BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FLORENCE, SOUTH CAROLINA, IN COUNCIL ASSEMBLED:

ARTICLE I

DEFINITIONS

Unless the context shall clearly indicate some other meaning, the terms defined in this Section shall, for all purposes of this Ordinance and of any ordinance, resolution, certificate, opinion, instrument or other document herein or therein mentioned, have the meanings herein specified. The definitions shall be equally applicable to both the singular and plural forms of any of the terms herein defined and vice versa. The term:

"2014 Bond" shall mean the City's \$12,936,000 original principal amount Tax Increment Revenue Bond (Florence Downtown Redevelopment Project Area), Series 2014, dated May 28, 2014, currently outstanding in the principal amount of \$12,936,000.

"2014 Bond Ordinance" shall mean Ordinance No. 2014-12 enacted by the Council on May 12, 2014, which authorized the issuance of the 2014 Bond.

"Accountant" shall mean an independent certified public accountant or a firm of independent certified public accountants selected by the City.

"Act" shall mean Title 31, Chapter 6 of the S.C. Code (being the Tax Increment Financing Law), as amended from time to time.

"Amendatory Ordinance" shall mean Ordinance No. 2016-30 enacted by the Council on July 11, 2016 which approved the Amended Redevelopment Plan, extended the maximum term of obligations to be issued thereunder and the duration of the Amended Redevelopment Plan.

"Amended Redevelopment Plan" shall mean the Amended Florence Downtown Redevelopment Project Area Redevelopment Plan dated July 11, 2016 which was approved by the City pursuant to the Amendatory Ordinance.

"Balloon Indebtedness" shall mean any Series of Bonds, 25% or more of the original principal of which is or, at the option of a person other than the City, may be required to be paid during one Fiscal Year, but such term shall not include a Series of Bonds maturing within one year of their date of issue.

"Bond" or "Bonds" shall mean any of the Special Obligation Bonds (Florence Downtown Redevelopment Project Area), some of the Bonds or all of the Bonds issued under and pursuant to Article III hereof, including the Series 2016 Bonds, excluding bonds or other indebtedness issued under Section 3.5 hereof.

"Bond Counsel" shall mean any attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States.

"Bondholders" or the term "Holders" or any similar term shall mean the registered owner or owners of any Outstanding Bond or Bonds.

"Bond Redemption Account" shall mean the account by that name created within each respective Debt Service Fund.

"Books of Registry" shall mean the registration books maintained by the Registrar, as bond registrar, in accordance with Section 4.3 hereof.

"Business Day" shall mean, except as otherwise provided with respect to a Series of Bonds in a Supplemental Ordinance, any day other than a Saturday, a Sunday, or a day which shall be in the State or the state in which the respective corporate trust offices of the Trustee, the Paying Agent or the Registrar are located a legal holiday or a day on which banking institutions are authorized by law or executive order to close or a day on which the payment system of the Federal Reserve is not operational.

"Capital Projects Fund" shall mean the account of that name established pursuant to Section 8.4 of this Ordinance. Amounts on deposit in the Capital Projects Fund are not pledged to the payment of the Bonds.

"City" shall mean the City of Florence, South Carolina.

"City Council" shall mean the City Council of the City of Florence, South Carolina.

"City Representative" shall mean the person or custodian/persons at the time designated to act on behalf of the City for the purpose of performing any act under this Ordinance or any Supplemental Ordinance by a written certificate furnished to the Trustee or Custodian containing the specimen signature of such person or persons and signed on behalf of the City by the Mayor, City Manager or Municipal Clerk of the City.

"Construction Fund" shall mean any fund established with and maintained by the Custodian selected by the City as provided in Section 8.5 hereof, and funded with certain of the proceeds of the sale of a Series of Bonds and intended to defray the costs of all or a portion of any Redevelopment Projects and to pay Costs of Acquisition and Construction (exclusive of any capitalized interest on Bonds which may be deposited in a Debt Service Fund) and Costs of Issuance in connection therewith, as established in a Supplemental Ordinance authorizing the issuance of such Series of Bonds.

"Costs of Acquisition and Construction" shall mean, to the extent permitted by the Act, all Redevelopment Projects Costs, including capitalized interest on any Series of Bonds. Costs of Acquisition and Construction shall include the reimbursement of funds previously advanced by the City with respect to the Redevelopment Projects.

"Costs of Issuance" shall mean all items of expense, directly or indirectly payable or reimbursable by or to the City and related to the authorization, sale and issuance of a Series of Bonds including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Trustee, Custodian, Registrar, Paying Agent or escrow agent, legal fees and charges, auditing and accounting fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of any refunding, premiums for bond insurance, surety bonds, letters of credit, or any other forms of credit enhancement relating to the issuance of Bonds, financing charges, accrued interest with respect to the initial investment of proceeds of Bonds and any other costs, charges or fees in connection with the original issuance of Bonds.

"County" shall mean Florence County, South Carolina.

"Custodian" shall mean any bank, depository or trust company duly qualified and doing business within the State selected by the City as a depository of moneys or securities held in the Construction Fund.

"Debt Service" shall mean, with respect to each Series of Bonds and with respect to any particular Fiscal Year, the aggregate of the amounts to be paid or set aside (or estimated to be required to be paid or set aside) in the applicable Debt Service Fund in such Fiscal Year for the payment of the principal of, redemption premium, if any, and interest (to the extent not payable from the proceeds of Bonds or investment earnings thereon) on such Series of Bonds; provided, however that:

- (a) The interest on Variable Rate Indebtedness then Outstanding shall be calculated at the actual average rate of interest on the Variable Rate Indebtedness during the 12 months immediately preceding the date of calculation (or such lesser period during which the Variable Rate Indebtedness has been Outstanding);
- (b) For purposes of any prospective calculation, interest on Variable Rate Indebtedness then Outstanding and proposed to be issued (if applicable) shall be calculated at the lesser of (a) the 25-Bond Revenue Index published by The Bond Buyer (or if no longer published, any reasonably equivalent nationally recognized index published for the periods in question selected by the City) no more than two weeks prior to the date of calculation or (b) the maximum interest rate allowable on such Variable Rate Indebtedness;
- (c) In the case of Bonds which have been or shall be issued as obligations for which the City has or shall be entitled to receive a payment or other form of credit that effectively reduces the City's debt service payment obligation therefor, the amount to be paid or set aside in the applicable Debt Service Fund in each Fiscal Year for such payment of Debt Service shall be reduced by the payment that the City has or shall be entitled to receive for such purpose; and
- (d) If at the time of calculation of Debt Service there shall be Outstanding Balloon Indebtedness, each payment of maturing principal of Balloon Indebtedness shall be treated as being amortized on a level debt service basis at its yield to maturity (calculated as of its date of issue) over a period equal to the lesser of (i) the remaining number of years to maturity or (ii) 20 years.

"Debt Service Fund" shall mean each of the respective funds or accounts of that name established pursuant to Section 8.2 of this Ordinance and so designated pursuant to a Supplemental Ordinance to provide for the payment of the principal of and interest on the respective Series of Bonds issued pursuant to this Ordinance and such Supplemental Ordinance as the same respectively become due and payable.

"Debt Service Reserve Fund" shall mean the respective funds or accounts, if any, of that name established pursuant to Section 8.3 of this Ordinance and so designated pursuant to a Supplemental Ordinance.

"Default" or "Event of Default" shall mean any of those Events of Default specified in and defined by Article XIII hereof.

"First Supplemental Ordinance" shall mean First Supplemental Ordinance No. 2016-40 enacted by City Council on October 14, 2016, authorizing the issuance of the Series 2016 Bonds.

"Fiscal Year" shall mean the fiscal year for the City as determined by the Council, initially being the period from July 1 in any year to and including June 30 in the following year.

"Florence Downtown Redevelopment Project Area" shall mean the approximately 500 acres geographic area within the City designated by the Original Downtown Redevelopment Ordinance as a "redevelopment project area" under the Act.

"Government Obligations" shall mean, except as otherwise provided in a Supplemental Ordinance, and to the extent such obligations constitute Permitted Investments:

- (a) United States Treasury Obligations – State and Local Government Series;
- (b) United States Treasury bills, notes, bonds or zero coupon treasury bonds all as traded on the open market;
- (c) direct obligations of the U.S. Treasury which have been stripped by the Treasury itself, including CATS, TIGRS and similar securities;
- (d) obligations of any agencies or instrumentalities which are backed by the full faith and credit of the United States of America;
- (e) bonds or debentures issued by any Federal Home Loan Bank or consolidated bonds or debentures issued by the Federal Home Loan Bank Board;
- (f) obligations of the Federal National Mortgage Association;
- (g) obligations of the Resolution Funding Corporation (REFCORP);
- (h) (1) General obligations of the State of South Carolina or any of its political units; or (2) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations; or
- (i) any legally permissible combination of any of the foregoing.

Government Obligations must be redeemable only at the option of the holder thereof.

"Interest Account" shall mean the account by that name created within each respective Debt Service Fund.

"Interest Payment Date" shall mean the respective interest payment dates for a Series of Bonds as determined by a Supplemental Ordinance.

"Junior Bonds" shall mean either (a) bonds or other obligations secured by a pledge of Tax Revenues junior and subordinate in all respects to the pledge securing the Bonds, or (b) any other form of indebtedness secured by sums available in the Special Tax Allocation Fund after provision has been made for all payments required to be made with respect to the Bonds, which bonds or indebtedness may be authorized by an ordinance of Council which is not supplemental to this Ordinance.

"Maximum Debt Service" shall mean the highest aggregate principal and interest requirements (to the extent not paid from the proceeds of Bonds or investment earnings thereon) on the Bonds then Outstanding during the then current or any future Fiscal Year. In the case of determining the Maximum Debt Service for purposes of Section 3.3 of this Ordinance, the provisions of items (b), (c) and (d) in the definition of "Debt Service" shall apply, as applicable.

"Ordinance" shall mean this ordinance as from time to time amended or supplemented by one or more Supplemental Ordinances.

"Original Downtown Redevelopment Ordinance" shall mean Ordinance No. 2006-43 enacted by City Council on December 18, 2006, which approved the Original Downtown Redevelopment Plan.

"Original Downtown Redevelopment Plan" shall mean the redevelopment plan entitled: "City of Florence Downtown Redevelopment Plan", which was approved by City Council pursuant to the Original Downtown Redevelopment Ordinance.

"Outstanding" when used with respect to any Bond shall have the construction given to such word in Article XV hereof; i.e., a Bond shall not be Outstanding if such Bond is not, or would not be, at the time, deemed to be Outstanding by reason of the operation and effect of Article XV.

"Paying Agent" shall mean for each Series of Bonds the respective paying agent or paying agents appointed pursuant to the proceedings authorizing such Series of Bonds.

"Permitted Investments" shall mean, except as limited with respect to the funds and accounts relating to a Series of Bonds by a Supplemental Ordinance, (a) any one or more of the investments now or hereafter permitted by Section 6-5-10 or Section 11-1-60 of the S.C. Code, as amended and in effect from time to time, or any authorization relating to the investment of City funds hereunder; and (b) the South Carolina Pooled Investment Fund or similar State-administered pool investment fund.

"Person" or words importing "persons" means firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, other legal entities and natural persons.

"Principal Account" shall mean the account by that name created within each respective Debt Service Fund.

"Principal Payment Date" shall mean the respective principal payment dates for a Series of Bonds as determined by a Supplemental Ordinance.

"Record Date" shall mean, with respect to any Series of Bonds, the 15th day (whether or not a Business Day) of the calendar month immediately preceding an Interest Payment Date or such other day as may be provided in the Supplemental Ordinance authorizing the issuance of such Series of Bonds.

"Redevelopment Projects" shall mean any redevelopment projects in connection with the Florence Downtown Redevelopment Project Area contemplated by the Original Downtown Redevelopment Ordinance and the Amendatory Ordinance, as more particularly described in the Original Downtown Redevelopment Plan and in the Amended Redevelopment Plan, respectively, as such ordinances and plans may be amended, from time to time.

"Redevelopment Project Costs" shall mean all costs of acquiring, constructing, repairing, renovating, developing, equipping or otherwise improving any Redevelopment Projects (including the repayment to the City for funds previously expended in connection therewith), the repayment of the City of its initial deposit, if any, into the applicable Debt Service Reserve Fund for each Series of Bonds or Junior Bonds, the repayment to the City of any moneys used to pay Debt Service on the Bonds from the Debt Service Reserve Fund, the repayment to the City of any funds expended in the acquisition or construction of the Redevelopment Projects, and any other items included as "redevelopment project costs" as defined in the Act.

"Registrar" shall mean, for each Series of Bonds, the registrar appointed pursuant to the proceedings authorizing such Series of Bonds.

"Reserve Fund Requirement" shall mean, as of the date of calculation, the debt service reserve fund requirement, if any, established pursuant to a Supplemental Ordinance authorizing the issuance of a Series of Bonds.

"S.C. Code" shall mean the Code of Laws of South Carolina 1976, as amended.

"School District" shall mean School District No. 1 of Florence County.

"Serial Bonds" shall mean Bonds which are not Term Bonds.

"Series" or "Series of Bonds" or "Bonds of a Series" shall mean all Bonds designated as being of the same series issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to this Ordinance.

"Series 2016 Bonds" shall mean the not exceeding \$40,000,000 City of Florence, South Carolina, Special Obligation Bonds (Florence Downtown Redevelopment Project Area), with an appropriate series designation, to be issued in one or more series, authorized to be issued pursuant to this Ordinance and the First Supplemental Ordinance.

"Special Tax Allocation Fund" shall mean the fund of that name established by Section 8.1 hereof.

"State" shall mean the State of South Carolina.

"Supplemental Ordinance" shall mean any ordinance enacted by the Council providing for the issuance of a Series of Bonds, and any ordinance enacted by the Council pursuant to and in compliance with the provisions of Article XII hereof amending or supplementing the provisions of this Ordinance or any Supplemental Ordinance.

"Supplemental Revenues" shall mean any funds other than Tax Revenues which may be pledged for the payment of Bonds including, but not limited to: (i) revenues of a system as defined in Section 6-21-40 of the S.C. Code, (ii) revenues of a Redevelopment Project, (iii) assessments, as defined in Section 5-37-20 of the S.C. Code; and (iv) any other legally available funds. Supplemental Revenues do not include amounts transferred to the Capital Projects Fund pursuant to Section 8.4 hereof, which amounts following such transfer are not pledged to payment of the Bonds.

"Tax Revenues" shall mean the amounts of ad valorem taxes, if any, determined in accordance with Section 8.1 hereof and collected in each Fiscal Year in the Florence Downtown Redevelopment Project Area which amounts shall be deposited upon receipt by the City in the Special Tax Allocation Fund, shall include the proportionate amount of any increased ad valorem taxes due to the late payment of such taxes and shall be disposed of as set forth at Section 7.2 hereof.

"Taxing Districts" shall mean the City, the County, and the School District.

"Term Bonds" shall mean any Bonds designated by the Supplemental Ordinance providing for their issuance as being subject to retirement or redemption from moneys credited to the applicable Bond Redemption Account as sinking fund installments.

"Trustee" shall mean The Bank of New York Mellon Trust Company, N.A., and any successor Trustee appointed in accordance with Section 11.4 hereof.

"Variable Rate Indebtedness" shall mean indebtedness in the form of Bonds, the interest rate on which is not established at a fixed or constant rate at the time such indebtedness is incurred.

[End of Article I]

## ARTICLE II

### FINDINGS AND DETERMINATIONS

The Council hereby finds and determines:

(a) The City is an incorporated municipality located in Florence County, South Carolina, and as such has all powers granted to municipalities by the Constitution and general laws of the State.

(b) Pursuant to Section 5-5-10 of the S.C. Code, the City has selected the Council-Manager form of government and is governed by a Council composed of a Mayor and six council members which constitute the governing body of the City.

(c) Article X, Section 14, of the Constitution of the State of South Carolina, as amended (the "Constitution"), provides that the General Assembly may authorize by general law that indebtedness for the purpose of redevelopment within incorporated municipalities may be incurred, and that the debt service of such indebtedness be provided from the added increments of tax revenues to result from the redevelopment project.

(d) Pursuant to the Act, the governing bodies of the incorporated municipalities of the State are vested with all powers consistent with the Constitution of the State that are necessary, useful, and desirable to enable them to accomplish redevelopment in areas which are or threatened to become blighted. Incorporated municipalities are further authorized to issue bonds under the Act to finance a "redevelopment project" as defined in the Act and to refund outstanding bonds.

(e) In accordance with the Act, the City adopted the Original Florence Downtown Redevelopment Plan pursuant to the Florence Downtown Redevelopment Ordinance. The Original Florence Downtown Redevelopment Plan: (i) designated the Original Florence Downtown Redevelopment Project Area as a "redevelopment project area" under the Act; (ii) authorized the issuance of tax increment bonds in the principal amount of up to \$40,000,000 with a term not to exceed 20 years; (iii) provided for the City to undertake certain publicly-owned redevelopment projects (the "Original Downtown Projects") to encourage redevelopment within the Original Florence Downtown Redevelopment Project Area; and (iv) provided for the Original Florence Downtown Redevelopment Plan to expire in December of 2026.

(f) Pursuant to the 2014 Bond Ordinance, City Council previously issued the 2014 Bond to finance a portion of the Original Florence Downtown Plan. The 2014 Bond will be refinanced with the Series 2016 Bonds.

(g) In accordance with the Act, the City adopted the Amended Redevelopment Plan pursuant to the Amended Florence Downtown Redevelopment Ordinance. The Amended Redevelopment Plan: (i) designated the Florence Downtown Redevelopment Project Area as a "redevelopment project area" under the Act; (ii) authorized the issuance of tax increment bonds in one or more series in the aggregate principal amount of approximately \$62,000,000 with a term not to extend beyond December 18, 2046; (iii) added certain publicly-owned redevelopment projects to be undertaken in the Florence Downtown Redevelopment Project Area (the "Redevelopment Projects"); and (iv) provided that the Original Florence Downtown Redevelopment Plan, as amended by the Amended Florence Downtown Redevelopment Plan, would continue to and expire on December 18, 2046.

(h) On April 18, 2016, the City provided the County and the School District written notice of its intent to adopt the Amended Redevelopment Plan, to extend the maximum term of obligations to be

issued thereunder and thus also extend the duration of the Amended Redevelopment Plan. The County objected to the proposed amendments and as a result, the County shall not participate beyond the expiration of the Original Redevelopment Plan of December 18, 2026.

(i) In the Amended Florence Downtown Redevelopment Ordinance, the City has determined that the Florence Downtown Redevelopment Project Area is characterized as a "blighted area" within the meaning of the Act. There is a need to develop and restore certain portions of the Florence Downtown Redevelopment Project Area in order to prevent the decline of certain property values and to reverse the conditions that qualify the Florence Downtown Redevelopment Project Area as a blighted area or conservation area. The undertaking of the Redevelopment Projects will benefit the Florence Downtown Redevelopment Project Area, and the continued rehabilitation, conservation or redevelopment thereof are necessary and in the best interest of the health, safety, and general welfare of the City's citizens.

(j) Initiatives by the City must be taken in order to enhance the properties in the Florence Downtown Redevelopment Project Area so that private investment in the Florence Downtown Redevelopment Project Area and surrounding areas may be stimulated. The City intends that by improving the Florence Downtown Redevelopment Project Area, (1) resulting commercial, retail, tourism and housing activities will occur thereby strengthening the City's economic and tax base; (2) such activities will increase employment opportunities for citizens of the City; and (3) the City's undertakings authorized by this Ordinance will provide other community enhancements which will enrich the quality of life and general well-being of citizens of the City.

(k) The Act authorizes the payment of the Bonds to be secured by: (i) all or any part of the funds in and to be deposited in the Special Tax Allocation Fund, (ii) the revenues remaining after payment of operation and maintenance of all or part of any Redevelopment Project, (iii) revenues received by the City from any property, building, or facility owned by the City or any agency or authority established by the municipality in the Florence Downtown Redevelopment Project Area, and (iv) all or a portion of the revenues of a "system" (as defined in Section 6-21-40 of the S.C. Code) whether or not located entirely within the Florence Downtown Redevelopment Project Area, including the revenues of the Redevelopment Projects, to the extent the Bonds are used to finance the extension or expansion of such system. Pursuant to a Supplemental Ordinance, the City may pledge Supplemental Revenues for the payment of the particular Series of Bonds authorized by such Supplemental Ordinance on such terms and conditions set forth therein.

(l) Based on the foregoing findings and determinations by the Council, the Council finds that the proceeds of the Bonds authorized by this Ordinance and Supplemental Ordinances hereto, as well as the Tax Revenues pledged in connection therewith, for the Redevelopment Projects will be used for a public purpose and that the authorization of the issuance of Bonds hereunder is necessary and in the best interest of the City. The issuance of the Bonds will further implement the Original Downtown Redevelopment Plan, as amended by the Amended Redevelopment Plan. The Redevelopment Projects will each constitute a "redevelopment project" within the Act, and will be publicly owned.

(m) The issuance of the Bonds and application of a portion of the proceeds of the Bonds for the Costs of Acquisition and Construction of the Redevelopment Projects is necessary and in the best interest of the City and will promote the health, safety, morals and welfare of the residents of the City. It is also in the best interest of the City for the Council to authorize the pledge of Supplemental Revenues to additionally secure the payment of the Bonds on such terms and conditions set forth in the respective Supplemental Ordinances providing for the issuance of such Series of Bonds.

(n) On or prior to the date of issuance of the Series 2016 Bonds, the City shall deposit sufficient funds or government obligations with the Trustee to be held in trust so that the 2014 Bond will be defeased and no longer "Outstanding."

(o) By the enactment of this Ordinance, the City intends to provide for the issuance of Series of Bonds at the time and on the terms and conditions set forth in this Ordinance and Supplemental Ordinances hereto.

[End of Article II]

## ARTICLE III

### AUTHORIZATION AND ISSUANCE OF BONDS

Section 3.1. Authorization of Bonds. There is hereby authorized to be issued Bonds of the City to be designated "City of Florence, South Carolina, Special Obligation Bonds (Florence Downtown Redevelopment Project Area)" or such other designations as may be provided in the Supplemental Ordinance authorizing such Bonds, which Bonds may be issued pursuant to this Ordinance and in accordance with the terms, conditions and limitations set forth herein; in Series; and in such amounts and from time to time as the City may deem to be necessary or advisable for any one or more of the following purposes: (a) paying the Costs of Acquisition and Construction of one or more Redevelopment Projects; (b) refunding or refinancing Bonds, Junior Bonds or any other obligations or indebtedness of the City which are payable from Tax Revenues; (c) funding one or more Debt Service Reserve Funds and (d) paying Costs of Issuance.

Section 3.2. General Provisions for Issuance of Bonds.

(a) The Bonds shall be issued in Series by means of Supplemental Ordinances enacted by the Council in accordance with the provisions of this Article and Article XII hereof. Each Supplemental Ordinance shall designate the Bonds provided thereby with an appropriate Series designation and with such further particular designations, if any, as the City deems appropriate. Each Supplemental Ordinance shall, unless or except as is otherwise set forth herein, also specify: (i) the authorized principal amount and designation of such Series of Bonds; (ii) the purpose or purposes for which the Bonds of such Series are being issued, which shall be one or more of the purposes set forth in Sections 3.3 or 3.4 hereof; (iii) if the Bonds of the Series are being issued for a purpose specified in Section 3.3 hereof, the Redevelopment Project(s) for which such Bonds are being issued; (iv) an estimate of the Costs of Acquisition and Construction for any Redevelopment Project(s), if any, to be financed by such Series of Bonds; (v) the date or dates of the Bonds of the Series; (vi) the maturity date or dates of the Bonds of the Series and the sinking fund installment amounts and due dates for the Term Bonds of the Series, if any; (vii) the interest rate or rates of the Bonds of such Series, or the manner of determining such rate or rates, the initial Interest Payment Date therefor, and the subsequent Interest Payment Dates; (viii) the denominations of (if other than as provided in this Ordinance), and manner of numbering and lettering, the Bonds of such Series; (ix) the redemption premium or premiums, if any, or the redemption price or prices to be paid upon the redemption of the Bonds of such Series, the period or periods, if any, during which such premiums or prices shall be payable, and the terms and conditions, if any, of such redemption; (x) the place or places of payment of the Bonds of the Series and interest thereon, and the Paying Agent and Registrar therefor and any Custodian of the funds and accounts created with respect thereto; (xi) the provisions for the sale or other disposition of the Bonds of the Series and the use, application and investment, if any, of the proceeds of such sale or other disposition, which use, application and investment shall not be inconsistent or in conflict with the provisions hereof; (xii) whether, and to what extent, the payment of the Bonds of such Series shall be secured by a pledge of any Supplemental Revenues; (xiii) the provisions for the sale or other disposition of the Bonds of the Series and the use, application and investment, if any, of the proceeds of such sale or other disposition, which use, application and investment shall not be inconsistent or in conflict with the provisions hereof; (xiv) whether such Series of Bonds will be subject to a Reserve Fund Requirement and the manner of satisfaction of such Reserve Fund Requirement; (xv) any other provisions which may be required to be inserted therein by other provisions of this Ordinance; and (xvi) any other necessary or desirable provisions not inconsistent or in conflict with the provisions of this Ordinance. Each Supplemental Ordinance may authorize the Mayor, the City Manager, or any other appropriate officer of the City to determine any of the foregoing items following the date of enactment of such Supplemental Ordinance.

(b) Bonds of a Series may be executed and delivered to the Registrar by the City and authenticated and delivered by the Registrar to the City or, upon its order, upon compliance with Section 3.3 or Section 3.4 hereof.

Bonds issued upon compliance with this Section and Section 3.3 or Section 3.4 hereof shall be issued on a parity with the pledge of the Tax Revenues *inter sese*, but not with respect to the particular Debt Service Fund or Debt Service Reserve Fund (if any) created for the benefit of the Holders of the Bonds of a Series, notwithstanding, that they may be in different form, and bear different dates, interest rates, number, date of issuance or date of execution or are payable at different times. In all such instances, the pledge of Tax Revenues made hereunder, and the covenants and remedies hereby granted, shall be applicable and available to the Holders of such Bonds.

Section 3.3. Conditions for the Issuance of Bonds under this Ordinance Other than Refunding Bonds or Junior Bonds.

Any time and from time to time, one or more Series of Bonds (exclusive of refunding Bonds and Junior Bonds) may be issued for such purposes as may be permitted by the Act upon compliance with the provisions of Section 3.2 hereof and this Section in such principal amounts as may be determined by the Council for the purpose of paying all or part of the Costs of Acquisition and Construction of one or more Redevelopment Projects upon compliance with the following conditions:

A. Except for the issuance of the Series 2016 Bonds, there shall be executed and filed with the Trustee a certificate of the Finance Director or the City Manager of the City stating (i) either (a) that no Default exists in the payment of the principal of, premium, if any, or interest on any Bonds or Junior Bonds, and all mandatory sinking fund redemptions, if any, required to have been made shall have been made, or (b) that the application of the proceeds of sale of the Series of Bonds to be issued as required by the Supplemental Ordinance authorizing their issuance will cure any such Default or permit such redemptions; and (ii) either (a) that to the best of his or her knowledge, the City is not in Default in the performance of any other of its covenants and agreements contained in this Ordinance, or (b) setting forth the circumstances of each such Default known to him or her.

B. If a certificate filed pursuant to part (A) of this Section should disclose a Default or Defaults hereunder, there shall be filed with the City and the Trustee an opinion of Bond Counsel that, in the case of any Default disclosed in a certificate filed pursuant to part (A) of this Section, each such Default does not deprive the Bondholders of the security afforded by this Ordinance in any material respect.

C. For the issuance of Bonds to finance the Costs of Acquisition and Construction, or a portion thereof, of any Redevelopment Projects (other than the Series 2016 Bonds issued pursuant to this Ordinance and the First Supplemental Ordinance), there shall be delivered either

(1) a certificate or report from the City Manager or the Finance Director of the City, which need not be based upon audited financial statements of the City, stating that the total amount of Tax Revenues collected by the City in accordance with Section 8.1 hereof during any consecutive 12-month period out of the last 24-month period prior to the date on which the Bonds are proposed to be issued is not less than 120% of the sum of the Maximum Debt Service on Bonds then Outstanding and the Bonds then proposed to be issued, or

(2) the Bonds to be issued are rated no less than in the "A" category by Moody's Investors Service, Inc. or Standard & Poor's Financial Services LLC.

D. Such Bonds shall be issued to secure funds to defray the Costs of Acquisition and Construction of one or more Redevelopment Projects.

E. The Supplemental Ordinance may provide for a deposit into the Debt Service Reserve Fund established with respect to such Series of Bonds, if any, of cash or securities or an insurance policy, surety bond or letter of credit, as provided in Section 8.3 hereof (inclusive of any proceeds of such Series of Bonds to be deposited in the applicable Debt Service Reserve Fund) having an aggregate value not less than the Reserve Fund Requirement, if any, with respect to such Series of Bonds.

Section 3.4. Refunding Bonds. Without complying with the provisions of Section 3.3 hereof, except as otherwise provided herein and except for the Series 2016 Bonds, the City by means of a Supplemental Ordinance enacted in compliance with the provisions of the Act and any other statutory provisions authorizing the issuance of refunding bonds, including advance refunding bonds, may issue hereunder refunding Bonds as follows:

A. Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity or prior to any sinking fund installment due date, the Bonds maturing on such date (or an amount of such Bonds subject to redemption from such sinking fund installments not in excess of the amount of such Bonds required to be redeemed on such due date) for the payment of which sufficient Tax Revenues are not available. Any Bonds issued for such purpose shall mature (or sinking fund installments therefor shall commence) not earlier than the latest stated maturity of the Bonds not then refunded to be Outstanding after such refunding; or

B. Bonds may be issued at any time for the purpose of: (i) refunding (including by purchase) other Bonds or Junior Bonds, or (ii) refunding or refinancing any other obligations or indebtedness of the City payable from Tax Revenues, including amounts to pay principal, redemption premium and interest to the date of redemption (or purchase) of any of the foregoing; provided that (a) the aggregate Debt Service on all Bonds or other obligations or indebtedness of the City payable from Tax Revenues then Outstanding and the Bonds then proposed to be issued after the issuance of the proposed Series of refunding Bonds shall not be greater than such aggregate Debt Service would have been prior to such issuance; or (b) the requirements of parts (A), (B), (C) and (E) of Section 3.3 hereof are met with respect to the refunding Series.

Section 3.5. Junior Bonds. The City may at any time issue Junior Bonds in such amount as it may from time to time determine, payable from all or a portion of the Tax Revenues, provided that such Junior Bonds are issued to secure funds to defray the Costs of Acquisition and Construction or Costs of Issuance for one or more Redevelopment Projects, or to refund Bonds, Junior Bonds, or any notes, bonds, or other obligations issued to finance or to aid in financing the acquisition or construction of the Redevelopment Projects, and provided further that the pledge of Tax Revenues securing Junior Bonds shall at all times be subordinate and inferior to the pledge of Tax Revenues securing the Bonds.

[End of Article III]

## ARTICLE IV

### THE BONDS

Section 4.1. Execution. Unless or except as is otherwise set forth in the Supplemental Ordinance providing for the issuance of a Series of Bonds, the Bonds shall be executed on behalf of the City by the Mayor of the City (or in his or her absence the Mayor Pro Tempore) by his or her manual or facsimile signature and the corporate seal of the City or a facsimile thereof shall be impressed or reproduced thereon and attested by the Municipal Clerk of the City by his or her manual or facsimile signature.

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

Section 4.2. Authentication. Unless or except as is otherwise set forth in the Supplemental Ordinance providing for the issuance of a Series of Bonds, upon compliance with the provisions of Sections 3.3 or 3.4 hereof, and upon the order of the City, the Registrar shall authenticate Bonds authorized to be issued hereunder. Only such Bonds as shall have endorsed thereon a certificate of authentication, duly executed manually by the Registrar shall be entitled to any right or benefit under this Ordinance. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Registrar, and such executed certificate of the Registrar upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered. The Registrar's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Registrar, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds issued hereunder or on all of the Bonds of a particular Series.

Section 4.3. Registration and Transfer of Bonds; Persons Treated as Holders. Unless and except as is otherwise set forth in the Supplemental Ordinance providing for the issuance of a Series of Bonds, each Bond shall be fully registered and transferable only upon the Books of Registry of the City, which shall be kept for that purpose at the office of the Registrar by the Holder thereof or by his attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder or his or her duly authorized attorney with such signature guaranteed by a participant in the Securities Transfer Agents in Medallion Program ("STAMP") or similar program. Upon the transfer of any Bond, the City shall issue, subject to the provisions of Section 4.6 hereof, in the name of the transferee, a new Bond or Bonds of the same Series and of the same aggregate principal amount, interest rate and maturity as the unpaid principal amount of the surrendered Bond.

Any Bondholder requesting any transfer shall pay any tax or other governmental charge required to be paid with respect thereto. As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the Holder and absolute owner thereof for all purposes, and payment of or on account of the principal, redemption premium, if any, and interest on any Bond shall be made only to or upon the order of the Bondholder thereof, or his duly authorized attorney, and neither the City nor the Registrar, shall be affected by any notice to the contrary, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Section 4.4. Form of Bonds; Denominations; Medium of Payment. Unless or except as is otherwise provided in the Supplemental Ordinance authorizing their issuance, the Bonds of each Series: (a) shall be in fully registered form without coupons, provided, such Bonds may be issued in book-entry form; (b) shall be issued in denominations of \$5,000, or any integral multiple thereof, or such other

denominations as shall be set forth in a Supplemental Ordinance, provided that, upon partial redemption of a Bond requiring surrender thereof and the issuance of a new Bond, such new Bond may be in the denomination of the unredeemed balance; and (c) shall be payable with respect to principal, interest, and premium, if any, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Section 4.5. Numbers, Date, and Payment Provisions.

(a) The Bonds shall be numbered and designated in such manner as the City, with the concurrence of the Registrar, shall determine. Unless otherwise provided in the Supplemental Ordinance authorizing its issuance, each Bond of a Series shall bear interest from the Interest Payment Date immediately preceding the date of its authentication, unless authentication shall be upon an Interest Payment Date, in which case it shall bear interest from its authentication, or unless authentication shall precede the first Interest Payment Date for such Bond, in which case it shall bear interest as otherwise provided in the Supplemental Ordinance authorizing its issuance, provided, however, that if the date of authentication of any Bond of any Series is after a Record Date and before the corresponding Interest Payment Date therefor, such Bond shall bear interest from such succeeding Interest Payment Date; notwithstanding the foregoing, if at the time of authentication of any Bond any interest on such Bond is in default, such Bond shall bear interest from the date to which interest on such Bond has been paid or if no interest has been paid, such Bond shall bear interest from the date of delivery thereof or from its dated date, or as otherwise provided in the Supplemental Ordinance authorizing the issuance of such Bonds.

(b) Unless otherwise provided in a Supplemental Ordinance, the principal of and redemption premium, if any, on the Bonds shall be payable when due in lawful money of the United States of America upon presentation and surrender of such Bonds at the designated office of the Paying Agent described in the Supplemental Ordinance authorizing the issuance of such Bonds. Except as otherwise provided in a Supplemental Ordinance, payment of interest on Bonds shall be made by check or draft drawn upon the Paying Agent and mailed to the Holder at his or her address as it appears upon the Books of Registry. The Paying Agent shall maintain a record of the amount and date of any payment of principal and/or interest on the Bonds (whether at the maturity date or the redemption date prior to the maturity or upon the maturity thereof by declaration or otherwise).

Section 4.6. Exchange of Bonds. Unless or except as is otherwise provided in the Supplemental Ordinance authorizing their issuance, Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Bondholder or his duly authorized attorney with such signature guaranteed by a participant in STAMP or similar program, may, at the option of the Bondholder thereof, and upon payment by such Bondholder of any charges which the Registrar may make as provided in Section 4.7, be exchanged for a principal amount of Bonds of the same Series and maturity of any other authorized denomination equal to the unpaid principal amount of surrendered Bonds.

Section 4.7. Regulations with Respect to Exchanges and Transfer. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance or such Supplemental Ordinance authorizing the issuance thereof. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Registrar. There shall be no charge to the Bondholder for such exchange or transfer of Bonds except that the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. Neither the City nor the Registrar shall be required (a) to exchange or transfer Bonds (i) from the Record Date to the succeeding Interest Payment Date or (ii) for a period of 15 days following any selection of

Bonds to be redeemed or thereafter until after the first publication or mailing of any notice of redemption, or (b) to transfer any Bonds called for redemption.

Section 4.8. Mutilated, Lost, Stolen or Destroyed 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 Holder, the City shall execute and the Registrar shall authenticate and deliver at the designated office of the Registrar, or send by registered mail to the Holder 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 City and the Registrar (a) evidence or proof satisfactory to the City and the Registrar of the loss, destruction, mutilation, defacement or theft of the original Bond, and (b) of the ownership thereof, and (c) such security and indemnity as may be required by the laws of the State or such greater amount as may be required by the City 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 or any Supplemental 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. Neither the City nor the Registrar nor any Paying Agent shall be required to treat both the original Bond and any duplicate Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and duplicate Bond shall be treated as one and the same. In the event any such mutilated, lost, stolen or destroyed Bond shall have matured, instead of issuing a duplicate Bond the City may pay the same. All expenses necessary for the providing of any duplicate Bond shall be borne by the applicant therefor.

[End of Article IV]

## ARTICLE V

### REDEMPTION OF BONDS

Section 5.1. Redemption of Bonds. The Bonds of a Series may be subject to redemption prior to their stated maturities upon such terms and conditions and at such dates and redemption price or prices or premium or premiums as shall be set forth in the Supplemental Ordinance providing for the issuance of such Bonds, and upon the further terms and conditions as are hereinafter set forth.

Section 5.2. Selection of Bonds for Redemption. In the event of the redemption at any time of only part of the Bonds of a Series, the Bonds to be redeemed shall be redeemed in such order as is set forth in the Supplemental Ordinance providing for the issuance of such Bonds. Unless otherwise provided by Supplemental Ordinance, if less than all of the Bonds of like maturity of any Series shall be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee; provided, however, that the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof, and that, in selecting portions of such Bonds for redemption, the Registrar shall treat each such Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond by \$5,000.

Section 5.3. Notice of Redemption. Unless or except as otherwise provided in the Supplemental Ordinance authorizing their issuance, the provisions of this Section 5.3 apply to each Series of Bonds.

In the event any of the Bonds or portions thereof are called for redemption, the Trustee shall give notice, in the name of the City, of redemption of Bonds by first-class mail, postage prepaid, to the Holder thereof as shown on the Books of Registry not less than 30 days and not more than 60 days prior to the date fixed for the redemption thereof. Such notice of redemption shall state: (a) the title of such Bonds to be redeemed, CUSIP numbers, if any, date of issue, the Series designation (if any) thereof, the redemption date, the place or places of redemption and the redemption price or redemption premium, if any, payable upon such redemption; (b) if less than all such Bonds of a particular Series are to be redeemed, the distinctive number of such Bonds to be redeemed; (c) that the interest on such Bonds designated for redemption in such notice shall cease to accrue from and after such redemption date; and (d) that on such date there will become due and payable on each such Bond the principal amount thereof to be redeemed at the then applicable redemption price or redemption premium, if any, and the interest accrued on such principal amount to the redemption date. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, when mailed, whether or not the Holder thereof receives the notice. The notice shall further state that if money for the redemption of all the Bonds being redeemed at that time is held by the Trustee on the redemption date, interest shall cease to accrue on such Bonds on and after the redemption date. The notice may further state that the redemption of the Bonds being called for redemption is conditioned upon the Trustee receiving on or before the redemption date of sufficient money for the redemption thereof.

Any Supplemental Ordinance may provide that any notice of redemption, except a notice of redemption in respect to a sinking fund requirement, may state that the redemption to be effected is conditioned upon the receipt by the Trustee or Registrar on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed, and that if such moneys are not so received, such notice shall be of no force or effect and such Bond shall not be required to be redeemed. In the event that such notice contains such a condition and moneys or Government Obligations sufficient to pay the Redemption Price and interest on such Bonds are not received by the Trustee or Registrar on or prior to the redemption date, the redemption shall not be made and the Trustee or Registrar shall within a reasonable time thereafter give notice, in the manner in which

the notice of redemption was given, that such moneys were not so received. The Supplemental Ordinance may also provide for the giving of notice of insufficient money prior to the redemption date and such other provisions as the City may determine.

Section 5.4. Partial Redemption of Bond. Unless or except as otherwise provided in the Supplemental Ordinance hereto providing for its issuance, in the event that only part of the principal sum of a Bond shall be called for redemption or prepaid, payment of the amount to be redeemed or prepaid shall be made only upon surrender of such Bond to the Registrar. Upon surrender of such Bond, the City shall execute and the Registrar shall authenticate and deliver to the Holder thereof, at the office of the Trustee, or send to such Holder by registered mail at his request, risk and expense, a new fully executed Bond or Bonds, of authorized principal sums equal in aggregate principal amount to, and of the same Series, maturity and interest rate as, the unredeemed portion of the Bond surrendered.

Section 5.5. Effect of Redemption. Unless or except as otherwise provided in the Supplemental Ordinance hereto providing for its issuance, if a Bond is subject by its terms to redemption prior to its stated maturity and has been duly called for redemption and notice of the redemption thereof has been duly given as hereinbefore provided, and if moneys for the payment of such Bond at the then applicable redemption price or together with the then applicable redemption premium, if any, and the interest to accrue to the redemption date on such Bond are held for the purpose of such payment by the Trustee for the Series of Bonds of which such Bond is one, then such Bond so called for redemption shall, on the redemption date designated in such notice, become due and payable. Interest on the Bond so called for redemption shall cease to accrue.

Section 5.6. Cancellation. All Bonds which have been redeemed shall be canceled and either maintained or destroyed by the Registrar and shall not be reissued. A counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Registrar to the City upon the written request of the City.

[End of Article V]

## ARTICLE VI

### SECURITY FOR PAYMENT OF BONDS

Section 6.1. Pledge of Special Tax Allocation Fund; Supplemental Revenues. The Bonds, together with the interest thereon and redemption premium, if any, shall be payable from and secured by a pledge of the funds on deposit, from time to time, in the Special Tax Allocation Fund.

Pursuant to the Supplemental Ordinance that authorizes the issuance thereof, the City may provide for any Series of Bonds together with the interest thereof and redemption premium, if any, to be payable from and secured by a pledge of one or more sources of Supplemental Revenues on such terms and conditions as set forth in the Supplemental Ordinance.

The Bonds, and the interest thereon, are special obligations of the City payable solely from the funds pledged therefor. The full faith, credit, and taxing powers of the City are not pledged for the payment of the Bonds and the interest thereon.

[End of Article VI]

## ARTICLE VII

### ESTABLISHMENT OF FUNDS

Section 7.1. Listing of Funds and Accounts. The following are the funds and accounts established or re-established by this Ordinance:

- (i) Special Tax Allocation Fund to be held by the Trustee.
- (ii) Debt Service Fund for each Series of Bonds to be held by the Trustee, including, except as provided in a Supplemental Ordinance, an Interest Account, a Principal Account and a Bond Redemption Account.
- (iii) Debt Service Reserve Fund, if any, for each Series of Bonds, to be held by the Trustee.
- (iv) Capital Projects Fund to be held by a bank or other financial institution designated from time to time by the City.
- (v) Construction Fund, if any, for each Series of Bonds issued to pay Costs of Acquisition and Construction of one or more Redevelopment Projects, to be held by the City or the Custodian designated by the City.

One or more accounts may, by written direction of the City or by the terms of a Supplemental Ordinance, be established within any of the above funds. It is intended by this Ordinance that the funds and accounts referred to in this Article (other than the Construction Fund) shall remain in existence for so long a time as any sum remains due and payable by way of principal of and interest on the applicable Series of Bonds, and that deposits and withdrawals therefrom be made in the manner herein prescribed and in the order of priority hereinafter set forth in Section 7.2 hereof. Upon the issuance of any Junior Bonds, there shall then be established by a supplemental ordinance a Junior Bond Debt Service Fund. Any debt service due on Junior Bonds shall be paid after all payments have been made with respect to the respective Debt Service Funds and Debt Service Reserve Funds, if any, in any Fiscal Year.

Section 7.2. Disposition of Tax Revenues. So long as any Bonds are Outstanding, the Tax Revenues shall be applied at the times, in the amounts, if any, and for the purposes as provided or permitted by this Ordinance, and in the following order of priority:

First, there shall be transferred into the respective Debt Service Funds the amounts required by this Ordinance or any Supplemental Ordinance;

Second, there shall be transferred into the respective Debt Service Reserve Funds, if established, the amounts required by this Ordinance or any Supplemental Ordinance; provided, the Supplemental Ordinance may provide for the replenishment of such Debt Service Reserve Funds from other funds, including Supplemental Revenues;

Third, provision shall be made for payment to the providers of any surety bonds, insurance policies or letters of credits of any amounts required under the terms of such instruments, where such instruments were obtained by the City in lieu of the deposit of moneys into the Debt Service Reserve Fund established with respect to a Series of Bonds;

Fourth, provision shall be made for the payment of any Junior Bonds; and

Fifth, after provision is made for the above transfers, including payment of Debt Service for the then current Fiscal Year, the remaining balance may be transferred into the Capital Projects Fund pursuant to Section 8.4 herein.

Section 7.3. Security for and Payment of the Bonds. Each Series of Bonds, together with the interest thereon, shall be payable solely from and secured equally and ratably by a pledge of: (a) the Tax Revenues which shall be and hereby are irrevocably pledged to the payment of the principal of, redemption premium, if any, and interest on any Series of Bonds authorized by the Supplemental Ordinances; provided, however, that Junior Bonds shall be secured solely as provided in Section 3.5 hereof; and (b) Supplemental Revenues, in the manner and to the extent pledged therefor pursuant to the respective Supplemental Ordinance providing for the issuance thereof.

All funds held by the Trustee in the respective Debt Service Funds and Debt Service Reserve Funds are hereby pledged for the benefit of the respective Bondholders as security for the Bonds of the Series to which such funds relate. The Tax Revenues shall be and hereby are irrevocably pledged to the payment of the principal of, redemption premium, if any, and interest on the Bonds. This provision of this Section 7.3 shall not preclude the issuance of Junior Bonds if such Junior Bonds be issued in conformity with the provisions of Section 3.5 hereof, but the pledge herein made shall preclude the issuance of bonds payable from or secured by a pledge of the Tax Revenues superior to that herein made to secure the Bonds.

The covenants and agreements herein set forth to be performed by the City shall be for the equal and proportionate benefit, security and protection of all Holders of the Bonds without preference, priority or distinction as to payment or security or otherwise (except as to maturity) of any of the Bonds for any reason or cause whatsoever, except as expressly provided herein or in the Bonds. Except as aforesaid, all Bonds shall rank *pari passu* and shall be secured equally and ratably hereunder without discrimination or preference whatsoever.

[End of Article VII]

## ARTICLE VIII

### CONTINUATION OF SPECIAL TAX ALLOCATION FUND; TAX REVENUES; DEBT SERVICE FUNDS; DEBT SERVICE RESERVE FUNDS; CAPITAL PROJECTS FUND; INVESTMENT OF MONEYS

#### Section 8.1. Tax Revenues.

There is hereby established the Special Tax Allocation Fund of the City. Such Fund shall be designated as "City of Florence Special Tax Allocation Fund – Florence Downtown TIF District" (the "Special Tax Allocation Fund").

There shall be deposited upon receipt by the City in the Special Tax Allocation Fund the amounts of ad valorem taxes (heretofore defined as "Tax Revenues"), if any, determined as follows:

After the total equalized assessed valuation of the taxable real property in the Original Florence Downtown Redevelopment Project Area exceeds the certified "total initial equalized assessed value" with respect to the Florence Downtown Redevelopment Project Area established in accordance with the Act and set forth in Section 9.1 hereof of all taxable real property in the Florence Downtown Redevelopment Project Area, the ad valorem taxes, if any, arising from the levies upon taxable real property in the Original Florence Downtown Redevelopment Project Area by the Taxing Districts, and tax rates determined in the manner provided by the Act and Section 9.1 hereof each year until the Bonds have been retired and Redevelopment Project Costs have been paid must be divided as follows:

(i) That portion of taxes levied upon each taxable lot, block, tract, or parcel of real property which is attributable to the total initial equalized assessed value of all taxable real property in the Florence Downtown Redevelopment Project Area must be allocated to and, when collected, must be paid by the Florence County Treasurer to the respective Taxing Districts in the manner required by law in the absence of the adoption of the Original Downtown Redevelopment Plan.

(ii) Through the fiscal year ending June 30, 2027, all of the taxes of the Taxing Districts, if any, which are attributable to the increase in the current equalized assessed valuation of all taxable real property in the Florence Downtown Redevelopment Project Area over and above the total initial equalized assessed value of taxable real property in the Florence Downtown Redevelopment Project Area must be allocated to and, when collected, must be paid by the Florence County Treasurer to the City which shall deposit such taxes into the Special Tax Allocation Fund for the purpose of paying the Redevelopment Project Costs and the principal of, premium, if any, and interest on the Bonds.

(iii) Beginning with the fiscal year commencing July 1, 2027, all of the taxes of the City and the School District, if any, which are attributable to the increase in the current equalized assessed valuation of all taxable real property in the Florence Downtown Redevelopment Project Area over and above the total initial equalized assessed value of taxable real property in the Florence Downtown Redevelopment Project Area must be allocated to and, when collected, must be paid by the Florence County Treasurer to the City which shall deposit such taxes into the Special Tax Allocation Fund for the purpose of paying the Redevelopment Project Costs and the principal of, premium, if any, and interest on the Bonds.

The City covenants to appropriate Tax Revenues it receives and retains as substitution for amounts which it would have otherwise collected as incremental property tax revenues with respect to the Florence Downtown Redevelopment Project Area but for the provisions of Act No. 388 of the 2006 legislative session of the General Assembly (now codified as Section 4-10-730, Section 4-10-780, and Section 11-11-156 of the S.C. Code), and deposit such amounts in the Special Tax Allocation Fund.

Section 8.2. Debt Service Funds. There shall be established and maintained special funds or accounts of the City to be designated the Debt Service Fund for each Series of Bonds then Outstanding which shall be kept on deposit with the Trustee, and withdrawals therefrom shall be made for the purposes provided in this Ordinance or any Supplemental Ordinance. Each Debt Service Fund shall bear a separate series designation as may be necessary to distinguish such Debt Service Fund. One or more of the Debt Service Funds created for each Series of Bonds may be established as a separate account within the Special Tax Allocation Fund.

The respective Debt Service Funds are intended to provide for the payment of the principal of, redemption premium, if any, and interest on each Series of Bonds as the same respectively fall due. Payments into such funds shall be made in the manner prescribed by this Ordinance, and all moneys in the respective Debt Service Funds shall be used solely to pay the principal of, redemption premium, if any, and interest on the respective Series of Bonds, and for no other purpose, and withdrawals therefrom shall be made only to effect payment of the principal of, redemption premium, if any, and interest on the respective Series of Bonds. Earnings on investments in the Debt Service Funds, including the accounts therein, shall be added to and become a part of such respective funds and the accounts therein.

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

Unless and except as is otherwise set forth in a Supplemental Ordinance, not later than the tenth Business Day prior to each Interest Payment Date or Principal Payment Date, as the case may be, the Trustee shall transfer or cause to be transferred Tax Revenues in the Special Tax Allocation Fund for deposit into the respective Debt Service Funds and ratably with respect to separate Series of Bonds for credit to the Interest Account, the Principal Account or the Bond Redemption Account, as the case may be, sufficient moneys so as to comply with the following provisions for the payment of the Bonds then Outstanding.

(a) *Interest Account.* There shall be established and maintained for the purpose of paying the interest on each Series of Bonds as the same becomes due and payable an Interest Account in the respective Debt Service Funds. Unless and except as is otherwise set forth herein or in a Supplemental Ordinance, not later than ten Business Days preceding an Interest Payment Date, the Trustee shall transfer or allocate for credit to the Interest Account Tax Revenues in an amount which will, together with any other funds on deposit from whatever source in the Interest Account of the respective Debt Service Fund, on such date be equal to the installment of interest then falling due on the respective Series of Bonds then Outstanding. In making any of the deposits to the Interest Account required by this paragraph (a), consideration shall be given to and allowance made for premium or accrued interest received upon delivery of each Series of Bonds to the initial purchasers and for any other credits (including but not limited to capitalized interest with respect to each Series of Bonds) otherwise made to such Interest

Account. To the extent moneys derived from other sources (including, but not limited to, Supplemental Revenues) have been transferred or allocated for credit to the Interest Account on or before ten Business Days prior to the Interest Payment Date as described above, the amount of Tax Revenues to be transferred or allocated for credit to such Interest Account shall be reduced or eliminated by the amount of such moneys transferred or allocated for credit to the Interest Account. To the extent Supplemental Revenues are pledged for the payment of a particular Series of Bonds, in the event Tax Revenues are insufficient therefor, the City shall, on or before the fifth Business Day prior to such Interest Payment Date, transfer for deposit into the Special Tax Allocation Fund, for further transfer or allocation to the applicable Interest Account, Supplemental Revenues (until the moneys on deposit therein equal the amount needed) such that the aggregate of the amounts so paid and credited to the Interest Account would on such Interest Payment Date be equal to the installment of interest then falling due on the respective Series of Bonds then Outstanding.

(b) *Principal Account.* There shall be established and maintained for the purpose of paying the principal of each Series of Bonds as they mature a Principal Account in the respective Debt Service Funds. Unless and except as is otherwise set forth herein or in a Supplemental Ordinance, not later than ten Business Days preceding a Principal Payment Date, the Trustee shall transfer or allocate to the credit of the Principal Account Tax Revenues in an amount which will, together with any other funds on deposit from whatever source in the Principal Account of the respective Debt Service Fund, on such date be equal to the installment of principal then falling due on the respective Series of Bonds then Outstanding. In making any of the deposits to the Principal Account required by this paragraph (b), consideration shall be given to and allowance made for premium received upon delivery of each Series of Bonds to the initial purchasers and any other credits otherwise made to such Principal Account. To the extent moneys derived from other sources (including, but not limited to, Supplemental Revenues) have been transferred or allocated for credit to the Principal Account on or before ten Business Days prior to the Principal Payment Date described above, the amount of Tax Revenues to be transferred or allocated for credit to such Principal Account shall be reduced or eliminated by the amount of such moneys transferred or allocated for credit to the Principal Account. To the extent Supplemental Revenues are pledged for a particular Series of Bonds, in the event Tax Revenues are insufficient therefor, the City shall, on or before the fifth Business Day prior to such Principal Payment Date, transfer for deposit into the Special Tax Allocation Fund, for further transfer or allocation to the applicable Principal Account, Supplemental Revenues (until the moneys on deposit therein equal the amount needed) such that the aggregate of the amounts so paid and credited to the Principal Account would on such Principal Payment Date be equal to the installment of principal then falling due on the respective Series of Bonds then Outstanding.

(c) *Bond Redemption Account.* There shall be established and maintained, in order to meet the specified sinking fund installment requirements of Term Bonds and to otherwise retire Term Bonds prior to maturity, a Bond Redemption Account in the respective Debt Service Funds. Unless and except as is otherwise set forth herein or in a Supplemental Ordinance, not later than ten Business Days preceding the date a sinking fund installment of Term Bonds of each Series falls due, the Trustee shall transfer or allocate to the credit of the respective Bond Redemption Account Tax Revenues in an amount that would be equal to the sinking fund installment of principal then falling due on the respective Series of Term Bonds then Outstanding. The Trustee shall apply the moneys credited to the Bond Redemption Account as sinking fund installments to the retirement of the Term Bonds of each respective Series by redemption in accordance with the Supplemental Ordinance providing for the issuance of such Series of Bonds, without further authorization or direction, on each date upon which a sinking fund installment is due with respect to the Term Bonds of such Series. The Trustee shall keep and retain accurate records of application of each deposit of funds under this paragraph (c). The Trustee shall give notice of all such redemptions in the name and on the behalf of the City in accordance with the provisions of Article V hereof. In making any of the deposits to the Bond Redemption Account required by this paragraph (c), consideration shall be given to and allowance made for any other credits otherwise made to such Bond

Redemption Account. To the extent moneys derived from other sources (including, but not limited to, Supplemental Revenues) have been transferred or allocated for credit to the Bond Redemption Account on or before ten Business Days prior to the date a sinking fund installment of Term Bonds of each Series Falls due as described above, the amount of Tax Revenues to be transferred or allocated for credit to such Bond Redemption Account shall be reduced or eliminated by the amount of such moneys transferred or allocated for credit to the Bond Redemption Account. To the extent Supplemental Revenues are pledged for a particular Series of Bonds, in the event Tax Revenues are insufficient therefor, the City shall, on or before the fifth Business Day prior to the date such sinking fund installment is due, transfer for deposit into the Special Tax Allocation Fund, for further transfer or allocation to the applicable Bond Redemption Account, Supplemental Revenues (until the moneys on deposit therein equal the amount needed) such that the aggregate of the amounts so paid and credited to the Bond Redemption Account would on the date such sinking fund installment is due be equal to the sinking fund installment then falling due on the respective Series of Bonds then Outstanding.

(d) If, on the dates when the payments required by paragraphs (a), (b) and (c) of this Section are to be made, the aggregate of (i) the payments actually made pursuant to said paragraphs (a), (b) and (c), and (ii) the remaining payments to be made prior to the next succeeding date on which principal or interest, or both, as the case may be, will be due and payable, are less than the sum required to be transferred to a Debt Service Fund to effect the payment of the succeeding installment of principal or interest, or both, as the case may be, moneys in the applicable Debt Service Reserve Fund, if any, equal to such deficiency shall be added to the payment to be made pursuant to said paragraphs (a), (b) and (c). In the event of such transfer, the Trustee shall promptly give telephonic notice of such transfer to the City and, within ten days after making the transfer, provide written notice to the City of the amount and date of such transfer.

Moneys in the respective Debt Service Funds shall be used and applied solely to the payment of the interest on and the retirement of the principal of and redemption premium, if any, on the respective Series of Bonds and shall be used and applied in accordance with the provisions of this Section 8.2 and this Ordinance and the Supplemental Ordinance providing for the issuance of such Series of Bonds. The moneys paid into the respective Debt Service Funds shall be held by the Trustee in trust solely for the purpose of paying the interest on and the retirement of the principal of and redemption premium, if any, on the respective Series of Bonds. Withdrawals from such Funds shall be made by the Trustee in order to transfer such moneys to the Paying Agent for the respective Series of Bonds. Such withdrawals shall be made so that the necessary moneys shall be available to the Paying Agent not later than one (1) Business Day prior to the day on which principal or interest or both, and redemption premium, if any, as the case may be, are payable on the Bonds.

Section 8.3. Debt Service Reserve Funds. (a) A Supplemental Ordinance may provide for the establishment of a Debt Service Reserve Fund for any Series of Bonds. Each Debt Service Reserve Fund shall bear a separate Series designation as may be necessary to distinguish such Debt Service Reserve Fund and shall, subject to certain provisions of this Ordinance, and unless otherwise provided in the Supplemental Ordinance providing therefor, be maintained in an amount equal to the applicable Reserve Fund Requirement, as determined pursuant to a Supplemental Ordinance, and in the manner determined pursuant to such Supplemental Ordinance, so long as the applicable Series of Bonds shall be Outstanding. Each such Fund is intended to insure the timely payment of the principal of and interest on the applicable Series of Bonds and to provide for the redemption of such Series of Bonds prior to their stated maturities. Unless otherwise provided in a Supplemental Ordinance, the respective Debt Service Reserve Fund shall be kept on deposit with the Trustee, and withdrawals therefrom shall be made for the purposes provided in this Ordinance or in each Supplemental Ordinance in the manner withdrawals from the other funds of the City are made.

(b) Moneys in each Debt Service Reserve Fund shall be used for the following purposes and for no other:

(1) To prevent a Default in the payment of the principal of or interest on the applicable Series of Bonds, by reason of the fact that moneys in the applicable Debt Service Fund are insufficient for such purposes;

(2) To pay the principal of, interest on, and redemption premium, if any, of the applicable Series of Bonds in the event that all Outstanding Bonds of such Series be redeemed as a whole;

(3) To effect a partial redemption of the applicable Series of Bonds, provided that such redemption be undertaken in accordance with the provisions of this Ordinance permitting a partial redemption of the applicable Series of Bonds and the balance remaining in the applicable Debt Service Reserve Fund following such partial redemption shall not be less than the Reserve Fund Requirement following such partial redemption;

(4) To effect the retirement of a Series of Bonds through purchase under the conditions herein prescribed; or

(5) Such other purposes as may be set forth in the Supplemental Ordinance providing therefor.

(c) Unless otherwise provided in a Supplemental Ordinance, whenever the cash and market value of the securities (determined as of the valuation dates and in accordance with the method specified in Section 8.6 hereof) in the applicable Debt Service Reserve Fund shall exceed the Reserve Fund Requirement, such excess may at the written direction of the City (i) be used to repurchase and retire the applicable Series of Bonds at prices not exceeding the call price first to become available or then prevailing; (ii) be deposited as the City deems advisable; or (iii) be transferred to the Construction Fund established with respect to the applicable Series of Bonds during the period of construction or acquisition of a Redevelopment Project. Purchases of Bonds shall be effected by the City through the Trustee, and whenever Bonds shall have been purchased pursuant to this authorization, it shall be the duty of the Registrar to cancel and destroy such Bonds and to deliver certificates evidencing such act to the City.

(d) Unless otherwise provided in a Supplemental Ordinance, if the Trustee sends written notice to the City stating that a deficiency exists in the applicable Debt Service Reserve Fund (whether due to a transfer therefrom pursuant to Section 8.2(d) or a valuation thereof determined as of the valuation dates and in accordance with the method specified in Section 8.6 hereof) then there shall be deposited from available Tax Revenues and Supplemental Revenues (remaining after required deposits have been made into the Debt Service Funds) into the applicable Debt Service Reserve Fund over the next succeeding 12 months, successive equal monthly installments of the amount necessary to re-establish in the applicable Debt Service Reserve Fund its respective Reserve Fund Requirement (upon receipt of each of which installments, the Trustee shall promptly send an updated written notice to the City as to the remaining deficiency therein).

(e) In lieu of the deposit of moneys into the Debt Service Reserve Fund established with respect to any Series of Bonds to meet the Reserve Fund Requirement with respect to that Series, the City may cause to be credited a surety bond or an insurance policy payable to, or a letter of credit in favor of, the Trustee for the benefit of the Holders of the applicable Series of Bonds meeting the standard set forth in the Supplemental Ordinance authorizing that Series of Bonds, as the case may be. The amount of moneys required to be deposited to the Debt Service Reserve Fund shall be reduced by the amount of the

surety bond, insurance policy, or letter of credit. The surety bond, insurance policy, or letter of credit shall be payable (upon the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the Debt Service Reserve Fund and applied to the payment of the principal of or interest on any Bonds of that Series but only to the extent that withdrawals cannot be made from funds then credited to the Debt Service Reserve Fund.

If the City obtains a surety bond, insurance policy or letter of credit in substitution for moneys deposited to the applicable Debt Service Reserve Fund as may be permitted under the applicable Supplemental Ordinance, excess moneys in the respective Debt Service Reserve Funds shall be transferred, at the written direction of the City, to the applicable Construction Fund, or if one does not exist, be deposited as the City deems advisable.

Section 8.4. Capital Projects Fund. There shall be established a special fund of the City to be designated as the Capital Projects Fund which shall be kept on deposit with the City as described at Section 7.1(iv) herein. Any balance remaining in the Special Tax Allocation Fund (after the required payments therefrom are made as described in Section 7.2 hereof) shall, upon written direction of a City Representative, the City Manager, or the City Manager's designee, be transferred annually to the Capital Projects Fund and applied to the payment of Redevelopment Project Costs. To the extent required by the Act in order to use the balance of Tax Revenues remaining in the Special Tax Allocation Fund (after the required payments therefrom are made as described in Section 7.2 hereof and the annual transfers to the Capital Projects Fund described in the preceding sentence) to pay "redevelopment project costs" (as defined in the Act) with respect to the Redevelopment Projects, the City hereby pledges all amounts deposited and so remaining in the Special Tax Allocation Fund to the payment of Bonds and to the payment of "redevelopment project costs" (as defined in the Act) with respect to the Redevelopment Projects. After payment of all Bonds and payment of all "redevelopment project costs" (as defined in the Act) with respect to all Redevelopment Projects, any amounts in the Special Tax Allocation Fund and the Capital Projects Fund shall then be distributed to the Taxing Districts. Amounts transferred from the Special Tax Allocation Fund to the Capital Projects Fund, as well as amounts distributed to the Taxing Districts as described in this Section 8.4, are not pledged to the payment of the Bonds and there is no requirement that such amounts be subsequently returned to the Special Tax Allocation Fund.

Section 8.5. Establishment of Construction Fund. There shall be established with the Custodian a Construction Fund with respect to each Series of Bonds (other than for Bonds issued pursuant to Section 3.4 hereof, if applicable) in the Supplemental Ordinance providing for their issuance, the moneys in which shall be used to defray the costs of any Redevelopment Projects and to pay any Costs of Acquisition and Construction (except for capitalized interest) with respect to the facilities so financed and Costs of Issuance. On the occasion of the delivery of any Series of Bonds (other than Bonds issued pursuant to Section 3.4 hereof, if applicable), the proceeds therefrom shall be paid into the Construction Fund established for such Series as set forth in a Supplemental Ordinance authorizing their issue. Withdrawals from the Construction Fund shall not be made except as provided in the Supplemental Ordinance establishing such Construction Fund.

Section 8.6. Investment of Funds. Moneys held for the credit of the respective Debt Service Funds, Debt Service Reserve Funds and any other funds and accounts established by this Ordinance shall be invested, to the fullest extent practicable and reasonable, in Permitted Investments. Any investment of money held to the credit of the above-mentioned funds and accounts shall mature, be available or be redeemable at the option of the owner or holder thereof at such times and in such amounts as shall be required to provide moneys to make the payments required to be made from such funds. Written investment instructions shall be given to the Trustee and the Custodian by a City Representative.

The Trustee shall evaluate on an annual basis Permitted Investments in the Debt Service Reserve Fund, if any, established by this Ordinance and forward such valuation to the City. Until changed pursuant to written instructions from the City, such valuation shall be made not less than one time each calendar year. The Trustee shall provide written notice to the City of any deficiency in the amount, if any, on deposit in the Debt Service Reserve Funds. Where the amount that exists in the Debt Service Reserve Funds is less than the applicable Reserve Fund Requirement on the date of valuation by the Trustee, any moneys received by the Trustee and designated by the City Representative as a payment made pursuant to Section 8.3(d) hereof shall be deposited in the applicable Debt Service Reserve Fund. Deficiencies in the amount on deposit in the Debt Service Reserve Funds resulting from a decline in market value shall be restored in equal, successive monthly installments within 12 months of such shortage.

The Trustee or other depository may conclusively rely upon the City's written instructions as to both the suitability and legality of the directed investments. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategories. Neither the Trustee nor other depository shall have any responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments. The Trustee or other depository may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. In the absence of written investment instructions from the City, neither the Trustee nor other depository shall be responsible or liable for keeping the moneys held by it hereunder fully invested in Permitted Investments. Confirmations of Permitted Investments are not required to be issued by the Trustee or other depository for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

The value of Permitted Investments (except investment agreements) shall be determined by the Trustee or the Custodian or other depository at the market value or the amortized cost thereof, whichever is lower, exclusive of accrued interest, provided, however, Permitted Investments in any Debt Service Reserve Fund shall be valued at the original cost thereof if the maturity thereof is one year or less and shall be valued at market value and marked to market annually if the maturity thereof is longer than one year.

The Trustee may conclusively rely upon the City's written instructions as to both the suitability and legality of the directed investments. In the absence of written investment instructions from the City, the Trustee shall not be responsible or liable for keeping the moneys held by it hereunder fully invested in Permitted Investments. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades. Broker confirmations of investments are not required to be issued by the Trustee to the City for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. The Trustee shall not be accountable or liable for any depreciation in the value of any investments in any Funds or for any losses incurred upon the disposition thereof.

Notwithstanding anything contained herein to the contrary, the Trustee shall have no obligation to enter into any investment contract, forward delivery investment agreement, repurchase agreement contract or any similar agreements with respect to the investment of any monies held under the Ordinance unless (i) such agreement is in form and content reasonably acceptable to the Trustee in the course of ordinary business practice; (ii) any liability of the Trustee under such agreement is limited to loss occasioned by the gross negligence or willful misconduct of the Trustee; (iii) the Trustee is not liable

under any circumstances for any termination or similar amount under such agreement; and (iv) the City pays to the Trustee such fees and expenses as established by the Trustee from time to time.

Section 8.7. Dissolution of Special Tax Allocation Fund. Upon the payment of all Redevelopment Project Costs, the retirement of the Bonds, and the distribution of any surplus moneys pursuant to the Act, the City shall enact an ordinance dissolving the Special Tax Allocation Fund for the Expanded Florence Downtown Redevelopment Project Area and terminating the designation of the Expanded Florence Downtown Redevelopment Project Area as a "redevelopment project area" for purposes of the Act. Thereafter, the rates of the City must be extended and City taxes levied, collected and distributed in the manner applicable in the absence of the adoption of the Original Downtown Redevelopment Plan and the Amended Redevelopment Plan, and the issuance of the Bonds under the Act.

Section 8.8. Investment Income. All investment income or interest earnings on the respective Construction Funds shall inure to the Construction Fund and be used to pay the Costs of Acquisition and Construction. All investment income or interest earnings on the Interest Account, Principal Account, or Bond Redemption Account shall be applied as provided in Section 8.2 hereof. All investment income or interest earnings on any Debt Service Reserve Fund, if any, in excess of the amount of the applicable Reserve Fund Requirement shall be applied as provided in Section 8.3 hereof. All investment income or interest earnings on Tax Revenues in the Special Tax Allocation Fund shall be retained therein and applied as a credit against the next interest payment due on the Bonds or transferred to the Capital Projects Fund in accordance with Section 8.4 hereof. The City shall keep accounts of all amounts earned on each fund and account.

[End of Article VIII]

## ARTICLE IX

### DETERMINATION OF ASSESSED VALUE

Section 9.1. Assessed Value of the Florence Downtown Redevelopment Project Area. The Florence County Auditor has previously determined and certified, as of the date of adoption of the Original Florence Downtown Redevelopment Plan, the "total initial equalized assessed value" of all taxable real property within the Florence Downtown Redevelopment Project Area by adding together the most recently ascertained equalized assessed value of each taxable lot, block, tract, or parcel of real property within the Florence Downtown Redevelopment Project Area, which value is the "total initial equalized assessed value" of the taxable real property within the Florence Downtown Redevelopment Project Area. The Florence County Auditor has certified such total initial equalized assessed value to be \$6,836,126.

With respect to every Taxing District in the Florence Downtown Redevelopment Project Area, the Florence County Auditor or any other official required by law to ascertain the amount of the equalized assessed value of all taxable property within the Florence Downtown Redevelopment Project Area, for the purpose of computing the rate percent of tax to be extended upon taxable property within such Florence Downtown Redevelopment Project Area shall in every year until fiscal year ending June 30, 2027 for each of the Taxing Districts and until the fiscal year ending June 30, 2047 for the City and the School District, ascertain the amount of value of all taxable real property in the Florence Downtown Redevelopment Project Area by including in the amount the certified total initial equalized assessed value of all taxable real property in such Florence Downtown Redevelopment Project Area in lieu of the equalized assessed value of all taxable real property in such Florence Downtown Redevelopment Project Area. The rate percent of tax determined must be extended to the current equalized assessed value of all property in the Florence Downtown Redevelopment Project Area in the same manner as the rate percent of tax is extended to all other taxable property in such Taxing District. The method of extending taxes established under this Section terminates upon the earlier of: (a) December 18, 2046, or (b) when the City adopts an ordinance dissolving the Special Tax Allocation Fund for the Redevelopment Projects.

[End of Article IX]

## ARTICLE X

### COVENANTS

Section 10.1. Pledge of Tax Revenues for Payment of Bonds. The City will not issue any obligations, the payment of which shall have any pledge of the Tax Revenues prior or superior to the pledge hereof for the payment of the Bonds.

Section 10.2. To Pay Principal, Premium, and Interest on the Bonds. The City covenants and agrees to punctually pay, or cause to be paid, out of the Tax Revenues and, to the extent pledged therefor, Supplemental Revenues, the principal of, redemption premium, if any, and the interest on each and every Bond issued under the provisions of this Ordinance, at the place, on the dates, and in the manner provided herein.

Section 10.3. Records, Accounts and Audits. The City covenants and agrees to keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of all transactions relating to the Redevelopment Projects and the Tax Revenues and other funds relating to the Redevelopment Projects. Such records shall be kept in accordance with the standards from time to time prescribed by the Governmental Accounting Standards Board or its successor. The City will cause to be furnished to any Holder of any of the Bonds, who makes written request therefor, copies of financial statements certified by an Accountant. The Trustee shall not be responsible for obtaining audits of the City. Additionally, the Trustee shall have no duty to review or analyze any financial statements delivered to it hereunder and shall hold such financial statements solely as a repository for the benefit of the Bondholders; the Trustee shall not be deemed to have notice of any information contained therein or Event of Default which may be disclosed therein in any manner.

Section 10.4. Covenant with Respect to 2014 Bond Ordinance. On and after the date of delivery of any of the Series 2016 Bonds issued pursuant to this Ordinance and the First Supplemental Ordinance, the City covenants, agrees and confirms for the benefit of the Holders of the Bonds that it will not issue any further bonds pursuant to the authorization of the 2014 Bond Ordinance.

[End of Article X]

## ARTICLE XI

### TRUSTEE; CUSTODIANS

Section 11.1. Trustee. The Council hereby designates The Bank of New York Mellon Trust Company, N.A., as Trustee under this Ordinance. On or prior to the delivery of the initial Series of Bonds, the Trustee shall signify its acceptance of the powers, duties and obligations conferred and imposed upon it by this Ordinance by executing and delivering to the City a written instrument of acceptance.

The Trustee shall (a) prior to the occurrence of an Event of Default of which the Trustee has actual knowledge, and after the curing of all Events of Default which may have occurred, perform such duties and obligations as are specifically set forth in the Ordinance, and no implied covenants or obligations shall be read into the Ordinance against the Trustee, and (b) during the existence of any Event of Default of which the Trustee has actual knowledge (which has not been cured or waived) exercise the rights and powers vested in it by the Ordinance and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provisions of the Ordinance shall be construed to relieve the Trustee from liability for its own negligence, intentionally wrongful action or failure to act.

At all times, (1) the Trustee shall not be liable for any error of judgment made in good faith by an officer or employee of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; (2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority (or such lesser percentage as is specifically required or permitted by this Ordinance) in the aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting a proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Ordinance; (3) in the administration of the trusts of this Ordinance, the Trustee may execute any of the trusts or powers hereof directly or through its agents or attorneys. The Trustee may consult with counsel and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

The Trustee may conclusively rely upon the authenticity of, and the truth of the statements and the correctness of the opinions expressed in, and shall be fully protected in acting upon any notice, Ordinance, request, consent order, certificate, report, opinion, note, or other paper or document furnished to it pursuant to any provision of this Ordinance, believed by it to be genuine and to have been signed and presented by the proper party.

The Trustee shall not be required to take notice or be deemed to have notice or actual knowledge of any Event of Default specified in Article XIII hereof other than a payment default described in subparagraphs A or B of Section 13.1 unless the Trustee shall receive from the City or the registered owner of any Bond written notice stating that an Event of Default hereunder has occurred and specifying the same, and, in the absence of such notice, the Trustee may conclusively assume that there is no such Event of Default.

The Trustee shall be entitled to payment of and reimbursement by the City for reasonable fees for its services rendered hereunder and all advances and counsel fees, costs and expenses, reasonably and necessarily made or incurred by the Trustee in connection with such services. Additionally, the City shall pay the Trustee for any extraordinary services or extraordinary expenses performed or incurred by the

Trustee in connection with its duties under this Ordinance or any Supplemental Ordinance if notified in writing prior to the performance of those services or the incurring of those expenses so as to allow the City to appropriate sufficient funds for their payment.

The Trustee shall not, in any event, be required to take, defend, or appear in any legal action or proceeding hereunder or to exercise any of the trusts or powers hereof unless it shall first be adequately indemnified to its satisfaction against the costs, expenses, and liabilities which may be incurred thereby. Every provision of the Ordinance relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions hereof.

The Trustee shall not be accountable for the use or application by the City of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Ordinance or any Supplemental Ordinance. The permissive right of the Trustee to do things enumerated in this Ordinance or any Supplemental Ordinance shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to any Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with any Bonds.

None of the provisions of this Ordinance or any Supplemental Ordinance shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

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

The Trustee is not required to make any inquiry or investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee determines to make such further inquiry or investigation, it is entitled to examine the books, records and premises of the City, in person or by agent or attorney.

In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Ordinance, the Trustee, in its sole discretion, may determine what action, if any, shall be taken.

The Trustee shall not be (i) required to hold any policies of insurance, (ii) responsible for the filing of any documents, security agreements or financing statements regarding the creation or perfection

of any interest in the Hospitality Fees or other security for the Bonds; or (iii) responsible for any information contained in any financing statements.

The Trustee's immunities and protections from liability in connection with the performance of its duties under this Ordinance shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the defeasance or discharge of this Ordinance and final payment of the Bonds.

The Trustee makes no representations as to the value, condition or sufficiency of any assets pledged or assigned as security for the Bonds, the right, title or interest of the City therein, the security provided thereby or by the Ordinance or the tax-exempt status of the Bonds.

The Trustee may rely and is protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Any request, direction, order or demand of the City under this the Ordinance shall be sufficiently evidenced by a certificate of the City Representative (unless other evidence thereof is specifically prescribed).

Whenever in the administration of the Ordinance the Trustee deems it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence thereof is specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of the City Representative.

The Trustee may in all cases pay such reasonable compensation as it deems proper to all agents, attorneys and receivers reasonably employed or retained by it, and the Trustee shall not be responsible for any misconduct or negligence of any agent, attorney or receiver appointed with due care by it.

The Trustee, in its commercial banking or in any other capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholder may be entitled to take with like effect as if it were not Trustee. The Trustee, in its commercial banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the City and may act as depository, trustee or agent for any committee of Bondholders secured hereby or other obligations of the City as freely as if it were not Trustee. The provisions of this Section shall extend to affiliates of the Trustee.

The Trustee shall have no responsibility for the offering documents, if any, prepared or distributed in connection with the issuance of a Series of Bonds.

Whether or not expressly so provided, every provision of the Ordinance relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Article.

Section 11.2. Resignation of Trustee. The Trustee may resign at any time by giving 30 days' written notice to the City and by giving notice to the registered owners of the Bonds of such resignation. No resignation will become effective until a successor Trustee has been appointed and accepts such appointment as provided below. Upon receiving notice of resignation, the City shall promptly appoint such successor Trustee by an instrument in writing. In the event a successor Trustee has not been appointed within 60 days of the date notice of resignation is given, the Trustee, at the City's expense, may

apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Trustee shall, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms, be a bank, bank holding company or trust company or wholly-owned subsidiary of a bank holding company or trust company in good standing, qualified to act hereunder, and having a capital and earned surplus of not less than \$75,000,000.

Any successor Trustee appointed as provided in this Section, shall execute, acknowledge and deliver to the City and its predecessor Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor of the trust hereunder. Upon the request of any such successor Trustee, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and duties. Upon acceptance of appointment by a successor Trustee, the City shall notify the registered owner of each Bond then Outstanding by first-class mail, postage prepaid.

The predecessor Trustee shall execute any and all documents reasonably necessary or appropriate to convey all interest it may have to the successor Trustee. The predecessor Trustee shall promptly transfer all funds to the successor Trustee and deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger, or any corporation or association succeeding to the business or substantially all of the business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto.

Each, every and all funds and accounts held by the Trustee shall be impressed with a trust for the benefit of the registered owners of the Bonds, under the provisions of this Ordinance and of the Bond Act.

Section 11.3. Removal of Trustee. Upon 30 days' written notice, the City, at its sole discretion, provided that an Event of Default shall not have occurred and be continuing, may remove the Trustee. The removal of the Trustee under this Section shall not be effective until a successor Trustee has been appointed and has accepted the duties of Trustee.

The Holders of a majority in aggregate principal amount of the Bonds at the time outstanding may, upon 30 days' written notice to the Trustee and the City, remove the Trustee and appoint a successor Trustee by instrument or instruments in writing signed by such Holders of the Bonds.

Section 11.4. Custodians. The Construction Fund shall at the option of the City be held by the City or by a bank, a trust company, a national banking association or a national association as Custodian under this Ordinance or a Supplemental Ordinance.

Section 11.5. Duties and Obligations of Trustee and Custodians. The recitals of fact made in the Ordinance and in the Bonds shall be taken as statements of the City, and neither the Trustee nor Custodian shall be deemed to have made any representation as to the correctness of the same. Nor shall the Trustee or any Custodian be deemed to have made any representation whatsoever as to the validity or sufficiency of the Ordinance or of the Bonds issued hereunder. Nor shall the Trustee or any Custodian be

under any responsibility or duty with respect to the issuance of the Bonds or the application of the proceeds thereof, except to the extent provided for herein, or in a Supplemental Ordinance. Nor shall the Trustee or any Custodian be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in response to the Ordinance, or to the Bonds issued hereunder, or to advance any of its own moneys, unless properly indemnified to its satisfaction. Nor shall the Trustee or any Custodian be liable in connection with the performance of its duties hereunder, except for its own negligence or default.

Section 11.6. Trustee and Custodians Protected in Relying upon Ordinances, etc. The Trustee and all Custodians shall at all times be protected in acting upon any notice, ordinance, request, consent, order, certificate, statement, opinion, bond, or other paper or document believed to be genuine and to have been signed by the proper party or parties.

[End of Article VIII]

## ARTICLE XII

### AMENDMENTS OR SUPPLEMENTS TO THIS ORDINANCE; AMENDMENTS TO THE ORIGINAL REDEVELOPMENT PLAN, AS AMENDED BY THE AMENDED REDEVELOPMENT PLAN

Section 12.1. Amendments or Supplements to Ordinance. The City shall not amend this Ordinance except in accordance with the provisions of this Article.

A. The City may, from time to time and without the consent of any Holder of the Bonds enact an ordinance amendatory hereof or supplemental hereto for the purpose of (a) providing for the issuance of Bonds pursuant to the provisions of Article III hereof, or (b) (i) making any amendments or modifications hereto which may be required to permit this Ordinance to be qualified under the Trust Indenture Act of 1939, as amended; (ii) making any modification or amendment to this Ordinance not inconsistent herewith required for the correction of language or to cure any ambiguity or defective provisions, omission, mistake or manifest error herein contained; (iii) making any amendments or supplements hereto to grant to or confer upon the Holders additional rights, remedies, power and authority, or to grant to or confer upon any Holders, committee or trustee for the Holders any additional rights, power or authority; or (iv) to add to the security of the Holders of the Bonds.

B. From time to time the Holders of 51% in principal amount of the Bonds then Outstanding, by an instrument or instruments in writing signed by such Holders and filed with the City and the Trustee, shall have power to assent to and authorize any modification or amendment to the provisions of this Ordinance that may be proposed by the City or of the rights and obligations of the City and of the Holders of Bonds issued hereunder. Any action herein authorized to be taken with the assent and authority given as aforesaid of the Holders of at least 51% in principal amount of the Bonds at the time Outstanding shall be effective and binding upon all of the Holders of Bonds Outstanding and upon the City as fully as though such action were specifically and expressly authorized by the terms of this Ordinance; provided always that without the consent of the Holder of each Bond affected thereby, no such modification shall be made which will (a) extend the time of payment of principal of or the interest on any Bond, or reduce the principal amount thereof or the rate of interest thereon or the premium payable upon the redemption thereof, or (b) give to any Bond or Bonds any preference over any other Bond or Bonds, or (c) authorize the creation of any pledge prior to or, except as provided herein for the issuance of Series of Bonds, on a parity with the pledge afforded by this Ordinance, or (d) reduce the percentage in principal amount of the Bonds required to assent to or authorize any such modification to this Ordinance. For the purpose of computations required by this paragraph, Bonds directly or indirectly owned or controlled by the City shall be disregarded. By ordinance duly enacted and filed with the Trustee, the City may, at any time, increase the percentage of principal amount of the Bonds then Outstanding necessary for Holders thereof to assent to and authorize any modification or amendment to the provisions of this Ordinance. The City expressly authorizes the underwriter or purchaser of any Series of Bonds, or provider of bond insurance for any Series of Bonds, to assent to and consent to such amendments to this General Bond Ordinance as contemplated by this paragraph in the same manner as the Holders of the Bonds.

Any modification or amendment or supplement to the provisions of this Ordinance or of any Supplemental Ordinance supplemental hereto shall be set forth in an ordinance to be enacted by the City.

The Trustee is hereby authorized to accept the delivery of a certified copy of any amendatory or supplemental ordinance referred to and permitted or authorized by this Section and to make all further agreements and stipulations which may be therein contained, and the Trustee, in accepting such ordinance and taking such action, shall receive and be fully protected in relying on an opinion of counsel (which

may be an opinion of counsel to the City) that such amendatory or supplemental ordinance is authorized or permitted by the provisions of this Ordinance. No such amendatory or supplemental ordinance shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

Section 12.2. Amendments to the Original Redevelopment Plan and the Amended Redevelopment Plan. To the extent permitted by the Act and as permitted by the provisions hereof, at any time, without the consent of any Holder of the Bonds, the City may amend the Original Redevelopment Plan and the Amended Redevelopment Plan, to: (1) add properties to the Florence Downtown Redevelopment Project Area (and, as a result, deposit Tax Revenues attributable to such added properties in the Special Tax Allocation Fund); (2) modify the description of Redevelopment Projects or add redevelopment projects to the list of Redevelopment Projects set forth in the Original Downtown Redevelopment Plan or the Amended Redevelopment Plan; (3) extend the duration of the Amended Redevelopment Plan; or (4) increase the principal amount of or extend the permitted maturity of tax increment bonds authorized to be issued in connection with the Amended Redevelopment Plan.

[End of Article XII]

## ARTICLE XIII

### EVENTS OF DEFAULT

Section 13.1. Events of Default. With respect to the Bonds, the following shall constitute "Events of Default" by the City:

A. If payment of the principal of any Bond whether at maturity or by proceedings for redemption, or upon mandatory sinking fund redemption, is not made on the date the same is due and payable; or

B. If payment of any installment of interest on any Bond is not made on the date the same is due and payable; or

C. If the City shall fail in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in this Ordinance or in any Supplemental Ordinance on the part of the City to be performed, and such failure continues for 90 days after written notice specifying such failure and requiring the same to be remedied has been given to the City by the Trustee, or the Holders of not less than 20% in principal amount of the Bonds then Outstanding or any trustee or committee therefor; or

D. If proceedings are instituted, with the consent or acquiescence of the City, for the purpose of effecting a composition between the City and its creditors and if the claim of such creditors is in any circumstance payable from any of the Tax Revenues or any other moneys pledged and charged in this Ordinance or any Supplemental Ordinance for the payment of the Bonds, or any such proceedings are instituted for the purpose of adjusting the claims of such creditors, pursuant to any federal or State statute now or hereafter enacted; or

E. If the City is for any reason rendered incapable of fulfilling its obligations hereunder in any material respect.

Subject to the provisions, limitations and conditions of Section 14.1 and Section 14.2 hereof, insofar as the remedies provided in said provisions are concerned, nothing in Section 14.3 hereof or in this Article, and particularly nothing in subparagraph C of this Article, shall prohibit or limit, or be construed as prohibiting or limiting any Holder of a Bond from enforcing the duties of the City, or any of the officers thereof, under any provisions of this Ordinance by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction, even though the failure of the City or any of the officers thereof to perform any such duty may not then constitute an "Event of Default" as defined in this Article.

[End of Article XIII]

## ARTICLE XIV

### REMEDIES UPON EVENT OF DEFAULT

Section 14.1. Declaration of Principal and Interest as Due. Upon the occurrence of an Event of Default, and at any time thereafter while such Event of Default continues, then and in each and every case the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Holders of all Outstanding Bonds, may proceed, and upon the written request of the Holders of not less than 25% in principal amount of the Bonds then Outstanding, shall proceed to declare the principal of all Bonds then Outstanding, together with all accrued and unpaid interest thereon, if not already due, to be due and payable immediately, and upon any such declaration the same shall become and be due and payable immediately. This provision is also subject, however, to the condition that if at any time after the principal of the Bonds, together with the accrued and unpaid interest thereon and other moneys secured hereby, have been so declared due and payable and before any further action has been taken (other than the making of the above declaration), the principal amount of all Bonds which have matured either according to the maturity date or dates otherwise specified therein (except as a result of such declaration) and all arrears of interest upon all Bonds, except interest accrued but not yet due on said Bonds, have been paid or caused to be paid, and all other Events of Default, if any, which have occurred have been remedied, cured or secured, then and in each and every such case the Holders of 25% in principal amount of the Bonds then Outstanding, by notice in writing delivered to the Trustee and the City, may waive such Default and its consequences and rescind and annul such declaration. No such waiver or rescission or annulment shall extend to or affect any subsequent Default or impair or exhaust any right or power related to such subsequent Default.

Section 14.2. Suits at Law or in Equity and Mandamus. In case any one or more of the Events of Default shall happen and be continuing, then and in every such case, but subject to the provisions, limitations and conditions of Section 14.1 hereof so far as the remedies provided in said provisions are concerned, the Holder of any Bond at the time Outstanding, or Trustee therefor, may, for the equal benefit and protection of all Holders of the Bonds similarly situated,

(a) by mandamus or other suit, action or proceedings at law or in equity, enforce such Bondholder's right against the City and require and compel the City to perform and carry out its duties and obligations under the Act and this Ordinance, and to perform and carry out its duties and obligations under the Act and this Ordinance, and to perform and carry out its covenants and agreements with the Bondholders;

(b) by action or suit in equity require the City to account as if such City were the trustee of an express trust;

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders; or

(d) bring suit upon the Bonds.

Section 14.3. Remedies Not Exclusive; Effect of Waiver of Default; Effect of Abandonment of Proceedings or Adverse Determination. The Holders from time to time of the Bonds shall be entitled to all the remedies and benefits of this Ordinance as are and as shall be provided by law, and, subject to the provisions of Sections 14.1 and 14.2 hereof, nothing herein shall be construed to limit the rights or remedies of any such Holders under any applicable statute that may now exist or be enacted hereafter. No remedy conferred by the Act and this Article upon any Holder of any Bond is intended to be exclusive of any other remedy. Each and every such remedy shall be cumulative and shall be in addition to every

other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Act and this Article or by any other law now or hereafter existing. Every substantive right and remedy conferred upon the Holders of the Bonds may be enforced and exercised from time to time and as often as may be deemed expedient.

No waiver of any Default or breach of duty or contract by any Holder of any Bond shall extend to or affect any subsequent Default or breach of duty or contract, or shall impair any rights or remedies thereon. No delay or omission of any Holder of a Bond to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver of any such Default or acquiescence therein.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and then discontinued or abandoned, or shall be determined adversely to Holders of the Bonds then and in every such case, the City and such Holders shall be restored to their former positions and rights and remedies as if no suit, action or proceeding had been brought or taken.

Section 14.4. Restrictions on Bondholder's Action.

(a) No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Ordinance or the execution of any trust under this Ordinance or for any remedy under this Ordinance unless such Holder shall have previously given to the Trustee written notice of the happening of an Event of Default and the Holders of at least 25% in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee and shall have offered the Trustee reasonable opportunity, either to exercise the powers granted in this Ordinance or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, fees (including reasonable attorneys' fees), expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity. No one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by this Ordinance, or to enforce any right under this Ordinance, except in the manner herein provided. All proceedings at law or in equity to enforce any provision of this Ordinance shall be instituted, had and maintained in the manner provided in this Ordinance and for the equal benefit of all Holders of the Outstanding Bonds.

(b) Nothing contained in this Ordinance or in the Bonds contained shall affect or impair the obligation of the City, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of (and redemption premium, if any) and interest on the Bonds to the respective Holders thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of his Bond.

Section 14.5. Application of Tax Revenues and Other Moneys After Default. During the continuance of an Event of Default, all moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of moneys and of the fees, expenses and advances incurred or made by the Trustee with respect thereto, be deposited in the respective Debt Service Funds, and all amounts held by the Trustee hereunder shall be applied as follows (provided if more than one Debt Service Fund has been established, such amounts shall be paid ratably):

(a) Unless the principal of all Outstanding Bonds shall have become or have been declared due and payable:

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

Second: To the payment to the persons entitled thereto of the unpaid principal amounts or redemption premium, if any, of any Bonds which shall have become due (other than Bonds previously called for redemption in accordance with the provisions hereof), whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the principal amounts or redemption premium, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal amounts of all Outstanding Bonds shall have become or have been declared due and payable, to the payment of the principal amounts and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal amounts and interest, to the persons entitled thereto without any discrimination or preference.

(c) If the principal amounts of all Outstanding Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of this Section in the event that the principal amounts of all Outstanding Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

(d) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Principal Payment Date or an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the principal amounts to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

(e) Whenever all Bonds and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, any balance remaining shall be paid to the person entitled to receive the same; if no other person shall be entitled thereto, then the balance shall be paid to the City or as a court of competent jurisdiction may direct.

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

[End of Article XIV]

## ARTICLE XV

### DEFEASANCE

Section 15.1. Defeasance. The obligations of the City under this Ordinance and the liens, pledges, charges, trusts, covenants and agreements of the City herein made or provided for, shall be fully discharged and satisfied as to any Bond; and, unless or except as otherwise provided in the Supplemental Ordinance providing for the issuance of any Series of Bonds, such Bond or Series of Bonds shall no longer be deemed to be Outstanding hereunder when:

(a) Such Bond or Series of Bonds shall have been purchased by the City and surrendered to the Trustee or the Registrar for cancellation or otherwise surrendered to the City, the Trustee or the Registrar and is canceled or subject to cancellation by the City, the Trustee or the Registrar, or

(b) Payment of the principal of, redemption premium, if any, and interest on such Bond or Series of Bonds, 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 the Trustee in trust and irrevocably setting aside exclusively for such payment, (A) moneys sufficient to make such payment, (B) Government Obligations, 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, or (C) a combination of the items described in (A) and (B) sufficient to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee, Paying Agent and the Registrar together with either (i) a verification report, satisfactory to the Trustee, to the effect that such securities and/or cash, together with earnings thereon, will be sufficient to pay interest and principal (and applicable premium, if any) on the Bonds to redemption or maturity or (ii) an opinion of Counsel, satisfactory to the Trustee, to the effect that all conditions precedent to the defeasance of the Bonds have been satisfied; provided however, that no such verification report or opinion shall be required in the event of a gross defeasance (where the cash deposited alone is sufficient to pay the debt service on the Bonds) or a current refunding (where the Bonds are to be redeemed within 90 days of the funding of the escrow), and all necessary and proper fees, compensation and expenses (including reasonable attorney's fees, costs and expenses) of the Trustee, Paying Agent and the Registrar, or a combination thereof. At such time as a Bond or Series of Bonds shall no longer be deemed to be Outstanding hereunder, as aforesaid, such Bond or Series of Bonds shall cease to draw interest from the maturity date or redemption date thereof, and, except for the purposes of any such payment from such moneys or Government Obligations, shall no longer be secured by or entitled to the benefits of this Ordinance.

Any moneys so deposited with the Trustee as provided in this Article may at the written direction of the City also be invested and reinvested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of such Trustee which is not required for the payment of the Bonds or Series of Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be treated as Tax Revenues.

Notwithstanding any provision hereof which may be contrary to the provisions of this Article, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds or Series of Bonds shall be applied to and used solely for the payment of the particular Bonds or Series of Bonds with respect to which such moneys and Government Obligations have been so set aside in trust.

Any provision hereof to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to this Article for the payment of the Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the Bondholder of each Bond or Series of Bonds affected thereby.

If moneys or Government Obligations have been deposited with the Trustee pursuant to this Article XV for payment of less than all Bonds of a Series and maturity, the Bonds of such Series and maturity to be so paid from such deposit shall be selected by the Trustee by lot by such method as shall provide for the selection of portions (in authorized denominations) of the principal of Bonds of such Series and maturity of a denomination larger than the smallest authorized denomination. Such selection shall be made within seven days after the moneys or Government Obligations have been deposited with the Trustee. This selection process shall be in lieu of the selection process otherwise provided with respect to redemption of Bonds in Article V. After such selection is made, Bonds that are to be paid from such deposit (including Bonds issued in exchange for such Bonds pursuant to the transfer or exchange provisions of this Ordinance) shall be identified by a separate CUSIP number or other designation satisfactory to the Trustee. The City shall provide such CUSIP number or other designation to the Trustee. The Trustee shall notify Bondholders whose Bonds (or portions thereof) have been selected for payment from the moneys or Government Obligations on deposit and shall direct such Bondholders to surrender their Bonds to the Trustee in exchange for Bonds with the appropriate designation. The selection of Bonds for payment from such deposit pursuant to this Section shall be conclusive and binding on the City.

[End of Article XV]

## ARTICLE XVI

### MISCELLANEOUS

Section 16.1. Benefits of Ordinance Limited to the City, the Trustee and Holders of the Bonds. With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Ordinance or the Bonds is intended or should be construed to confer upon or give to any person other than the City, the Trustee and the Holders of the Bonds, any legal or equitable right, remedy or claim under or by reason of or in respect to this Ordinance or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Ordinance and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Trustee and the Holders from time to time of the Bonds as herein and therein provided.

Section 16.2. No Personal Liability. No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the City contained in this Ordinance or the Bonds, against any member of the Council, any officer or employee, as such, in his or her individual capacity, past, present or future, of the City, either directly or through the City, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. It is expressly agreed and understood that this Ordinance and the Bonds are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any member, officer or employee as such past, present or future, of the City, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into between the City and the Trustee or the Bondholder or to be implied therefrom as being supplemental hereto or thereto. All personal liability of that character against every such member, officer and employee is, by the enactment of this Ordinance and the execution of the Bonds, and as a condition of, and as a part of the consideration for, the adoption of this Ordinance and the execution of the Bonds, expressly waived and released. The immunity of members, officers and employees of the City under the provisions contained in this Section 16.2 shall survive the termination of this Ordinance.

Section 16.3. Effect of Saturdays, Sundays and Legal Holidays. Whenever this Ordinance requires any action to be taken on a Saturday, Sunday, legal holiday or bank holiday in the State or the state in which the applicable office of the Trustee, Paying Agent or Registrar is located, such action shall be taken on the first Business Day occurring thereafter. Whenever in this Ordinance the time within which any action is required to be taken or within which any right will lapse or expire shall terminate on a Saturday, Sunday, legal holiday or bank holiday, in the State or the state in which the applicable office of the Trustee, Paying Agent or Registrar is located, such time shall continue to run until midnight on the succeeding Business Day.

Section 16.4. Partial Invalidity. If any one or more of the covenants or agreements or portions thereof provided in this Ordinance on the part of the City or the Trustee or any Paying Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, or such agreement or agreements, or such portions thereof, shall be deemed severable from the remaining covenants and agreements and portions thereof provided in this Ordinance and the invalidity thereof shall in no way affect the validity of the other provisions of this Ordinance or of the Bonds, but the Holders of the Bonds shall retain all the rights and benefits accorded to them hereunder and under any applicable provisions of law.

If any provisions of this Ordinance shall be held or deemed to be or shall, in fact, be inoperative or unenforceable or invalid as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because of conflicts with any constitution or statute or rule of public policy, or

for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable or invalid in any other case or circumstance, or of rendering any other provision or provisions herein contained inoperative or unenforceable or invalid to any extent whatever.

Section 16.5. Law and Place of Enforcement of Ordinance. This Ordinance shall be construed and interpreted in accordance with the laws of the State, without regard to conflict of law principles and all suits and actions arising out of this Ordinance shall be instituted in a court of competent jurisdiction in the State.

Section 16.6. Effect of Article and Section Headings and Table of Contents. The headings or titles of the several Articles and Sections hereof, and any table of contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Ordinance.

Section 16.7. Repeal of Inconsistent Ordinances. All ordinances and resolutions of the City, and any part of any ordinance or resolution, inconsistent with this Ordinance are hereby repealed to the extent of such inconsistency. Upon payment of the 2014 Bond, the 2014 Bond Ordinance shall be repealed in its entirety.

Section 16.8. Notices. All notices, certificates, or other communications hereunder shall be given or made in writing and shall be delivered personally, or sent by registered mail, postage prepaid, return receipt requested, or overnight delivery service, to the party to whom they are directed at the following addresses, or at such other addresses as may be designated by notice from such party to all other parties:

If to the City:

City of Florence, South Carolina  
Attention: Finance Director  
324 W. Evans Street  
Florence, South Carolina 29501

If to the Trustee

The Bank of New York Mellon Trust Company, N.A.  
Attn: Corporate Trust  
10161 Centurion Parkway  
Jacksonville, Florida 32256

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

The Trustee shall have the right to accept and act upon instructions or directions pursuant to this Ordinance, any Supplemental Ordinance or any other document reasonably relating to the Bonds sent by the City by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the City shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions and containing specimen signatures of such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee

shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by it; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

Section 16.9. Filing of Ordinance. A certified copy of this Ordinance shall be filed with the Clerk of the County Council of Florence County and Treasurer of Florence County and such filing shall constitute the authority for the extension and collection of the City taxes to be deposited in the Special Tax Allocation Fund as herein provided.

Section 16.10. Severability. If any sections, phrase, sentence or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not attest the validity of the remaining portions thereof.

Section 16.11. Effectiveness of Ordinance; Codification. This Ordinance shall be in full force and effect from and after its adoption as provided by law. This Ordinance shall be forthwith indexed by title and a summary thereof codified in the Code of City Ordinances in the manner required by law and shall be indexed under the general heading "General Bond Ordinance – City of Florence, South Carolina Special Obligation Bonds (Florence Downtown Redevelopment Project Area)" and shall be made available for public inspection at the office of the Municipal Clerk of the City.

[Execution Page Follows]

Be it ordained by the governing body of the City of Florence in Council assembled.

CITY OF FLORENCE, SOUTH CAROLINA

(SEAL)

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Municipal Clerk

First Reading: September 12, 2016

Second Reading: October 14, 2016

[Execution Page]

**III. b.  
Bill No. 2016-36  
Second Reading**

**FLORENCE CITY COUNCIL MEETING**

**DATE:** September 12, 2016

**AGENDA ITEM:** Florence Downtown Redevelopment Project Area Tax Increment Financing District (TIF) Supplemental Bond Ordinance – First Reading

**DEPARTMENT/DIVISION:** Finance

**I. ISSUE UNDER CONSIDERATION**

For Council consideration is the adoption of the First Supplemental Bond Ordinance for the issuance and sale of Special Obligation Bonds for construction of certain redevelopment projects and to refund the outstanding Series 2014 Tax Increment Revenue Bond of the City.

**II. CURRENT STATUS/PREVIOUS ACTION TAKEN**

A. On December 18, 2006, City Council adopted an ordinance establishing the TIF District in Downtown Florence. As established by the ordinance, the City had until December 2016 to issue TIF obligation bonds to fund public improvements and until December 2026 to repay the bonds.

B. On May 12, 2014 City Council approved an ordinance authorizing the issuance of a Series 2014 Tax Increment Revenue Bond in the principal amount of \$12,936,000 for downtown capital improvements. On May 28, 2014 the Tax Increment Revenue Bond was issued through the year 2026.

C. On July 11, 2016, following a public hearing held on June 13, 2016, City Council approved an ordinance to revise and extend the original TIF redevelopment plan adopted in 2006, and to extend the maximum term of maturity of TIF obligations from the original 20-year maturity of 2026 to a 40-year maturity expiring in 2046.

D. These revisions were made by City Council to provide for the issuance of Special Obligation Bonds to be used for the construction of additional parking, street improvements, and other essential infrastructure enhancements in the TIF district as well as funding for the revitalization and redevelopment of three Florence School District One facilities. This bond would also be used to refund the Series 2014 TIF Revenue Bond noted in Item B above.

**III. POINTS TO CONSIDER**

A. The total borrowing for the 2016 Bonds is estimated to be approximately \$40,000,000, and likely just over \$37,000,000.

B. As shown in the Sources and Uses Schedule (**Attachment 1**), of the borrowing total, approximately \$22,331,000 will be taxable and tax-exempt "new money" to be used for construction, capitalized interest, and issuance cost, and approximately \$14,754,000 will be used to refund the Series 2014 TIF Revenue Bond.

C. To ensure that the bonds will be sufficiently highly rated to produce the best possible

**Florence City Council Meeting Agenda Item**  
**TIF District Series 2016 Supplemental Bond Ordinance – Page 2**

interest rates, the City's Bond Attorney and Financial Advisor have recommended that the City pledge, as a junior lien to the City's water and sewer utilities system, revenues of the system for any needed payment of the Series 2016 Special Obligation Bonds.

D. The water and sewer system Bond Ordinance of 1989, as amended, provides that system revenues remaining after making all required operations and debt service payments of the system may be used, as determined from time to time by City Council, for any purpose lawful, including the payment of Special Obligation Bonds.

E. The pledge of system revenues to the Special Obligation Bond is recommended as a prudent and cautionary measure. However, any system revenues that may be needed for payment of the TIF bond would be returned to the water and sewer system from TIF district tax revenues. It is anticipated that the TIF district will generate funding during the entire life of the district that exceeds the debt service requirements of the bond issue.

F. Due to the nature and complexity of a publically sold TIF Bond, and upon advice of the City's Bond Attorney and Financial Advisor, the Special Obligation Bonds will be sold through a negotiated process rather than competitively sold.

G. The negotiated sale process involves the use of an Underwriter, an investment banking firm retained by the City that is responsible, subject to the approval of the City, for determining the offering price of the bonds, identifying bond buyers, and acquiring any unsold bonds, as needed.

H. On May 25, 2016, the City distributed a Request for Proposals (RFP) to qualified investment banking firms interested in serving as Underwriter on the City's anticipated Series 2016 Tax Increment Revenue Bonds.

I. On June 15, 2016 proposals were received by the City for underwriting services. Following receipt of RFPs, a selection committee reviewed five proposals. The City's Financial Advisor and Bond Attorney served in an advisory capacity to the selection committee.

J. It was the consensus of the Selection Committee to request the top two ranked firms to appear for an interview and presentation with the City Manager and the Finance Director serving as the Interview Panel.

K. Following a comprehensive evaluation of the proposals by the Selection Committee and follow-up interviews with the Interview Panel, Wells Fargo was selected to serve as the City's Underwriter for the upcoming Series 2016 Tax Increment Revenue Bond.

L. Since that time, the City's Bond Attorney, Financial Advisor, Underwriter, and other affiliated associates have been working together with City Staff to meet required issuance deadlines to ensure that the issuance of the 2016 Special Obligation Bonds is completed on November 2, 2016.

M. A 2016 TIF Bond Issue Activities Calendar is included as **Attachment 2**.

N. Adoption of the proposed Supplemental Bond Ordinance is required for City Council to authorize the issuance and sale of Special Obligation Bonds for construction of certain redevelopment projects and to refund the outstanding tax increment bond of the City.

**IV. STAFF RECOMMENDATION**

Approve and adopt of the proposed ordinance.

**V. ATTACHMENTS**

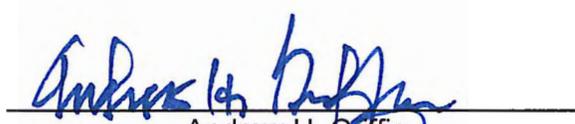
A. **Attachment 1** – 2016 TIF Bond Schedule of Sources and Uses

B. **Attachment 2** – 2016 TIF Bond Issue Activities Calendar

C. First Supplemental Bond Ordinance for the issuance of Special Obligation Bonds, in the principal amount of approximately \$40,000,000, for construction of certain redevelopment projects and to refund the outstanding tax increment bond of the City.



Thomas W. Chandler  
Finance Director



Andrew H. Griffin  
City Manager

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CITY OF FLORENCE, SOUTH CAROLINA

FIRST SUPPLEMENTAL ORDINANCE NO. 2016-40

PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF FLORENCE, SOUTH CAROLINA, SPECIAL OBLIGATION BONDS (FLORENCE DOWNTOWN REDEVELOPMENT PROJECT AREA) IN ONE OR MORE SERIES, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$40,000,000, IN ORDER TO DEFRAY THE COSTS OF CERTAIN REDEVELOPMENT PROJECTS; REFUND THE OUTSTANDING TAX INCREMENT BOND OF THE CITY OF FLORENCE; AUTHORIZING THE MAYOR, THE CITY MANAGER AND THE FINANCE DIRECTOR TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE BONDS; PROVIDING FOR THE JUNIOR LIEN PLEDGE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUES FOR THE PAYMENT OF THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; PRESCRIBING THE FORM AND DETAILS OF SUCH BONDS; AND OTHER MATTERS RELATING THERETO.

Enacted: October 14, 2016

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BE IT ORDAINED, BY THE CITY COUNCIL OF THE CITY OF FLORENCE, SOUTH CAROLINA, IN COUNCIL ASSEMBLED:

Section 1. Definitions.

The terms in this Section 1 and all words and terms defined in the General Bond Ordinance No. 2016-39 (the "General Bond Ordinance") enacted by the City Council (the "Council") of the City of Florence, South Carolina (the "City"), on the date hereof (such General Bond Ordinance as from time to time amended or supplemented by Supplemental Ordinances being defined in the Ordinance as the "Ordinance") (except as herein otherwise expressly provided or unless the context otherwise requires) shall for all purposes of this First Supplemental Ordinance have the respective meanings given to them in the General Bond Ordinance and in Section 1 hereof.

"Beneficial Owner" shall mean any purchaser who acquires beneficial ownership interest in any Initial Bond held by the Depository. In determining any Beneficial Owner, the City, the Trustee, the Registrar and the Paying Agent may rely conclusively upon written representations made and information given to the City, the Trustee, the Registrar and the Paying Agent, as the case may be, by the Depository or its Participants with respect to any Series 2016 Bond held by the Depository or its Participants in which a beneficial ownership interest is claimed.

"Bond Ordinance of 1989" shall mean the Bond Ordinance adopted by the Council on October 24, 1989, as amended and supplemented (and any ordinance amendatory or supplementary thereto), authorizing the issuance and sale of the Combined Waterworks and Sewerage System Bonds.

"Bond Purchase Agreement" or "Purchase Contract" shall have the meaning given that term in Section 10(b) hereof.

"Book-Entry Form" or "Book-Entry System" shall mean with respect to the Series 2016 Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the Series 2016 Bonds may be transferred only through a book-entry and (b) physical bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical bond certificates "immobilized" in the custody of the Depository. The book-entry maintained by the Depository is the record that identifies the owners of participatory interests in the Series 2016 Bonds, when subject to the Book-Entry System.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Combined Waterworks and Sewerage System" shall mean the Combined Waterworks and Sewerage System of the City, currently consisting of a water system, sewer system and electrical distribution system.

"Combined Waterworks and Sewerage System Bonds" shall mean any Bond, some of the Bonds or all of the Bonds, (as such terms are defined in the Bond Ordinance of 1989, as amended) issued under and pursuant to the Bond Ordinance of 1989 and any ordinance amendatory, supplementary or pursuant thereto (including Series Ordinances adopted by the Council on April 12, 2010 and December 12, 2011, and any ordinance amendatory or supplementary thereto), as well as any Junior Bonds (as defined in the Bond Ordinance of 1989), bonds or bond anticipation notes issued in connection with the Combined Waterworks and Sewerage System.

"Combined Waterworks and Sewerage System Revenues" shall mean the Revenues (as defined in the Bond Ordinance of 1989, as amended) of the Combined Waterworks and Sewerage System remaining

after making the payments required by the Bond Ordinance of 1989, including payments with respect to any Combined Waterworks and Sewerage System Bonds.

"Continuing Disclosure Certificate" shall have the meaning given that term in Section 15 hereof.

"Construction Funds of 2016" shall mean the respective funds of that name, with an appropriate series designation, established pursuant to Section 12 herein. Each Construction Fund of 2016 shall be further identified or designated to relate to the specific Series of the Series 2016 Bonds issued hereunder.

"Custodian" shall mean the respective bank or banks selected by the City, pursuant to Section 17 hereof, as custodian of the Construction Funds of 2016.

"Debt Service Funds of 2016" shall mean the funds of that name established pursuant to Section 8 herein to provide for the payment of the principal of and interest on the specific Series of the Series 2016 Bonds related thereto. Pursuant to Section 8, each Debt Service Fund of 2016 shall be further identified or designated to relate to the specific Series 2016 Bonds issued hereunder.

"Debt Service Reserve Funds of 2016" shall mean the funds of that name, if any, established pursuant to Section 9 hereof to provide (a) for the payment of the principal of and interest on the specific Series 2016 Bonds related thereto; and (b) for the redemption of the specific Series 2016 Bonds related thereto. Pursuant to Section 9, each Debt Service Reserve Fund of 2016 shall be further identified or designated to relate to the specific Series 2016 Bonds issued hereunder.

"Debt Service Reserve Policy" shall mean one or more municipal bond debt service reserve insurance policies or surety bonds, if any, issued by the Insurer simultaneously with the issuance of the applicable Series 2016 Bonds relating thereto and payable to the Paying Agent.

"Depository" shall mean any securities depository that is a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, operating and maintaining, with its Participants or otherwise, a Book-Entry System to record ownership of beneficial interests in the Series 2016 Bonds, and to effect transfers of the Series 2016 Bonds, in Book-Entry Form, and includes and means initially The Depository Trust Company (a limited-purpose trust company), New York, New York.

"First Supplemental Ordinance" shall mean this First Supplemental Ordinance No. 2016-40 enacted by the Council on the date hereof authorizing the Series 2016 Bonds.

"General Bond Ordinance" shall mean the General Bond Ordinance No. 2016-39 duly enacted by the Council on the date hereof, authorizing the issuance from time to time of Bonds.

"Initial Bonds" shall mean the Series 2016 Bonds initially issued in Book-Entry Form as provided in Section 4 hereof.

"Insurance Policy" shall mean one or more municipal bond insurance policies, if any, issued by an Insurer guaranteeing the scheduled payment of principal of and interest on the applicable Series 2016 Bonds when due as provided therein.

"Insurance Policy Agreement" shall mean the agreement or agreements, if any, among the City, the Insurer, and any other necessary party relating to an Insurance Policy, if any

"Insurer" or "Bond Insurer" shall mean any issuer of an Insurance Policy or a Debt Service Reserve Policy with respect to one or more of the Series 2016 Bonds.

"Insurer Default" shall mean there shall occur or exist a default in the payment by the Insurer of principal of or any interest on the applicable Series 2016 Bonds when required to be made by the Insurance Policy or Debt Service Reserve Policy, as the case may be.

"Interest Payment Date" shall mean June 1 and December 1 of each year, commencing June 1, 2017, or such other date as selected by the Mayor of the City and the City Manager pursuant to Section 10(a) hereof.

"Participant" shall mean any bank, brokerage house or other financial institution for which, from time to time, the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

"Paying Agent" shall mean The Bank of New York Mellon Trust Company, N.A., as Paying Agent for the Series 2016 Bonds.

"Permitted Investments" shall mean, with respect to a Debt Service Reserve Fund of 2016 established in connection with a Series of Series 2016 Bonds for which an Insurance Policy is in effect, and only for the time during which such Insurance Policy is in effect and no Insurer Default has occurred and is continuing, only such Permitted Investments, as defined in the General Bond Ordinance, as also qualify pursuant to the terms and conditions set forth in the applicable Insurance Policy Agreement relating thereto.

"Principal Payment Date" shall have the meaning given to such term in Section 3(a).

"Projects" shall mean the undertaking of any one or more of the Redevelopment projects located in the Florence Downtown Redevelopment Project Area as defined in the Original Downtown Redevelopment Plan and the Amended Redevelopment Plan.

"Refunded Bond" shall mean the City's \$12,936,000 original principal amount Tax Increment Revenue Bond (Florence Downtown Redevelopment Project Area), Series 2014, dated May 28, 2014, currently outstanding in the principal amount of \$12,936,000.

"Registrar" shall mean The Bank of New York Mellon Trust Company, N.A., as Registrar for the Series 2016 Bonds.

"Reserve Fund Requirement" shall mean the amounts, if any, established pursuant to Section 10(a) hereof.

"Reserve Policy Agreement" shall mean the agreement or agreements, if any, among the City, the Insurer, and any other necessary party, relating to a Debt Service Reserve Policy, if any.

"Series 2016 Bonds" shall mean the City of Florence, South Carolina, Special Obligation Bonds (Florence Downtown Redevelopment Project Area), issued in one or more series, with an appropriate series designation, in the aggregate principal amount of not exceeding \$40,000,000, authorized to be issued hereunder.

"Trustee" shall mean The Bank of New York Mellon Trust Company, N.A., as Trustee for the Bonds.

"Underwriter" shall mean Wells Fargo Bank, National Association (operating under the trade name of Wells Fargo Securities).

Section 2. Certain Findings and Determinations. The Council hereby finds and determines:

(a) This First Supplemental Ordinance supplements the General Bond Ordinance, constitutes and is a "Supplemental Ordinance" and the "First Supplemental Ordinance" within the meaning of such quoted terms as defined and used in the General Bond Ordinance, and is enacted under and pursuant to the General Bond Ordinance.

(b) The Series 2016 Bonds constitute and are "Bonds" within the meaning of the quoted word as defined and used in the General Bond Ordinance.

(c) On or prior to the date of issuance of the Series 2016 Bonds, the City shall deposit sufficient funds or government obligations with the Trustee to be held in trust so that the Refunded Bond will be defeased and no longer "Outstanding" (as defined in the Bond Ordinance authorizing the Refunded Bond). Accordingly, on the date of issuance of the Series 2016 Bonds, the Tax Revenues pledged under the General Bond Ordinance will not be encumbered by any pledge thereof, other than the pledge thereof created by the General Bond Ordinance and this First Supplemental Ordinance for the payment and security of the Series 2016 Bonds.

(d) As authorized by the Act and the General Bond Ordinance, the Combined Waterworks and Sewerage System Revenues shall be pledged hereunder to the payment of the Series 2016 Bonds. The Bond Ordinance of 1989 permits the City to dispose of surplus Combined Waterworks and Sewerage System Revenues. Any surplus Combined Waterworks and Sewerage System Revenues remaining after making the payments required thereby may be disposed of by the Council as determined from time to time to be for any purpose lawful, including the payment of Special Obligation Bonds.

(e) The Combined Waterworks and Sewerage System Revenues pledged under the General Bond Ordinance and this First Supplemental Ordinance are not encumbered by any pledge thereof, other than the pledge thereof for payment of: (i) any Combined Waterworks and Sewerage System Bonds previously issued and outstanding, or hereafter issued by the City; (ii) any Combined Waterworks and Sewerage System Junior Lien bonds previously issued and outstanding, or hereafter issued by the City; and (iii) Special Obligation Bonds previously issued and outstanding, or hereafter issued by the City for any "redevelopment project area" (as defined in the Act) within the City, to the extent Combined Waterworks and Sewerage System Revenues are pledged for the payment thereof.

(f) To the City's knowledge and belief, 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 such Event of Default.

(g) Pursuant to the authority granted in Section 10(a) hereof, the Mayor or City Manager may establish one or more Debt Service Reserve Funds of 2016 (with appropriate series designations) for the respective Series 2016 Bonds.

(h) The City proposes to issue the Series 2016 Bonds, in one or more series, for any one or more of the following purposes: (1) funding or otherwise satisfying the Reserve Fund Requirements (if any) through a deposit into the applicable Debt Service Reserve Funds of 2016 (if any) established with respect to any Series 2016 Bonds; (2) defraying the Costs of Construction of the Projects; (3) refunding the Refunded Bond; and (4) paying the Costs of Issuance (including the costs of any Insurance Policy or any other form of

credit enhancement). The estimated Costs of Construction of the Projects is at least the sum to be financed in part with the proceeds of the Series 2016 Bonds. The Costs of Construction of the Projects constitute "redevelopment project costs" within the meaning of the Act.

(i) The former McClenaghan High School and Poyner School will be owned by the School District. The remaining Projects will be owned by the City.

(j) The Council recognizes that tax revenues and proceeds of Special Obligation Bonds of the City must be used for a public purpose in accordance with the applicable provisions of the Constitution and decisions of the South Carolina Supreme Court. Specifically, the cases of Byrd v. County of Florence, 315 S.E.2d 804 (S.C. 1984) and Nichols v. The South Carolina Research Authority, 351 S.E.2d 155 (S.C. 1986), formulate a four-point standard by which the public purpose of certain expenditures of public funds are tested for constitutionality. The undertaking of the Projects herein authorized conforms to this standard. The City hereby finds that undertaking the Projects will aid in the redevelopment of the Florence Downtown Redevelopment Project Area. The Council has further determined that:

(i) The ultimate goals and benefits to the public intended by the Projects are multiple: to eradicate the conditions that characterize the Florence Downtown Redevelopment Project Area as a blighted area within the meaning of the Act, to encourage development by private developers which will in turn increase the number of available jobs, and attract new businesses in the Florence Downtown Redevelopment Project Area, to remove and alleviate adverse conditions necessary to encourage private investment and restore and enhance the tax base of the Taxing Districts in the Florence Downtown Redevelopment Project Area by the redevelopment thereof.

(ii) The public will be the primary beneficiary of the Projects, because the eradication of blighted conditions and the encouragement of private development are intended to directly enrich the quality of life and general well-being of the citizens of the City through the reinvigoration of the Florence Downtown Redevelopment Project Area, to promote the health, safety and welfare of such citizens by beneficially affecting employment and the local economy and tax base, and to remove and alleviate adverse conditions necessary to encourage private investment and restore and enhance the tax base of the Taxing Districts in the Florence Downtown Redevelopment Project Area by the redevelopment thereof.

(iii) The Projects are not so speculative as to violate the public purpose doctrine because the Projects will, to a great degree of certainty, remove adverse conditions presently affecting the Florence Downtown Redevelopment Project Area and encourage private investment in the Florence Downtown Redevelopment Project Area.

(iv) The public interest will be served to a substantial degree by undertaking the Projects through the eradication of blighted conditions and encouragement of private investment within the Florence Downtown Redevelopment Project Area.

(k) It is necessary and in the best interest of the City to authorize the issuance of the Series 2016 Bonds in one or more series in the aggregate principal amount of not exceeding \$40,000,000 in accordance with the Act, the General Bond Ordinance and this First Supplemental Ordinance for the purposes set forth above. The Council finds that the proceeds of the Series 2016 Bonds will be used for a corporate purpose and public purpose of the City and that the issuance of the Series 2016 Bonds is necessary and in the best interest of the City. The issuance of the Series 2016 Bonds will further the implementation of the Original Downtown Redevelopment Plan and the Amended Redevelopment Plan.

Section 3. Authorization and Details of Series 2016 Bonds.

(a) There is hereby authorized to be issued one or more Series of Bonds designated "City of Florence, South Carolina, Special Obligation Bonds (Florence Downtown Redevelopment Project Area), Series 2016 [or year in which issued]" (the "Series 2016 Bonds"), including such further words, numbers or letters as may be necessary or desirable to identify individual series thereof and the purposes thereof, in the aggregate principal amount of not exceeding \$40,000,000. The proceeds of the Series 2016 Bonds shall be used for any of the purposes set forth in Section 2(h) above.

Unless otherwise determined by the Mayor or the City Manager pursuant to Section 10(a) hereof, the Series 2016 Bonds shall mature on December 1 in each of the years (the "Principal Payment Dates") and in the principal amounts, and bear interest at the rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months), as determined by the Mayor of the City or the City Manager pursuant to Section 10(a) hereof.

(b) Such of the Series 2016 Bonds as the Mayor the City Manager shall determine pursuant to Section 10(a) hereof shall be subject to mandatory redemption at a redemption price equal to the principal amount of the Series 2016 Bonds to be redeemed, together with interest accrued from the date of redemption, in the years and in the amounts determined by the Mayor or the City Manager pursuant to Section 10(a) hereof.

At its option, to be exercised on or before the 60th day prior to any mandatory redemption date, the City may (i) deliver to the Trustee for cancellation Series 2016 Bonds which are subject to mandatory redemption in any aggregate principal amount desired or (ii) receive a credit in respect of its mandatory redemption obligation for any such Series 2016 Bonds which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the City and cancelled by the Trustee and not theretofore applied as a credit against any mandatory redemption obligation. Each Series 2016 Bond so delivered or previously purchased or redeemed shall be credited by the Trustee, at 100% of the principal amount thereof, to the obligation of the City on those respective mandatory redemption obligations in chronological order or such other manner as directed in writing by the City to the Trustee, and the principal amount of the Series 2016 Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

(c) The Trustee, without further authorization or direction from the City, shall give notice of all mandatory redemptions within the time periods and in the manner specified in Article V of the General Bond Ordinance.

(d) The Series 2016 Bonds shall originally be dated the date of delivery of the Series 2016 Bonds, or such other date as the Mayor or the City Manager shall determine pursuant to Section 10(a) hereof, and shall be issued as fully registered Bonds in denominations of \$5,000 and integral multiples thereof, or in such other denominations determined by the Mayor or the City Manager pursuant to Section 10(a) hereof. The Series 2016 Bonds shall be numbered and lettered in such a fashion as to maintain a proper record thereof.

(e) Principal of and redemption premium, if any, on the Series 2016 Bonds shall be payable at the designated corporate trust office of the Paying Agent. 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, such interest to be paid by the Paying Agent by check or draft mailed to each Holder at the address as it appears on the Books of Registry maintained at the designated corporate trust office of the Paying Agent, and in the case of a Holder of \$1,000,000 or more in principal amount of Series 2016 Bonds, by wire transfer to an account within the continental United States upon the timely receipt of a written request of such Holder.

Payment of the principal of and interest on such Series 2016 Bonds may be payable to the Holder thereof without presentation and surrender of such Series 2016 Bonds.

(f) The Series 2016 Bonds shall be in substantially the form set forth in Exhibit A hereto, with such necessary or appropriate variations, omissions and insertions as are incidental to the series, numbers, denominations, maturities, dates, interest rate or rates, redemption provisions, the purpose of issuance and other details thereof or as are otherwise permitted or required by law or by the General Bond Ordinance, including this First Supplemental Ordinance. The Series 2016 Bonds shall be executed in the name and on behalf of the City by the manual or facsimile signatures of the Mayor and Municipal Clerk.

(g) A copy of the approving opinion to be rendered on the Series 2016 Bonds shall be provided with such Series 2016 Bonds.

(h) In the event an Insurance Policy is purchased, a "statement of insurance" or similar provision may be attached to each applicable Series 2016 Bond in the form provided in the applicable Insurance Policy Agreement.

#### Section 4. Book-Entry System; Recording and Transfer of Ownership of the Series 2016 Bonds.

The Initial Bonds will be eligible securities for the purposes of the Book-Entry System of transfer maintained by the Depository, and transfers of beneficial ownership of the Initial Bonds shall be made only through the Depository and its Participants in accordance with rules specified by the Depository. Such beneficial ownership must be of \$5,000 principal amount of Initial Bonds of the same Series and maturity or any integral multiple of \$5,000 or in such other denominations as the Mayor or the City Manager shall determine pursuant to Section 10(a) hereof.

The Initial Bonds will be issued in fully-registered form, as a single bond representing the entire principal amount the Series 2016 Bonds or one Series 2016 Bond for each of the maturities of the Series 2016 Bonds, in the name of Cede & Co., as the nominee of the Depository. When any principal of, premium, if any, or interest on the Initial Bonds becomes due, the City shall transmit or cause the Paying Agent to transmit to the Depository an amount equal to such installment of principal, premium, if any, and interest. Such payments will be made to Cede & Co. or other nominee of the Depository as long as it is owner of record on the applicable Record Date. Cede & Co. or other nominee of the Depository shall be considered to be the owner of the Initial Bonds so registered for all purposes of this First Supplemental Ordinance, including, without limitation, payments as aforesaid and receipt of notices. The Depository shall remit such payments to the Beneficial Owners of the Series 2016 Bonds or their nominees in accordance with its rules and regulations.

Notices of redemption of the Initial Bonds or any portion thereof shall be sent to the Depository in accordance with the provisions of the General Bond Ordinance.

The Depository is expected to maintain records of the positions of Participants in the Initial Bonds, and the Participants and persons acting through Participants are expected to maintain records of the Beneficial Owners in the Initial Bonds. The City, the Trustee, the Registrar and the Paying Agent make no assurances that the Depository and its Participants will act in accordance with such rules or expectations on a timely basis, and the City, the Trustee, the Registrar and the Paying Agent shall have no responsibility for any such maintenance of records or transfer of payments by the Depository to its Participants, or by the Participants or persons acting through Participants to the Beneficial Owners.

The City, the Trustee, the Paying Agent and the Registrar may treat the Depository (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, interest or premium, if any, on the Series 2016 Bonds, giving any notice permitted or required to be given to Bondholders under the General Bond Ordinance or this First Supplemental Ordinance, registering the transfer of the 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 Paying Agent and the Registrar shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2016 Bonds under or through the Depository or any Participant, or any other person which is not shown on the Books of Registry of the City maintained by the Registrar as being a Bondholder, with respect to: the accuracy of any records maintained by the Depository or any Participant or the maintenance of any records; the payment by the Depository or any Participant of any amount in respect of the principal of, interest or premium, if any, on the Series 2016 Bonds; the sending of any transaction statements; the delivery or timeliness of delivery by the Depository or any Participant of any notice which is permitted or required to be given to Bondholders thereunder; the selection of Bondholders to receive payments upon any partial redemption of the Series 2016 Bonds; or any consent given or other actions taken by the Depository as a Bondholder.

If (a) the Depository determines not to continue to act as securities depository for the Series 2016 Bonds, and gives reasonable notice to the Registrar or the City, or (b) the City has advised the Depository of the City's determination that the Depository is incapable of discharging its duties, then the City shall attempt to retain another qualified securities depository to replace the Depository. Upon receipt by the City or the Registrar of the Initial Bonds together with an assignment duly executed by the Depository, the City shall execute and deliver to the successor depository, the Series 2016 Bonds of the same principal amount, interest rate and maturity. If the City is unable to retain a qualified successor to the Depository, or the City 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 Series 2016 Bonds might be adversely affected if the Book-Entry System of transfer is continued (the City undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the Series 2016 Bonds by mailing an appropriate notice to the Depository, upon receipt by the City of the Initial Bonds together with an assignment duly executed by the Depository, the City shall execute, authenticate and deliver to the Depository the Series 2016 Bonds in fully-registered form, in authorized denomination; provided, however, that the discontinuation of the Book-Entry System of registration and transfer with respect to the Series 2016 Bonds or the replacement of the Depository or any successor depository shall be subject to the applicable rules and procedures of the Depository or such successor depository on file or otherwise approved by the Securities and Exchange Commission.

Section 5. Optional Redemption of Series 2016 Bonds. Such of the Series 2016 Bonds as may be determined by the Mayor or the City Manager, pursuant to Section 10(a) hereof shall be subject to redemption prior to maturity, at the option of the City, in whole or in part at any time in such order of their maturities as the City shall determine and by lot within a maturity, at the respective redemption prices with respect to each Series 2016 Bond, expressed as a percentage of principal amount of the Series 2016 Bonds to be redeemed together with redemption premium, if any, as shall be determined by the Mayor or the City Manager, pursuant to Section 10(a) hereof, together, in each such case, with the interest accrued on such principal amount to the date fixed for redemption.

Section 6. Payment of the Series 2016 Bonds. The Series 2016 Bonds are secured by a pledge of the Tax Revenues and other funds in and to be deposited in the Special Tax Allocation Fund referred to and subject to the limitations set forth in the General Bond Ordinance, and shall be subject to no prior liens or encumbrances other than as provided under the General Bond Ordinance and this First Supplemental Ordinance. The Series 2016 Bonds are further secured by a pledge of the Combined Waterworks and Sewerage System Revenues referred to and subject to the limitations set forth in the General Bond Ordinance. The Series 2016 Bonds may be further secured by a security interest in the respective Construction Funds of 2016, the respective Debt Service Reserve Funds of 2016, if any, and the Interest Account and Principal

Account in the respective Debt Service Funds of 2016 established for the Series 2016 Bonds. Both the principal of and interest on the Series 2016 Bonds are payable at the designated office of the Paying Agent in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts.

The Series 2016 Bonds are special obligations of the City payable solely from, and secured by a pledge of the Tax Revenues and of the Combined Waterworks and Sewerage System Revenues. The full faith, credit and taxing powers of the City are not pledged for the payment of the Series 2016 Bonds and the interest thereon. At the time of issuance of the initial Series 2016 Bonds, the Tax Revenues pledged under the General Bond Ordinance and this First Supplemental Ordinance will not be encumbered by any other pledge thereof. The Combined Waterworks and Sewerage System Revenues pledged under the General Bond Ordinance and this First Supplemental Ordinance for the payment of the Series 2016 Bonds shall be: (i) junior and subordinate to the pledge thereof for payments to the funds and accounts established and required under the Bond Ordinance of 1989, as amended, including for the payment of Combined Waterworks and Sewerage System Bonds; (ii) any Combined Waterworks and Sewerage System Junior Lien bonds previously issued and outstanding, or hereafter issued by the City; and (iii) on a parity with the pledge thereof, if any, for payment of any Special Obligation Bonds previously issued and outstanding or hereafter issued by the City for any "redevelopment project area" (as defined in the Act) within the City.

Section 7. Pledge of Combined Waterworks and Sewerage System Revenues.

(a) The General Bond Ordinance provides that the City may pledge Supplemental Revenues for the payment of Bonds in addition to the pledge of Tax Revenues for the payment thereof. The Combined Waterworks and Sewerage System Revenues constitute "Supplemental Revenues" as defined in the General Bond Ordinance, and are hereby pledged for the payment of the Series 2016 Bonds, subject to the limitations and conditions set forth in this First Supplemental Ordinance.

(b) In the event the funds in the Special Tax Allocation Fund are insufficient at any time to provide for the payment of the principal of, redemption premium, if any, or interest on the Series 2016 Bonds, the City hereby pledges Combined Waterworks and Sewerage System Revenues, from time to time, after making the payments required by the Bond Ordinance of 1989, as amended. The pledge of Combined Waterworks and Sewerage System Revenues hereby made shall at all times be subordinate and inferior to the payments to the funds and accounts established and required under the Bond Ordinance of 1989, as amended, including for the payment of Combined Waterworks and Sewerage System Bonds. The pledge of Combined Waterworks and Sewerage System Revenues shall be on a parity with the pledge thereof for payment of any Special Obligation Bonds previously issued and outstanding, or hereafter issued by the City for any "redevelopment project area" (as defined in the Act) within the City, as well as the \$6,004,584.86 Waterworks and Sewerage System Junior Lien Revenue Bond of the City dated January 9, 2014, or any additional Junior Lien Bonds hereafter issued to the extent Combined Waterworks and Sewerage System Revenues are pledged for the payment thereof. Combined Waterworks and Sewerage System Revenues may be pledged by the City to secure bonds issued pursuant to Section 31-6-110 of the Act inasmuch as certain of the proceeds of the Series 2016 Bonds will be applied to its extension or expansion of redevelopment projects unrelated to the Redevelopment Projects to be financed with the proceeds of the Series 2016 Bonds. The pledge of Combined Waterworks and Sewerage System Revenues for payment of the Series 2016 Bonds hereby made shall at all times be subordinate to the pledge thereof for payment of any promissory notes or bonds issued and outstanding by the City in connection with the waterworks and sewerage facilities of the City.

(c) If sufficient Tax Revenues or other funds have not been deposited into the Special Tax Allocation Fund to make the payments required by Section 8.2 of the General Bond Ordinance to be made at the next Interest Payment Date or Principal Payment Date with respect to the Series 2016 Bonds, the City will

transfer or cause to be transferred from any surplus Combined Waterworks and Sewerage System Revenues, if any, into the Special Tax Allocation Fund for allocation at the times specified in Section 8.2 of the General Bond Ordinance, the amounts sufficient to satisfy the requirements of Section 8.2 thereof with respect to the Series 2016 Bonds. Combined Waterworks and Sewerage System Revenues shall also be available to restore the respective Debt Service Reserve Funds of 2016, if any, to the applicable Reserve Fund Requirement.

(d) The City will establish, levy, maintain and collect such fees, rates and other charges for the use of the services and facilities furnished by the Combined Waterworks and Sewerage System and, from time to time, and as often as it shall be necessary, will adjust such fees, rates and other charges by increasing or decreasing the same or any selected categories thereof so that the Combined Waterworks and Sewerage System Revenues will at all times be sufficient in each Fiscal Year to provide an amount at least equal to 100% of the amounts required to pay Debt Service on the Series 2016 Bonds and any outstanding Combined Waterworks and Sewerage System Bonds, after taking into account Tax Revenues and other funds actually collected and paid into the Special Tax Allocation Fund.

Section 8. Establishment of Debt Service Funds of 2016. In accordance with Section 8.2 of the General Bond Ordinance, the Debt Service Funds of 2016 are hereby directed to be established by the Trustee on the date of the original delivery of the Series 2016 Bonds for the benefit of the Holders of the Series 2016 Bonds; provided, however, that upon the issuance of one or more Series 2016 Bonds, separate funds or accounts may be established for the payment of debt service on such Series 2016 Bonds, with such additional numbers or letters to identify its relevance. In addition, there is hereby directed to be established within the respective Debt Service Funds of 2016 an Interest Account and a Principal Account for the payment of interest and principal, respectively, on the Series 2016 Bonds as the same become due and payable. The payments from the Tax Revenues and Combined Waterworks and Sewerage System Revenues authorized herein shall be made at the times set forth in Section 8.2 of the General Bond Ordinance.

Section 9. Establishment of the Debt Service Reserve Funds of 2016 and Reserve Fund Requirement. In accordance with Section 8.3 of the General Bond Ordinance, and pursuant to the authority granted to the Mayor or City Manager in Section 10(a) hereof, the Mayor or the City Manager may determine whether it is necessary or desirable to establish one or more Debt Service Reserve Funds of 2016 (with such additional numbers or letters to identify its relevance) for the benefit of the Holders of the Series 2016 Bonds and the amount of the applicable Reserve Fund Requirement, and, if so, such Debt Service Reserve Funds of 2016 shall be established on the date of the original delivery of such Series 2016 Bonds and held by the Trustee, all as provided in the General Bond Ordinance. In the event of any full or partial defeasance of a Series of Series 2016 Bonds under Article XV of the General Bond Ordinance, then the applicable Reserve Fund Requirement established for such Series 2016 Bonds shall be recalculated based on the then Outstanding principal amount of such Series. If a Debt Service Reserve Fund of 2016 is established with respect to a Series of Series 2016 Bonds, the method of satisfying its Reserve Fund Requirement will be determined by the Mayor or the City Manager pursuant to Section 10(a) hereof. A Reserve Fund Requirement shall be deemed permanently satisfied to the extent of the original policy amount of any surety bond (including a Debt Service Reserve Policy) deposited with the Trustee for the benefit of the Holders of the applicable Series 2016 Bonds.

Section 10. Sale and Issuance of Series 2016 Bonds.

(a) The Council hereby authorizes and directs the Mayor or City Manager to: (i) determine the original issue dates of the respective Series 2016 Bonds; (ii) determine the principal amounts of the respective Series 2016 Bonds (provided the aggregate amount of the Series 2016 Bonds shall not exceed \$40,000,000); (iii) determine the principal amount of each maturity of the Series 2016 Bonds; (iv) determine whether the respective Series 2016 Bonds shall be issued as obligations the interest on which is or is not exempt from federal income taxation; (v) determine whether one or more Debt Service Reserve Funds of 2016 (with

appropriate series designations) will be established in connection with the respective Series 2016 Bonds, and determine the respective Reserve Fund Requirements relating thereto and the manner of satisfying such Reserve Fund Requirements (including, but not limited to, the purchase of a surety bond (including a Debt Service Reserve Policy), the purchase of a letter of credit, the deposit of a portion of the proceeds of the applicable Series 2016 Bonds or other available funds, or any combination of the foregoing); (vi) determine the Series 2016 Bonds to be subject to mandatory and optional redemption; (vii) determine the date and time of sale of the Series 2016 Bonds; (viii) determine the interest rates for the Series 2016 Bonds; (ix) determine the Interest Payment Dates, including the initial Interest Payment Dates, and the Principal Payment Dates for the Series 2016 Bonds, if other than as set forth in Section 3(a) hereof; (x) determine the optional and mandatory redemption dates and terms of redemption of the respective Series 2016 Bonds; (xi) determine any original issue discount or original issue premium at which the Series 2016 Bonds will be sold, or whether any Underwriter's discount or other fee will be paid to the purchasers of the Series 2016 Bonds; (xii) determine whether an Insurance Policy will be purchased with respect to the respective Series 2016 Bonds; and (xiii) agree to any other terms, provisions and matters necessary or advisable to effect the issuance of the Series 2016 Bonds.

(b) The Mayor or City Manager are hereby authorized and empowered to enter into, on behalf of the City, one or more Bond Purchase Agreements to be dated the date of their execution. Upon the submission of any such Bond Purchase Agreement by the Underwriter, the Mayor or City Manager shall further determine that the Bond Purchase Agreement is fair and reasonable and in the best interest of the City; that the Series 2016 Bonds shall be sold to the Underwriter upon the terms and conditions set forth in such Bond Purchase Agreement and upon the basis of the representations therein set forth, and that all conditions precedent to or concurrent with the acceptance of the Bond Purchase Agreement have been met. The Mayor or City Manager are authorized and directed to execute such Bond Purchase Agreement, and deliver such executed Bond Purchase Agreement to the Underwriter, the execution and delivery of the Bond Purchase Agreement constituting conclusive evidence of the Mayor's or the City Manager's approval of the matters therein contained.

(c) The Council hereby authorizes and empowers the Mayor or City Manager to negotiate and approve one or more Preliminary Official Statements relating to the Series 2016 Bonds. The Mayor or City Manager are hereby authorized to "deem final" the Preliminary Official Statement for purposes of complying with the requirements set forth in Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended.

The Council hereby authorizes a final Official Statement of the City to be dated of even date with the execution and delivery of the Bond Purchase Agreement relating to the Series 2016 Bonds substantially in the form of the Preliminary Official Statement, with such modifications as the Mayor or City Manager may approve; the Mayor or City Manager are hereby authorized and directed to execute copies of the final Official Statement and deliver the same to the Underwriter, which execution and delivery shall be conclusive evidence of the approval of any such modifications; and the City hereby authorizes the use of the Preliminary Official Statement, the final Official Statement, the General Bond Ordinance, this First Supplemental Ordinance, and the information contained herein and therein in connection with the public offering and sale of the Series 2016 Bonds by the Underwriter.

(d) A copy of this First Supplemental Ordinance shall be filed with the minutes of the meeting at which this First Supplemental Ordinance was enacted.

(e) 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 hereunder and to perform such other actions as they shall consider necessary or advisable in connection with the issuance, sale and delivery of the Series 2016 Bonds.

(f) The Council authorizes the Mayor or the City Manager to negotiate the terms of, and execute, in the name and on behalf of the City, and deliver any investment agreements, forward delivery agreements, repurchase agreements, Insurance Policy Agreements, Reserve Policy Agreements, letters of credit, surety bonds, and any other agreements (including agreements relating to any credit enhancement) in connection with the Series 2016 Bonds, to prepare and solicit bids for providers of such agreements and to execute, in the name and on behalf of the City, written confirmations of any such agreements and other documents as may be necessary in connection therewith.

(g) The City Manager is hereby authorized and directed for and on behalf of the City to execute such agreements and give such directions as shall be necessary to effect the defeasance of the 2014 Bond, including the execution and delivery of an escrow agreement and the direction to make such deposits therein as may be necessary, in accordance with the procedures set forth in the Ordinance authorizing the 2014 Bond.

Section 11. Disposition of Proceeds of Series 2016 Bonds and Certain Other Moneys. The proceeds derived from the sale of the Series 2016 Bonds, plus any original issue premium and net of any original issue discount or any Underwriter's discount shall be deposited with (or at the order of) the City, the Trustee, the Escrow Agent or the Custodian, as applicable, and used for any of the following purposes:

(a) A portion of the proceeds thereof shall be deposited in the applicable Construction Fund of 2016 established in Section 12 hereof to be used for and applied to the payment of Costs of Acquisition and Construction of the Projects. A portion of the proceeds deposited in the respective Construction Fund of 2016 may also be used to pay all or a portion of the Costs of Issuance of the Series 2016 Bonds relating thereto.

(b) A portion of the proceeds shall be used to prepay the Refunded Bonds.

(c) A portion of the proceeds shall be deposited as directed by the City Manager and used to pay for Costs of Issuance of the Series 2016 Bonds in the event such Costs of Issuance are not paid from the applicable Construction Fund of 2016 as provided in subsection (a) of this Section 11.

(d) A portion of the proceeds shall be deposited in the Debt Service Fund and used to pay principal and/or interest on the Series 2016 Bonds.

(e) A portion of the proceeds may be used to fund, in whole or in part, the Reserve Fund Requirements (if any) through a deposit into the applicable Debt Service Reserve Funds of 2016 (if any) established with respect to any Series 2016 Bonds.

The respective amounts specified in this Section 11 shall be determined by the City upon delivery of the applicable Series 2016 Bonds.

Section 12. Construction Funds of 2016. There is hereby authorized to be created and established one or more Construction Funds of 2016 with such further words, numbers or letters as may be necessary or desirable to distinguish such fund or funds, which fund or funds shall be held by the Custodian. The Construction Funds of 2016 shall be held by one or more Custodians selected by the City. The Construction Fund of 2016 may be accounted for as a single fund or as multiple funds, however the moneys on deposit therein may be held by one or more banks or other financial institutions designated by the City. The moneys on deposit in the Construction Fund of 2016 shall be used and applied to the payment of the Costs of Construction of the Projects, and to pay Costs of Issuance.

Moneys held for the credit of the Construction Fund of 2016 shall be invested, at the written direction of the City, to the fullest extent practicable and reasonable, in Permitted Investments, maturing at such times and in such amounts as shall be required to provide moneys to make the payments required to be made from Construction Fund of 2016. Withdrawals from the Construction Fund of 2016 shall be made in the manner withdrawals from other funds of the City are made.

If, after the payment in full of all Costs of Acquisition and Construction of the Projects and Costs of Issuance, any moneys remain in the Construction Fund of 2016, such excess shall, pursuant to written instructions of the City, be paid by the City to the Trustee, which shall deposit such moneys into a subaccount to be created only for the benefit of the Holders of the respective Series 2016 Bonds in the applicable Series 2016 Debt Service Fund which shall be applied to pay the principal of or the interest on, or both, the applicable Series 2016 Bonds.

Section 13. Exemption from State Taxes. Both the principal of and interest on the Series 2016 Bonds shall be exempt, in accordance with the provisions of Section 12-2-50 of the South Carolina 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. Federal Tax Covenants; Written Procedures; Reimbursement. To the extent that the Mayor or the City Manager determine that a particular Series of Series 2016 Bonds shall be issued as obligations the interest on which is exempt from federal income taxation, the City hereby covenants and agrees with the Holders of such Series 2016 Bonds that it will not take any action which will, or fail to take any action which failure will, cause interest on such 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 in effect on the date of original issuance of such Series 2016 Bonds and that no use of the proceeds of such Series 2016 Bonds shall be made which, if such use had been reasonably expected on the date of issue of such Series 2016 Bonds would have caused such Series 2016 Bonds to be "arbitrage bonds," as defined in the Code; and to that end the City shall:

- (a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as such Series 2016 Bonds are Outstanding;
- (b) establish such funds, make such calculations and pay such amounts, if necessary, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebate of certain amounts to the United States; and
- (c) make such reports of such information at the times and places required by the Code.

The City Manager and the Finance Director of the City are hereby authorized to adopt further written procedures to ensure the City's compliance with federal tax matters relating to any Series 2016 Bonds which are issued on a federal tax exempt basis.

Section 15. Filings with Central Repository. In compliance with Section 11-1-85 of the South Carolina Code, the City covenants, so long as and to the extent required pursuant to Section 11-1-85, 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 an annual independent audit of the City within 30 days of the City's receipt thereof; and (b) event-specific information within 30 days of the City's receipt of the audit affecting more than five percent of Tax Revenues or the City's tax base. The only remedy for failure by the City to comply with the covenant of this paragraph shall be an action for specific performance of this covenant; and failure to comply

shall not constitute a default or an "Event of Default" under the General Bond Ordinance or this First Supplemental Ordinance. The City specifically reserves the right to amend or delete this covenant to reflect any change in Section 11-1-85 without the consent of the Trustee or any Bondholder.

To the extent that Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 applies to particular Series 2016 Bonds, the Finance Director, is hereby authorized and directed to execute and deliver a Disclosure Dissemination Agent Agreement, related to such Series 2016 Bonds as required by applicable law, in substantially the form attached hereto as Exhibit B, with such modifications as the Finance Director approves (each, a "Continuing Disclosure Certificate"), the execution and delivery of the Continuing Disclosure Certificate constituting conclusive evidence of approval of the matters therein contained. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate. Notwithstanding any other provisions of this First Supplemental Ordinance, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default, and no liability for damages shall attach therefor. The sole remedy for such failure to comply shall be that any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this paragraph.

Section 16. Projects. There is hereby approved and authorized the undertaking of the Projects. The City Manager, in consultation with the City Attorney, is hereby authorized to execute and deliver any agreements (including, but not limited to, construction contracts) as may be necessary in order to undertake the acquisition and construction of the Projects. The Mayor, Mayor Pro-Tempore, Municipal Clerk, Finance Director, City Attorney, and all other officers and employees of the City are hereby authorized and directed to take any and all such further actions as shall be deemed necessary or desirable in order to effectuate issuance of the Series 2016 Bonds, to fulfill the requirements of any Bond Purchase Agreement, to purchase any Insurance Policy and Debt Service Reserve Policy in connection with any of the Series 2016 Bonds, and execute any agreements (including any Insurance Policy Agreements or Reserve Policy Agreements) with the providers thereof.

Section 17. Designation of Registrar, Paying Agent and Custodian. The Council hereby designates The Bank of New York Mellon Trust Company, N.A., in its capacity as Trustee, as Registrar for the Series 2016 Bonds. The Council hereby further designates The Bank of New York Mellon Trust Company, N.A., in its capacity as Trustee, as Paying Agent for the Series 2016 Bonds. The Custodian of the respective Construction Funds of 2016 shall be designated by the Mayor or the City Manager. The Registrar, Paying Agent and Custodian shall signify their acceptances of their respective duties upon delivery of the respective Series 2016 Bonds.

Section 18. Insurance Policy. In the event that the Mayor or the City Manager determine pursuant to the authorization set forth in Section 10(a) hereof that the City shall purchase one or more Insurance Policies with respect to a Series of Series 2016 Bonds, the provisions set forth in the applicable Insurance Policy Agreement relating thereto shall be incorporated herein by reference, and shall apply with respect to such Series of Series 2016 Bonds only for the time during which such Insurance Policy is in effect and no Insurer Default has occurred and is continuing. The City Manager is hereby authorized to approve the form of any Insurance Policy Agreement and the City Manager is hereby directed and authorized to execute the Insurance Policy Agreement and deliver the Insurance Policy Agreement to the Insurer, the City Manager's execution and delivery of the Insurance Policy Agreement constituting conclusive evidence of his approval of the matters therein contained.

Section 19. Debt Service Reserve Policy. In the event that the Mayor or the City Manager determine pursuant to the authorization set forth in Section 10(a) hereof that the City shall purchase one or more Debt Service Reserve Policies with respect to a Series of Series 2016 Bonds, the provisions set forth in

the applicable Reserve Policy Agreement relating thereto shall be incorporated herein by reference, and shall apply with respect to such Series of Series 2016 Bonds only for the time during which such Debt Service Reserve Policy is in effect and no Insurer Default has occurred and is continuing. The City Manager is hereby authorized to approve the form of any Reserve Policy Agreement and the City Manager is hereby directed and authorized to execute the Reserve Policy Agreement and deliver the Reserve Policy Agreement to the Insurer, the City Manager's execution and delivery of the Reserve Policy Agreement constituting conclusive evidence of his approval of the matters therein contained.

Section 20. 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 First Supplemental Ordinance.

Section 21. Notices. All notices, certificates or other communications hereunder or under the General 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 Florence  
Attention: Finance Director  
324 W. Evans Street  
Florence, South Carolina 29501

If to the Paying Agent, the Registrar, or the Trustee:

The Bank of New York Mellon Trust Company, N.A.  
Attn: Corporate Trust  
10161 Centurion Parkway  
Jacksonville, Florida 32256

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

Section 22. Repeal of Inconsistent Ordinances and Resolutions. All ordinances and resolutions of the City, and any part of any ordinance or resolution, inconsistent with this First Supplemental Ordinance are hereby repealed to the extent of such inconsistency.

Section 23. Severability. If any sections, phrase, sentence or portion of this First Supplemental Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not attest the validity of the remaining portions thereof.

Section 24. Effective Date. This First Supplemental Ordinance shall be effective upon its adoption by the City Council for the City of Florence, South Carolina.

[Signature page follows]

Be it ordained by the governing body of the City of Florence in Council assembled.

(SEAL)

CITY OF FLORENCE, SOUTH CAROLINA

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Mayor

ATTEST:

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Municipal Clerk

Date of First Reading: September 12, 2016

Date of Second Reading: October 14, 2016

EXHIBIT A

(FORM OF SERIES 2016 BOND)

Unless this certificate is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC") to the City of Florence, South Carolina or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
CITY OF FLORENCE  
\$ \_\_\_\_\_  
SPECIAL OBLIGATION BOND  
(FLORENCE DOWNTOWN REDEVELOPMENT PROJECT AREA)  
SERIES 2016

No. R-1

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
_____%			

REGISTERED HOLDER:      CEDE & CO.

PRINCIPAL AMOUNT:

KNOW ALL MEN BY THESE PRESENTS, that the City of Florence, South Carolina (the "City"), is justly indebted and, for value received, hereby promises to pay to the Registered Holder (named above), or registered assigns, the principal amount shown above on the maturity date shown above, upon presentation and surrender of this Bond at the principal office of The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent"), in \_\_\_\_\_, and to pay interest on such principal sum from the date hereof at the interest rate per annum shown above (calculated on the basis of a 360-day year comprised of twelve 30-day months) until this Bond matures. Interest on this Bond is payable semiannually on June 1 and December 1 of each year commencing \_\_\_\_\_, until this Bond matures, and shall be payable by check or draft mailed to the person in whose name this Bond is registered on the registration books of the City maintained by the registrar, presently The Bank of New York Mellon Trust Company, N.A. (the "Registrar"), in the City of East Syracuse, New York, at the close of business on the 15th day of the calendar month preceding each semiannual interest payment date. The principal 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 public and private debts provided, however, that interest on this fully registered Bond shall be paid by check or draft as set forth above.

This Bond shall not be entitled to any benefit under the Bond Ordinances (hereinafter defined) nor become valid or obligatory for any purpose, until the certificate of authentication herein shall have been duly executed by the Registrar.

This Bond is issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina (the "State"), including Article X, Section 14, of the Constitution of the State of South Carolina, as amended; Title 31, Chapter 6, Code of Laws of South Carolina 1976, as amended and as such may be further amended (the "Act"); General Bond Ordinance No. 2016-39 duly enacted September 12, 2016 by the City Council of the City (the "General Bond Ordinance"); and First Supplemental Ordinance No. 2016-40 duly enacted October 14, 2016 by the City Council of the City (the "First Supplemental Ordinance" and, together with the General Bond Ordinance, the "Bond Ordinances").

THE FULL FAITH, CREDIT AND TAXING POWERS OF THE CITY ARE NOT PLEDGED FOR THE PAYMENT OF THIS BOND AND THE INTEREST HEREON.

This Bond and the interest thereon are special obligations of the City payable solely from, and secured equally and ratably by a pledge of the Tax Revenues (as defined in the Bond Ordinances) in and to be deposited in the Special Tax Allocation Fund (as defined in the Bond Ordinances) created pursuant to the Act.

This Bond is also payable from and secured by a pledge of Combined Waterworks and Sewerage System Revenues (as defined in the First Supplemental Ordinance) as may be available from time to time. The pledge of Combined Waterworks and Sewerage System Revenues for the payment of this Bond shall at all times be (i) subordinate and inferior to the pledge thereof for payments to the funds and accounts established and required under the Bond Ordinance of 1989, as amended (as defined in the First Supplemental Ordinance), including the payment of Combined Waterworks and Sewerage System Bonds (as defined in the First Supplemental Ordinance); (ii) any Combined Waterworks and Sewerage System Junior Lien bonds previously issued and outstanding, or hereafter issued by the City; (iii) on a parity with the pledge thereof, if any, for payment of any Special Obligation Bonds previously issued and outstanding or hereafter issued by the City for any "redevelopment project area" (as defined in the Act) within the City, to the extent Combined Waterworks and Sewerage System Revenues are pledged for the payment thereof; and (iv) subordinate to the pledge thereof for payment of any promissory notes or bonds issued and outstanding by the City in connection with combined waterworks and sewerage system of the City (as defined in the First Supplemental Ordinance).

This Bond is one of an authorized series of Bonds of the aggregate principal amount of \$\_\_\_\_\_ of like date of original issue, tenor and effect, except as to number, date of maturity, date of authentication, registered holder, redemption provisions and rate of interest, issued by the City.

Bonds (as defined in the General Bond Ordinance) on a parity with this Bond may hereafter be issued under terms and conditions set forth in the General Bond Ordinance. Such Bonds shall be equally and ratably secured with the pledge of the Tax Revenues.

The Bond Ordinances contain provisions defining terms; set forth the moneys, funds and revenues pledged for the payment of the principal of and interest on this Bond and the Bonds of other series herewith which may hereafter be issued on a parity herewith under the General Bond Ordinance; set forth the nature, extent and manner of enforcement of the security of this Bond and of such pledge, and the rights and remedies of the holder hereof with respect thereto; set forth the terms and conditions upon which this Bond is issued and upon which other bonds may hereinafter be issued payable as to principal, premium, if any, and interest on a parity with this Bond and equally and ratably secured herewith; and set forth the rights, duties and obligations of the City thereunder. Reference is hereby made

to the Bond Ordinances, to all of the provisions of which any holder of this Bond by the acceptance hereof thereby assents. The provisions of the Act and the Bond Ordinances shall be a contract with the holder of this Bond.

This Bond and the series of which it is one maturing subsequent to \_\_\_\_\_, 20\_\_, are subject to redemption prior to maturity at the option of the City, on and after \_\_\_\_\_, 20\_\_, as a whole or in part at any time, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date of redemption. In the event less than all of the bonds of the series of which this Bond is one are to be redeemed, such bonds shall be redeemed in order of maturities to be selected by the City and by lot within a maturity.

If less than all of the Bonds of any maturity are called for redemption, the Bonds of such maturity to be redeemed shall be selected by lot by the Registrar. In the event this bond is redeemable, as aforesaid, and shall be called for redemption, notice of the redemption hereof, describing this Bond and specifying the redemption date and the redemption premium, if any, payable upon such redemption, shall be given by the Registrar by first class mail, postage prepaid, to the registered owner thereof not less than 30 days and not more than 60 days prior to the redemption date at the last address appearing upon the registration books of the City. If this Bond be redeemable and shall have been duly called for redemption and notice of the redemption hereof mailed as aforesaid, and if on or before the date fixed for redemption payment hereof shall be duly made or provided for, interest hereon shall cease to accrue from and after the redemption date hereof.

The Bonds maturing in the year \_\_\_ shall be retired by sinking fund installments which shall be accumulated in the Debt Service Fund in amounts sufficient to redeem on \_\_\_\_\_ 1 of each year shown below, at a redemption price equal to the principal amount of the Bond or Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, the principal amount of such Bonds specified for each of the years shown below:

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

\*Maturity Redemption.

The Bonds maturing in the year \_\_\_\_\_ shall be retired by sinking fund installments which shall be accumulated in the Debt Service Fund in amounts sufficient to redeem on \_\_\_\_\_ 1 of each year shown below, at a redemption price equal to the principal amount of the Bond or Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption, the principal amount of such Bonds specified for each of the years shown below:

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

\*Maturity Redemption.

The amount of the sinking fund payments prescribed above shall be reduced in such order as the City shall determine (in minimum increments of \$5,000) to the extent the Bonds of the applicable maturity have been purchased or redeemed pursuant to the operation of the optional redemption provisions under the Bond Ordinances.

This Bond is transferable as provided in the Bond Ordinances, only upon the books of the City kept for that purpose at the office of the Registrar, by the registered owner in person or by his duly authorized attorney upon surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. Thereupon a new fully registered Bond or Bonds of the same aggregate principal amount, rate of interest and maturity shall be issued to the transferee in exchange therefor as provided in the Bond Ordinances. The City, the Trustee, the Registrar and Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

To the extent and in the manner permitted by the terms of the Bond Ordinances, the provisions of this Bond or of the Bond Ordinances, or any ordinance amendatory thereof or supplemental thereto, may be amended or modified by the City with the written consent of the holders of at least 51% in principal amount of the Bonds then outstanding under the Bond Ordinances (including the Series 2016 Bond); provided, that no such amendment or modification shall permit a change in the date of maturity of any installment of principal hereof or date of option or mandatory redemption of any bond or the date of payment of interest thereon or a reduction in the principal amount or redemption price thereof or rate of interest thereon without the consent of the holder of each such bond affected thereby, or shall reduce the percentage of the principal amount of Series 2016 Bond, the consent of the holders of which it is required by the Bond Ordinances to effect such an amendment or modification.

Under the laws of the State of South Carolina, this Bond and the interest hereon are exempt from all State, county, municipal, school district and 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.

It is hereby certified, recited and declared 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 Bond exist, have happened and have been performed in regular and due time, form and manner as required by law; that this Bond does not exceed any constitutional or statutory limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this Bond as provided in the Bond Ordinances.

IN WITNESS WHEREOF, THE CITY OF FLORENCE, SOUTH CAROLINA, has caused this Bond to be executed in its name by the manual signature of the Mayor of the City and attested by the manual signature of the Municipal Clerk under the seal of the City impressed, imprinted or reproduced hereon.

CITY OF FLORENCE, SOUTH CAROLINA

\_\_\_\_\_  
Mayor

(SEAL)

ATTEST:

\_\_\_\_\_  
Municipal Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds described in the within mentioned Ordinance of City of Florence, South Carolina.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., Registrar

By: \_\_\_\_\_  
Authorized Agent/Signatory

Date of Authentication: \_\_\_\_\_

ASSIGNMENT

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

\_\_\_\_\_

(Name and Address of Transferee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_  
\_\_\_\_\_ attorney to transfer the within Bond on the books kept  
for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature Guaranteed

\_\_\_\_\_  
(Authorized Officer)

Notice: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program.

Notice: The signature to the assignment must correspond with the name of the registered bondholder 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 DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of \_\_\_\_\_, 2016, is executed and delivered by the City of Florence, South Carolina (the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Disclosure Representative" means the Finance Director of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (i) having 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 (ii) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities) as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Exhibit A.

"Trustee" means the institution, if any, identified as such in the document under which the Bonds were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a

Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than seven months after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2017. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the 15<sup>th</sup> day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent Agreement in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent Agreement in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
  - 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, IRS notices or events affecting the tax status of the security;"
  - 7. "Modifications to rights of securities holders, if material;"
  - 8. "Bond calls, if material;"
  - 9. "Defeasances;"
  - 10. "Release, substitution, or sale of property securing repayment of the securities, 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;" and
  - 15. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to

provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"
2. "change in obligated person;"
3. "notice to investors pursuant to bond documents;"
4. "certain communications from the Internal Revenue Service;"
5. "secondary market purchases;"
6. "bid for auction rate or other securities;"
7. "capital or other financing plan;"
8. "litigation/enforcement action;"
9. "change of tender agent, remarketing agent, or other on-going party;"
10. "derivative or other similar transaction;" and
11. "other event-based disclosures;"

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"
2. "change in fiscal year/timing of annual disclosure;"
3. "change in accounting standard;"
4. "interim/additional financial information/operating data;"
5. "budget;"
6. "investment/debt/financial policy;"
7. "information provided to rating agency, credit/liquidity provider or other third party;"

8. "consultant reports;" and
  9. "other financial/operating data."
- (viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

- (a) The Issuer's complete audited financial statements 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), 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.
- (b) If generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to this Disclosure Certificate and if such changes are material to the System, a narrative report describing the impact of such change in the System.
- (c) Financial and operating data for each fiscal year which shall consist of the operating data generally consistent with the information contained in the tables in the Official Statement dated with respect to the Bonds under the captioned "The City and the System."

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 the Repository or filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so included by reference.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

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 Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

**Note to subsection (a)(12) of this Section 4:** For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive

agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understand that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the failure of the Disclosure Dissemination Agent to so advise the Issuer shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filings.

(a) The Issuer, in its discretion, may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), and shall include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet accompanied by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer, in its discretion, may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), and shall include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer are no longer Obligated Persons, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agree to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable, until payment in full, for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and 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; provided neither the Issuer nor the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days prior written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws) except that the capacity of the Issuer to enter into this Disclosure Agreement and its enforceability against the Issuer shall be governed by and constructed in accordance with the laws of the State of South Carolina.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent, the Issuer has caused this Disclosure Dissemination Agent Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,  
as Disclosure Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CITY OF FLORENCE, SOUTH CAROLINA

By: \_\_\_\_\_  
Name: Thomas W. Chandler  
Title: Finance Director

**EXHIBIT A**

**NAME AND CUSIP NUMBERS OF BONDS**

Name of Issuer: City of Florence, South Carolina  
Obligated Person(s): City of Florence, South Carolina  
Name of Issue: \$\_\_\_\_\_ Special Obligation Bonds (Florence Downtown Redevelopment Project Area), Series 2016  
Date of Issuance: \_\_\_\_\_, 2016  
Date of Official Statement: \_\_\_\_\_, 2016

CUSIP Numbers:

<u>December 1</u>	<u>Interest Rate</u>	<u>CUSIP</u>	<u>December 1</u>	<u>Interest Rate</u>	<u>CUSIP</u>
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**EXHIBIT B**  
**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Florence, South Carolina

Obligated Person(s): City of Florence, South Carolina

Name of Issue: \$\_\_\_\_\_ Special Obligation Bonds (Florence Downtown Redevelopment Project Area), Series 2016

Date of Issuance: \_\_\_\_\_, 2016

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Obligations as required by the Disclosure Dissemination Agent Agreement, dated as of \_\_\_\_\_, 2016, between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

Digital Assurance Certification, L.L.C., as Disclosure  
Dissemination Agent, on behalf of the City of Florence,  
South Carolina

cc: Issuer  
Obligated Person(s)

**EXHIBIT C-1  
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

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Issuer's Six-Digit CUSIP Number:

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or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

---

Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Notice Events (Check One):

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, IRS notices or events affecting the tax status of the security;"
7. \_\_\_\_\_ "Modifications to rights of securities holders, if material;"
8. \_\_\_\_\_ "Bond calls, if material;"
9. \_\_\_\_\_ "Defeasances;"
10. \_\_\_\_\_ "Release, substitution, or sale of property securing repayment of the securities, 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;" and
15. \_\_\_\_\_ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

---

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date:

**EXHIBIT C-2**  
**VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of \_\_\_\_\_, 2016 between the Obligated Person and DAC.

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Voluntary Event Disclosure (Check One):

1. \_\_\_\_\_ "amendment to continuing disclosure undertaking;"
2. \_\_\_\_\_ "change in obligated person;"
3. \_\_\_\_\_ "notice to investors pursuant to bond documents;"
4. \_\_\_\_\_ "certain communications from the Internal Revenue Service;"
5. \_\_\_\_\_ "secondary market purchases;"
6. \_\_\_\_\_ "bid for auction rate or other securities;"
7. \_\_\_\_\_ "capital or other financing plan;"
8. \_\_\_\_\_ "litigation/enforcement action;"
9. \_\_\_\_\_ "change of tender agent, remarketing agent, or other on-going party;"
10. \_\_\_\_\_ "derivative or other similar transaction;" and
11. \_\_\_\_\_ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date:

**EXHIBIT C-3  
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of \_\_\_\_\_, 2016 between the Obligated Person and DAC.

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Voluntary Financial Disclosure (Check One):

1. \_\_\_\_\_ "quarterly/monthly financial information;"
2. \_\_\_\_\_ "change in fiscal year/timing of annual disclosure;"
3. \_\_\_\_\_ "change in accounting standard;"
4. \_\_\_\_\_ "interim/additional financial information/operating data;"
5. \_\_\_\_\_ "budget;"
6. \_\_\_\_\_ "investment/debt/financial policy;"
7. \_\_\_\_\_ "information provided to rating agency, credit/liquidity provider or other third party;"
8. \_\_\_\_\_ "consultant reports;" and
9. \_\_\_\_\_ "other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date:

**III. c.**  
**Bill No. 2016-37**  
**Second Reading**

**FLORENCE CITY COUNCIL MEETING**

**DATE:** September 12, 2016

**AGENDA ITEM:** Water and Sewer System Refunding Revenue Bond  
Series Ordinance – First Reading

**DEPARTMENT/DIVISION:** Finance

**I. ISSUE UNDER CONSIDERATION**

For City Council consideration is a Series Ordinance to make provision for the terms and conditions of a Combined Water and Sewer System Refunding Revenue Bond, authorized by the Bond Ordinance of the City of Florence adopted October 24, 1989, as amended in the approximate amount of \$16,000,000.

**II. CURRENT STATUS/PREVIOUS ACTION TAKEN**

A. On May 4, 2010, the City of Florence issued Series 2010A refunding bonds in the amount of \$31,005,000 of refunding bonds.

B. The Series 2010A bonds were issued to refund outstanding water and sewer system revenue bonds previously issued for system improvements. The refunding bonds issued in 2010 were projected to save the City's utility system more than \$5.5 million by refinancing bonds originally issued in 1993 and 2000.

**III. POINTS TO CONSIDER**

A. Interest rates have declined since the issuance of the Series 2010A Refunding Revenue Bonds.

B. Because the City is issuing TIF Special Obligation Bonds that pledge, as a junior lien to the City's water and sewer utilities system, revenues of the system for any needed payment of the Series 2016 Special Obligation Bonds, the required bond documents and rating process concentrates heavily on an analysis of the utilities system instead of a significant analysis of the current and projected TIF revenues.

C. As such, the City is developing an official statement for the Special Obligation Bonds issue that is largely focused on the water and sewer utilities system and will contain all information that would be included in an Official Statement for utilities system revenue bonds.

D. As a result of the interest rate decline, the City's Financial Advisor has determined that a refunding of the Series 2010A Revenue Bond at an anticipated lower rate of interest would produce a cash flow savings for the system of approximately \$1,347,000 over the remaining nine years of the bond based on a true interest cost of 1.38%. The true interest cost for the Series 2010A Refunding bond was 3.18%.

E. The projected savings would be in addition to the projected savings that would have been generated with the original refunding in 2010.

F. Refinancing of this bond issue requires the adoption of a Series 2016 Refunding Revenue Bond ordinance.

**IV. STAFF RECOMMENDATION**

Staff recommends adoption of the proposed ordinance to refund the 2010A Refunding Revenue Bond achieving a lower interest rate and resulting cash flow savings.

**V. ATTACHMENTS**

Attached is the Series 2016 Refunding Revenue Bond Ordinance.



Thomas W. Chandler  
Finance Director



Andrew H. Griffin  
City Manager

ORDINANCE NO. 2016-41

A SERIES ORDINANCE

MAKING PROVISION FOR THE TERMS AND CONDITIONS OF AN ISSUE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS OF THE CITY OF FLORENCE, SOUTH CAROLINA, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$16,000,000 AS AUTHORIZED BY A BOND ORDINANCE OF THE CITY OF FLORENCE, SOUTH CAROLINA, ADOPTED OCTOBER 24, 1989; AND OTHER MATTERS RELATING THERETO.

SERIES ORDINANCE

STATE OF SOUTH CAROLINA

WHEREAS, the City Council ("City Council") of the City of Florence (the "City") has made general provision for the issuance of Combined Waterworks and Sewerage System Revenue Bonds through the means of an ordinance entitled "AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS OF THE CITY OF FLORENCE, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO," adopted on October 24, 1989, as amended (the "Bond Ordinance"); and

WHEREAS, it is provided in and by the Bond Ordinance that, upon adoption of a "Series Ordinance" there may be issued one or more series of Bonds for the purpose of providing funds for improvements and extensions to the Combined Waterworks and Sewerage System of the City (the "System") or to refund bonds payable from the revenues of the System; and

WHEREAS, the revenues derived from the System are now hypothecated and pledged to the payment of the following:

- (a) the outstanding installments of an original issue of \$2,767,997 South Carolina Drinking Water Revolving Loan Fund Loan dated May 10, 1999;
- (b) the outstanding installments of an original issue of \$6,210,343 State Drinking Water Fund Loan dated May 10, 2000;
- (c) the outstanding installments of an original issue of \$2,473,955 State Drinking Water Fund Loan dated January 30, 2003;
- (d) the outstanding installments of an original issue of not exceeding \$18,808,277 plus accrued interest, if any, South Carolina Water Quality Revolving Fund Loan dated June 25, 2009;
- (e) the outstanding installments of an original issue of \$31,005,000 Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2010A, dated May 4, 2010;
- (f) the outstanding installments of an original issue of \$67,995,000 Combined Waterworks and Sewerage System Capital Improvement Revenue Bonds, Series 2010B (Build America Bonds – Taxable Series), dated May 4, 2010;
- (g) the outstanding installments of an original issue of \$4,926,000 Combined Waterworks and Sewerage System Refunding Revenue Bond, Series 2011, dated December 14, 2011;
- (h) the outstanding installments of an original issue of not exceeding \$10,428,518 plus capitalized interest, if any, South Carolina Water Pollution Control Revolving Fund Loan dated April 18, 2013;
- (i) the outstanding installments of an original issue of not exceeding \$3,817,741 plus capitalized interest, if any, South Carolina Water Pollution Control Revolving Fund Loan September 16, 2013;

(j) the outstanding installments of an original issue of \$6,111,310.18 Waterworks and Sewerage System Junior Lien Revenue Bond dated May 12, 2014.

(k) the outstanding installments of an original issue of \$12,936,000 Tax Increment Revenue Bond (Florence Downtown Redevelopment Project Area), Series 2014, dated May 28, 2014, additionally secured by a junior lien pledge of System revenues.

(l) the outstanding installments of an original issue of not exceeding \$1,750,566 plus capitalized interest, if any, South Carolina Water Quality Revolving Fund Loan dated September 11, 2014.

(m) the outstanding installments of an original issue of \$2,702,347.56 Combined Waterworks and Sewerage System Refunding Revenue Bond, Series 2015, dated July 15, 2015.

WHEREAS, coincident with consideration of this Series Ordinance, City Council is considering an Ordinance authorizing not exceeding \$40,000,000 Special Obligation Bonds (Florence Downtown Redevelopment Project Area), Series 2016, to be dated November 2, 2016, additionally secured by a junior lien pledge of System revenues, which if issued shall be junior and subordinate to the Series 2016 Bonds, as defined below; and

WHEREAS, the obligations described in (e) above are hereinafter referred to as the "Refunded Bonds." The obligations described above at (a) through (d), (f) through (i) and (k) through (m) are hereinafter referred to as the "Parity Bonds;" and

WHEREAS, the City has determined that a savings in debt service requirements may be achieved through the refunding of the Refunded Bonds; and

WHEREAS, the City finds that the Series 2016 Bonds may be issued on a parity with the Parity Bonds pursuant to Section 4.02(B)(1) of the Master Ordinance in that the amount required in each Fiscal Year to pay the installments of principal and interest on the Series 2016 Bonds do not exceed 105% of the amount of principal and interest scheduled to become due on the Refunded Bond for such Fiscal Years or, in the alternative, pursuant to Section 4.02(B)(2) of the Bond Ordinance; and

WHEREAS, it has been determined that not exceeding \$16,000,000 may be required in order to provide funds for the refunding of the Refunded Bonds and costs related to the financing and providing necessary reserves; and

WHEREAS, by reason of the foregoing, it has been determined to adopt this ordinance as a "Series Ordinance" in accordance with the terms and provisions of the Bond Ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FLORENCE, IN MEETING DULY ASSEMBLED:

## ARTICLE I

### DEFINITIONS AND AUTHORITY

#### Section 1.01. Definitions.

All terms which are defined in Section 2.02 of the Bond Ordinance shall have the same meanings in this Series Ordinance as such terms are prescribed to have in the Bond Ordinance.

#### Section 1.02. Authority for Series Ordinance.

This Series Ordinance is adopted pursuant to the provisions of the Bond Ordinance.

## ARTICLE II

### AUTHORIZATION AND TERMS OF THE SERIES OF BONDS

#### Section 2.01. Conditions Precedent to Issuance of Series of Bonds.

The Bond Ordinance provides that a Series Ordinance shall be adopted with respect to each Series of Bonds which Series Ordinance shall express the approval of City Council to the issuance of a Series of Bonds and City Council's agreement to abide by the terms, provisions and agreements set forth in the Bond Ordinance and shall specify and determine:

- 1) As prescribed by Section 6-17-60 of the Enabling Act, the then period of usefulness of the System;
- 2) The Date or Dates of Issue of such Series of Bonds;
- 3) The precise principal amount of the Series of Bonds;
- 4) The specific purposes for which the proceeds of such Series will be used;
- 5) The title and designation of the Bonds of such Series and manner of numbering and lettering, and the denomination or denominations of the Bonds of such Series;
- 6) The date or dates of maturity and the amounts thereof;
- 7) The interest rate or rates, or the manner of determining such rate or rates, of the Bonds of such Series;
- 8) The time for the payment of interest on the Bonds in such Series and the Record Date;
- 9) The redemption price or redemption prices and the redemption date or redemption dates and other terms of redemption (if any) applicable to any of the Bonds of such Series for such payments;
- 10) The Registrar for such Bonds if other than the Trustee;

11) The portion of such Series that are serial Bonds and that are term Bonds, if any, including the amount and date of each mandatory redemption or sinking fund installment, if any, required by such Series Ordinance to be paid for the retirement of any such Bonds;

12) The portion of such Series that are Capital Appreciation Bonds, if any, including the time for payment of such Capital Appreciation Bonds in order to address the information requested in paragraphs (7) and (8) above.

13) Any other applicable redemption requirement for the Bonds of such Series and the method of satisfying the same;

14) The manner in which Bonds of such Series are to be sold and provisions for the sale thereof;

15) The form or forms for the Bonds of each Series;

16) That the then applicable Reserve Requirement has been or will be met;

17) The disposition of the proceeds of the sale of the Bonds of such Series and the manner of their application; and

18) Any other provisions deemed advisable by the City not in conflict with or in substitution for the provisions of the Bond Ordinance and the Series Ordinance relating to the Bonds of such Series.

Section 2.02. Findings, Determinations, Agreements and Covenants.

Pursuant to the provisions of the Bond Ordinance described in Section 2.01 above, it is hereby found and determined that, and the City hereby covenants and agrees, as applicable:

1) The useful life of the System is found to be 40 years.

2) The Date of Issue of the Bonds whose issuance is provided for herein (the "Series 2016 Bonds") is to be the date of delivery of the Series 2016 Bonds.

3) The Series 2016 Bonds shall be in the original principal amount of not exceeding \$16,000,000. The final principal amount and maturity schedule shall be set forth in a certificate to be signed by the Mayor and included with this Ordinance in the records of City Council.

4) The proceeds of the Series 2016 Bonds shall be used, subject to the provisions of paragraphs 6 and 12 below, to provide moneys which will be sufficient to redeem the Refunded Bonds; and to pay certain costs and expenses relating to the issuance of the Series 2016 Bonds.

5) The Series 2016 Bonds shall be designated City of Florence, South Carolina, Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2016 (or such other designation as shall be set forth in a certificate to be signed by the Mayor) and shall be issued in registered form. The Series 2016 Bonds shall be numbered and lettered in such way as to maintain a proper record thereof and will be issued in the form of a single bond per each maturity.

6) The Mayor of the City is hereby authorized and empowered to determine the aggregate principal amount of the Series 2016 Bonds, the principal amount of each maturity of the Series 2016 Bonds,

the interest rates for the Series 2016 Bonds, the Series 2016 Bonds to be subject to mandatory and optional redemption and the redemption prices of the Series 2016 Bonds subject to optional redemption, any such other information as may be necessary to effect the issuance of the Series 2016 Bonds and shall be set forth in a certificate to be signed by the Mayor and included with this Ordinance in the records of City Council.

7) Interest on the Series 2016 Bonds shall be payable as set forth in a certificate to be signed by the Mayor and included with this Ordinance in the records of City Council.

8) Such of the Series 2016 Bonds as the Mayor shall determine pursuant to paragraph (6) above shall be subject to mandatory redemption at the redemption price equal to the principal amount of the Series 2016 Bonds to be redeemed, together with interest accrued from the date of redemption, in the years and in the amounts determined by the Mayor and shall be set forth in a certificate to be signed by the Mayor and included with this Ordinance in the records of City Council.

9) The Registrar for the Series 2016 Bonds shall be the Trustee under the Bond Ordinance.

10) The Series 2016 Bonds shall be sold by either a negotiated or a private placement with a financial institution as shall be determined by the Mayor. If it is determined, upon consultation with First Tryon Securities as Financial Advisor, to effect a negotiated sale, Wells Fargo Securities (the "Underwriter") shall underwrite the Series 2016 Bonds on the terms set forth in a Purchase Contract between the City and the Underwriter providing for the sale and purchase of any Series of Bonds issued pursuant to this Series Ordinance. City Council hereby authorizes the Mayor to approve Preliminary Official Statements and to ratify the use of such Preliminary Official Statements by the Underwriter in connection with the offering of any Series of Bonds by the Underwriter. City Council hereby authorizes the preparation and distribution of the Official Statements with respect to each such Series of Bonds. Final Official Statements shall be approved on behalf of the City by the Mayor. If it is determined, upon consultation with First Tryon Securities as Financial Advisor, to effect a private placement, the terms of such sale shall be set forth in a certificate to be signed by the Mayor.

11) The Series 2016 Bonds shall be substantially in the form attached hereto as Exhibit A.

12) The proceeds of the Series 2016 Bonds shall be applied as set forth in a certificate to be signed by the Mayor and included with this Ordinance in the records of City Council.

13) City Council hereby authorizes the issuance of the Series 2016 Bonds and agrees to abide by all of the terms, provisions and agreements set forth in the Bond Ordinance and, pursuant to Section 16.01 of the Bond Ordinance, the City irrevocably elects to redeem the Refunded Bonds.

14) City Council hereby approves the issuance of the Series 2016 Bonds in substantially the form attached hereto as Exhibit A, with such changes as shall be appropriate following the sale of the Series 2016 Bonds.

15) The City finds that the provisions of Section 4.02(B) of the Bond Ordinance may be satisfied permitting the Series 2016 Bonds to be issued on a parity with the outstanding Parity Bonds.

16) City Council hereby authorizes the Mayor to take such further action as may be necessary to effect the issuance of the Series 2016 Bonds.

DONE, RATIFIED AND ADOPTED THIS 10<sup>th</sup> day of October, 2016.

\_\_\_\_\_  
Mayor, City of Florence, South Carolina

Attest:

\_\_\_\_\_  
Clerk, City of Florence, South Carolina

First Reading: September 12, 2016

Second Reading: October 14, 2016

(FORM OF BOND)

CITY OF FLORENCE, SOUTH CAROLINA  
COMBINED WATERWORKS AND SEWERAGE SYSTEM  
REFUNDING REVENUE BONDS, SERIES 2016

No. R-\_\_

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Issue</u>	<u>CUSIP</u>
_____%	June 1, 20__	_____, 2016	

Registered Owner: CEDE & CO.

Principal Amount:

THE CITY OF FLORENCE, SOUTH CAROLINA (the "City") acknowledges itself indebted and for value received hereby promises to pay, solely from the sources and as hereinafter provided, to the Registered Holder named above or registered assigns, the Principal Amount set forth above on the Maturity Date stated above, unless this Bond be subject to redemption and shall have been redeemed prior thereto as hereinafter provided, upon presentation and surrender of this Bond at the corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the "Trustee") in the City of East Syracuse, State of New York, and to pay interest on such principal amount at the annual Interest Rate stated above (calculated on the basis of a 360-day year of twelve 30-day months) from the later of \_\_\_\_\_ 1, 201\_, or the date to which interest has been paid immediately preceding the authentication date hereof, unless the authentication date hereof is a June 1 or December 1, in which event this Bond will bear interest from the earlier of such authentication date or the date to which interest has last been paid; provided that if the City shall fail to pay interest on \_\_\_\_\_ 1, 201\_, then this Bond will bear interest from \_\_\_\_\_ 1, 201\_. Interest on this Bond is payable on June 1 and December 1 of each year beginning \_\_\_\_\_ 1, 201\_. The interest so payable on any June 1 or December 1 will be paid to the person in whose name this Bond is registered at the close of business on the May 15 or November 15 immediately preceding such June 1 or December 1 (the "Record Date") by check or draft mailed at the times provided herein from the office of the Trustee to the person in whose name this Bond is registered on the Record Date at the address shown on the registration books, provided that, at the request of the Registered Holder of \$1,000,000 or more in aggregate principal amount of Bonds, such payments shall be made by wire transfer to an account within the continental United States as such Registered Holder shall designate in writing to the Trustee on or before the Record Date. The principal of, redemption premium, if any, and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Both the principal of and interest on this Bond, as the same shall become due, are payable solely from the Net Earnings (as defined in the Ordinances described herein) derived from the operation of the Combined Waterworks and Sewerage System of the City (the "System") as described herein. This Bond shall not in any event constitute an indebtedness of the City within the meaning of any provision, limitation or restriction of the Constitution or statutes of the State of South Carolina (the "State"). The City is not

obligated to pay this Bond, or the interest hereon, save and except from Net Earnings derived from the operation of the System.

THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF TITLE 6, CHAPTER 17, CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED, AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN 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). THIS BOND AND THE BONDS OF THE SERIES OF WHICH IT IS ONE SHALL NOT CONSTITUTE A DEBT OF THE CITY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, UPON ANY PROPERTY OF THE CITY OR ON ANY INCOME, RECEIPTS OR REVENUES THEREOF, OTHER THAN THE AFORESAID NET EARNINGS OF THE SYSTEM PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THIS BOND OR THE INTEREST THEREON AGAINST THE GENERAL FUND OF THE CITY AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED TO BE PLEDGED THERETO. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

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

[The Bonds maturing June 1, 20\_\_, and thereafter, are subject to redemption prior to maturity, at the option of the City, on and after June 1, \_\_\_\_, in whole or in part at any time (but if in part, in such order of maturities as shall be determined by the City) at par plus interest accrued to the redemption date.]

[The Bonds maturing on June 1, 20\_\_, are subject to mandatory sinking fund redemption commencing June 1, \_\_\_\_, and will be redeemed (to the extent not previously redeemed), at one hundred percent (100%) of the principal amount, plus interest accrued to the redemption date, on June 1 of each of the following years in the respective principal amounts for each year specified below:

<u>Year</u>	<u>Amount</u>
-------------	---------------

The amount of the mandatory sinking fund redemption prescribed above for the Bonds of any maturity shall be reduced to the extent Bonds of such maturity have been purchased by the City or redeemed by the City pursuant to the optional redemption provisions set forth above, in such manner as the City shall direct, or, absent such direction, on a *pro rata* basis.]

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

If any of the Bonds, or portions thereof, are called for redemption, the Trustee will give notice to the Holders of any such Bonds to be redeemed, in the name of the City, of the redemption of such Bonds, or portions thereof, which notice will specify the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds are to be redeemed, the numbers of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice will also specify the respective portions of the principal amount thereof to be redeemed.

Such notice will be given by mailing a copy of the redemption notice by first class mail at least 30 days prior to the date fixed for redemption to the Holder of each Bond to be redeemed, at the address shown on the registration books; provided, however, that the failure to give such notice by mail, or any defect in the notice mailed to the Holder of any Bond, shall not affect the validity of the proceedings for the redemption of any other Bond. Provided funds for their redemption are on deposit with the Trustee, all Bonds so called for redemption will cease to bear interest on the specified redemption date.

This Bond is one of a Series of Bonds in the aggregate principal amount of \$\_\_\_\_\_ of like tenor, except as to number, rate of interest, date of maturity and redemption provisions, issued pursuant to and in accordance with the Constitution and statutes of the State of South Carolina (the "State"), including particularly Chapter 17, Title 6, Code of Laws of South Carolina 1976, as amended (the "Enabling Act"), an ordinance duly adopted by the City Council of the City of Florence ("Council") on October 24, 1989, as amended by series ordinances duly adopted by Council on April 12, 2010 and December 12, 2011 (collectively, the "Bond Ordinance"), as supplemented by an ordinance (the "Series Ordinance") duly adopted by Council on \_\_\_\_\_, 2016 (the Bond Ordinance and the Series Ordinance are hereinafter collectively referred to as the "Ordinances") for the purpose of providing funds necessary to refund certain outstanding bonds of the System secured by a pledge of System revenues.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinances. Certified copies of the Ordinances are on file in the office of the Trustee and in the office of the Clerk of Court for Florence County, South Carolina.

The Bond will be issued on a parity with the City's outstanding Parity Bonds (as defined in the Series Ordinance) and any Additional Bonds hereafter issued.

The City has covenanted to continuously operate and maintain the System and fix and maintain such rates for the services and facilities furnished by the System as shall at all times be sufficient (a) to provide for the payment of the expenses of the administration and operation and such expenses for maintenance of the System as may be necessary to preserve the same in good repair and working order, (b) to provide for the punctual payment of the principal of and interest on the Bonds and all Junior Lien Bonds, (c) to maintain the Debt Service Fund and thus provide for the punctual payment of the principal of and interest on the Bonds, (d) to maintain each Debt Service Reserve Fund in the manner prescribed in the Ordinances, (e) to build and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments and extensions to the System other than those necessary to maintain the same in good repair and working order, and (f) to discharge all obligations imposed by the Enabling Act and the Ordinances.

For the payment of the principal of and interest on the Bonds, there are hereby irrevocably pledged the Net Earnings of the System; and a lien upon such Net Earnings has been granted to the Holders of the Bonds.

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

This Bond is transferable, as provided in the Bond Ordinance, only upon the registration books of the City kept for that purpose by the Trustee or other registrar, by the Holder hereof in person or by his duly authorized attorney, upon (a) surrender of this Bond and an assignment with a written instrument of transfer satisfactory to the Trustee duly executed by the Holder hereof or his duly authorized attorney and

(b) payment of the charges, if any, prescribed in the Bond Ordinance. Thereupon a new Bond or Bonds of the same aggregate principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Bond Ordinance. The City, the Trustee and any Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or redemption price hereof and interest due hereon and for all other purposes.

For every exchange or transfer of the Bonds, the City or the Trustee or Registrar, as the case may be, may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

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

IN WITNESS WHEREOF, CITY OF FLORENCE, SOUTH CAROLINA, has caused this Bond to be signed by the manual signature of the Mayor of the City, its seal to be reproduced hereon and the same to be attested by the manual signature of the Finance Director of the City.

CITY OF FLORENCE, SOUTH CAROLINA

(SEAL)

By \_\_\_\_\_  
Mayor, City of Florence, South Carolina

Attest:

By \_\_\_\_\_  
Finance Director, City of Florence,  
South Carolina

CERTIFICATE OF AUTHENTICATION

This Bond is the Bond of the Series described in the within mentioned Bond Ordinance.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., TRUSTEE

\_\_\_\_\_  
Authorized Signatory

Date: \_\_\_\_\_, 2016

ASSIGNMENT

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

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

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

Date: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

\_\_\_\_\_

STATE OF SOUTH CAROLINA

COUNTY OF FLORENCE

I, the undersigned, Clerk of the City Council of the City of Florence, South Carolina ("City Council"), DO HEREBY CERTIFY:

That the foregoing constitutes a true, correct and verbatim copy of an Ordinance adopted by City Council. The Ordinance was read at two public meetings of City Council held on September 10 and October 12, 2016. An interval of at least six days occurred between each reading. At each meeting, a quorum of City Council was present and remaining present throughout the meeting.

The Ordinance is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my Hand this \_\_\_\_ day of October, 2016.

\_\_\_\_\_  
Clerk

**IV. a.  
Emergency Ordinance  
No. 2016-51**

**FLORENCE CITY COUNCIL MEETING**

**DATE:** October 14, 2016

**AGENDA ITEM:** *Emergency Ordinance No. 2016-51: An Ordinance to consider suspension of certain procedures and rules contained in various ordinances of the City of Florence in response to the emergency conditions created by Hurricane Matthew and its aftermath.*

**DEPARTMENT/DIVISION:** City Manager and City Attorney

**I. ISSUE UNDER CONSIDERATION:**

*An Ordinance to consider suspension of certain procedures and rules contained in various ordinances of the City of Florence in response to the emergency conditions created by Hurricane Matthew and its aftermath.*

**II. CURRENT STATUS/PREVIOUS ACTION TAKEN:**

(1) Hurricane Matthew and the resulting damage throughout Florence have created a situation in which certain rules and procedures contained in various sections of the City Code and in the administrative rules and procedures normally followed by the City of Florence need to be suspended and changed on a temporary basis in order to facilitate the prompt and fair response of the City to this disaster.

**III. POINTS TO CONSIDER:**

(1) Section 5-7-250(d) of the SC Code of Laws and Section 2-29(c) of the Florence City Code specifically provide for the passage of an emergency ordinance with one reading provided at least 2/3 of the Council Members present vote for the ordinance. An emergency ordinance is temporary in nature and expires on the 61<sup>st</sup> day after adoption.

(2) The emergency disaster conditions present in Florence following Hurricane Matthew which passed through Florence on October 8 & 9, 2016 require that the City continue in its immediate response to conditions presented. This creates a situation in which the emergency conditions do not allow the normal procedures for the adoption of an ordinance to be utilized since these procedures would not allow for the prompt emergency responses needed.

(3) The changes outlined in Emergency Ordinance 2016-51 are designed to facilitate an appropriate, fair and quick response by City forces to the situations created by Hurricane Matthew.

(4) Adoption of this emergency ordinance requires approval by 2/3 of the councilmembers present.

**IV. STAFF RECOMMENDATION:**

Staff recommends that City Council adopt the proposed emergency ordinance in order to facilitate our emergency response to Hurricane Matthew.

**V. ATTACHMENTS:**

Proposed Emergency Ordinance No. 2016-51.

# ORDINANCE NO. 2016-51

[An Emergency Ordinance Pursuant to Sec. 2-29(c) of the Florence Code]

**AN ORDINANCE TO CONSIDER SUSPENSION OF CERTAIN PROCEDURES AND RULES CONTAINED IN VARIOUS ORDINANCES OF THE CITY OF FLORENCE IN RESPONSE TO THE EMERGENCY CONDITIONS CREATED BY HURRICANE MATTHEW AND ITS AFTERMATH.**

**WHEREAS**, after due consideration, the City has concluded that Hurricane Matthew and the localized damage resulting therefrom has resulted in an emergency situation that requires an emergency response from the City in order to protect public safety and the best interests of our citizens; and

**WHEREAS**, we hereby find that use of the emergency ordinance procedure specifically authorized by Section 5-7-250(d) of the SC Code of Laws and Section 2-29(c) of the City Code of Florence is needed in order to quickly and appropriately respond to the situation created by Hurricane Matthew;

**NOW, THEREFORE**, it is hereby proclaimed by the City of Florence that Hurricane Matthew has created a disaster situation requiring emergency response, and it is hereby ordained by the City Council of the City of Florence, in a meeting duly assembled, by the required 2/3 vote of councilmembers present, and by the authority thereof, that the following changes to the existing rules and procedures of the City of Florence shall be in place for the next sixty (60) days following adoption of this Ordinance:

1. That the emergency procurement procedures as set forth in Section III-9 of the City of Florence Procurement Manual are hereby implemented as needed. In addition, the City Manager is hereby authorized to coordinate with FEMA and to follow such procurement procedures as are required by FEMA in order to protect the entitlement of the City to reimbursement from FEMA for disaster related expenses and costs incurred.
2. That, for the next 60 days, the code provisions pertaining to placement of yard and tree trimmings and trash for curbside collection contained in City Code Section 9-57 are hereby amended in the following particulars:
  - (a) The City Manager is authorized to specify new regulations regarding the size of debris that may be left street side for pickup by the City or its authorized representatives in order to facilitate orderly removal and disposal of the large trees damaged by the hurricane. These regulations will be developed after coordination with FEMA and other relief agencies.
  - (b) The requirement contained in Section 9-57(d) of said code which presently requires contractors to remove the debris generated by their service is suspended so that contractors are allowed to place the debris generated from work on a property located in the City of Florence at the street side of that property for removal by the City or its authorized representatives. Such contractors shall be responsible for making sure that such debris is separated and sized as required by the regulations to be issued by the City Manager.
  - (c) Except as specifically amended or suspended by the paragraphs set out above, the remaining provisions contained in Section 9-57 shall remain in full force and effect.

3. That in recognition of the fact that Hurricane Matthew has created a community wide hardship situation and has further caused damage to both public and private portions of the water and sewer systems, the City Manager is hereby authorized to specify new temporary regulations regarding the billing and collections for water and sewer service to include changes to the rules and regulations contained in Sections 12-87-1, 12-161 and 12-167 of the City Code in order to accomplish the following flexibility regarding these billings and collections:
  - (a) To utilize average monthly usage in situations in which damage or debris prevent the actual reading of meters;
  - (b) To give partial relief from the volume charge portion of the billing under circumstances in which damage from Hurricane Matthew has resulted in service interruption and/or loss of water on the private side of the meter.
  - (c) To give relief from payment deadlines and “cut-off” dates as specified in the code where hardship resulting from the hurricane has resulted.
4. That the City Manager is hereby authorized to work cooperatively with FEMA and to utilize procurement practices required by FEMA to facilitate operations on public and private property for the removal of debris pursuant to FEMA authorization.

5. This Ordinance shall become effective immediately upon its approval and adoption by the City Council of the City of Florence, South Carolina, and, as an Emergency Ordinance, shall expire on the 61<sup>st</sup> day from the date of adoption.

**ADOPTED THIS \_\_\_\_\_ DAY OF October, 2016.**

Approved as to form:

\_\_\_\_\_  
JAMES W. PETERSON, JR.  
City Attorney

\_\_\_\_\_  
STEPHEN J. WUKELA  
Mayor

**Attest:**

\_\_\_\_\_  
DIANNE M. ROWAN  
Municipal Clerk