

Ways and Means Committee
5:00 p.m., Tuesday, October 15, 2019
City Hall
1207 Palm Boulevard, Isle of Palms, South Carolina

AGENDA

1. **Call to order** and acknowledgement that the press and public were duly notified of the meeting in accordance with the Freedom of Information Act.
2. **Approval of previous month's minutes**
Regular meeting of September 17, 2019
3. **Citizens' Comments**
4. **Financial Statements - Treasurer Debbie Suggs**
 - A. Financial Reports
 - B. Project Worksheets
5. **Old Business**
Discussion and consideration of engaging the services of First Tryon related to capital planning and potential debt issuance in the amount not to exceed \$25,000
6. **New Business**
 - A. Consideration of distribution of FY19 positive net result
 - B. Consideration of recommendation from Public Works Committee to approve a \$16M bond for the decommissioning of the Wild Dunes Waste Water Treatment Plant and the consolidation and expansion of the Forest Trail Waste Water Treatment Plant which shall be available only when the functions of the IOP Water and Sewer Commission become a department of the City of Isle of Palms
7. **Miscellaneous Business**
Next Meeting Date: 5:00 p.m., Tuesday, November 19, 2019 in City Hall
8. **Executive Session – If needed**
Upon returning to open session, the Committee may take action on matters discussed in Executive Session
9. **Adjournment**

WAYS AND MEANS COMMITTEE
5:00pm, Tuesday, September 17, 2019
Council Chambers
1207 Palm Boulevard, Isle of Palms, SC

MINUTES

1. Call to order

Present: Mayor Carroll, Council members Ward (Chair), Ferencz, Moye, Rice, Kinghorn, Bell, Smith

Absent: Council Member Buckhannon

Staff Present: Administrator Fragoso, Treasurer Suggs, Director Kerr, Chief Cornett, Chief Graham

2. Approval of Previous Meeting's Minutes

MOTION: Council Member Bell made a motion to approve the minutes of the July 20, 2019 meeting, and Council Member Moye seconded the motion. The minutes passed unanimously.

3. Citizen's Comments – none

4. Financial Statements – Treasurer Debbie Suggs

Treasurer Suggs reviewed the financial reports and project worksheets provided to Committee members. She stated that all departments are currently meeting their expenditure targets, and the budget is the same as the forecast to this point in the year. The final payout for the underground storage tank has been made. The project is now complete and finished under budget. Administrator Fragoso and Treasurer Suggs stated that they are not proposing a millage rate change.

Administrator Fragoso said the impact of the new drainage projects will be seen on next month's financial statements. Treasurer Suggs stated a new project worksheet for the Public Safety building renovations will appear in next month's packet.

5. Old Business – none

6. New Business

A. Presentation by David Cheatwood, Managing Director, First Tryon Advisors

Administrator Fragoso introduced Mr. Cheatwood as an advisor being considered to provide guidance to the City through the planning, budgeting, and spending processes for upcoming capital improvements projects. She stated that First Tryon is a firm used by

many state and local municipalities for similar purposes. She invited Mr. Cheatwood to present to First Tryon's "Capital Improvements Planning Model" to the Committee. She indicated to the Committee that no vote would be expected following the presentation; that it is for information only at this point in time. Mr. Cheatwood then gave a broad but detailed overview of their planning model, how it is being used in nearby municipalities, and how it could be used for the City. Council Member Ward said the issue would be discussed further at next week's City Council meeting.

B. Consideration of the refurbishment of Tower 1002 in the amount of \$600,000
[FY 20 Budget: Capital Projects -- \$300,000; Muni ATAX \$150,000; State ATAX \$150,000]

Chief Graham requested approval of funding for the refurbishment of the 2003 95' Tower truck in the amount of \$600,000. She reported this is less than the \$655,000 originally discussed as there were four options she is declining at this time. She shared there is a one-year warranty on the parts, but the refurbishment is expected to extend the life of the truck 10-15 years.

MOTION: Council Member Rice made a motion to approve Chief Graham's funding request of \$600,000, and Council Member Moye seconded the motion. The motion passed unanimously.

C. Consideration of replacement of four patrol vehicles
[FY20 Budget: Capital Projects -- \$44,000; Muni ATAX - \$88,000; State ATAX - \$88,000]

Chief Cornett requested approval of funding for four patrol vehicles in the amount of \$220,000. He noted the original budget item was for five new SUVs, but the Ford SUV interceptors were not on the State contract. The contract did have Ford F150 trucks which will help with towing a boat as well as response to beachfront calls, if needed. These trucks are more expensive which is why the request is for four vehicles instead of the originally planned five, however the total expense will be under budget.

Discussion ensued as to whether or not the Ford F150 is an appropriate police vehicle for the Isle of Palms, with Council Member Rice stating she felt the trucks were "aggressive." Chief Cornett said these are roomier vehicles than the regular patrol cars. Mayor Carroll did ask that they limit the amount of time they would be used on the beach. Chief Cornett assured him they would only be used on the beach if necessary.

MOTION: Council Member Bell made a motion to approve Chief Cornet's funding request for four patrol vehicles, and Mayor Carroll seconded the motion. A vote was taken as follows:

Ayes: Carroll, Moye, Ferencz, Smith, Kinghorn, Bell, Ward
Nays: Rice

The motion passed.

D. Approval of FY20 Millage Rate

Administrator Fragoso stated no millage rate increase is being proposed.

MOTION: Mayor Carroll made a motion to set the millage rate at 0.0247. Council Member Moya seconded the motion. The motion passed unanimously.

E. Consideration of City Administrator Employment Agreement

Council Member Moya stated the Personnel Committee and the Mayor have been working through the agreement, and he suggested the need for legal advice from the City Attorney.

7. Miscellaneous Business

The next Ways and Means Committee meeting will be held at 5:00pm on Tuesday, October 15, 2019 in Council Chambers.

8. Executive Session

Mayor Carroll made a motion to move into Executive Session to receive legal advice regarding an employment contract. Council Member Rice seconded the motion. Committee members moved into Executive Session at 6:01pm.

9. Adjournment

There being no votes or actions taken during Executive Session, the meeting was adjourned at 6:24pm.

Respectfully submitted,

Nicole DeNeane
City Clerk

FINANCIAL ADVISORY SERVICES AGREEMENT

This Agreement (this “**Agreement**”) is made by and between the City of Isle of Palms, South Carolina (the “**Client**”) and First Tryon Securities, LLC, d/b/a First Tryon Advisors (“**First Tryon**”), as of the date acknowledged and accepted by the Client below (the “**Effective Date**”).

In consideration of the mutual covenants contained in this Agreement, the parties hereby agree with respect to financial advisory services to be provided by First Tryon to the Client as follows:

SERVICES

First Tryon, as an independent contractor and not as an employee, shall provide financial advisory services to the Client as specified from time to time in the work order or work orders in the form attached to this Agreement as Exhibit A (collectively, if more than one, the “**Work Order**”), perform all work and deliver all requisite work product (the “**Deliverables**”) in connection therewith (collectively, together with the Deliverables, the “**Services**”). First Tryon agrees to perform the Services in accordance with the highest professional standards applicable to the performance of like services. As part of such Services, Client may periodically request reasonable written reports concerning First Tryon’s progress, project status and other matters pertaining to the Services, and First Tryon shall promptly provide such reports to Client at no additional charge. In addition, First Tryon shall be available to meet with Client for review of all aspects of this Agreement pertaining to the performance of Services.

Client may, from time to time, request that First Tryon perform additional Services (“**Additional Services**”). If First Tryon accepts such assignments, the parties shall agree to the parameters of the Additional Services to be undertaken by executing a new or revised Work Order in the form of Exhibit A. The Additional Services shall be considered “**Services**” under this Agreement and shall be performed in accordance with, and subject to the terms and conditions of, this Agreement and the Work Order specifying the Services to be performed.

Nothing contained in this Agreement shall constitute making or appointing First Tryon an agent of the Client. First Tryon shall not (a) hold itself out contrary to the terms of this Agreement; (b) enter into any agreement on behalf of the Client or bind the Client in any way; or (c) make any representation, agreement, act or commission contrary to the terms of this Agreement.

The parties agree that Affiliates (as defined below) of First Tryon and Affiliates of Client may execute Work Orders in accordance with the provisions of this Agreement. In such event, the applicable Affiliate of such party executing any Work Order shall, for purposes of such Work Order, be considered “**First Tryon**” and the “**Client**” as those terms are used in this Agreement, insofar as it relates to any such Work Order, shall be deemed to be a two-party agreement between First Tryon or its applicable Affiliate on the one hand and Client or its applicable Affiliate on the other hand. As used in this Agreement, an “**Affiliate**” of an entity is another person or entity which controls, is controlled by or is under common control with such entity, and the term “**control**” of an entity shall mean the power to unilaterally direct the policies and management of such entity, whether through the ownership of voting securities or otherwise.

CLIENT MATTERS

With respect to any matter described in this Agreement, nothing in this Agreement shall limit the Client’s unqualified right, in the Client’s discretion, (a) to reject in whole or in part any advice, suggestion, counsel or proposal made by First Tryon; or (b) to make any decision the Client deems to be in the best interests of the Client.

The Client represents that (a) has taken all necessary action to authorize the Client’s execution, delivery and performance of this Agreement and (b) has obtained all consents, approvals and authorizations of any governmental or regulatory authority necessary for the Client’s execution and delivery of this Agreement and the performance of its obligations under this Agreement.

TERM

This Agreement shall commence on the Effective Date and thereafter shall remain in effect unless terminated in accordance with the provisions under the “**TERMINATION**” heading below. First Tryon shall render Services to Client for the period (the “**Term**”) set forth in the applicable Work Order.

PERSONNEL

First Tryon’s Services under this Agreement shall be rendered solely by (a) its individual employees or (b) individuals or entities that are not employees of First Tryon that have been engaged by First Tryon to perform Services under this Agreement on First Tryon’s behalf (collectively, the “**Third Parties**”), in each case as specified in the Work Order (collectively, the “**Personnel**”). First Tryon represents all such Personnel are qualified to perform the Services and have been assigned by First Tryon to work with the Client pursuant to this Agreement. First Tryon certifies that after hiring an employee to work in the United States, First Tryon shall verify the work authorization of the employee through E-Verify (or any replacement procedure).

FEES

Upon the performance by First Tryon of all of its obligations under this Agreement and in an applicable Work Order, and as full compensation for Services performed by First Tryon to Client, Client agrees to pay to First Tryon, and First Tryon agrees to accept, a fee for Services as rendered on the basis set forth in the Work Order. In no event shall Client be obligated to pay any fees accrued in excess of the estimated cost set forth in the Work Order, or accrued in respect of services not described in the Work Order, without the written consent of Client.

In establishing fees, First Tryon takes into account multiple factors, including the efficiency with which the work was done, the result achieved, the complexity of the matter and any special experience or expertise applied to it, any extraordinary scheduling or preemptive attention devoted to the project, and the degree of professional responsibility or liability undertaken by the firm.

Unless specifically provided otherwise in the applicable Work Order, First Tryon shall invoice Client upon completion of the Services performed under the applicable Work Order. Invoices will be paid within 30 days of Client’s receipt and acceptance of a proper invoice in accordance with the applicable Work Order.

If First Tryon is requested by the Client or required by subpoena or similar legal process to produce First Tryon’s materials or Personnel with respect to Services for the Client, provided that First Tryon is not a party to the proceeding, then the Client will reimburse First Tryon for its professional time and reasonable out-of-pocket expenses, including the reasonable fees and out-of-pocket expenses of First Tryon’s outside counsel incurred as a result of such request.

TERMINATION

Client shall have the right to terminate any or all of the Services, any or all Work Orders or this Agreement without cause and in its sole discretion upon 30 days’ prior written notice to First Tryon.

In the event of any termination of any Services, Work Order or this Agreement as set forth above, the Client shall pay First Tryon only for those Services performed, and reimbursable expenses incurred, before the effective date of termination; provided, however, that the Client shall have no liability for any further charges in respect of Services performed or expenses incurred after such termination date. Upon termination of this Agreement, First Tryon and the Client shall be relieved of any further obligations under this Agreement.

MISCELLANEOUS

The provisions of this Agreement constitute the entire agreement of the parties as to the matters addressed in this Agreement and supersede any prior understanding not specifically incorporated in this Agreement. No changes to this Agreement or waiver of any of the terms of this Agreement shall be made except in writing signed by the Client and First Tryon. In addition, no Work Order applicable to this Agreement shall be binding on the Client unless executed by the Client and First Tryon. In the event of any inconsistency between a Work Order and the terms set forth in this Agreement, the terms of the applicable Work Order shall prevail.

GOVERNING LAW

This agreement shall be governed by and construed in accordance with the laws of the State of South Carolina applicable to agreements made and to be fully performed therein.

NOTICES

All notices, requests, demands or other communications in connection with this Agreement shall be in writing and shall be deemed to have been duly given if delivered in person, by a nationally recognized overnight courier service or by United States mail, postage prepaid, certified or registered, with return receipt requested, or otherwise actually delivered:

If to First Tryon, at:

First Tryon Securities, LLC dba First Tryon Advisors
1355 Greenwood Cliff, Suite 400
Charlotte, NC 28204

If to the Client at:

City of Isle of Palms, SC
1207 Palm Boulevard
Post Office Box 508
Isle of Palms, SC 29451
Attn: City Administrator

LIMITATION ON LIABILITY

NEITHER PARTY, ITS AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS SHALL BE LIABLE FOR ANY CAUSE RELATED TO OR ARISING OUT OF THIS AGREEMENT, WHETHER IN CONTRACT, NEGLIGENCE OR TORT, IN EXCESS OF THE TOTAL FEES AND CHARGES PAID BY THE CLIENT FOR SERVICES RENDERED DURING THE TERM.

HEADINGS

The paragraph headings in this Agreement are solely for convenience of reference and shall not affect the interpretation of this Agreement.

ASSIGNMENT

Each provision of this Agreement and all Work Orders shall inure to, and shall be legally binding on, the successors and assigns of the parties to this Agreement.

COMPLIANCE WITH LAW

First Tryon will comply with all statutes, ordinances, and regulations of all federal, state, county and municipal or local governments, and of any and all the departments and bureaus thereof, applicable to the carrying on of its business and performance of the Services and its obligations under this Agreement.

SEVERABILITY

If any term of this Agreement shall be held invalid, illegal or unenforceable in whole or in part, then neither the validity of the remaining part of such term nor the validity of any other term of this Agreement shall be in any way affected.

MUNICIPAL ADVISORY CLIENT EDUCATION AND PROTECTION

First Tryon is registered with the U.S. Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB"). The MSRB provides certain protections for municipal entities and obligated persons that are clients of a municipal advisor. For complete regulatory and educational information, visit the MSRB's website at www.msrb.org. A municipal advisory client brochure is available on the MSRB website's (currently available at <http://www.msrb.org/~media/Files/Resources/MSRB-MA-Clients-Brochure.ashx>). The client brochure describes client protections that may be provided under MSRB rules, including how to file a complaint with an appropriate regulatory authority.

MUNICIPAL ADVISOR REGULATORY DUTIES

MSRB Rule G-42 requires that municipal advisors provide disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history. Such disclosures are provided in First Tryon's Municipal Advisor's Disclosure Statement, which First Tryon has delivered to the Client in connection with the execution and delivery of this Agreement.

IN WITNESS WHEREOF, the Client and First Tryon have duly executed this Agreement, and the Client has acknowledged and accepted the terms of this Agreement, as of the ____ day of September, 2019.

CITY OF ISLE OF PALMS, SOUTH CAROLINA

By: _____
Name: _____
Title: _____

**FIRST TRYON SECURITIES, LLC,
D/B/A FIRST TRYON ADVISORS**



By: _____
Name: David Cheatwood
Title: Managing Director



By: _____
Name: J. Walter Goldsmith
Title: Managing Director

EXHIBIT A
WORK ORDER NUMBER ___

WORK ORDER to the Agreement dated _____, by and between the City of Isle of Palms, South Carolina (the "Client") and First Tryon Securities, LLC, d/b/a First Tryon Advisors ("First Tryon").

SERVICES

First Tryon will provide the following Services under this Work Order:

[Describe in detail, including all applicable roles and responsibilities]

TERM

From _____ until _____, unless terminated earlier in accordance with the Agreement.

COMPENSATION

In establishing fees, First Tryon takes into account multiple factors, including the efficiency with which the work was done, the result achieved, the complexity of the matter and any special experience or expertise applied to it, any extraordinary scheduling or preemptive attention devoted to the project, and the degree of professional responsibility or liability undertaken by the firm.

For services to be performed in connection with this Work Order, First Tryon's estimated fees are \$_____. Such fees may vary if (1) the contemplated financing structure or assignment changes materially during the course of the Term or (2) unusual or unforeseen circumstances arise which require a significant increase in the type or scope of First Tryon's responsibilities. First Tryon will consult with the Client if at any time First Tryon believes that circumstances require an adjustment to its fees beyond the estimate set forth above.

In addition to the compensation outlined above, the Client will reimburse First Tryon for out-of-pocket expenses incurred in connection with the Services. Customary out-of-pocket expenses include, without limitation, costs of travel, meals, lodging, printing/copying, etc. First Tryon will bill the Client for such expenses at cost, with no mark-up. First Tryon will not bill the Client for indirect costs such as telephone, fax, and conference call services; instead, the Client will pay First Tryon an administrative expense fee equal to 4% of any invoiced fee for Services as reimbursement for costs not reasonably allocable on a client-by-client basis.

[Revise compensation section as agreed upon for each Work Order.]

[Signatures Begin on Following Page]

AGREED AND ACCEPTED this _____ day of _____, 20__:

**FIRST TRYON SECURITIES, LLC,
D/B/A FIRST TRYON ADVISORS**

By: _____
Name: _____
Title: _____

CITY OF ISLE OF PALMS, SOUTH CAROLINA

By: _____
Name: _____
Title: _____

WORK ORDER NUMBER 1

WORK ORDER to the Agreement dated September __, 2019, by and between the City of Isle of Palms, South Carolina (the “**Client**”) and First Tryon Securities, LLC, d/b/a First Tryon Advisors (“**First Tryon**”).

SERVICES

First Tryon will provide the following Services under this Work Order:

- Advice and assistance with respect to funding the Client’s capital needs to meet the Client’s financial objectives.
- Develop and maintain a comprehensive capital planning model that will analyze the Client’s projected revenue sources and its ability to fund future capital needs. The capital planning model will allow the Client to evaluate each of the proposed projects taking the following variables into consideration:
 - Project timing and amounts
 - Available funding structures
 - Financing term
 - Amortization/debt service structure
 - Available revenue sources
 - Revenue/expenditure growth projections
 - Impact on tax rates as well as various financial / debt ratios (fund balance, debt service coverage, etc.)
- Advice with respect to timing of any debt financing.
- Advice in selecting the optimal financing structure (GO, revenue, IPRB, etc.) and method (public market, bank market)
- Attend meetings of the governing body of the Client, its staff, representatives or committees as requested when First Tryon may be of assistance or service and the subject of capital planning and potential financings or related topics are to be discussed.
- Advise on the credit strategy and credit rating implications of any proposed financing structure.
- Serve as the Client’s Independent Registered Municipal Advisor for purposes of the SEC’s Municipal Advisor Rule and be available to assist in review of underwriter ideas and proposals as requested by the Client.
- Assistance with general advisory questions related to debt planning.

TERM

The Term with respect to the Services to be performed under this Work Order shall end after the completion of the Services described above, expected to be by December 31, 2019, unless terminated earlier in accordance with the Agreement.

COMPENSATION

In establishing fees, First Tryon takes into account multiple factors, including the efficiency with which the work was done, the result achieved, the complexity of the matter and any special experience or expertise applied to it, any extraordinary scheduling or preemptive attention devoted to the project, and the degree of professional responsibility or liability undertaken by the firm.

For services to be performed in connection with this Work Order, First Tryon's estimated fee range is \$17,500 - \$25,000. Such fees may vary if (1) the contemplated financing structure or assignment changes materially during the course of the Term or (2) unusual or unforeseen circumstances arise which require a significant increase in the type or scope of First Tryon's responsibilities. First Tryon will consult with the Client if at any time First Tryon believes that circumstances require an adjustment to its fees beyond the estimate set forth above.

In addition to the compensation outlined above, the Client will reimburse First Tryon for out-of-pocket expenses incurred in connection with the Services. Customary out-of-pocket expenses include, without limitation, costs of travel, meals, lodging, printing/copying, etc. First Tryon will bill the Client for such expenses at cost, with no mark-up.

AGREED AND ACCEPTED this ___ day of September 2019.

**FIRST TRYON SECURITIES, LLC,
D/B/A FIRST TRYON ADVISORS**

By: 
Name: David Cheatwood
Title: Managing Director

CITY OF ISLE OF PALMS, SOUTH CAROLINA

By: _____
Name: _____
Title: _____

A RESOLUTION REQUESTING CITY COUNCIL APPROVAL OF AN ORDINANCE TO PROVIDE FOR THE ISSUANCE AND SALE OF NOT EXCEEDING \$16,000,000 WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2019, OF THE CITY OF ISLE OF PALMS, SOUTH CAROLINA

WHEREAS, the Commissioners of Public Works of the City of Isle of Palms, South Carolina d/b/a Isle of Palms Water and Sewer Commission (the "Commission") is authorized by ordinance enacted by the City of Isle of Palms (the "City") and by Section 5-31-250 et. seq. of the South Carolina Code of Laws, 1976, as amended, to own, operate and manage the City's Water and Sewer System; and

WHEREAS, the Commission is adopting this resolution to request that the City issue not exceeding \$16,000,000 of Water and Sewer System Revenue Bonds, Series 2019, for the purpose of providing funds for the financing of (i) the decommissioning of the Wild Dunes WWTP; (ii) the consolidation and expansion of the Forest Trails WWTP; and (iii) the commencement of expansion of the sewer system to provide sewer service to the remainder of the City not presently served (collectively, the "Project"); and

WHEREAS, the expected maximum principal amount of revenue bonds to be issued for the Project in 2019 is \$16,000,000; and

WHEREAS, by Ordinance 2012-06, entitled "General Bond Ordinance Authorizing and Providing for the Issuance of Water and Sewer System Revenue Bonds of the City of Isle of Palms, South Carolina; Prescribing the Form of the Bonds, Limiting the Payment of the Bonds Solely to the Revenues Derived From the Operation of the System and Pledging the Revenues to Such Payment; Creating Certain Funds and Providing for Payments Into Such Funds; and Making Other Covenants and Agreements in Connection With the Foregoing (the "General Bond Ordinance"), the City Council of the City of Isle of Palms ("City Council") made provision for the issuance, from time to time, of Water and Sewer System Revenue Bonds;

WHEREAS, Section 6.2 of the General Bond Ordinance provides that the revenue bonds issued thereunder "shall be payable solely from and secured equally and ratably by a lien upon the Net Revenues of the System"; and

WHEREAS, Section 6.2 of the General Bond Ordinance further provides that "no recourse shall be had for the payment of the Bonds, or the interest thereon, or any part thereof, against the general fund of the City, nor shall the credit or taxing powers of the City be deemed to be pledged to the payment of the principal of and interest on the Bonds"; and

WHEREAS, Article III of the General Bond Ordinance provides for the issuance from time to time of a series of revenue bonds pursuant to an ordinance adopted by the City Council addressing the particular series of bonds (the "Series Ordinance") for the purpose of capital improvements.

NOW, THEREFORE BE IT RESOLVED, by the Commission, in Meeting Duly Assembled, that City Council is hereby requested to adopt a Series Ordinance providing for the issuance of not exceeding \$16,000,000 Water and Sewer System Revenue Bonds in substantially the form approved by the City Council in connection with prior series of Bonds issued under the General Bond Ordinance.

BE IT FURTHER RESOLVED, that the Commissioners shall comply with all of the Covenants required of the Commissioners by Article VII of the General Bond Resolution and with each of the other

duties imposed upon the Commissioners by the General Bond Ordinance and by the Series 2019 Bond Ordinance.

Done in meeting assembled this 21st day of August, 2019.

This Resolution shall take effect immediately.

[Remainder of Page Intentionally Blank]

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

I, the undersigned, the Chairman of the Commissioners of Public Works of the City of Isle of Palms, South Carolina d/b/a Isle of Palms Water and Sewer Commission (the "Commission"), do hereby certify that the foregoing is a true, correct, and verbatim copy of a Resolution duly adopted by the Commission at a meeting duly called and held on August 21, 2019 and that such resolution has not been modified or rescinded as of the date hereof.

WITNESS MY HAND as of this 21st day of August, 2019.

By: _____


Title: Chairman

Commissioners of Public Works of the City of Isle of Palms,
South Carolina d/b/a Isle of Palms Water and Sewer
Commission

ORDINANCE 2012-06

AMENDING AND RESTATING

ORDINANCE 1991-1

CITY OF ISLE OF PALMS, SOUTH CAROLINA

GENERAL BOND ORDINANCE

AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF ISLE OF PALMS, SOUTH CAROLINA; PRESCRIBING THE FORM OF BONDS; LIMITING THE PAYMENT OF THE BONDS SOLELY TO THE REVENUES DERIVED FROM THE OPERATION OF THE SYSTEM AND PLEDGING THE REVENUES TO SUCH PAYMENT; CREATING CERTAIN FUNDS AND PROVIDING FOR PAYMENTS INTO SUCH FUNDS; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING.

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EXHIBIT A FORM OF BOND

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

ARTICLE I

DEFINITIONS

Section 1.1. 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, with the definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined and vice versa. The term:

“Act” shall mean, collectively, Title 6, Chapter 21, and Title 6, Chapter 17, Code of Laws of South Carolina, 1976, and all other statutory authorizations, now or hereinafter enacted, authorizing and enabling the City to provide for the issuance of the Bonds.

“Annual Budget” shall mean the annual budget required by Section 7.8 hereof and adopted in conformance therewith.

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

“Bond” or “Bonds” shall mean all revenue bonds and other obligations of the City issued under and pursuant to Article III hereof, and Outstanding from time to time and shall for all purposes hereunder include the \$5,860,000 City of Isle of Palms, South Carolina, Water and Sewer System Revenue Refunding Bonds, Series 2009 (the “Series 2009 Bonds”) heretofore issued by the City. The proceedings under which the Series 2009 Bonds were authorized and issued shall, so long as the Series 2009 Bonds are Outstanding, remain in full force and effect.

“Bond Redemption Account” shall mean the account by that name created in the Debt Service Fund.

“Bond Year” shall, with respect to any given Series of Bonds, have the meaning ascribed thereto in the applicable Supplemental Ordinance.

“Books of Registry” shall mean the registration books maintained by the Trustee as bond registrar in accordance with Section 4.3 hereof.

“Capital Improvements Fund” shall mean the fund of that name established pursuant to Section 6.8 of this Ordinance.

“City” shall mean the City of Isle of Palms, South Carolina.

“Commissioners” shall mean the Commissioners of Public Works of the City of Isle of Palms, South Carolina, doing business as the Water and Sewer Commission.

“Construction Fund” shall mean any fund established with and maintained by the Custodian named by ordinance or resolution of the Council, and derived from certain of the proceeds of the sale of the Bonds and intended to defray the cost of all or a portion of any Project and to pay all Costs of

Acquisition and Construction in connection therewith, as established in a Supplemental Ordinance authorizing the issuance of any Series of Bonds.

“Consulting Engineer” shall mean the engineer or engineering firm or corporation having a favorable reputation for skill and experience in the construction and operation of water treatment systems or sewage disposal and treatment systems, employed by the City to perform and carry out the duties imposed by this Ordinance, and who or which is not a full-time employee of the City.

“Cost of Acquisition and Construction” shall mean, to the extent permitted by the Act, all costs of acquiring, constructing, reconstructing, replacing, extending, repairing, bettering, equipping, developing, embellishing or otherwise improving the System, including the Costs of Issuance and capitalized interest on Bonds. Cost of Acquisition and Construction shall include the payment of amounts due on bond anticipation notes, the proceeds of which were used for Cost of Acquisition and Construction.

“Cost 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 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 or Custodian, 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 refunding, premiums for insurance of the payment 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.

“Council” shall mean the City Council of the City of Isle of Palms, South Carolina.

“Custodian” shall mean any bank or trust company or national banking association or national association selected by the City as a depository of moneys or securities held in the Construction Fund, the Revenue Fund, the Capital Improvements Fund, the Operation and Maintenance Fund or the Rebate Fund.

“Debt Service Fund” shall mean the fund of that name established pursuant to Section 6.6 of this Ordinance.

“Debt Service” shall mean, with respect to the Bonds and with respect to any particular Bond 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 Debt Service Fund in such Bond Year for the payment of the principal of, redemption premium, if any, and interest (to the extent not capitalized) on the Bonds or such Series of Bonds. With respect to Bonds that bear interest at a variable rate, Debt Service shall be calculated based on the rate of interest that such Bonds would bear if such Bonds bore interest at a fixed rate, as certified to the Trustee and the Council by the Financial Advisor.

“Debt Service Reserve Fund” shall mean the fund established pursuant to Section 6.7 hereof to produce and provide funds to meet any possible deficiencies in the Debt Service Fund and to be maintained in such amounts, if any, and in such separate account established with respect to each Series of bonds as set forth in the Supplemental Ordinance providing for the issuance of such Series of Bonds.

“Default” or “Event of Default” shall mean any of those defaults specified in and defined by Article X hereof.

“Expenses of Operating and Maintaining the System” shall mean the current expenses, paid or accrued, of operation, maintenance and current repair of the System, as calculated in accordance with

sound accounting practice, and shall include, without limiting the generality of the foregoing, salaries, wages, employee benefits, cost of materials and supplies, cost of routine repairs, renewals, replacements and alterations occurring in the usual course of business, cost of billings and collections, cost of insurance, costs of audits, taxes, if any, and other administrative and overhead expenses. Expenses of Operating and Maintaining the System shall not include Debt Service or any allowance for depreciation or renewals or replacements of capital assets of the System.

“Financial Advisor” shall mean the person, firm or corporation having experience in the field of rendering financial advice to governmental bodies, designated as such from time to time by the Commissioners.

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

“Government Obligations” shall mean non-callable bonds, notes or direct obligations and general obligations of the United States.

“Interest Account” shall mean the account by that name created in the Debt Service Fund.

“Investment Securities” shall mean (i) obligations issued or guaranteed by the United States of America or its agencies, or to the payment of which the full faith and credit of the United States of America is pledged; (ii) general obligations of the State of South Carolina or its political units; (iii) interest bearing deposits in savings and loan associations to the extent that the same are insured by an agency of the federal government; (iv) certificates of deposit issued by a bank or trust company (including the Trustee), where such certificates of deposit are collaterally secured by securities of the type described in (i) and (ii) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, that such collateral shall not be required to the extent such certificates of deposit are insured by an agency of the federal government; (v) repurchase agreements when collateralized by securities of the type described in (i), (ii), (iii), or (iv) above; (vi) no load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (a) is limited to obligations described in items (i), (ii) or (v) above, and (b) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, values its assets by the amortized cost method; (vii) the South Carolina Pooled Investment Fund established pursuant to the provisions of Chapter 5, Title 6 of the Code of Laws of South Carolina 1976, as amended; or (viii) any other investments now or hereafter permitted under Section 6-5-10 of the Code of Laws of South Carolina 1976, as amended.

“Junior Bonds” shall mean either (i) bonds secured by a pledge of Revenues junior and subordinate in all respects to the pledge securing the Bonds or (ii) any other form of indebtedness, including lease purchase obligations secured by sums available in the Revenue Fund after provision has been made for all payments required to be made with respect to the Bonds.

“Manager” shall mean the person appointed by the Commissioners to serve as manager of the System or, in his absence, the acting manager of the System.

“Maximum Debt Service” shall mean the highest principal and interest requirements on the Bonds then Outstanding during any Bond Year. With respect to Bonds that bear interest at a variable rate,

for purposes of determining maximum annual debt service requirements for complying with the rate covenant (Section 7.1) and the test for issuance of additional bonds (Section 3.3(D)), such Bonds shall be assumed to bear interest at a fixed rate equal to the highest variable rate borne over the preceding 24 months by outstanding variable rate debt (issued under this Ordinance) or, if no such variable rate debt is at the time Outstanding under this Ordinance, by variable rate debt for which the interest rate is computed by reference to the appropriate index published in The Bond Buyer or, if such an index does not exist, to an index comparable to that to be utilized in determining the interest rate for the Bonds then proposed to be issued.

“Net Revenues” shall mean the Revenues of the System after deducting the Expenses of Operating and Maintaining the System.

“Operation and Maintenance Fund” shall mean the fund of that name established pursuant to Section 6.5 of this Ordinance.

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

“Outstanding” when used with respect to any Bond shall have the construction given to such word in Article XII 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 said Article XII.

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

“Principal Account” shall mean the account by that name created within the Debt Service Fund.

“Project” shall mean any work, undertaking or project which the City is or may hereafter be authorized to construct or acquire and from which the City has derived or will derive Revenues for which Bonds are issued hereunder and such Project shall constitute a part of the System.

“Rebate Fund” shall mean the fund of that name established pursuant to Section 6.10 of this Ordinance.

“Record Date” shall mean with respect to any Series of Bonds the fifteenth (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.

“Reserve Fund Requirement” shall mean that amount, if any, with respect to each Series of bonds as set forth in the Supplemental Ordinance providing for the issuance of such Series of Bonds, which amount shall not, in any event, exceed the maximum amount that may be funded from proceeds of Bonds (without requiring a determination otherwise by the United States Secretary of the Treasury) in order for interest on the Bonds to remain exempt from federal income taxes.

“Revenue Fund” shall mean the fund of that name established pursuant to Section 6.4 of this Ordinance.

“Revenues” shall mean all receipts, income, revenues, fees and other charges to be levied and collected in connection with, and all other income and receipts of whatever kind or character derived by the City from the operation of the System, including interest earnings and other earnings or investments, computed in accordance with generally accepted accounting practices excluding the proceeds of any

grants or debt, contributions in aid of construction, gains or losses on extinguishment of debt, and extraordinary items.

“Securities Depositories” shall mean the Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax-(312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Dex-(215) 496-5058; or to such other addresses and/or such other securities depositories as the City may designate.

“Serial Bonds” shall mean Bonds which are not Term Bonds.

“Series” or “Series of Bonds” or “Bonds of 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.

“Special Facilities” shall mean any future extensions or additions to the System, the revenues and expenses resulting from the operation of which can be segregated from the revenues and expenses of the System and which the City shall designate as such by ordinance.

“State” shall mean the State of South Carolina.

“Supplemental Ordinance” shall mean any ordinance by the City providing for the issuance of Bonds and any ordinance enacted by the Council pursuant to and in compliance with the provisions of Article IX hereof amending or supplementing the provisions of this Ordinance.

“System” shall mean the existing water and sewer system of the City as the same is now constituted, all properties, real and personal, and matters and things used or useful in the maintenance, operation or functioning thereof, all apparatus and equipment used in connection therewith, and all replacements, enlargements, improvements, extensions, additions, and betterments that may be made thereto at any time hereafter and any other public utility system (excluding Special Facilities, solid waste facilities and resource recovery facilities) with which the System may hereafter be combined or consolidated according to law.

“Term Bond” shall mean any Bond designated by the Supplemental Ordinance providing for its issuance as being subject to retirement or redemption from moneys credited to the Bond Redemption Account in the Debt Service Fund as sinking fund installments.

“Test Period” shall mean that period defined in Section 3.3 hereof.

“Trustee” shall mean the bank designated in the supplemental ordinance providing for the initial Series of Bonds, and any successor Trustee appointed in accordance with Section 8.1 hereof.

ARTICLE II

FINDINGS AND DETERMINATIONS

Section 2.1. Findings and Determinations. The Council hereby finds and determines:

A. The City is an incorporated municipality located in Charleston County, State of South Carolina and as such has all powers granted to municipalities by the Constitution and the general law of this State.

B. In the exercise of the powers vested in it by the Constitution and statutes of the State of South Carolina, and proceeding in conformity with the provisions thereof, the City heretofore acquired the existing waterworks system and sewer system of the Isle of Palms Water Company which, after such acquisition, was designated and known as the Water and Sewer System of the City of Isle of Palms (the "System"). The System shall be operated on the same fiscal year basis as the City, which presently commences on July 1 of each year and ends on June 30 of the following year.

C. The System shall be operated and administered under the direction of the Commission, and shall furnish water and sewer service throughout the City and in certain territory adjacent thereto.

D. After due investigation, the period of usefulness of the System is not less than forty (40) years from the date of enactment of this General Bond Ordinance.

E. By the enactment of this Ordinance, the City intends to provide for the issuance of revenue bonds at the time and on the terms and conditions set forth in this Ordinance and Supplemental Ordinances hereto.

F. At the time of issuance of the first Series of Bonds under this Ordinance, the City will have Outstanding \$2,565,000 of an original issue of \$5,860,000 Water and Sewer System Revenue Bonds, Series 2009 issued under a prior General Bond Ordinance (Ordinance 1991-1). Until such time as the Series 2009 Bonds are no longer Outstanding, the lien upon the Revenues of the System applicable to Bonds issued pursuant to this Ordinance, shall be Junior and subordinate to the lien established for the Series 2009 Bonds.

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 known as "City of Isle of Palms, South Carolina, Water and Sewer System Revenue Bonds", which Bonds may be issued pursuant to this Ordinance and in accordance with the terms, conditions and limitations set forth herein, in Series, in such amounts and from time to time as the City may deem to be necessary or advisable for any corporate purpose for which Bonds may be issued under this Ordinance and the Act.

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 IX hereof. Each Supplemental Ordinance shall designate the Bonds provided for thereby by an appropriate Series designation and by such further particular designations, if any, as the City deems appropriate, and shall, unless or except as is otherwise set forth herein, also specify: (i) the

authorized principal amount 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 Project for which such Bonds are being issued; (iv) an estimate of the Costs of Acquisition and Construction for any Project to be financed by such Series of Bonds, and, in the event of the acquisition by purchase or condemnation of any facilities already constructed, a determination of what repairs, replacements, additions and betterments will be necessary in order that such facilities may be effective for their purpose and an estimate of the cost required therefor; (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, 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 Agents therefor; (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) any other provisions which may be required to be inserted therein by other provisions of this Ordinance; and (xiii) any other necessary or desirable provisions not inconsistent or in conflict with the provisions of this Ordinance.

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

Section 3.3. Conditions for the Issuance of Bonds under this Ordinance Other than Refunding Bonds. Anytime and from time to time, one or more Series of Bonds (exclusive of refunding 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 Projects authorized to be financed under the Act with Bonds.

Bonds issued upon compliance with this Section and Section 3.2 hereof shall be issued on a parity in all respects inter sese, notwithstanding, that they may be in different form, and bear different dates, interest rates, number, date of issuance or date of execution; and in all such instances, the pledge of Net Revenues made thereunder, and the covenants and remedies hereby granted shall be applicable and available to the Holders of the Bonds.

A. There shall be filed with the City a certificate of the Trustee 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 knowledge of the Trustee, the City is not in Default under the terms and provisions of this Ordinance in any manner properly within the purview of the Trustee, or (b) setting forth the circumstances of each such Default known to the Trustee.

B. There shall be filed with the Trustee a certificate of the Manager 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 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.

C. If a certificate filed pursuant to part (A) or (B) of this Section should disclose a Default or Defaults hereunder, there shall be filed with the Trustee an opinion of counsel of recognized standing in the field of municipal bond law and satisfactory to the Trustee that, in the case of any Default disclosed in a certificate filed pursuant to part (A) or (B) of this Section, each such Default does not deprive the Bondholders of the security afforded by this Ordinance in any material aspect.

D. (i) For the issuance of Bonds (other than the initial Series of Bonds issued hereunder) to finance the Costs of Acquisition and Construction, or a portion thereof, of any Projects, there shall be filed with the Trustee a report from the Manager stating that Net Revenues of the System for the Fiscal Year immediately preceding the Fiscal Year in which the Bonds are to be issued or for any twelve (12) consecutive month period ending not more than 180 days prior to the enactment of the Supplemental Ordinance authorizing such Bonds (the "Test Period"), shall be not less than the following:

(a) one hundred twenty percent 120% of the Maximum Debt Service on all Bonds, including the proposed Series of Bonds, for any subsequent Fiscal Year (and for purposes of this subparagraph D(i)(a), Net Revenues shall be adjusted to reflect any rate increases currently adopted and to be in effect prior to or coincident with the issuance of such Series of Bonds, and shall include annualized Net Revenues from existing customers connected to the System for less than the entire Test Period and Net Revenues to be received from any new or existing water or sewer system to be constructed or acquired, or identified potential customers added or to be added pursuant to any Project funded with such Series of Bonds, and determined pro forma by the Manager as though such rate increases had been in continuous effect, or such customers had been continuously connected to the System, during such Test Period); or

(b) one hundred percent (100%) of the Maximum Debt Service on all Bonds, including the proposed Series of Bonds, for any subsequent Fiscal Year (and for purposes of this subparagraph D(i)(b), Net Revenues shall be adjusted to reflect any rate increases currently adopted and to be in effect prior to or coincident with the issuance of such Series of Bonds, and shall include annualized Net Revenues from existing customers connected to the System for less than all of any Fiscal Year in the Forecast Period defined below and Net Revenues to be received from any new or existing water or sewer system to be constructed or acquired, or identified potential customers added or to be added pursuant to any Project funded with such Series of Bonds, and determined pro forma by the Manager as though such rate increases had been in continuous effect, or such customers had been continuously connected to the System, during such Fiscal Year); and, if the provisions of this subparagraph D(i)(b) are utilized, then there shall also be filed with the Trustee a report of the Consulting Engineer stating that Net Revenues for each of the five (5) Fiscal Years (the Forecast Period) following the later of the date of delivery of such Series of Bonds or the period (if any) for which interest is funded from the proceeds of such Series of Bonds, are forecasted by such Consulting Engineer to be not less than one hundred twenty percent (120%) of the Maximum Debt Service on all Bonds, including the proposed Series of Bonds, for any Fiscal Year.

(ii) For purposes of subsection D(i), the principal and interest requirements on Bonds in any Fiscal Year shall be reduced by the amounts, if any, irrevocably transferred from the Capital

Improvements Fund to the Debt Service Fund, pursuant to Section 6.8 of this Ordinance, to pay debt service on the Bonds during such Fiscal Year.

(iii) The City, the Commissioners and any purchaser of any Bonds shall be entitled to rely upon any forecasts of the Consulting Engineer made in good faith as to the Net Revenues of the System.

E. Such Bonds shall be issued to secure funds to defray the cost of acquiring, improving, extending, enlarging, or repairing the System, some part thereof, including any acquisition of any system which shall be combined with or consolidated into the System pursuant to law; or to refund Bonds, Junior Bonds, or any notes, bonds, or other obligations issued to finance or to aid in financing the acquisition, construction, improvement, enlargement or repair of the System or another enterprise combined with the System.

F. There shall be on deposit in the Debt Service Reserve Fund cash and securities or an insurance policy, surety bond or letter of credit, as provided in Section 6.7 hereof (inclusive of any proceeds of such Bonds to be deposited in the Debt Service Reserve Fund) having an aggregate value not less than the Reserve Fund Requirement, if any, with respect to each Series of Bonds to be then Outstanding and the Bonds then proposed to be issued.

Section 3.4. Refunding Bonds. Without complying with the provisions of Section 3.3 hereof, the City by means of a Supplemental Ordinance enacted in compliance with the Act and any other statutory provisions authorizing the issuance of revenue refunding Bonds, including advance refunding bonds, may issue hereunder refunding Bonds for the purpose of refunding (including by purchase) Bonds, including amounts to pay principal, redemption premium and interest to the date of redemption (or purchase) of the refunded Bonds and the Costs of Issuance of the refunding Bonds; provided that the present value of the debt service on all Bonds to be Outstanding after the issuance of the refunding Bonds shall not be greater than would have been the present value of the debt service were such refunding not to occur. The Trustee and the City may rely on a certificate of an independent certified public accountant in making the determination in the immediately preceding sentence.

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 the Revenues, provided that such Junior Bonds are issued to secure funds to defray the cost of improving, extending, enlarging, or repairing the System, some part thereof, including the acquisition of any system which may be combined with or consolidated into the System pursuant to law, or to refund Bonds, Junior Bonds, or any notes, bonds, or other obligations issued to finance or to aid in financing the acquisition, construction, or improvement of the System, and provided further that the pledge of revenues securing Junior Bonds shall at all times be subordinate and inferior to the pledge securing the Bonds.

Section 3.6. Special Facilities Bonds. The City shall also have the right to issue, from time to time, Special Facilities Bonds to defray the costs of acquiring or constructing Special Facilities subject to the following conditions:

A. The City shall determine that the receipts, income, revenues and other charges to be levied and collected in connection with the Special Facilities shall be at least equal to: (1) the estimated costs of operating and maintaining such Special Facilities; (2) the principal and interest requirements of the Special Facilities Bonds; (3) the amounts to be deposited in any reserve funds; and (4) any other costs and expenses relating to such Special Facilities.

B. The receipts, income, revenues, fees and other charges derived from the operation of the Special Facilities shall be segregated from the Revenues of the System.

C. The debt service payments and other costs and expenses related to such Special Facilities shall not be paid from Revenues of the System except as provided in Section 3.5 hereof.

D. The issuance of Special Facilities Bonds shall not have a detrimental effect on the System or impair the security afforded to the Bondholders.

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 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 Clerk-Treasurer 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 had remained in office until delivery.

Section 4.2. Authentication. Upon compliance with the provisions of Section 3.3, 3.4, 3.5 or 3.6 hereof, and upon the order of the City, the Trustee shall authenticate Bonds authorized to be issued hereunder. Only such Bonds as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Article XIII, duly executed manually by the Trustee 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 Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, 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. 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 designated corporate trust office of the Trustee by the registered owner thereof or by his attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his duly authorized attorney. 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 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 Holder thereof, or his duly authorized attorney, and neither the City nor the Trustee, 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: (a) shall be in fully registered form without coupons; (b) shall be issued in denominations of \$5,000, or any integral multiple thereof, 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. The Bonds shall be numbered and designated in such manner as the City, with the concurrence of the Trustee, shall determine. 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 from the date of its delivery, or 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.

Section 4.6. Exchange of Bonds. Bonds, upon surrender thereof at the designated corporate trust office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the Bondholder or his duly authorized attorney, may, at the option of the Bondholder thereof, and upon payment by such Bondholder of any charges which the Trustee may make as provided in Section 4.7, be exchanged for a principal amount of Bonds 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 Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Trustee. There shall be no charge to the Bondholder for such exchange or transfer of Bonds except that the Trustee 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 Trustee 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 fifteen (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. Temporary Bonds. Any Series of Bonds may be initially issued in temporary form, exchangeable for definitive Bonds to be delivered as soon as practicable and subject to the agreement of the City and the purchaser. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City, shall be without coupons, and may contain such reference to any of the provisions of this Ordinance as may be appropriate. Every temporary Bond shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds shall be surrendered for cancellation at the designated corporate trust office of the Trustee and the Trustee shall deliver and exchange for such temporary Bonds an equal, aggregate principal amount of definitive Bonds of like aggregate principal

amount and in authorized denominations of the same Series, maturity or maturities and interest rate or rates. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Ordinance as definitive Bonds under this Ordinance.

Section 4.9. 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 Trustee shall authenticate and deliver at the principal office of the Trustee, 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 Trustee evidence or proof satisfactory to the City and the Trustee of the loss, destruction, mutilation, defacement or theft of the original Bond, and of the ownership thereof, and also such security and indemnity as may be required by the laws of the State of South Carolina or such greater amount as may be required by the City and the Trustee. 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 Trustee 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.

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

Section 4.10. Bonds Exempt from South Carolina Taxes. As prescribed by Section 12-1-60 of the Code of Laws of South Carolina, 1976, the Bonds and the interest thereon shall be exempt from all State, county, municipal, school district, and all other taxes or assessments of the State, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, or transfer taxes. The provisions of this Section shall be deemed a part of the contract inuring to the benefit of all Holders or beneficiaries of the Bonds.

ARTICLE V

REDEMPTION OF BONDS

Section 5.1. Redemption of Bonds. The Bonds of a Series shall 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 at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; 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 Trustee 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 registered owner thereof as shown on the Books of Registry of the City and to such Securities Depositories as the City may designate not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for the redemption thereof. Such notice of redemption shall state: (i) the title of such Bonds to be redeemed, CUSIP numbers, 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; (ii) if less than all such Bonds of a particular Series are to be redeemed, the distinctive number of such Bonds to be redeemed; (iii) that the interest on such Bonds designated for redemption in such notice shall cease to accrue from and after such redemption date; and (iv) 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.

Failure duly to give such notice by mailing, or any defect in the notice, to the Holder of any such Bond designated for redemption shall not affect the validity of any proceedings for the redemption of any other Bonds. All Bonds or portions thereof so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit with the Trustee, and such Bonds shall not be deemed to be Outstanding under the provisions of this Ordinance.

Section 5.4. Partial Redemption of Bond. 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 Trustee. Upon surrender of such Bond, the City shall execute and the Trustee shall authenticate and deliver to the Holder thereof, at the principal 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. 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, and 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 Trustee and shall not be reissued. A counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee to the City upon the request of the Manager.

ARTICLE VI

ESTABLISHMENT OF FUNDS; SECURITY FOR AND PAYMENT OF THE BONDS; INVESTMENT OF MONEYS

Section 6.1. Listing of Funds and Accounts. The following are the funds and accounts created and established by this Ordinance:

- (i) Revenue Fund to be held by the Commissioners.
- (ii) Operation and Maintenance Fund to be held by the Commissioners.
- (iii) Debt Service Fund to be held by the Trustee, including an Interest Account, Bond Redemption Account and Principal Account (constitutes the Bond and Interest Redemption Fund provided in Section 6-21-440 of the South Carolina Code of Laws, 1976, as amended).
- (iv) Debt Service Reserve Fund to be held by the Trustee (constitutes the Cushion Fund permitted by Section 6-21-470 of the South Carolina Code of Laws, 1976, as amended).
- (v) Capital Improvements Fund to be held by the City (combines the Contingent Fund and the Depreciation Fund provided in Section 6-21-440 of the South Carolina Code of Laws, 1976, as amended).
- (vi) Rebate Fund to be held by the Commissioners.
- (vii) Construction Fund to be held by a Custodian designated by resolution or ordinance of the Council.

One or more accounts may, by direction of the City or by the terms of a Supplemental Ordinance, be established with any of the above funds. It is intended by this Ordinance that the funds 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 Bonds, and that deposits and withdrawals therefrom be made in the manner herein prescribed and in the order of priority hereinafter set forth in this Article VI.

Section 6.2. Security for and Payment of the Bonds. The Bonds, together with the interest thereon, shall be payable solely from and secured equally and ratably by a lien upon the Net Revenues of the System. The Revenues shall be and hereby are irrevocably pledged to the payment of the principal of and interest on the Bonds after adequate provision for Expenses of Operating and Maintaining the System. This provision of this Section 6.2 shall not preclude the issuance of Junior Bonds, if such Junior Bonds be issued in conformity with the provisions of Article 3.5 hereof, but the pledge herein made shall preclude the issuance of bonds payable from or secured by a pledge or lien on Revenues superior to that herein made to secure the Bonds.

The Bonds, and the interest thereon, shall not be a debt of the City, nor a charge, lien or encumbrance, legal or equitable, upon any property of the City or upon any income, receipts or revenues of the City other than such of the Net Revenues of the System as are hereby pledged to the payment thereof. No recourse shall be had for the payment of the Bonds, or the interest thereon, or any part thereof, against the general fund of the City, nor shall the credit or taxing powers of the City be deemed to

be pledged to the payment of the principal of and interest on the Bonds. The full faith, credit and taxing powers of the City are not pledged to the payment of the principal of and interest on the Bonds.

Section 6.3. Provision for Operation and Maintenance. The City hereby covenants and agrees with the Holders of the Bonds that, so long as any of the Bonds remain Outstanding and unpaid, adequate provision shall be made for the cost of operation and maintenance of the System, and the Revenues derived from the System shall be first used to pay the cost and Expenses of Operating and Maintaining the System.

Other than the Debt Service Fund, the Debt Service Reserve Fund and the Construction Fund, the designation and establishment of the various funds in and by this Ordinance shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of the Revenues and assets of the System for certain purposes and to establish certain priorities for application of such Revenues and assets as herein provided.

Other than the Debt Service Fund, the Debt Service Reserve Fund and the Construction Fund, the cash required to be accounted for in each of the foregoing funds established herein may be deposited in a single bank account, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash in and deposit therein for the various purposes of such funds as provided herein.

Section 6.4. Revenue Fund. There is hereby established a Revenue Fund to be maintained in trust by the City and into which shall be deposited all Revenues. Moneys in the Revenue Fund shall be made use of only in the manner specified in this Article VI and in the order of priority according to items (ii) through (v) of Section 6.1 hereof. The Commissioners may invest moneys held in the Revenue Fund, from time to time, in Investment Securities; provided, however, that the Commissioners shall make available to the Trustee funds in the Revenue Fund sufficient to make all transfers required to be made from the Revenue Fund by this Article VI.

So long as the City maintains proper accounting records for receipts and disbursements for the Revenue Fund, the Revenue Fund may be used for the purposes of the Operation and Maintenance Fund.

The covenants and agreements herein set forth to be performed by the City and the Commissioners 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, and, except as aforesaid, all Bonds shall rank *pari passu* and shall be secured equally and ratably hereunder without discrimination or preference whatsoever.

Section 6.5. Operation and Maintenance Fund. There is hereby established an Operation and Maintenance Fund to be maintained by the Commissioners in order to provide for the payment of all Expenses of Operating and Maintaining the System.

Provision shall be made first for the transfers required to be made into the Operation and Maintenance Fund. There shall be transferred from the Revenue Fund by the Commissioners into the Operation and Maintenance Fund, a sum sufficient to provide for the Expenses of Operating and Maintaining the System for the ensuing month in accordance with the Annual Budget. Withdrawals from the Operation and Maintenance Fund shall be made as required by the Commissioners from time to time in accordance, as nearly as may be practicable, with the Annual Budget.

So long as the Commissioners maintain proper accounting records for receipts and disbursements for the Revenue Fund, the Revenue Fund may be used for the purposes of the Operation and Maintenance Fund.

Section 6.6. Debt Service Fund. There is hereby established a “City of Isle of Palms, Water and Sewer System Debt Service Fund” (the “Debt Service Fund”). The Debt Service Fund 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.

The Debt Service Fund is 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 this fund shall be made in the manner prescribed by this Ordinance and all moneys in the Debt Service Fund shall be used solely to pay the principal of, redemption premium, if any, and interest on each 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 each Series of Bonds. Earnings on investments in the Debt Service Fund, including the accounts therein, shall be transferred by the Trustee to the Commissioners for deposit to the Revenue Fund.

Not later than the 25th day of the month following the month in which each Series of Bonds are delivered to the initial purchasers thereof, and not later than the 20th day of each month thereafter, there shall be paid into the Debt Service Fund from the moneys remaining in the Revenue Fund, the amounts hereinafter set forth.

(a) There is hereby created, for the purpose of paying the interest on each Series of Bonds as the same becomes due and payable, an Interest Account in the Debt Service Fund. Not later than the 20th day of the month following the month in which each Series of Bonds are delivered to the initial purchasers thereof, and not later than the 25th day of each month thereafter, the Trustee shall pay into the Debt Service Fund for credit to the Interest Account an amount (until the moneys on deposit therein equal the amount needed) such that, if the same amount is credited to the Interest Account not later than the 25th day of each calendar month preceding the next date upon which an installment of interest falls due on each Series of Bonds, the aggregate of the amounts so paid and credited to the Interest Account would on such date be equal to the installment of interest then falling due on each Series of Bonds then Outstanding. In making any of the credits to the Interest Account required by this paragraph (a), consideration shall be given to and allowance made for accrued interest received upon delivery of each Series of Bonds to the initial purchasers and for any other credits otherwise made to such Account.

(b) There is hereby created, for the purpose of paying the principal of the Serial Bonds as they mature, a Principal Account in the Debt Service Fund. Not later than the 25th day of the twelfth month prior to each date upon which an installment of principal of each Series of Bonds falls due, or if the first installment of principal of Serial Bonds of such Series shall become due in less than twelve months from the date on which such Series is issued and delivered to the Purchaser thereof, then on or before the 25th day of the month immediately succeeding the month in which the Bonds of such Series are so issued and delivered, and in any event prior to the date upon which such installment of principal falls due, and on or before the 25th day of each calendar month thereafter, the Trustee shall pay into the Debt Service Fund to the credit of the Principal Account an amount (until the moneys on deposit therein equal the amount needed) such that, if the same amount were credited to the Principal Account on or before the 25th day of each succeeding month thereafter and prior to the next date upon which an installment of principal falls due on each Series of Bonds, the aggregate of the amounts so paid and credited to the Principal Account would on such date be equal to the installment of principal then falling due.

(c) There is hereby created, in order to meet the specified sinking fund installment requirements of Term Bonds and to otherwise retire Bonds prior to maturity, a Bond Redemption Account in the Debt Service Fund. Not later than the 25th day of the twelfth (12th) month prior to the date upon which a sinking fund installment of Term Bonds of each Series falls due, and on or before the 25th day of each succeeding month thereafter, the Trustee shall pay into the Debt Service Fund to the credit of the Bond Redemption Account an amount such that, if the same amount were so credited to the Bond Redemption Account on the 25th day of each month thereafter and prior to the next date upon which a sinking fund installment falls due on the Term Bonds of such Series, the aggregate of the amount so credited to the Bond Redemption Account for the purpose of retiring the Term Bonds of such Series would on such latter date be equal to the amount (excluding accrued interest) required to redeem the principal amount of such Term Bonds required by the sinking fund installment then falling due on the Term Bonds of such Series. 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 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. 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.

(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 required by said paragraphs (a), (b) and (c); (ii) previous monthly payments; and (iii) the remaining payments to be made prior to the succeeding date on which principal or interest, or both, as the case may be, will be due and payable, will be less than the sum required to effect the payment of the succeeding installment of principal or interest, or both, as the case may be, a sum, derived from Revenues of the System, moneys in the Debt Service Reserve Fund established with respect to such Series of Bonds or bond insurance payments, if any, equal to such deficiency shall be added to the payment to be made pursuant to said paragraphs (a), (b) and (c) with respect to an applicable Series of Bonds.

Moneys in the Debt Service Fund 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 Bonds and shall be used and applied in accordance with the provisions of this Section. The moneys paid into the Debt Service Fund 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 Bonds and withdrawals from said Fund shall be made by the Trustee in order to transfer such moneys to the Paying Agent for the 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 6.7. Debt Service Reserve Fund. There is hereby established a special fund of the City to be designated as "City of Isle of Palms, Water and Sewer System Debt Service Reserve Fund" (the "Debt Service Reserve Fund"). The Debt Service Reserve Fund shall be kept on deposit with the Trustee in such amounts, if any, and in such separate account established with respect to each Series of Bonds as set forth in the Supplemental Ordinance providing for the issuance of such Series of Bonds. Withdrawals therefrom shall be made for the purposes provided in this Ordinance.

Moneys in the Debt Service Reserve Fund shall be used for the following purposes, and for no other:

- (i) To prevent a Default in the payment of the principal of or interest of such Series of Bonds, by reason of the fact that moneys in the Debt Service Fund are insufficient for such purposes.
- (ii) To pay the principal of, interest on, and redemption premium, if any, of the Bonds of such Series in the event that all Outstanding Bonds be redeemed as a whole.
- (iii) To effect partial redemption of the Bonds of such Series, provided that such redemption be undertaken in accordance with the provisions of this Ordinance permitting a partial redemption of Bonds and the balance remaining in the Debt Service Reserve Fund following such partial redemption shall not be less than the Reserve Fund Requirement with respect to such Series.
- (iv) To effect the retirement of Bonds of such Series through purchase under the conditions herein prescribed.

Whenever the market value of the cash and securities in the Debt Service Reserve Fund established with respect to any Series of Bonds shall exceed the Reserve Fund Requirement, if any, with respect to such Series of Bonds, such excess may be used at the direction of the City either (i) to repurchase and retire Bonds of such Series at prices not exceeding the call price first to become available or then prevailing or (ii) transferred to the Revenue Fund. 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 Trustee to cancel and destroy such Bonds and to deliver certificates evidencing such act to the City.

In lieu of the deposit of moneys into the Debt Service Reserve Fund established with respect to any Series of Bonds, the City may cause to be so credited a surety bond or an insurance policy payable to the Trustee for the benefit of the Holders of the Bonds of such Series or a letter of credit in an amount which together with other moneys on deposit in the Debt Service Reserve Fund are equal to the Reserve Fund Requirement on the Bonds of such Series. The surety bond, insurance policy or letter of credit shall be payable (upon the giving of notice as required thereunder) on any interest payment 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 Bonds of such Series and such payments cannot be made by amounts credited to the Debt Service Fund. The insurer providing such surety bond or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in the highest rating category by Moody's Investors Service, or its successors. The letter of credit issuer shall be a bank or trust company which is rated not lower than the second highest rating category by Moody's Investors Service, or its successors, and the letter of credit itself shall be rated in the highest category of either such rating agency. The insurance policy, surety bond or letter of credit must extend for the life of the Bonds of such Series and must be unconditional and irrevocable. If a disbursement is made pursuant to a surety bond, an insurance policy or a letter of credit provided pursuant to this paragraph, the City shall be obligated either (i) to reinstate the maximum limits of such surety bond, insurance policy or letter of credit, or (ii) to deposit into the Debt Service Reserve Fund established for such Series, funds in the amount of the disbursement made under such surety bond, insurance policy or letter of credit, or a combination of such alternatives, as shall provide that the amount credited equals the Reserve Fund Requirement on the Bonds of such Series within a time period not longer than one (1) year. The Trustee shall receive such opinions, including legal opinions, certificates and other documentation, as the Trustee shall request, prior to receipt of such surety bond, letter of credit or insurance policy by the Trustee.

If the issuer of a surety bond, insurance policy or letter of credit on deposit in the Debt Service Reserve Fund shall cease to have a rating described in the immediately preceding paragraph, the City shall use reasonable efforts to replace such surety bond, insurance policy or letter of credit with one of similar quality or shall deposit Revenues in the Debt Service Reserve Fund in lieu of replacing such surety bond, insurance policy or letter of credit with another.

If the City obtains a surety bond, insurance policy or letter of credit after the deposit of moneys to the Debt Service Reserve Fund, excess moneys shall be transferred to the Construction Fund, or if one does not exist, to the Revenue Fund.

Whenever the aggregate value of cash and securities in the Debt Service Reserve Fund established with respect to any Series of Bonds shall be less than the Reserve Fund Requirement for such Series, there shall be deposited in the Debt Service Reserve Fund for such Series that amount which, together with equal, successive, monthly deposits in the same amount, will restore the value of cash and securities in the Debt Service Reserve Fund to the Reserve Fund Requirement during the succeeding twelve (12) months.

Investment Securities in the Debt Service Reserve Fund established with respect to any Series of Bonds shall mature within five (5) years of the date of investment thereof.

Section 6.8. Capital Improvements Fund. There is hereby established a Capital Improvements Fund. The Capital Improvements Fund shall be maintained by the Commissioners.

The Commissioners shall deposit from time to time into the Capital Improvements Fund, an amount determined in the Annual Budget prepared for the System. Moneys in the Capital Improvements Fund shall be used solely for the purpose of restoring or replacing depreciated or obsolete properties of the System, paying the cost of improvements, betterments and extensions to the System, other than those necessary to maintain the System in good repair and working order, and for the payment of extraordinary maintenance and repairs, provided, however, if necessary, moneys in the Capital Improvements Fund may be used to fund any deficiency in the Debt Service Fund or Debt Service Reserve Fund established with for any Series of Bonds and used for any of the purposes for which such Funds were established.

Section 6.9. Application of Remaining Revenues. Any surplus Revenues remaining in the Revenue Fund after the above required payments have been made may be disposed of by the Council as it may determine from time to time to be for any purposes lawful.

Section 6.10. Rebate Fund. There is hereby established a special fund of the City to be held by the City, designated as "City of Isle of Palms, Water and Sewer System Rebate Fund" (the "Rebate Fund"). The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the City or any Holder of a Bond.

The City shall deposit in the Rebate Fund within 60 days after the end of any Bond Year an amount such that the amount held in the Rebate Fund after deposit is equal to cumulative rebate amount. The amount deposited in the Rebate Fund shall be made from the Revenues of the System to the extent moneys are available.

In the event that on the first day of any Bond Year the amount on deposit in the Rebate Fund exceeds the amount necessary, the City shall withdraw such excess amount and deposit it in the Revenue Fund.

The City shall pay to the United States out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the date of original issuance of the Bonds, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the amount due with respect to the Bonds as of the date of such payments, and (ii) not later than thirty (30) days after the date on which all Bonds have been paid in full, all of the amount due as of the date of payment.

Section 6.11. Establishment of Construction Fund. There shall be established a Construction Fund with respect to each Series of Bonds (other than for Bonds issued pursuant to Section 3.4 hereof in the Supplemental Ordinance providing for their issuance, the moneys which shall be used to defray the cost of the Project and to pay any Costs of Acquisition and Construction with respect to the facilities so financed.

Section 6.12. Deposits Into Construction Fund. On the occasion of the delivery of any Series of Bonds, the proceeds therefrom shall be paid into the Construction Fund established for such Series as set forth in a Supplemental Ordinance authorizing their issue.

Section 6.13. Withdrawals from Construction Fund. Withdrawals from the Construction Fund shall not be made except as provided in the Supplemental Ordinance establishing such Construction Fund.

Section 6.14. Investment of Funds. Moneys held for the credit of the Debt Service Fund shall be invested, to the fullest extent practicable and reasonable, in Investment Securities which shall mature prior to the respective dates when the moneys held for the credit of such Fund will be required for the purpose intended. Moneys in any other funds established by this Ordinance shall be invested, to the fullest extent practicable, in Investment Securities, maturing 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. Investment instructions shall be given to the Trustee by the Manager or his or her designee.

The Trustee or other depository shall evaluate on a quarterly basis Investment Securities in the various funds established by this Ordinance and forward such evaluation to the Commissioners. If as a result of such evaluation, there is a shortage in the amount or amounts to be deposited in such fund or funds, the Commissioners shall replenish such funds to the required levels within twelve (12) months of such shortage.

The value of Investment Securities shall be determined by the Trustee or other depository at market value.

Except interest earnings in the Construction Fund, and the Rebate Fund all interest earnings when realized shall be deposited or transferred to the Revenue Fund. Expenses of purchase, safekeeping, sale and redemption and all other expenses attributable to such investments shall be operating expenses of the System.

ARTICLE VII

COVENANTS

Section 7.1. Rates and Charges. (a) The Commissioners and the City covenant and agree to operate the System in an efficient and economical manner and establish, levy, maintain, revise and collect such fees, rates and other charges for the use of the services and facilities furnished by the System as may be necessary or proper, which fees, rates, and other charges, together with other Revenues and other

available moneys, shall at all times be at least sufficient after making due and reasonable allowances for contingencies and for a margin of error in estimates to provide an amount not less than (a) the amount required to be deposited into the Operation and Maintenance Fund for the then current Fiscal Year; (b) one hundred percent (100%) of the amounts required to be deposited into the Debt Service Fund for the then current Fiscal Year; (c) the amount required to maintain the Debt Service Reserve Requirement, if any, with respect to any Series of Bonds in the Debt Service Reserve Fund; (d) the amount required to be deposited into the Capital Improvements Fund for the then current Fiscal Year; (e) the amount required to provide for the payment of any Junior Bonds for the then current Fiscal Year; and (f) the amount necessary to comply in all respects with the terms of this Ordinance or any other contract or agreement with the Holder of a Bond.

(b) The Commissioners and the City further covenant and agree to establish, levy, maintain, revise and collect such fees, rentals, rates and other charges in connection with the System as may be necessary to produce Net Revenues at all times at least sufficient after making due and reasonable allowances for contingencies to produce at least one hundred twenty percent (120%) of the annual Maximum Debt Service on the Outstanding Bonds (less payments made from the proceeds of Bonds), to be funded from Revenues during the Fiscal Year with respect to which such rates are being established (provided that, in meeting the test of this paragraph (b), Net Revenues in any Fiscal Year shall include moneys in the Capital Improvements Fund which are irrevocably transferred to the Debt Service Fund as of the first day of such Fiscal Year).

Section 7.2. To Pay Principal, Premium, and Interest on the Bonds. The City shall punctually pay, or cause to be paid, out of the Net Revenues pledged to such payment in Article VI hereof, 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 7.3. Operation of System. The Commissioners shall at all times operate the System properly and in an efficient and economical manner and will maintain, preserve and keep the same with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall from time to time make all necessary and proper repairs and replacements so that at all times the operation of the System may be properly and advantageously conducted.

Section 7.4. Records, Accounts and Audits. The Commissioners will 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 System. A complete financial statement of the System shall be prepared within 180 days after the end of each Fiscal Year and shall be prepared in accordance with generally accepted accounting principles and audited by an independent certified public accountant. The Commissioners will cause to be furnished to any Holder of any of the Bonds, who make written request therefor, a copy of such statement. 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 make written request therefor, copies of financial statements certified by an independent certified public accountant. The Trustee shall not be responsible for obtaining audits of the System.

Section 7.5. Sale, Lease or Other Encumbrances. The Commissioners will not issue any bonds, notes, certificates or other obligations or evidences of indebtedness other than the Bonds or obligations authorized or permitted hereby secured by a pledge of the Revenues, and the Commissioners will not create or cause to be created any lien or charge on said Revenues other than the liens and charges created or permitted to be created hereby, and no part of the System will be sold, mortgaged, leased or otherwise disposed of or encumbered; provided, however, the Commissioners may from time to time permanently abandon the use of, sell, trade or lease any property forming a part of the System, but only if

there shall be filed with the Clerk-Treasurer of the City and the Trustee prior to such abandonment, sale or lease a certificate, signed by the Manager and in the case of (b) below approved by the Consulting Engineer, stating:

(a) that neither the City nor the Commissioners is then in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Ordinance, and

(b) that the Net Revenues for the preceding Fiscal Year, after giving effect to such abandonment, sale or lease and any replacement and after adjustment to reflect the moneys which would have been received if the rate schedule in effect on the date of such certificate had been in effect throughout such Fiscal Year, are not less than one hundred twenty percent (120%) of the Debt Service for any Fiscal Year thereafter. Amounts received from any such sale or disposition shall be deposited in the Revenue Fund, to be applied as are other moneys in that fund, provided, however, the certificate referred to herein shall not be required if the Consulting Engineer certifies that such property is no longer necessary or useful or profitable in the operation of the System, or necessary to produce or maintain the Revenues thereof, or which is to be or has been replaced by other property so as not to impair the operation of the System.

Section 7.6. Insurance. The Commissioners shall make provision to maintain adequate insurance on the works, plants, facilities and properties comprising the System against the risks, accidents or casualties, of the kinds and in at least the amounts which are usually and customarily carried on similar plants, properties and systems which are owned and operated by a public or municipal corporation, including without limiting the generality of the foregoing, fire, extended coverage, general liability and workers' compensation, and also all additional insurance covering such risks as may be deemed necessary or desirable by the Commissioners or recommended by a competent independent engineer or other advisor employed for the purpose of making such recommendations. The Trustee shall not be responsible for maintaining such insurance policies or copies thereof.

Section 7.7. No Free Service. The Commissioners covenant that no free service will be furnished by the System to the City or to any agency, instrumentality or person. The reasonable costs and value of any services of the System rendered to the City through the operation of the System shall be charged against the City and shall be paid as the service accrues from the current funds and such funds, when so paid, shall be accounted for in the same manner as other Revenues of the System.

Section 7.8. Annual Budget. Prior to the beginning of each Fiscal Year, the Commissioners shall prepare an annual budget for the ensuing Fiscal Year which shall set forth in reasonable detail the estimated Revenues and operation and maintenance expenses, payments to the Capital Improvements Fund and other expenditures of the System for such Fiscal Year. Following the end of each fiscal quarter and at such other times as the Commissioners shall determine, the Commissioners shall review its estimates set forth in the annual budget for such Fiscal Year, and in the event such estimates do not substantially correspond with actual Revenues, operation and maintenance expenses or other requirements, or if there are at any time during any such Fiscal Year extraordinary receipts or payments of unusual costs, the Commissioners shall prepare an amended annual budget for the remainder of such Fiscal Year. The Commissioners also may at any time adopt an amended annual budget for the remainder of the then current Fiscal Year.

ARTICLE VIII

TRUSTEE, CUSTODIANS

Section 8.1. Trustee. In the supplemental ordinance providing for the issuance of the initial Series of Bonds, Council shall designate the Trustee.

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 as set forth in Article X hereof, and after the curing of all Events of Default which may have occurred, perform such duties and obligations as are specifically set forth in this Ordinance, and no implied covenants or obligations shall be read into this Ordinance against the Trustee, and (b) during the existence of any Event of Default (which has not been cured or waived) exercise the rights and powers vested in it by this 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 this 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 this 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 rely upon the authenticity of, and the truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon any notice, resolution, 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 X hereof other than a payment default unless the Trustee shall receive from the City, the Commissioners or the Holder 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 Commissioners for reasonable fees for its services rendered hereunder and all advances and counsel fees reasonably and necessarily made or incurred by the Trustee in connection with such services.

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 this Ordinance relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions hereof.

Section 8.2. 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 Holders of the Bonds by publication of such resignation. Such notice shall be published at least once in a financial journal of general circulation published on each business day in each calendar week in the City of New York, New York. 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 executed by order of its Council. 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.

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.

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 (i) a bank, or a wholly owned subsidiary of a bank holding company, having a combined capital, surplus and undivided profits of at least \$50,000,000, or (ii) a trust company having at least \$100,000,000 of trust assets under management and a combined capital, surplus and undivided profits of at least \$50,000,000 and, in each case, being qualified to do, and doing, trust business in the State.

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 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 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 Holders of the Bonds, under the provisions of this Ordinance and of the Act.

Section 8.3. Removal of Trustee. Upon 30 days' written notice, the City, at its sole discretion, may remove the Trustee for cause. The removal of the Trustee under Section 8.3 hereof shall not be effective until a successor Trustee has been appointed and has accepted the duties of Trustee.

Section 8.4. Custodians. The Revenue Fund, the Operation and Maintenance Fund, the Capital Improvements Fund, the Rebate Fund, the Construction Fund or any one or more of such funds, shall at the option of the City be held by a bank, a trust company, a national banking association or a national association as Custodian under this Ordinance or a Supplemental Ordinance.

Section 8.5. Duties and Obligations of Custodians. The recitals of fact made in this Ordinance and in the Bonds shall be taken as statements of the City, and no Custodian shall be deemed to have made any representation as to the correctness of the same. Nor shall any Custodian be deemed to have made any representation whatsoever as to the validity or sufficiency of this Ordinance or of the Bonds issued hereunder. Nor shall 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. Nor shall 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 this Ordinance, or to the Bonds issued hereunder, or to advance any of its own moneys, unless properly indemnified to its satisfaction. Nor shall any Custodian be liable in connection with the performance of its duties hereunder, except for its own negligence or default.

Section 8.6. Custodians Protected in Relying upon Resolutions, etc. All Custodians shall at all times be protected in acting upon any notice, resolution, 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.

ARTICLE IX

AMENDMENTS OR SUPPLEMENTS TO THIS ORDINANCE

Section 9.1. Amendments or Supplements to this 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 thereto (1) for the purpose of providing for the issuance of Bonds pursuant to the provisions of Article III hereof, or (2) (a) 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; (b) 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; (c) making any amendments or supplements hereto to grant to or confer upon the Bondholders additional rights, remedies, power and authority, or to grant to or confer upon any Bondholders committee or trustee for the Bondholders any additional rights, power or authority; or (d) to add to the security of the Holders of the Bonds.

B. From time to time the Holders of sixty-six and two-thirds percent (66-2/3%) 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; and any action herein authorized to

be taken with the assent and authority given as aforesaid of the Holders of sixty-six and two-thirds percent (66-2/3%) in principal amount of the Bonds at the time Outstanding shall be effective and binding upon all of the Holders of Bonds issued hereunder; and any action herein authorized to be taken with the assent and authority given as aforesaid of the Holders of sixty-six and two-thirds percent (66-2/3%) 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 (1) 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 (2) give to any Bond or Bonds any preference over any other Bond or Bonds, or (3) 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 (4) 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.

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.

ARTICLE X

EVENTS OF DEFAULT

Section 10.1. Events of Default. With respect to the Bonds, the following shall constitute "Events of Default":

A. If payment of the principal of any Bond, whether at maturity or by proceedings for redemption, by declaration as provided in Article XI hereof, or otherwise, is not made by the City after the same has become due and payable; or

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

C. If the City shall fail or refuse to comply with the essential provisions of the Act, or 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 ordinance supplemental hereto on the part of the City to be performed, and such failure continues for thirty (30) 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 twenty percent (20%) in principal amount of the Bonds then Outstanding or any trustee or committee therefor; or

D. If any 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 Revenues or any other moneys pledged and charged in this Ordinance or any ordinance supplemental hereto 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 an order or decree is entered (1) with the consent or acquiescence of the City, appointing a receiver or receivers of the System or any of the facilities thereof; or (2) without the consent

or acquiescence of the City, appointing a receiver or receivers of the System or any of the facilities thereof and if, in either case, such order or decree having been entered is not vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof; or

F. If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the System or any of the facilities thereof, and such custody or control is not terminated within ninety (90) days from the date of assumption of such custody or control; or

G. 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 Sections 11.1 and 11.2 of Article XI hereof, insofar as the remedies provided in said provisions are concerned, nothing in Section 11.3 of Article XI hereof or in this Article, and particularly nothing in paragraph 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 (including, without limiting the generality of the foregoing, the duties imposed by or referred to in Section 11.3 of Article XI hereof) 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.

ARTICLE XI

REMEDIES UPON EVENT OF DEFAULT

Section 11.1. 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 twenty-five percent (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, anything contained in this Ordinance or any Supplemental Ordinance hereto or in any of the Bonds to the contrary notwithstanding. 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 twenty-five percent (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 11.2. Appointment of a Receiver. Upon the occurrence of an Event of Default described in paragraphs A and B of Article X hereof, and at any time thereafter while such default

continues, any court of competent jurisdiction may appoint a receiver; provided, however, if application is made by the Trustee or the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding or any trustee therefor, such court shall appoint a receiver. Any receiver so appointed shall (a) enter into and upon and take possession of the System, to the exclusion of the Commissioners and the City if such court so directs; (b) have, hold, use, operate, manage and control the System as such receiver may deem best; and (c) exercise all rights and powers of the Commissioners and the City with respect to the System as the City itself may do. In addition, the receiver shall (a) maintain, restore and insure the System and from time to time make all necessary and proper repairs to the System as such receiver may deem expedient; (b) establish, levy, maintain and collect such fees, tolls, rentals and other charges in connection with the System as such receiver may deem necessary or proper and reasonable; and (c) collect and receive all revenues, deposit such revenues in a separate account and apply such revenues so collected and received in such manner as the court shall direct.

Notwithstanding anything contained in this Ordinance or the Act, such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of whatever kind or character of the City or the Commissioners and useful to the System.

Section 11.3. 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 Sections 11.1 and 11.2 of this Article 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 the equity, enforce such Bondholder's right against the City and require and compel the City and the Commissioners to perform and carry out their 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 11.4. 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 11.1 and 11.2 of this Article, 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 thereafter. No remedy conferred by the Act and this Article upon any Holder of any Bond is intended to be exclusive of any other remedy, and 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 11.5. Restrictions on Bondholder's Action.

1. 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 twenty-five percent (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 an offer of indemnity, it being understood and intended that 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 therein provided; and that 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.

2. Nothing 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, from the Net Revenues of the System, 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 11.6. Application of 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 such moneys and of the fees, expenses and advances incurred or made by the Trustee with respect thereto, be deposited in the Debt Service Fund, and all amounts held by the Trustee hereunder shall be applied as follows:

(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 paragraph (b) 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.

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 Bond 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.

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.

ARTICLE XII

DEFEASANCE

Section 12.1. Defeasance. The obligations of the City under this Ordinance and the liens, pledges, charges, trusts and the 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 City for cancellation or otherwise surrendered to the City or the Trustee, and is canceled or subject to cancellation by the City or Trustee, 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 set aside exclusively for such payment, (1) moneys sufficient to make such payment, or (2) 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, and all necessary and proper fees, compensation and expenses of the Paying Agent. 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 due 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 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 Revenues of the System.

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.

ARTICLE XIII

FORM OF BONDS

Section 13.1. Form of Bonds. Except or unless as may otherwise be provided in the Supplemental Ordinance providing for their issuance, the Bonds, Trustee's Certificate of Authentication, registration provisions and assignment provisions, shall be in substantially the forms set forth in Exhibit A, with necessary or appropriate variations, omissions and insertions as are incidental to their Series, numbers, denominations, maturities, interest rate or rates, paying agencies, registration provisions, redemption provisions and other details thereof and their form or as are otherwise permitted or required by law or by this Ordinance.

ARTICLE XIV

MISCELLANEOUS

Section 14.1. 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 14.2. Ordinance Binding Upon Successors or Assigns of the City. All the terms, provisions, conditions, covenants, warranties and agreements contained in this Ordinance shall be binding upon the successors and assigns of the City and shall inure to the benefit of the Trustee, its successors or substitutes in trust and assigns, and the Holders of the Bonds.

Section 14.3. 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 City, 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 being 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, and that all personal liability of that character against every such member, officer and employee is, by the adoption 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 14.3 shall survive the completion of any Project and the termination of this Ordinance.

Section 14.4. 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 of South Carolina, 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 of South Carolina, such time shall continue to run until midnight on the succeeding business day.

Section 14.5. 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 14.6. Law and Place of Enforcement of this Ordinance. This Ordinance shall be construed and interpreted in accordance with the laws of the State of South Carolina and all suits and actions arising out of this Ordinance shall be instituted in a court of competent jurisdiction in said State.

Section 14.7. 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 14.8. Repeal of Inconsistent Ordinances and Resolutions. 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.

Section 14.9. Effectiveness of this Ordinance. This Ordinance shall become effective upon its enactment; provided, however, that it shall not be necessary for the City to establish the funds and accounts created in Article VI hereof prior to the issuance of any Bonds.

Section 14.10. Notices. All notices, certificates, or other communications hereunder or under this 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 Isle of Palms
Attention: City Administrator
1207 Palm Boulevard
P. O. Drawer 508
Isle of Palms, South Carolina 29451

If to the Commissioners:

Isle of Palms Water and Sewer Commission
Attention: Manager
1300 Palm Boulevard
P.O. Drawer 528
Isle of Palms, South Carolina 29451

The City, the Commissioners 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.

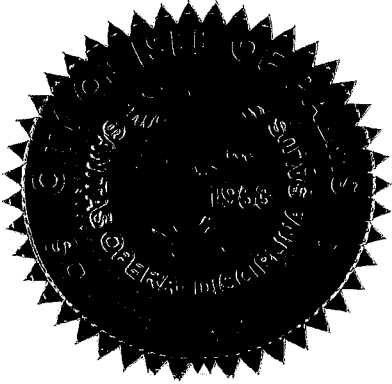
Section 14.11. Codification. This Ordinance shall be forthwith codified in the Code of City Ordinances in the manner required by law and the name shall be indexed under the general heading "2012 General Bond Ordinance Water and Sewer System Revenue Bonds."

[Execution of General Bond Ordinance on following page]

Enacted by the City Council of the City of Isle of Palms, South Carolina, this 28th day of August 2012.

CITY COUNCIL OF THE CITY OF ISLE OF PALMS,
SOUTH CAROLINA

By: 
Mayor



ATTEST:


City Clerk

Date of First Reading: July 24, 2012
Date of Second Reading: August 28, 2012

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
CITY OF ISLE OF PALMS
WATER AND SEWER SYSTEM REVENUE REFUNDING BOND
SERIES _____

Original Issue Date Maturity Date Interest Rate CUSIP

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

The City of Isle of Palms, South Carolina (the "City"), is justly indebted and, for value received, hereby promises to pay to the Registered Holder (named above), or registered assigns, but solely from the revenues hereinafter mentioned and not otherwise, the Principal Amount shown above on the Maturity Date shown above (unless the within Bond shall be subject to prior redemption and shall have been duly called for previous redemption and payment of redemption price made or provided for), upon presentation and surrender of this Bond at the principal office of the _____, in _____, South Carolina (the "Paying Agent"), and to pay interest, but solely from the revenues hereinafter mentioned and not otherwise, on such principal amount from the date hereof at the Interest Rate per annum shown above until the City's obligation with respect to the payment of such principal sum shall be discharged. Interest on this Bond is payable semiannually on _____ 1 and _____ 1 of each year commencing _____ 1, _____, 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 _____, in _____, South Carolina, as registrar (the "Trustee") at the close of business on the fifteenth (15th) day of the calendar month preceding each semiannual interest payment date. The principal, redemption premium, if any, 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 is one of an authorized series of Bonds of the aggregate principal amount of _____ Dollars (\$ _____) of like date of original issue, tenor and effect, except as to number, date of maturity, principal amount, registered holder, redemption provisions and rate of interest, issued by the City for the purpose of making certain improvements, enlargements and extensions to the City's water and sewer system (the "System"). This Bond and the series of Bonds of which it is one are authorized to be issued and are issued under, pursuant to and in full compliance with the Constitution and statutes of the State of South Carolina, including particularly Title 6, Chapter 21, of the Code of Laws of South Carolina, 1976, as amended (collectively the "Act"). This Bond and the series of Bonds of which it is one are also authorized to be issued and are issued under and pursuant to a General Bond Ordinance and a Supplemental Ordinance of the City Council of the City duly enacted on _____, _____ (collectively, the "Bond Ordinance"), under the Act which Bond Ordinance has been duly codified and indexed as prescribed by law.

The Bond Ordinance contains provisions defining terms, including the properties comprising the System; sets forth the 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 Bond Ordinance; sets 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; sets forth the terms and conditions upon which and the extent to which the Bond Ordinance may be altered, modified and amended; sets forth the terms and conditions upon which this Bond is issued upon which other bonds may be hereinafter issued payable as to principal, premium, if any, and interest on a parity with this Bond and equally and ratably secured herewith; sets forth the rights, duties and obligations of the City thereunder; and sets forth the terms and conditions upon which the pledge made in the Bond Ordinance for the security of this Bond and upon which the covenants, agreements and other obligations of the City made therein may be discharged at or prior to the maturity or redemption of this Bond with provisions for the payment thereof in the manner set forth in the Bond Ordinance. Reference is hereby made to the Bond Ordinance 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 Ordinance shall be a contract with the holder of this Bond.

This Bond and the series of Bonds of which it is one and the interest thereon are special obligations of the City payable solely from, and secured equally and ratably by a pledge of and lien upon, the Revenues (as defined in the Bond Ordinance) derived by the City from the System after adequate provision for operation and maintenance expenses (defined in the Bond Ordinance as Net Revenues), and on a parity with any Series of Bonds (as defined in the Bond Ordinance) hereafter issued under the Bond Ordinance payable from such Net Revenues on a parity and equally and ratably secured therewith.

The Bonds maturing on or prior to _____ 1, _____, shall not be subject to redemption prior to their stated maturities. The Bonds maturing on or after _____ 1, _____, shall be subject to redemption prior to maturity, at the option of the City, on and after _____ 1, _____, as a whole at any time, or in part from time to time on any _____ 1 or _____ 1 by lot, at the redemption prices with respect to each Bond, expressed as a percentage of the principal amount redeemed, as set forth below, together, in each such case, with the interest accrued on such principal amount to the date fixed for redemption:

Period During Which Redeemed (both dates inclusive)	Redemption Dates
--	---------------------

provided, however, that the City further reserves the right to redeem the Bonds of the series of which this Bond is one maturing on _____ 1, _____, prior to the maturity thereof, in part by lot on any interest payment date (but in any event on each _____ 1) on or after _____ 1, _____, from amounts credited to the Bond Redemption Account in the Debt Service Fund (as provided for in the Bond Ordinance) as sinking fund installments, upon payment of the principal amount of such Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption; provided, further, that the City further reserves the right to redeem the Bonds of the series of which this Bond is one maturing on or after _____ 1, _____, prior to the maturity thereof, in part by lot on any interest payment date (but in any event on each _____ 1) on or after _____ 1, _____, from amounts credited to the Bond Redemption Account in the Debt Service Fund (as provided for in the Bond Ordinance) as sinking fund installments, upon payment of the principal amount of such Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption.

If less than all the Bonds of any maturity are called for redemption, the Bonds of such maturity to be redeemed shall be selected by lot. 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 premium payable upon such redemption, shall be given by the Trustee by first class mail, postage prepaid, to the registered owner thereof not less than thirty (30) days and not more than sixty (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 such 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 Bond Redemption Account in the Debt Service Fund in amounts sufficient to redeem on _____ 1 of each year, 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>
-------------	-------------------------

The Bonds maturing in the year ____ shall be retired by sinking fund installments which shall be accumulated in the Bond Redemption Account in the Debt Service Fund in amounts sufficient to redeem on _____ 1 of each year, 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>
-------------	-------------------------

This Bond is transferable, as provided in the Bond Ordinance, only upon the books of the City kept for that purpose at the principal 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 Trustee 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 Ordinance. The City, the Registrar and the Paying Agent 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 premium, if any, hereof and interest due hereon and for all other purposes.

To the extent and in the manner permitted by the terms of the Bond Ordinance, the provisions of this Bond or of the Bond Ordinance, 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 sixty six and two thirds percent (66 2/3%) in principal amount of the Bonds then outstanding under the Bond Ordinance (including the Bond of the series of which this Bond is one); 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

optional 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 Bonds, the consent of the holders of which is required by the Bond Ordinance to effect such an amendment or modification.

Under the laws of the State of South Carolina, the principal of and interest on this Bond are exempt from any and all State, City, municipal and other taxation whatsoever under the laws of the State of South Carolina, except for inheritance, estate or transfer taxes.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of South Carolina to exist, to happen and to be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law; that the series of which this Bond is a part 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 and the series of which it is a part, as provided in the Bond Ordinance.

This Bond shall not be entitled to any benefit under the Bond Ordinance, nor become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been duly executed by the Trustee.

THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF TITLE 6, CHAPTER 21, 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, INCLUDING INTEREST THEREON, ARE PAYABLE SOLELY FROM THE NET REVENUES HERETOFORE MENTIONED WHICH ARE PLEDGED TO THE PAYMENT THEREOF AND THE CITY IS UNDER NO OBLIGATION TO PAY THE SAME EXCEPT FROM SUCH NET REVENUES. 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 REVENUES 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.

[Execution on following page.]

IN WITNESS WHEREOF, the City of Isle of Palms, South Carolina, has caused this Bond to be executed in its name by the facsimile signature of the Mayor of the City and attested by the facsimile signature of the Clerk-Treasurer of the City under the seal of the City impressed, imprinted or reproduced hereon.

CITY OF ISLE OF PALMS, SOUTH CAROLINA

By: _____
Mayor

(SEAL)

ATTEST:

Clerk-Treasurer

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This Bond is one of the Bonds described in the within-mentioned Bond Ordinance of City of Isle of Palms, South Carolina.

_____, Trustee

By: _____
Authorized Officer

Dated: _____

ORDINANCE 2019-__

SERIES 2019 BOND ORDINANCE

AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$16,000,000 WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2019, OF THE CITY OF ISLE OF PALMS, SOUTH CAROLINA; TO PROVIDE FOR THE USE OF THE PROCEEDS; TO PROVIDE FOR THE TERMS AND CONDITIONS UPON WHICH THE SERIES 2019 BONDS WILL BE ISSUED; TO PROVIDE FOR THE REPAYMENT THEREOF AND SECURITY THEREFOR; AND TO PROVIDE FOR OTHER MATTERS IN CONNECTION THEREWITH.

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BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ISLE OF PALMS, SOUTH CAROLINA, IN MEETING DULY ASSEMBLED, AS FOLLOWS:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. Unless the context shall clearly indicate some other meaning, the terms defined in this Section shall, for all purposes of this Series 2019 Bond Ordinance and of any ordinance, resolution, certificate, opinion, instrument or other document herein or therein mentioned, have the meanings herein specified, with the definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined and vice versa. Certain other terms used as defined terms herein shall have the meanings ascribed to such terms in the General Bond Ordinance. The term:

“Additional Bonds” means any additional parity bonds authorized to be issued by the City pursuant to the terms and conditions of Article III of the General Bond Ordinance.

“Authorized Denomination” means \$5,000 or any integral multiple thereof.

“Business Day” means a day which is not a Saturday, Sunday, legal holiday or day on which banking institutions are authorized by law to close in the State of South Carolina or in the jurisdiction where the designated corporate trust office of the Trustee is located.

“Chairman” means the duly elected Chairman of the Commissioners.

“Clerk” means the City Clerk of the City, or in his or her absence, the acting clerk.

“Code” means the Internal Revenue Code of 1986, as amended, and any successor provision of law.

“Continuing Disclosure Undertaking” shall mean that certain Continuing Disclosure Undertaking substantially in the form of Exhibit C hereto, hereby authorized to be executed by the Mayor on behalf of the City and dated the date of issuance and delivery of the Series 2019 Bonds as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Commissioners” means the Commissioners of Public Works of the City of Isle of Palms, South Carolina, doing business as the Water and Sewer Commission.

“General Bond Ordinance” means Ordinance 2012-06 enacted by the Council on August 28, 2012, which amends and restates Ordinance 1991-1 enacted by the Council on February 11, 1991, authorizing the issuance of Water and Sewer System Revenue Bonds of the City.

“General Manager” means the general manager of the System as appointed by the Commissioners.

“Holder” or “Bondholder” or “Registered Owner” means the person in whose name a Series 2019 Bond is registered in the books maintained for such purpose.

“Interest Payment Date” means June 1 and December 1 of each year, commencing June 1, 2020.

“Mayor” means the mayor of the City or, in his or her absence, the mayor pro tempore of the City.

“Paying Agent” means U.S. Bank National Association.

“Purchaser” means the bidder providing the lowest true interest cost for the Series 2019 Bonds on the day and time designated in the Official Notice of Bond Sale. A form of such Official Notice of Bond Sale is attached hereto as Exhibit B.

“Registrar” means U.S. Bank National Association.

“Series 2019 Bond Ordinance” means this ordinance of the City duly adopted on _____, 2019.

“Series 2019 Bonds” means the City of Isle of Palms, South Carolina, Water and Sewer System Revenue Bonds, Series 2019, authorized to be issued hereunder.

“Series 2019 Project” means (i) providing necessary improvements to the System, including (a) the decommissioning of the Wild Dunes WWTP, (b) the consolidation and expansion of the Forest Trails WWTP, and (c) the commencement of expansion of the sewer system to provide sewer service to the remainder of the City not presently served; and (ii) paying certain costs and expenses relating to the issuance of the Series 2019 Bonds.

“Trustee” means U.S. Bank National Association.

Section 1.2. General Rules of Interpretation. (a) Articles, Sections, and paragraphs mentioned by number are the respective Articles, Sections, and paragraphs of this Series 2019 Bond Ordinance so numbered.

(b) Except as otherwise expressly provided or unless the context otherwise requires, words importing persons include firms, associations and corporations and the masculine includes the feminine and the neuter.

(c) Words importing the redemption or redeeming or calling for redemption of the Series 2019 Bonds do not include or connote the payment of such Series 2019 Bonds at its stated maturity or the purchase of such Series 2019 Bonds.

(d) Words importing the singular number include the plural number and vice versa.

ARTICLE II FINDINGS AND DETERMINATIONS

Section 2.1. Findings and Determinations. The Council hereby finds and determines:

(a) The City is an incorporated municipality located in Charleston County, South Carolina, and has by ordinance adopted the Council form of government. The City possesses all general powers granted by the Constitution and Laws of the State of South Carolina to municipal corporations, including the power to possess a water system and a sewer system and the power to establish a commissioners of public works to operate and maintain such system.

(b) Heretofore, pursuant to the favorable results of a special election held on November 27, 1990, and in compliance with the applicable constitutional and statutory provisions, including Section 16

of Article VIII of the Constitution of the State of South Carolina, provision was made for the acquisition of a privately owned water and sewer system (the "System").

(c) Upon acquisition, the System was initially operated and maintained under the control of Council. Thereafter on May 12, 1992, an election was held and commissioners of public works were elected. On June 23, 1992 pursuant to Ordinance 1992-7, full control and management of the System were transferred to Commissioners. The System furnishes water and sewer service to certain areas of the City.

(d) In order to finance the cost of acquiring and improving the System, the City has heretofore issued seven series of water and sewer system revenue bonds, payable from the Revenues of the System.

(e) On _____, 2019, the Commissioners adopted a Resolution entitled "A RESOLUTION REQUESTING CITY COUNCIL APPROVAL OF AN ORDINANCE TO PROVIDE FOR THE ISSUANCE AND SALE OF NOT EXCEEDING SIXTEEN MILLION DOLLARS (\$16,000,000) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2019, OF THE CITY OF ISLE OF PALMS, SOUTH CAROLINA; AND OTHER MATTERS RELATING THERETO."

(f) The Series 2019 Bonds will be the eighth issue of Bonds under the General Bond Ordinance.

(g) The period of usefulness of the System is indefinite, but in no case is it less than the term of the Series 2019 Bonds.

ARTICLE III ISSUANCE OF BONDS

Section 3.1. Authorization of Series 2019 Bonds. Pursuant to the General Bond Ordinance, this Series 2019 Bond Ordinance and the Act and in order to provide necessary improvements to the System, there shall be issued Water and Sewer System Revenue Bonds, Series 2019 (the "Series 2019 Bonds"). The Series 2019 Bonds shall be sold to the Purchaser at the purchase price established by the winning bid submitted at the competitive sale for the Series 2019 Bonds, reflecting the lowest true interest cost to the Commissioners. The Series 2019 Bonds shall be dated the date of delivery, or such other date as may be determined by the Chairman and the General Manager; shall be in fully registered form in Authorized Denominations; shall bear interest as herein provided, payable on each Interest Payment Date; and shall mature on December 1 in each of the years and in the principal amounts set forth in the winning bid as awarded by the Chairman and the General Manager.

The Series 2019 Bonds shall bear interest from their dated date. Interest on the Series 2019 Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2019 Bonds will be substantially in the form attached hereto as Exhibit A with such necessary or appropriate variations, omissions and insertions as are incidental to the series, numbers, denominations, maturities, interest rate or rates, redemption provisions, the purpose of issuance and other details thereof or as are otherwise permitted or required by law, by the General Bond Ordinance or by this Series 2019 Bond Ordinance.

Section 3.2. Optional Redemption of Series 2019 Bonds. The Series 2019 Bonds maturing on or after December 1, 2030 shall be subject to redemption prior to maturity at the option of the City, on or after December 1, 2029 in whole or in part, at any time in any order of maturity selected by the City, at

the principal amount of Series 2019 Bonds to be redeemed, together with interest accrued to the date fixed for redemption without premium.

Section 3.3. Notice of Redemption. Notice of any redemption of the Series 2019 Bonds shall be given in the manner required by Section 5.3 of the General Bond Ordinance, provided that if, on the date fixed for optional redemption as provided in Section 3.2(a) hereof, there has not been deposited with the Registrar sufficient moneys to pay both the principal amount of and accrued interest on the Series 2019 Bonds called for redemption on such date, the notice of redemption shall be deemed rescinded and of no force and effect. All such affected Series 2019 Bonds shall be returned by the Registrar to the Registered Owners thereof. The notice of redemption may on its face be conditional and subject to receipt of funds in an amount sufficient to pay both the principal amount of and accrued interest on the Series 2019 Bonds.

Section 3.4. Other General Provisions of the Series 2019 Bonds. The provisions of Section 12-2-50 of the Code of Laws of South Carolina, 1976, as amended, shall apply to the Series 2019 Bonds. The other general provisions of the Series 2019 Bonds shall be those set forth in Article IV of the General Bond Ordinance.

Section 3.5. Series 2019 Bonds Constitute Limited Obligation of the City. The full faith, credit and taxing powers of the City are not pledged for the payment of the principal of and interest on the Series 2019 Bonds, and there shall be on the face of the Series 2019 Bonds a statement plainly worded to that effect and stating that the Series 2019 Bonds do not constitute an indebtedness of the City within any State constitutional provisions or statutory limitation. No recourse shall be had for the payment of the Series 2019 Bonds or interest thereon, or any part thereof, against the several funds of the City, except in the manner and to the extent provided in this Series 2019 Bond Ordinance nor shall the credit or taxing power of the City be deemed to be pledged thereto.

Section 3.6. Authorization for Preparing and Selling Series 2019 Bonds. The Mayor is hereby authorized and directed to have the Series 2019 Bonds prepared, and the Mayor and Clerk are hereby authorized and directed to execute and attest the Series 2019 Bonds in form and manner provided herein.

Section 3.7. Book-Entry Form Authorized. The Series 2019 Bonds will be eligible securities for the purposes of the Book-Entry System of transfer maintained by The Depository Trust Company, New York, New York (the "Depository"), and transfers of beneficial ownership of the Series 2019 Bonds shall be made only through the Depository and its participants (the "Participants") in accordance with rules specified by the Depository. Such beneficial ownership must be of a \$5,000 principal amount of the Series 2019 Bonds of the same maturity or any integral multiple of \$5,000.

The Series 2019 Bonds shall be issued in fully registered form, one Certificate for each of the maturities of the Series 2019 Bonds, in the name of Cede & Co., as the nominee of the Depository. When any principal of, premium, if any, or interest on the Series 2019 Bonds becomes due, the City shall transmit or cause the Trustee 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 Series 2019 Bonds so registered for all purposes of this Series 2019 Bond Ordinance, including, without limitation, payments as aforesaid and receipt of notices and exercise of rights of Series 2019 Bondholders (the "Beneficial Owners").

The Paying Agent/Registrar shall notify the Depository of any notice of redemption required to be given pursuant to the General Bond Ordinance or this Series 2019 Bond Ordinance not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption.

The Depository is expected to maintain records of the positions of Participants in the Series 2019 Bonds, and the Participants and persons acting through Participants are expected to maintain records of the Beneficial Owners of the Series 2019 Bonds. The City and the Trustee 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 and the Trustee 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.

If (a) the Depository determines not to continue to act as Depository for the Series 2019 Bonds, or (b) the City has advised the Depository and the Trustee of the City's determination that the Depository is incapable of discharging its duties, the City shall attempt to retain another qualified securities depository to replace the Depository. Upon receipt by the City or the Trustee of the Series 2019 Bonds together with an assignment duly executed by the Depository, the City shall execute and deliver to the successor depository, Series 2019 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 the best interest of the City not to continue the Book-Entry System of transfer or that the interest of the Beneficial Owners of the Series 2019 Bonds might be adversely affected if the Book-Entry System of transfer is continued (although 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 2019 Bonds by mailing an appropriate notice to the Depository, then upon receipt by the City of the Series 2019 Bonds together with an assignment duly executed by the Depository, the City shall execute, and cause to be authenticated and delivered pursuant to the instructions of the Depository, Series 2019 Bonds in fully registered form, in substantially the form set forth in this Series 2019 Bond Ordinance, in the denomination of \$5,000 or any integral multiple thereof.

Section 3.8. Debt Service Reserve Requirement. The City determines, as permitted by the Amended and Restated General Bond Ordinance that it is not necessary to fund a Debt Service Reserve Account for the Series 2019 Bonds. Consequently, the Reserve Fund Requirement for the Series 2019 Bonds shall be \$-0-.

ARTICLE IV SALE AND AWARD OF SERIES 2019 BONDS

Section 4.1. Determination of Time to Receive Bids; Form of Official Notice of Bond Sale and Official Bid Form. The City hereby approves the offering of the Series 2019 Bonds at competitive sale on a date to be selected by the Chairman and General Manager in accordance with an Official Notice of Bond Sale in substantially the form attached hereto as Exhibit B.

Section 4.2. Preliminary Official Statement and Official Statement. The City hereby approves the dissemination of a Preliminary Official Statement in connection with the public offering and sale of the Series 2019 Bonds. The City hereby approves a final Official Statement of the City relating to the Series 2019 Bonds which will reflect the results of the competitive sale thereof, and directs that such Preliminary Official Statement and Official Statement be prepared under the supervision of the Chairman and the General Manager, and the City hereby authorizes the use of said Official Statement and the information contained therein.

Section 4.3. Award of Series 2019 Bonds. The Chairman and General Manager shall, and are hereby authorized and empowered to, award the sale of the Series 2019 Bonds to the bidder naming the

lowest true interest cost to the Commissioners, which shall be reflected in Exhibit D hereto. The Chairman and General Manager are authorized to complete Exhibit D upon the receipt of bids so that the final details of the Series 2019 Bonds may be made a part of the official record of proceedings.

ARTICLE V DISPOSITION OF PROCEEDS OF SERIES 2019 BONDS

Section 5.1. Payment of Cost of Issuance. Sufficient proceeds derived from the sale of the Series 2019 Bonds as determined by the Chairman and General Manager shall be set aside to pay Cost of Issuance upon an approved order signed by an authorized officer of the Commissioners.

Section 5.2. Use of Remaining Proceeds. All of the remaining proceeds derived from the sale of the Series 2019 Bonds shall be deposited in a Construction Fund to be established for the Series 2019 Bonds. The Commissioners may act as custodian of such Construction Fund and shall maintain proper records of each withdrawal therefrom.

ARTICLE VI CONCERNING THE TRUSTEE

Section 6.1. Trustee Protected in Relying Upon Resolutions, Etc. The Trustee shall at all times be protected in acting upon any notice, ordinance, resolution, request, consent, order, certificate, statement, opinion, bond, coupon or other paper or document believed to be genuine and to have been signed by the proper party or parties. The Trustee shall not be under any obligation to perform any act which would involve it in expense, or to institute any suit, or defend the same, or to advance any of its own moneys, unless properly indemnified to its satisfaction. Nor shall the Trustee be liable in connection with the performance of its duties hereunder, except for its own negligence or default.

Section 6.2. Appointment of Successor Trustee. Should the Trustee resign, become incapable of acting, or fail to remain a member of the Federal Deposit Insurance Corporation, the City shall appoint a successor Trustee. Immediately following such appointment, the City shall give written notice of such appointment to the Holders of the Series 2019 Bonds.

ARTICLE VII CONTINUING DISCLOSURE

Section 7.1. Information to be Provided. The City hereby undertakes, for the benefit of the Holders of the Series 2019 Bonds, to cause the Commissioners to provide:

(a) Pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, the Commissioners, on behalf of the City, have covenanted to file with a central repository for availability in the secondary bond market, when requested, an annual independent audit of the System, within 30 days of its receipt of the audit; and event specific information within 30 days of an event adversely affecting more than five percent (5%) of System revenue. The only remedy for failure by the Commissioners, on behalf of the City, to comply with the covenant in this Section shall be an action for specific performance of this covenant. The Commissioners, on behalf of the City, specifically reserve the right to amend this covenant to reflect any change in Section 11-1-85, without the consent of any Bondholder.

(b) In addition, the Commissioners, on behalf of the City, hereby covenant and agree to comply with and carry out all of the provisions of the Continuing Disclosure Undertaking in substantially the form of Exhibit C hereto. Notwithstanding any other provision of this Series 2019 Bond Ordinance, failure of the Commissioners, on behalf of the City, to comply with the Continuing Disclosure

Undertaking shall not be considered an event of default; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Commissioners, on behalf of the City, to comply with its obligations under this paragraph.

(c) As permitted by Securities Exchange Act of 1934 Rule 15c2-12(f)(10), the Commissioners, on behalf of the City, shall provide the information required by Rule 15c2-12. The Commissioners, on behalf of the City, shall also comply with the provisions of Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended.

ARTICLE VIII MISCELLANEOUS

Section 8.1. Execution of Documents. The Mayor and the Clerk are hereby authorized, empowered and directed to execute in the name of the City and under the seal of the City any and all other documents consistent herewith that may be required by the Purchaser as a condition precedent to the issuance of the Series 2019 Bonds by the City, and the City is hereby authorized and empowered to accept and receive the proceeds of such Series 2019 Bonds.

Section 8.2. Tenor of Obligation. Every covenant, undertaking, and agreement made on behalf of the City set forth in the Series 2019 Bonds and in this Series 2019 Bond Ordinance is made, undertaken, and agreed to for the proper securing of the payment of the principal of and interest on the Series 2019 Bonds. Each shall be deemed to partake of the obligation of the contract between the City and the Holders of the Series 2019 Bonds, and shall be enforceable accordingly.

Section 8.3. Benefits of Series 2019 Bond Ordinance Limited to the City and Holders of the Series 2019 Bonds. With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from the Series 2019 Bond Ordinance or the Series 2019 Bonds is intended or should be construed to confer upon or give to any person other than the City, the Holders of the Series 2019 Bonds, any legal or equitable right, remedy or claim under or by reason of or in respect to the Series 2019 Bond Ordinance or any covenant, condition, stipulation, promise, agreement or provision herein contained. The Series 2019 Bond 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 and the Holders from time to time of the Series 2019 Bonds as herein and therein provided.

Section 8.4. Series 2019 Bond Ordinance Binding Upon Successors or Assigns of the City. All the terms, provisions, conditions, covenants, warranties and agreements contained in the Series 2019 Bond Ordinance shall be binding upon the successors and assigns of the City and shall inure to the benefit of the Holders of the Series 2019 Bonds.

Section 8.5. No Personal Liability. No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the City contained in this Series 2019 Bond Ordinance or the Series 2019 Bonds, against any council member of the City, 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 being expressly agreed and understood that this Series 2019 Bond Ordinance and the Series 2019 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 or the Commissioners, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into between the City and the Series 2019 Bondholder or to be implied therefrom, as being supplemental hereto or thereto, and that all personal liability of that character against every such

member, officer and employee is, by the enactment of this Series 2019 Bond Ordinance and the execution of the Series 2019 Bonds, and as a condition of, and as a part of the consideration for, the enactment of this Series 2019 Bond Ordinance and the execution of the Series 2019 Bonds, expressly waived and released. The immunity of members, officers and employees of the City and the Commissioners under the provisions contained in this Section 8.5 shall survive the termination of the Ordinance.

Section 8.6. Effect of Saturdays, Sundays and Legal Holidays. Whenever the Ordinance requires any action to be taken on a day that is not a Business Day, such action shall be taken on the first Business Day occurring thereafter.

Section 8.7. Law and Place of Enforcement of the Ordinance. The Series 2019 Bond Ordinance shall be construed and interpreted in accordance with the laws of the State of South Carolina and all suits and actions arising out of this Series 2019 Bond Ordinance shall be instituted in a court of competent jurisdiction in said State.

Section 8.8. Effect of Article and Section Headings and Table of Contents. The heading 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 the Ordinance.

Section 8.9. Appointment of Paying Agent. U.S. Bank National Association is hereby appointed Paying Agent for the Series 2019 Bonds.

Section 8.10. Savings Provision. If any section, paragraph, clause or provision of this Series 2019 Bond Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Series 2019 Bond Ordinance.

Section 8.11. Repealing Clause. All resolutions, ordinances, or parts thereof inconsistent herewith shall be, and the same are hereby, repealed to the extent of such inconsistencies.

Section 8.12. Effective Date. This Series 2019 Bond Ordinance shall be effective without the necessity of any publication upon the date on which it receives second reading.

Section 8.13. Codification. This Series 2019 Bond Ordinance shall be forthwith codified in the Code of Ordinances in the manner required by law and shall be indexed under the general heading "Water and Sewer System Revenue Bonds, Series 2019."

[Execution on following page.]

DONE IN MEETING DULY ASSEMBLED, this ____ day of _____, 2019.

CITY OF ISLE OF PALMS, SOUTH CAROLINA

Mayor

(SEAL)

ATTEST:

City Clerk

Date of First Reading: _____, 2019

Date of Second Reading: _____, 2019

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
CITY OF ISLE OF PALMS
WATER AND SEWER SYSTEM REVENUE BOND
SERIES 2019

Original Issue Date Maturity Date Interest Rate CUSIP

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

The City of Isle of Palms, South Carolina (the "City"), is justly indebted and, for value received, hereby promises to pay to the Registered Owner (named above), or registered assigns, but solely from the revenues hereinafter mentioned and not otherwise, the Principal Amount shown above on the Maturity Date shown above (unless the within Bond shall be subject to prior redemption and shall have been duly called for previous redemption and payment of redemption price made or provided for), upon presentation and surrender of this Series 2019 Bond at the corporate trust office of U.S. Bank National Association in Columbia, South Carolina (the "Paying Agent"), and to pay interest, but solely from the revenues hereinafter mentioned and not otherwise, on such principal amount from the date hereof at the Interest Rate per annum shown above until the City's obligation with respect to the payment of such principal sum shall be discharged. Interest on this Series 2019 Bond is payable semiannually on June 1 and December 1 of each year commencing June 1, 2020, until this Series 2019 Bond matures, and shall be payable by check or draft mailed to the person in whose name this Series 2019 Bond is registered on the registration books of the City maintained by U.S. Bank National Association in Columbia, South Carolina, as registrar (the "Trustee") at the close of business on the fifteenth (15th) day of the calendar month preceding each semiannual interest payment date. The principal, redemption premium, if any, and interest on this Series 2019 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 Series 2019 Bond is one of an authorized series of Bonds of the aggregate principal amount of _____ Dollars (\$_____) of like date of original issue, tenor and effect, except as to number, date of maturity, principal amount, registered owner, redemption provision and rate of interest, issued by the City for the purpose of (i) providing necessary improvements to the City's Water and Sewer System (the "System"), and (ii) paying certain Cost of Issuance (terms as defined in the Bond Ordinance referred to below). This Series 2019 Bond and the series of Bonds of which it is one are authorized to be issued and are issued under, pursuant to and in full compliance with the Constitution and statutes of the State of South Carolina, including particularly Title 6, Chapter 21, of the Code of Laws of South Carolina, 1976, as amended (collectively the "Act"). This Series 2019 Bond and the series of Bonds of which it is one are also authorized to be issued and are issued under and pursuant to a General Bond Ordinance enacted on August 28, 2012 (which amends and restates Ordinance 1991-1), and a Series 2019 Bond Ordinance of the City Council of the City duly enacted on _____, 2019 (collectively, the "Bond Ordinance"), under the Act which Bond Ordinance has been duly codified and indexed as prescribed by law.

The Bond Ordinance contains provisions defining terms, including the properties comprising the System; sets forth the revenues pledged for the payment of the principal of and interest on this Series 2019 Bond and the bonds of other series heretofore or hereafter issued on a parity herewith under the Bond Ordinance (together, the "Bonds"); sets forth the nature, extent and manner of enforcement of the security of this Series 2019 Bond and of such pledge, and the rights and remedies of the holder hereof with respect thereto; sets forth the terms and conditions upon which and the extent to which the Bond Ordinance may be altered, modified and amended; sets forth the terms and conditions upon which this Series 2019 Bond is issued, upon which other bonds may be heretofore or hereafter issued payable as to principal, premium, if any, and interest on a parity with this Series 2019 Bond and equally and ratably secured herewith; sets forth the rights, duties and obligations of the City thereunder; and sets forth the terms and conditions upon which the pledge made in the Bond Ordinance for the security of this Series 2019 Bond and upon which the covenants, agreements and other obligations of the City made therein may be discharged at or prior to the maturity or redemption of this Series 2019 Bond with provisions for the payment thereof in the manner set forth in the Bond Ordinance. Reference is hereby made to the Bond Ordinance to all of the provisions of which any holder of this Series 2019 Bond by the acceptance hereof thereby assents. The provisions of the Act and the Bond Ordinance shall be a contract with the holder of this Series 2019 Bond.

The Series 2019 Bonds and the interest thereon are special obligations of the City payable solely from, and secured equally and ratably by a pledge of and lien upon, the Revenues (as defined in the Bond Ordinance) derived by the City from the System after adequate provision for operation and maintenance expenses (defined in the Bond Ordinance as Net Revenues), and on a parity with any Series of Bonds (as defined in the Bond Ordinance) hereafter issued under the Bond Ordinance payable from such Net Revenues on a parity and equally and ratably secured therewith.

The Series 2019 Bonds maturing on or after December 1, 2030 shall be subject to redemption prior to maturity at the option of the City, on or after December 1, 2029 in whole or in part, at any time in any order of maturity selected by the City, at the principal amount of Series 2019 Bonds to be redeemed, together with interest accrued to the date fixed for redemption without premium.

This Series 2019 Bond is transferable, as provided in the Bond Ordinance, only upon the books of the City kept for that purpose at the principal office of the Registrar by the registered owner in person or by his duly authorized attorney upon surrender of this Series 2019 Bond together with a written instrument of transfer satisfactory to the Trustee 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 Ordinance. The City, the Registrar and the Paying Agent may deem and treat the person in whose name this Series 2019 Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or redemption premium, if any, hereof and interest due hereon and for all other purposes.

To the extent and in the manner permitted by the terms of the Bond Ordinance, the provisions of this Series 2019 Bond or of the Bond Ordinance, 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 sixty six and two thirds percent (66 2/3%) in principal amount of the Bonds then outstanding under the Bond Ordinance (including the Bond of the series of which this Series 2019 Bond is one); 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 optional 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 Bonds, the consent of the holders of which is required by the Bond Ordinance to effect such an amendment or modification.

Under the laws of the State of South Carolina, the principal of and interest on this Series 2019 Bond are exempt from any and all State, county, municipal, school district and all other taxes or assessments imposed within the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer taxes.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of South Carolina to exist, to happen and to be performed precedent to and in the issuance of this Series 2019 Bond, do exist, have happened and have been performed in due time, form and manner as required by law; that the series of which this Series 2019 Bond is a part 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 Series 2019 Bond and the series of which it is one, as provided in the Bond Ordinance.

This Series 2019 Bond shall not be entitled to any benefit under the Bond Ordinance, nor become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been duly executed by the Trustee.

THIS SERIES 2019 Bond HAS BEEN ISSUED UNDER THE PROVISIONS OF TITLE 6, CHAPTER 21, 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 SERIES 2019 Bond AND THE BONDS OF THE SERIES OF WHICH IT IS ONE, INCLUDING INTEREST THEREON, ARE PAYABLE SOLELY FROM THE NET REVENUES HERETOFORE MENTIONED WHICH ARE PLEDGED TO THE PAYMENT THEREOF AND THE CITY IS UNDER NO OBLIGATION TO PAY THE SAME EXCEPT FROM SUCH NET REVENUES. THIS SERIES 2019 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 REVENUES OF THE SYSTEM PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THIS SERIES 2019 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 SERIES 2019 Bond.

[Execution of bond on following page.]

IN WITNESS WHEREOF, the City of Isle of Palms, South Carolina, has caused this Series 2019 Bond to be executed in its name by the manual or facsimile signature of the Mayor of the City and attested by the manual or facsimile signature of the City Clerk of the City under the seal of the City impressed, imprinted or reproduced hereon.

CITY OF ISLE OF PALMS,
SOUTH CAROLINA

By: _____
Mayor

(SEAL)

ATTEST:

City Clerk

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This Series 2019 Bond is one of the Bonds described in the within-mentioned Bond Ordinance of the City of Isle of Palms, South Carolina.

U.S. BANK NATIONAL ASSOCIATION, Trustee

Dated: _____

By: _____
Authorized Officer

\$16,000,000*

CITY OF ISLE OF PALMS, SOUTH CAROLINA
WATER AND SEWER SYSTEM REVENUE BONDS
SERIES 2019

OFFICIAL NOTICE OF BOND SALE

AND

OFFICIAL BID FORM

The Series 2019 Bonds are being offered for sale in accordance with this Official Notice of Bond Sale. Electronic bids for the purchase of the Series 2019 Bonds will be received by the City of Isle of Palms, South Carolina (the "City"), in the Office of the General Manager of the Isle of Palms Water and Sewer Commission, Isle of Palms, South Carolina, on _____, 2019, until _____ local South Carolina time, or on such other date and time as may be established by the General Manager or her designee and communicated by electronic dissemination not less than 20 hours prior to the time the bids are to be received.

_____, 2019

*Preliminary, subject to change.

OFFICIAL NOTICE OF BOND SALE

\$16,000,000*

CITY OF ISLE OF PALMS, SOUTH CAROLINA WATER AND SEWER SYSTEM REVENUE BONDS SERIES 2019

Electronic bids for \$16,000,000* City of Isle of Palms, South Carolina, Water and Sewer System Revenue Bonds, Series 2019 (the “Series 2019 Bonds”), will, at the direction of the City Council of the City of Isle of Palms (the “City”) be received by the Isle of Palms Water and Sewer Commission (the “CPW”), in the Office of the General Manager of the CPW, 1300 Palm Boulevard, Isle of Palms, South Carolina, on _____, 2019, until _____ local South Carolina time, or on such other date and time as may be established by the General Manager or her or his designee and communicated by electronic dissemination not less than 20 hours prior to the time the bids are to be received.

Electronic bids must be submitted through BiDCOMP/Parity Electronic Bid Submission System (“Parity”). No electronic bids from any other providers of electronic bidding services will be accepted. Information about the electronic bidding services of Parity may be obtained from IPREO, Municipal Services, telephone (212) 849-5023, or munis@ipreo.com.

SERIES 2019 BOND DETAILS

The Series 2019 Bonds will be issued initially as fully registered bonds and, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2019 Bonds. Individual purchases of the Series 2019 Bonds may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof. Purchasers of Series 2019 Bonds (the “Beneficial Owners”) will not receive physical delivery of bond certificates. As long as Cede & Co. is the registered owner of the Series 2019 Bonds, as nominee for DTC, payments of principal and interest with respect to the Series 2019 Bonds will be made to such registered owner who will in turn remit such principal and interest payments to DTC participants for subsequent disbursement to the Beneficial Owners.

The Series 2019 Bonds will be dated the date of delivery, or such other date as may be communicated by electronic dissemination not less than 20 hours prior to the time bids are to be received, and shall bear interest from such date and shall be payable semiannually commencing on June 1, 2020, or such other date as may be communicated by electronic dissemination not less than 20 hours prior to the time bids are to be received, and on each June 1 and December 1 until maturity or prior redemption at the rate or rates specified in such proposal as may be accepted. The proposed schedule of maturities and amounts are as follows:

MATURITY SCHEDULE FOR SERIES 2019 BONDS⁽¹⁾

<u>Due December 1</u>	<u>Principal Amount*</u>	<u>Due December 1</u>	<u>Principal Amount*</u>
2022		2031	
2023		2032	
2024		2033	
2025		2034	
2026		2035	
2027		2036	
2028		2037	
2029		2038	
2030		2039	

(NOTE: The CPW reserves the right to modify the maturity schedule shown above. Any such modification will be communicated through electronic dissemination. (See, "Adjustment of Principal Amount" below.)

* Preliminary, subject to change.

⁽¹⁾ Subject to adjustment as provided in this Official Notice of Bond Sale.

Adjustment of Principal Amount. The schedule of maturities set forth above (the "Initial Maturity Schedule") represents an estimate of the principal amounts and maturities of Series 2019 Bonds which will be sold. The CPW reserves the right to change the Initial Maturity Schedule by announcing any such change not later than 3:00 p.m., local South Carolina time, on the date immediately preceding the date set for receipt of bids, through electronic dissemination. If no such change is announced, the Initial Maturity Schedule will be deemed the schedule of principal amounts and maturities for the Official Bid Form.

Furthermore, if after final computation of the bids, the CPW determines in its sole discretion that the funds necessary to accomplish the purposes for issuance, as herein described, are either more or less than the proceeds of the sale of all of the Series 2019 Bonds, the CPW reserves the right either to increase or decrease the principal amount of any maturity of the Series 2019 Bonds (to be rounded to the nearest \$5,000), provided that any such increase shall not, in the aggregate, cause the total amount of Series 2019 Bonds to exceed the maximum principal amount authorized by the CPW.

In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted; and the Series 2019 Bonds of each maturity, as adjusted, will bear interest at the same rate and must have the same initial reoffering yield as specified immediately after award of the applicable Series 2019 Bonds of that maturity. However, the award will be made to the bidder whose bid produces the lowest true interest cost, calculated as specified, solely on the basis of the Series 2019 Bonds offered, without taking into account any adjustment in the amount of Series 2019 Bonds pursuant to this paragraph.

Optional Redemption Provisions. The Series 2019 Bonds maturing on or after December 1, 2030 shall be subject to redemption prior to maturity at the option of the City, on or after December 1, 2029 in whole or in part, at any time in any order of maturity selected by the City, at the principal amount of Series 2019 Bonds to be redeemed, together with interest accrued to the date fixed for redemption without premium.

AUTHORIZATION

The Series 2019 Bonds are issued under Title 6, Chapter 21, Code of Laws of South Carolina, 1976, as amended (the "Act"), the General Bond Ordinance effective August 28, 2012 (which amends and restates Ordinance 1991-1), and a Series 2019 Bond Ordinance (collectively the "Ordinance"), in order to provide moneys for purposes authorized by the Act.

PURPOSE

Proceeds from the Series 2019 Bonds may be used to (i) provide necessary improvements to the City's Water and Sewer System (the "System"), and (ii) pay the costs of issuance of the Series 2019 Bonds.

SECURITY FOR THE SERIES 2019 BONDS

The payment of the principal of and interest on the Series 2019 Bonds shall be secured equally and ratably by a lien on and pledge of the Revenues, as described more fully in the Preliminary Official Statement dated _____, 2019, in an amount sufficient to pay the principal of and interest on the Series 2019 Bonds and all Bonds issued on a parity therewith, and to make the payments into the Debt Service Fund and all other payments provided for in the General Bond Ordinance.

The Series 2019 Bonds shall not be and shall not constitute a debt or a pledge of the full faith and credit of the City or any political subdivision thereof or the CPW, within the meaning of any constitutional or statutory limitations; but shall be limited obligations of the City, payable by the City solely from the Revenues and the amounts on deposit in the funds and accounts established in accordance with the terms of the General Bond Ordinance, all in the manner provided therein. No Holder or Holders of any Series 2019 Bonds issued thereunder shall ever have the right to compel the exercise of the taxing power of the City, or taxation in any form of any real or personal property therein, or the application of any other funds of the CPW or the City to pay the Series 2019 Bonds or the interest thereon.

There will be no Debt Service Reserve Fund account established for the Series 2019 Bonds.

CONTINUING DISCLOSURE

The City and the CPW have committed to enter into a written Continuing Disclosure Undertaking pursuant to which they will agree to provide certain annual information and notices of material events as required by Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule") and as described in the Preliminary Official Statement.

The obligation of the successful bidder (the "Purchaser") to purchase the Series 2019 Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Series 2019 Bonds, in form and substance reasonably satisfactory to the Purchaser, a copy of the Continuing Disclosure Undertaking, which shall constitute a written agreement for the benefit of the Beneficial Owners of the Series 2019 Bonds as required by the Rule.

PURCHASER'S CERTIFICATION REGARDING INITIAL OFFERING PRICE

The winning bidder shall assist the City in establishing the issue price of the Series 2019 Bonds and shall execute and deliver to the City on the Closing Date an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Series 2019 Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Burr Forman McNair, Bond Counsel for the City. All communications under this Series 2019 Official Notice of Bond Sale relating to issue price of the Series 2019 Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City relating to issue price may be provided to the City's municipal advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Series 2019 Bonds) will apply to the initial sale of the Series 2019 Bonds (the “competitive sale requirements”) because: (i) the City shall disseminate this Series 2019 Official Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters; (ii) all bidders shall have an equal opportunity to bid; (iii) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and (iv) the City anticipates awarding the sale of the Series 2019 Bonds to the bidder who submits a firm offer to purchase the Series 2019 Bonds at the lowest true interest cost, as set forth in this Series 2019 Official Notice of Bond Sale.

Any bid submitted pursuant to this Series 2019 Official Notice of Bond Sale shall be considered a firm offer for the purchase of the Series 2019 Bonds, as specified in the bid. All bids shall include a representation that the underwriters have established industry reputations for underwriting new issuances of municipal securities.

In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. The City may determine to treat (i) the first price at which 10% of a maturity of the Series 2019 Bonds (the “10% test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Series 2019 Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Series 2019 Bonds satisfies the 10% test as of the date and time of the award of the Series 2019 Bonds. The City shall promptly advise the winning bidder, at or before the time of award of the Series 2019 Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Series 2019 Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Series 2019 Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Series 2019 Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Series 2019 Bonds.

By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Series 2019 Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Series 2019 Bonds, that the underwriters will neither offer nor sell unsold Series 2019 Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following: (A) the close of the fifth (5th) business day after the sale date; or (B) the date on which the underwriters have sold at least 10% of that maturity of the Series 2019 Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Series 2019 Bonds to the public at a price that is no higher than the initial offering price to the public.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Series 2019 Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Series 2019 Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Series 2019 Bonds of that maturity have been sold, or (ii) the 10% test has been satisfied as to the Series 2019 Bonds

of that maturity, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or Bond Counsel.

The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with requirements for establishing issue price of the Series 2019 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019 Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2019 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2019 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019 Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2019 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2019 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019 Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Series 2019 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2019 Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2019 Bonds, including but not limited to, its agreement to hold-the-offering-price rule, if applicable to the Series 2019 Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2019 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable: (A) to report the prices at which it sells to the public the unsold Series 2019 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2019 Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder that the 10% test has been satisfied as to the Series 2019 Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder, (B) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (C) to promptly notify the winning bidder of any sales of Series 2019 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2019 Bonds to the public (each such term being used as defined below), and (D) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2019 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2019 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2019 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2019 Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder or such underwriter that the

10% test has been satisfied as to the Series 2019 Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

Sales of any Series 2019 Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2019 Bonds to the public (each such term being used as defined herein) shall not constitute sales to the public for purposes of this Series 2019 Official Notice of Bond Sale. Further, for purposes of this Series 2019 Official Notice of Bond Sale: (i) "public" means any person other than an underwriter or a related party, (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2019 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2019 Bonds to the public), (iii) a purchaser of any of the Series 2019 Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and (iv) "sale date" means the date that the Series 2019 Bonds are awarded by the City to the winning bidder.

By submitting a bid, each bidder represents that it has an established reputation of underwriting new issuances of municipal bonds such as the Series 2019 Bonds.

LEGAL OPINION AND CLOSING CERTIFICATE

The City will furnish, without cost to the Purchaser, typewritten or printed Series 2019 Bonds and the opinion of Burr Forman McNair, Bond Counsel for the City. The opinion of Burr Forman McNair will state that (a) interest on the Series 2019 Bonds is excludable from gross income for federal income tax purposes under the Code; and (b) the Series 2019 Bonds and the interest thereon are exempt from all State, county, municipal, school district and all other taxes or assessments imposed within the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes. The opinion will further state that the Code establishes certain requirements which must be met subsequent to the issuance and delivery of the Series 2019 Bonds in order that interest on the Series 2019 Bonds remain excludable from gross income for federal income tax purposes. Noncompliance may cause interest on the Series 2019 Bonds to be included in gross income retroactive to the date of issuance of the Series 2019 Bonds, regardless of the date on which such noncompliance occurs or is ascertained. The City has covenanted to comply with the requirements of the Code and, in rendering its opinion, Bond Counsel will assume compliance with such covenants. The opinion of Burr Forman McNair will be delivered with the Series 2019 Bonds.

RATINGS

Moody's Investors Service, Inc. has assigned a rating on the Series 2019 Bonds of "___".

TERMS OF BID AND BASIS OF AWARD

Bid Requirements: Bidders shall specify the rate or rates of interest per annum which the Series 2019 Bonds are to bear, to be expressed in multiples of 1/20 or 1/8 of 1% with no greater difference than two percent (2%) between the highest and lowest rates of interest named by a bidder. Bidders are not limited as to the number of rates of interest named, but the rate of interest on each separate maturity must be the same single rate for all Series 2019 Bonds of that maturity from their date to such maturity date. A BID FOR LESS THAN ALL THE SERIES 2019 BONDS, OR A BID AT AN AGGREGATE PURCHASE PRICE (INCLUSIVE OF ORIGINAL ISSUE DISCOUNT (“OID”), ORIGINAL ISSUE PREMIUM (“OIP”) AND UNDERWRITER’S DISCOUNT) LESS THAN 99% OF THE PRINCIPAL AMOUNT OF SERIES 2019 BONDS, WILL NOT BE CONSIDERED.

The Series 2019 Bonds will be awarded to the bidder offering to purchase the Series 2019 Bonds at the lowest annual interest cost computed on a True Interest Cost basis (the “TIC”). The annual TIC will be determined by doubling the semi-annual interest rate necessary to discount the semi-annual debt service payments on the Series 2019 Bonds back to the Net Bond Proceeds (defined as the par amount of the Series 2019 Bonds plus any OIP and accrued interest thereon, less any OID and underwriter’s discount on the Series 2019 Bonds calculated on a 360-day year to the Closing Date). The TIC must be calculated to four (4) decimal places.

ALL ELECTRONIC PROPOSALS SHALL BE DEEMED TO INCORPORATE THE PROVISIONS OF THE OFFICIAL BID FORM. EACH BIDDER MUST SPECIFY IN ITS BID THE INTEREST RATE AND YIELD FOR THE SERIES 2019 BONDS OF EACH MATURITY. ALL SERIES 2019 BONDS MATURING ON THE SAME DATE MUST BEAR INTEREST AT THE SAME RATE. NO BIDS FOR LESS THAN ALL OF THE SERIES 2019 BONDS OFFERED WILL BE ENTERTAINED. THE CITY RESERVES THE RIGHT TO REJECT ALL BIDS OR ANY BID NOT CONFORMING TO THIS OFFICIAL NOTICE OF BOND SALE OR NOT IN THE FORM OF THE OFFICIAL BID FORM. THE CITY ALSO RESERVES THE RIGHT TO WAIVE, IF PERMITTED BY LAW, ANY IRREGULARITY OR INFORMALITY IN ANY PROPOSAL. THE CITY SHALL NOT REJECT ANY CONFORMING BID, UNLESS ALL CONFORMING BIDS ARE REJECTED.

SETTLEMENT OF SERIES 2019 BONDS

It is expected that closing for the Series 2019 Bonds will occur in Charleston, South Carolina, on or about _____, 2019, or such other date or place as determined by the CPW (the “Closing Date”). On such date, the Series 2019 Bonds will be delivered to DTC as securities depository registered in the name of Cede & Co., as nominee of DTC. The Purchaser shall advise the underwriting department of DTC, not less than seven business days prior to the closing date, the interest rates borne by the Series 2019 Bonds and the Closing Date. CUSIP Service Bureau charges for assignment of the numbers shall be the responsibility of and shall be paid for by the Purchaser. Any delay, error or omission with respect to the CUSIP numbers shall not constitute cause for failure or refusal by the Purchaser to accept delivery of and pay for the Series 2019 Bonds in accordance with the terms of this Official Notice of Bond Sale.

FULL PAYMENT OF THE PURCHASE PRICE MUST BE MADE TO THE CITY ON THE CLOSING DATE BY THE PURCHASER IN FEDERAL FUNDS OR IMMEDIATELY AVAILABLE FUNDS WITHOUT COST TO THE CITY.

BLUE SKY LAWS

The Purchaser will be responsible for the clearance or exemption with respect to the status of the Series 2019 Bonds for sale under the securities or “Blue Sky” laws of the several states and the preparation of any surveys or memoranda in connection with such sale.

OFFICIAL STATEMENT

A Preliminary Official Statement has been prepared by the City, and such Preliminary Official Statement is deemed final by the City for purposes of the Rule. The only information omitted from the Preliminary Official Statement are those items permitted to be omitted under the Rule. The City designates the Purchaser as its agent for purposes of distributing copies of the final Official Statement. The Purchaser agrees (1) to accept such designation; and (2) to assure proper dissemination of the final Official Statement. The City will prepare and provide to the Purchaser, within seven (7) business days after the sale date, a mutually agreed upon reasonable number of copies of the final Official Statement. The final Official Statement shall be in substantially the same form as the Preliminary Official Statement, subject to any additions, deletions or revisions that the City believes are necessary.

ADDITIONAL INFORMATION

Copies of the Preliminary Official Statement (including the form of the opinion of Bond Counsel), the Official Bid Form and the Official Notice of Bond Sale and any additional information desired, may be obtained from First Tryon Advisors or will be furnished upon request from the Office of the General Manager, Isle of Palms Water and Sewer Commission, 1300 Palm Boulevard, Isle of Palms, South Carolina 29451, contact Chris Jordan (843) 886-6148; or First Tryon Advisors, 1355 Greenwood Cliff, Suite 400, Charlotte, North Carolina 28204, contact Amy Vitner (704) 926-2457, or David Cheatwood (704) 926-2447.

Chris Jordan, P.E., General Manager

OFFICIAL BID FORM

\$16,000,000*
 CITY OF ISLE OF PALMS, SOUTH CAROLINA
 WATER AND SEWER SYSTEM REVENUE BONDS
 SERIES 2019

_____, 2019

Chairman
 Isle of Palms Water and Sewer Commission
 1300 Palm Boulevard
 Isle of Palms, South Carolina 29451

Ladies and Gentlemen:

On behalf of the undersigned and any underwriting syndicate which we have formed and lead, and in accordance with the terms and conditions of the attached Official Notice of Bond Sale dated _____, 2019 which is hereby made a part of this proposal, we offer to purchase all of the \$16,000,000* City of Isle of Palms, South Carolina, Water and Sewer System Revenue Bonds, Series 2019 (the "Series 2019 Bonds"). We will pay as the purchase price thereof, the aggregate sum of _____ Dollars (\$_____)⁽¹⁾, in immediately available Federal Funds. The Series 2019 Bonds will be dated the date of their delivery, shall bear interest from such date and shall be payable semiannually commencing on June 1, 2020 and on each June 1 and December 1 until maturity.

The Series 2019 Bonds shall mature in the years and in the amounts, and bear interest at the respective interest rates per annum, all as stated in the following schedule:

Schedule of Maturities⁽¹⁾

<u>Due</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Due</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
				2022			
				2023			
				2024			
				2025			
				2026			
				2027			
				2028			
				2029			
				2030	2031		
					2032		
					2033		
					2034		
					2035		
					2036		
					2037		
					2038		
					2039		

* Preliminary, subject to change.

⁽¹⁾ Subject to adjustment as provided in the Official Notice of Bond Sale.

Subject to your acceptance of our Series 2019 Official Bid, we agree to make a bona fide public offering of all the Series 2019 Bonds at yields not lower than those set forth in the above Schedule of Maturities, Principal Payments, Interest Rates and Yields. Our calculation, made as provided in the Official Notice of Bond Sale, of the true interest cost to the CPW is _____%. This estimate is for information purposes only and is not binding on the CPW or the undersigned.

It shall be a condition of our obligation as the successful bidder to accept delivery of, and pay for, the Series 2019 Bonds that, contemporaneously with, or before, accepting the Series 2019 Bonds and paying for them, we shall receive the closing documents specified in the Official Notice of Bond Sale.

We hereby acknowledge receipt of the Preliminary Official Statement for the Series 2019 Bonds “deemed final” (except for permitted omissions) by the City of Isle of Palms, South Carolina.

This bid is a firm offer for the purchase of the Series 2019 Bonds identified in the Series 2019 Notice of Sale, on the terms set forth in this bid form and the Series 2019 Notice of Sale, and is not subject to any conditions, except as permitted by the Series 2019 Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds.

We agree to provide a list of all syndicate members by facsimile transmission upon notification of our successful bid. Receipt of such list shall be a condition to award the Series 2019 Bonds.

It is understood and agreed that an award will be made for all but not less than all of the Series 2019 Bonds and that the principal amount of the Series 2019 Bonds and our purchase price as bid may be adjusted as provided in the Official Notice of Bond Sale, the terms of which are incorporated herein by reference.

If the foregoing is acceptable to you, please signify by signing and returning a copy of this Official Bid Form to the undersigned bidder whereupon it will become a binding agreement between us.

Respectfully submitted,

Bidder

Accepted and agreed to
_____, 2019

ISLE OF PALMS WATER AND SEWER
COMMISSION

By: _____

Title: _____

(No addition or alteration, except as provided above, is to be made to this Official Bid Form and it must not be detached from the attached Official Notice of Bond Sale)

**[COMPETITIVE SALE -
AT LEAST THREE (3) BIDS]**

§ _____*
CITY OF ISLE OF PALMS, SOUTH CAROLINA
WATER AND SEWER SYSTEM REVENUE BONDS
SERIES 2019

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (the “Underwriter”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”) issued by the City of Isle of Palms, South Carolina (the “City”).

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Underwriter are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Underwriter in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds.

(b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Underwriter constituted a firm offer to purchase the Bonds.

(d) The Underwriter has an established industry reputation for underwriting new issuances of municipal bonds.

2. Defined Terms.

(a) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(c) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(d) Underwriter means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax and Arbitrage Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Burr Forman McNair, as Bond Counsel to the City, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Bonds.

[Signature Page Follows]

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A

EXPECTED OFFERING PRICES

SCHEDULE B

COPY OF UNDERWRITER'S BID

§ _____*

CITY OF ISLE OF PALMS, SOUTH CAROLINA
WATER AND SEWER SYSTEM REVENUE BONDS
SERIES 2019

CERTIFICATE OF MUNICIPAL ADVISOR

The undersigned, on behalf of First Tryon Advisors (the “Municipal Advisor”), as the municipal advisor to the City of Isle of Palms, South Carolina (the “City”) in connection with the issuance of the above-captioned obligations (the “Bonds”), has assisted the City in soliciting and receiving bids from potential underwriters in connection with the sale of the Bonds in a competitive bidding process in which bids were requested for the purchase of the Bonds at specified written terms, and hereby certifies as set forth below with respect to the bidding process and award of the Bonds.

1. The Bonds were offered for sale at specified written terms more particularly described in the Notice of Sale, which was distributed to potential bidders, a copy of which is attached to this certificate as Attachment 1.

2. The Notice of Sale was disseminated electronically through [**Thomson Municipal Market Monitor**]. The method of distribution of the Notice of Sale is regularly used for purposes of disseminating notices of sale of new issuances of municipal bonds, and notices disseminated in such manner are widely available to potential bidders.

3. To the knowledge of the Municipal Advisor, all bidders were offered an equal opportunity to bid to purchase the Bonds so that, for example, if the bidding process afforded any opportunity for bidders to review other bids before providing a bid, no bidder was given an opportunity to review other bids that was not equally given to all other bidders (that is, no exclusive “last-look”).

4. The City received bids from at least three bidders who represented that they have established industry reputations for underwriting new issuances of municipal bonds. Copies of the bids received are attached to this certificate as Attachment 2.

5. The winning bidder was [NAME OF UNDERWRITER] (the “Underwriter”), whose bid was determined to be the best conforming bid in accordance with the terms set forth in the Notice of Sale, as shown in the bid comparison attached as Attachment 3 to this certificate. The City awarded the Bonds to the Underwriter.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Municipal Advisor’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax and Arbitrage Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Burr Forman McNair, as Bond Counsel to the City, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Bonds. No other persons may rely on the representations set forth in this certificate without the prior written consent of the Municipal Advisor.

[Signature Page Follows]

FIRST TRYON ADVISORS

By: _____

Name: _____

Dated: [ISSUE DATE]

ATTACHMENT 1

NOTICE OF SALE

ATTACHMENT 2

BIDS RECEIVED

ATTACHMENT 3

BID COMPARISON

**[COMBINING ACTUAL SALES RULE AND HOLD-THE-OFFERING-PRICE RULE
FEWER THAN THREE (3) BIDS]**

§ _____*
CITY OF ISLE OF PALMS, SOUTH CAROLINA
WATER AND SEWER SYSTEM REVENUE BONDS
SERIES 2019

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (the “Underwriter”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) issued by the City of Isle of Palms, South Carolina (the “City”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Bond Sale and Official Bid Form, the Underwriter has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

(c) The Underwriter has an established industry reputation for underwriting new issuances of municipal bonds.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the Underwriter has sold at least 10% of such

Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax and Arbitrage Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Burr Forman McNair, as Bond Counsel to the City, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Bonds.

[Signature Page Follows]

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered as of _____, 2019 by the City of Isle of Palms, South Carolina (the “City”), a municipal corporation organized and existing under the laws of the State of South Carolina, in connection with the issuance of the \$_____ Water and Sewer System Revenue Bonds, Series 2019, of the City of Isle of Palms, South Carolina (the “Series 2019 Bonds”), issued by the City pursuant to the General Bond Ordinance enacted by the Council on August 28, 2012 (which amends and restates Ordinance 1991-1) (the “General Bond Ordinance”) and as from time to time amended or supplemented by Series or Supplemental Ordinances (collectively, the “Ordinance”). The City and the Commissioners of Public Works of the City, doing business as the Water and Sewer Commission (the “Commissioners”) hereby agree:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Series 2019 Bonds and in order to assist the Participating Underwriter (defined below) in complying with Rule 15c2-12(b)(5) under the Securities and Exchange Act of 1934.

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

“Annual Report” shall mean any Annual Report provided by the Commissioners on behalf of the City pursuant to, and as described in Sections 3 and 4 of this Disclosure Undertaking.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Series 2019 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2019 Bonds for federal income tax purposes.

“Bondholder” or “Holder” shall mean the registered owner of a Bond and any Beneficial Owner thereof.

“Business Day” shall mean any day which is not a Saturday, Sunday, or legal holiday or bank holiday in the State of South Carolina.

“Disclosure Representative” shall mean, initially, the General Manager of the Commissioners or her or his designee, or such other officer or employee as the City or the Commissioners shall designate in writing from time to time.

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

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through EMMA.

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

“Official Statement” shall mean the official statement of the City and the Commissioners dated _____, 2019, prepared in connection with the issuance of the Series 2019 Bonds.

“Participating Underwriter” shall mean _____, the original purchaser of the Series 2019 Bonds required to comply with the Rule in connection with the offering of the Series 2019 Bonds.

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

“State” shall mean the State of South Carolina.

SECTION 3. Provision of Annual Reports.

(a) The Commissioners, on behalf of the City, shall, or shall cause the Dissemination Agent to, provide to each Repository, within seven months after the end of the Commission’s fiscal year (presently June 30), commencing with the fiscal year ending June 30, 2019, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the Commission may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Commission’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) If the Annual Report has not been provided to the Repositories by the date required in subsection (a) above, the Commissioners shall send a timely notice to each Repository in substantially the form attached hereto as Exhibit A.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Commission for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (or if not in conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information). If the Commissioners’ 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) To the extent such items are not included in the financial statements referred to in subsection (a) above, the financial and statistical data of the Commissioners as of a date not earlier than

the end of the preceding fiscal year for the type of information included in the tables contained in the Official Statement under the headings: “THE WATER AND SEWER SYSTEM—Customer Base” “THE WATER AND SEWER SYSTEM—Use and Demand—Water System” and “FINANCIAL INFORMATION—Historical Operating Results and Coverage” to the Official Statement for the fiscal year then concluded.

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 City related to the System, or related public entities, which have been made available to the public on EMMA. The Commissioners shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events. (a) Pursuant to the provisions of this Section 5, the Commissioners shall give, or cause to be given, in a timely manner not in excess of ten business days after the occurrence of any of the following events with respect to the Series 2019 Bonds:

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-TED) or other material notices or determinations with respect to the tax status of the Series 2019 Bonds, or other material events affecting the tax status of the Series 2019 Bonds;
7. Modifications to rights of the holders of the Series 2019 Bonds, if material;
8. Call of any of the Series 2019 Bonds, if material;
9. Tender offers;
10. Defeasances of any of the Series 2019 Bonds;
11. Release, substitution or sale of property securing repayment of the Series 2019 Bonds, if material;
12. Rating changes;
13. Bankruptcy, insolvency, receivership or similar event of any obligated person, which 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;

14. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an 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;
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material; and
16. incurrence of a “financial obligation” of the Commission, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a “financial obligation” of the Commission any of which affect security holders, if material; or
17. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a “financial obligation” of the Commission, any of which reflect financial difficulties.

(b) If the Commissioners determine that the occurrence of a Listed Event is material under applicable federal securities laws, the Commissioners shall promptly file a notice of such occurrence with the National Repository and with each State Repository, if any. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8), (9) and (10) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Beneficial Owners of affected Bonds pursuant to the Ordinance.

SECTION 6. Termination of Reporting Obligations. The Commissioners’ obligations under this Disclosure Undertaking shall terminate upon the legal defeasance or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Commissioners shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

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

SECTION 8. Amendment and Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Commissioners, on behalf of the City, may amend this Disclosure Undertaking and any provision of this Disclosure Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver related to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person (within the meaning of the Rule) with respect to the Series 2019 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners of the Series 2019 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, the Commissioners shall describe such amendment in the next Annual Report, if any, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Commissioners. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given by a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

SECTION 10. Default. In the event of a failure of the Commissioners, on behalf of the City, to comply with any provision of this Disclosure Undertaking, the Beneficial Owners of the Series 2019 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or the Commissioners, as the case may be, to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Ordinance, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Commissioners to comply with this Disclosure Undertaking shall be an action to compel performance; provided, however, that any such action may be instituted only in the federal or State courts located in Charleston County, South Carolina.

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

Dated: _____, 2019

CITY OF ISLE OF PALMS, SOUTH CAROLINA

By: _____
Mayor

ISLE OF PALMS WATER AND SEWER
COMMISSION

By: _____
Chairman

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of City: City of Isle of Palms, South Carolina

Name of Bond Issue: \$_____ Water and Sewer System Revenue Bonds, Series 2019 of the City of Isle of Palms, South Carolina

Date of Issuance: _____, 2019

NOTICE IS HEREBY GIVEN that the City of Isle of Palms, South Carolina has not provided an Annual Report with respect to the above-named Series 2019 Bonds as required by Section 3 of the Disclosure Undertaking dated _____, 2019. [The City anticipates that the Annual Report will be filed by _____.]

Dated: _____

CITY OF ISLE OF PALMS, SOUTH CAROLINA

EXHIBIT D

DETAILS OF SERIES 2019 BONDS, REFLECTING SALE AND AWARD

Purchaser: _____

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
12/01/2022	\$	%	\$	\$
12/01/2023				
12/01/2024				
12/01/2025				
12/01/2026				
12/01/2027				
12/01/2028				
12/01/2029				
12/01/2030				
12/01/2031				
12/01/2032				
12/01/2033				
12/01/2034				
12/01/2035				
12/01/2036				
12/01/2037				
12/01/2038				
12/01/2039	_____		_____	_____
	<u>\$</u>		<u>\$</u>	<u>\$</u>