

STATE OF SOUTH CAROLINA )  
COUNTY OF PICKENS )  
CITY OF PICKENS )

Ordinance 2015-01, Second Supplemental Hospitality Bond 2015  
ORDINANCE 2015-01

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CITY OF PICKENS, SOUTH CAROLINA

SECOND SUPPLEMENTAL ORDINANCE NO. 2015-01

A SECOND SUPPLEMENTAL ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF A CITY OF PICKENS, SOUTH CAROLINA, SPECIAL OBLIGATION BOND, SERIES 2015, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$1,000,000; ACCEPTING THE OFFER OF THE PURCHASER OF THE BOND; PRESCRIBING THE FORM AND DETAILS OF SUCH BOND; AND OTHER MATTERS RELATING THERETO.

Enacted: January 5, 2015

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

Section 1. Definitions. The terms in this Section 1 and all words and terms defined in General Bond Ordinance No. 2012-07 (the “General Bond Ordinance”) enacted by the Council on April 16, 2012 (such General Bond Ordinance as from time to time amended or supplemented by Supplemental Ordinances being defined in the Ordinance as the “Ordinance”) (except as herein otherwise expressly provided or unless the context otherwise requires), shall for all purposes of this Second Supplemental Ordinance have the respective meanings given to them in the Ordinance and in Section 1 hereof.

“2015 Construction Fund” shall mean the Fund established pursuant to Section 13 hereof.

“2015 Debt Service Fund” shall mean the Fund established pursuant to Section 7 hereof to provide for the payment of the principal of and interest on the Series 2015 Bond.

“2015 Debt Service Reserve Fund” shall mean the Fund established pursuant to Section 8 hereof (a) to insure the timely payment of the principal of and interest on the Series 2015 Bond and (b) to provide for the redemption of the Series 2015 Bond.

“2015 Project” shall mean shall mean the acquisition, improvement, development or alteration of the site(s) of certain former railway tracks for use as recreational facilities or as roads or trails providing access to tourist destinations located in the City.

“2015 Reserve Fund Requirement” shall mean an amount as of the date of its calculation equal to fifty percent (50%) of the maximum debt service of the Series 2015 Bond for the then current or any future Fiscal Year.

“Bond of 2012” shall mean the \$2,000,000 original principal amount Special Obligation Bond (Hospitality Fee Pledge), Series 2012, dated May 9, 2012, issued under the General Bond Ordinance and the First Supplemental Ordinance and currently outstanding in the principal amount of \$1,631,458.11.

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

“First Supplemental Ordinance” shall mean shall mean First Supplemental Ordinance No. 2012-08 enacted by the Council of the City on April 16, 2012, which authorized the issuance of the Bond of 2012.

“General Bond Ordinance” shall mean General Bond Ordinance No. 2012-07 duly enacted on April 16, 2012, by the Council of the City authorizing and providing for the issuance of Special Obligation Bonds (Hospitality Fee Pledge).

“Interest Payment Date” shall mean August 1<sup>st</sup> of each year, commencing August 1, 2015, or such other date as the Mayor or City Administrator may determine pursuant to Section 10 hereof.

“Paying Agent” shall mean the City Administrator, as Paying Agent for the Series 2015 Bond.

“Principal Payment Date” shall mean August 1<sup>st</sup> of each year, commencing August 1, 2015, or such other date as the Mayor or City Administrator may determine pursuant to Section 10 hereof.

“Purchaser” shall mean Branch Banking and Trust Company as the initial purchaser and Holder of the Series 2015 Bond.

“Registrar” shall mean the City Administrator, as Registrar for the Series 2015 Bond.

“Series 2015 Bond” shall mean the not exceeding \$1,000,000 principal amount Special Obligation Bond (Hospitality Fee Pledge), Series 2015, authorized to be issued pursuant to Section 3 hereof.

Section 2. Certain Findings and Determinations.

The City hereby finds and determines:

(a) The Ordinance and the Hospitality Fee Act authorize the City to issue bonds utilizing the procedures of Section 6-17-10 of the S.C. Code and related sections in order to defray the cost of the 2015 Project. This Second Supplemental Ordinance supplements the Ordinance, constitutes and is a “Supplemental Ordinance” within the meaning of such quoted term as defined and used in the Ordinance, and is enacted under and pursuant to the Ordinance.

(b) The Series 2015 Bond constitutes and is a “Bond” within the meaning of the quoted word as defined and used in the Ordinance.

(c) A vibrant tourism industry fosters and enhances the economic growth and well being of a community and its residents. Tourism has been and continues to be a growing industry for the City. The City has initiated and is continuing to focus efforts to promote tourism to the City and to the City’s facilities and attractions. As the City’s tourism industry grows and expands, the City must make provision to increase municipal services and facilities in order to accommodate the needs of tourists and to attract additional tourism. Tourists enjoy and utilize the special benefits which the City provides.

(d) The 2015 Project will further promote additional tourism to the City by providing a facility that will attract tourists from outside the City seeking walking, running, biking and other outdoor recreation, as well as historic and cultural recreation, and by providing pedestrian access to other tourist destinations located in the City.

(e) The Hospitality Fees pledged under the Ordinance are not encumbered by any lien and charge thereon or pledge thereof, other than the pledge thereof created by the General Bond Ordinance, the First Supplemental Ordinance for the payment and security of the Bond of 2012, and this Second Supplemental Ordinance for the payment and security of the Series 2015 Bond.

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

(g) The Council has been advised and recognizes that Hospitality Fees and the proceeds of the financing authorized by this Ordinance must be used exclusively for Tourism-Related Projects. The Council has given due consideration to the 2015 Project, and the Council hereby finds and determines that the 2015 Project is a Tourism-Related Project within the meaning of the quoted word as defined in the General Bond Ordinance.

(h) Article III of the General Bond Ordinance provides that one or more Series of Bonds may be issued for such purposes as may be permitted by the Hospitality Fee Act upon compliance with certain provisions of the General Bond Ordinance for the purposes of paying the Costs of Acquisition and Construction of one or more Tourism-Related Projects. Bonds issued upon compliance with Section 3.3 of the General Bond Ordinance shall be issued on a parity with the pledge of and lien upon the Hospitality Fees inter sese. On or prior to the date of delivery of the Series 2015 Bond, the City shall comply with the provisions of Section 3.3 of the General Bond Ordinance.

(i) The Purchaser has offered to purchase the Series 2015 Bond with a 12 year maturity at an interest rate of 2.97% per annum. A copy of the offer of the Purchaser is attached hereto as Exhibit A.

(j) The 2015 Debt Service Reserve Fund established hereunder shall secure only the Series 2015 Bond.

(k) The proceeds of the Series 2015 Bond are being used for the purposes of: (i) defraying a portion of the Costs of Acquisition and Construction of all or a portion of the 2015 Project; (ii) paying the Costs of Issuance of the Series 2015 Bond; and (iii) if determined by the Mayor or City Manager pursuant to Section 10 hereof, funding all or a portion of the 2015 Reserve Fund Requirement.

(l) It is necessary and in the best interest of the City to undertake the 2015 Project and to issue the Series 2015 Bond in the principal amount of not exceeding \$1,000,000 in accordance with the Bond Act, the Hospitality Fee Act, the Ordinance and this Second Supplemental Ordinance for the purposes set forth above.

Section 3. Authorization and Details of Series 2015 Bond; Delegation of Authority to Determine Certain Matters Relating to the Series 2015 Bond.

(a) There is hereby authorized to be issued a Series of Bonds designated "City of Pickens, South Carolina, Special Obligation Bond (Hospitality Fee Pledge), Series 2015" (the "Series 2015 Bond") in the principal amount of not exceeding \$1,000,000. The proceeds of the Series 2015 Bond shall be used for the purposes set forth in Section 2(k) hereof.

(b) The offer of the Purchaser to purchase the Series 2015 Bond is hereby accepted. The City Administrator is hereby authorized and directed to accept the offer of the Purchaser and deliver such acceptance to the Purchaser. In the event of a conflict in the terms and provisions of

such offer and this Second Supplemental Ordinance, the terms and provisions of this Second Supplemental Ordinance shall prevail.

(c) The Series 2015 Bond shall be represented by a single, fully registered bond; shall be registered in the name of the Purchaser; shall be dated the date of delivery or such other date as the Mayor or City Administrator shall determine pursuant to Section 10 hereof; and shall be in the principal amount of not exceeding \$1,000,000. The Series 2015 Bond shall bear interest at the rate of 2.97% per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months). Principal and interest on the Series 2015 Bond shall be payable on each Principal Payment Date and Interest Payment Date, and the Series 2015 Bond shall mature not later than August 1, 2026.

(d) Principal of and redemption premium, if any, on the Series 2015 Bond shall be payable at the office of the Paying Agent. Interest on the Series 2015 Bond shall be payable on each Interest Payment Date, in each case to the Holder as of the immediately preceding Record Date, such interest to be paid by the Paying Agent by check or draft mailed to the Holder at the address as it appears on the Books of Registry maintained at the designated office of the Paying Agent, or by wire transfer to an account within the continental United States upon the timely receipt of a written request of such Holder. Payment of the principal of, redemption premium, if any, and interest on the Series 2015 Bond may be payable to the Holder thereof without presentation and surrender of the Series 2015 Bond.

(e) The Series 2015 Bond shall be in substantially the form set forth in Exhibit B hereto, with such necessary or appropriate variations, omissions and insertions as are incidental to the maturities, dates, interest rate or rates, redemption provisions, the purpose of issuance and other details thereof or as are otherwise permitted or required by law or by the Ordinance, including this Second Supplemental Ordinance. The Mayor or the City Administrator are empowered to include any additional provisions in the Series 2015 Bond as requested by the Purchaser in accordance with its proposal to purchase the Series 2015 Bond. The Series 2015 Bond shall be executed in the name and on behalf of the City by the manual or facsimile signatures of the Mayor and City Administrator of the City.

(f) The Council hereby authorizes the Mayor or the Mayor Pro Tempore to execute the Series 2015 Bond in the name of the City, and authorizes the City Administrator to attest the manual signature of the Mayor or Mayor Pro Tempore, as applicable, under the seal of the City impressed, imprinted or reproduced thereon.

(g) Unless otherwise agreed to by the Mayor or City Administrator, the Series 2015 Bond may be sold or transferred by the initial Purchaser only to purchasers ("Qualified Investors") who execute an investment letter delivered to the City, in form satisfactory to the City (the "Investment Letter"), containing certain representations, warranties and covenants as to the suitability of such purchasers to purchase and hold the Series 2015 Bond. Such restriction shall be set forth on the face of the Series 2015 Bond and shall be complied with by each transferee of the Series 2015 Bond.

(h) A copy of the approving opinion to be rendered on the Series 2015 Bond shall be attached to the Series 2015 Bond, and preceding the same a certificate shall appear which shall be signed on behalf of the City by a manual or facsimile signature of the City Administrator. Such certificate shall be in the form substantially as follows:

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the approving opinion of McNair Law Firm, P.A., Greenville, South Carolina, the original of which was manually executed, date and issued as of the date of and delivery of and payment for the within Bond, and a copy of which is on file with the City of Pickens, South Carolina.

CITY OF PICKENS, SOUTH CAROLINA

By: \_\_\_\_\_  
City Administrator

Section 4. Recording and Transfer of Ownership of the Series 2015 Bond. The Series 2015 Bond will be issued in fully-registered form, as a single Bond representing the entire principal amount of the Series 2015 Bond. The City, the Paying Agent and the Registrar may treat the Holder as the sole and exclusive owner of the Series 2015 Bond registered in its name for the purpose of payment of the principal of, and interest or premium, if any on the Series 2015 Bond, giving any notice permitted or required to be given to the Purchaser or subsequent Bondholders under the General Bond Ordinance or this Second Supplemental Ordinance, registering the transfer of the Series 2015 Bond, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and shall not be affected or by any notice to the contrary.

Section 5. Optional Redemption of Series 2015 Bond. The Series 2015 Bond shall be subject to prepayment or redemption prior to maturity, at the option of the City, as a whole on any Principal Payment Date at the principal amount thereof and interest accrued on such principal amount to the date fixed for redemption with a prepayment penalty equal to one percent (1%) of the remaining principal outstanding. In the event the Series 2015 Bond is called for redemption, the Registrar shall give notice of redemption by first-class mail, postage prepaid, to the registered Holder thereof as shown on the Books of Registry of the City not less than five (5) Business Days prior to the date fixed for redemption thereof.

Section 6. Payment of the Series 2015 Bond. The Series 2015 Bond, together with the interest thereon, shall be payable, in such coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts, solely from the Hospitality Fees of the City in accordance with the provisions of the Ordinance and this Second Supplemental Ordinance. The Series 2015 Bond shall be secured by a pledge of Hospitality Fees on a parity with other Bonds, including, without limitation, the Bond of 2012, issued in compliance with the provisions of the General Bond Ordinance.

The Series 2015 Bond does not constitute an indebtedness of the City within any State constitutional provisions (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation. The Series 2015 Bond 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 thereof, other than the aforesaid Hospitality Fees of the City. No recourse shall be had for the payment of the Series 2015 Bond or the interest thereon against the general fund of the City, nor shall the credit or taxing power of the City 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 the Series 2015 Bond.

Section 7. Establishment of 2015 Debt Service Fund. In accordance with Section 6.6 of the General Bond Ordinance, the 2015 Debt Service Fund is hereby directed to be established by the Depository Bank on the date of the original delivery of the Series 2015 Bond for the benefit of the Purchaser or subsequent Holders of the Series 2015 Bond.

Section 8. Establishment of 2015 Reserve Fund Requirement and 2015 Debt Service Reserve Fund. In accordance with Section 6.7 of the General Bond Ordinance, the 2015 Debt Service Reserve Fund is hereby directed to be established by the Depository Bank on the date of the original delivery of the Series 2015 Bond. The 2015 Debt Service Reserve Fund shall be held by the Depository Bank for the benefit of the Purchaser or subsequent Holders of the Series 2015 Bond. The 2015 Debt Service Reserve Fund shall be maintained in an amount equal to the 2015 Reserve Fund Requirement in accordance with the terms and provisions of the Ordinance, and monies in the 2015 Debt Service Reserve Fund for the Series 2015 Bond shall be used and applied solely for the purposes set forth in the Section 6.7 of the General Bond Ordinance.

Section 9. Designation of Registrar and Paying Agent. The City Administrator shall act as Paying Agent and as Registrar for the Series 2015 Bond.

Section 10. Sale and Issuance of Series 2015 Bond.

(a) The Mayor and City Administrator, or either of them acting alone, are hereby authorized and empowered to determine: (i) the original issue date of the Series 2015 Bond; (ii) the aggregate principal amount of the Series 2015 Bond, if less than authorized by this Second Supplemental Ordinance; (iii) the Principal Payment Date and Interest Payment Date if different than as set forth in this Second Supplemental Ordinance; (iv) the amounts of the respective principal and interest payments payable on the Series 2015 Bond; and (v) the manner in which the 2015 Reserve Fund Requirement will be satisfied; and (vi) any other terms, provisions and matters necessary or advisable to effect the issuance of the Series 2015 Bond.

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

(c) The Council hereby authorizes and directs all of the officers and employees of the City to carry out or cause to be carried out all obligations of the City hereunder and to perform such other actions as they shall consider necessary or advisable in connection with the issuance, sale and delivery of the Series 2015 Bond.

Section 11. Designation of Custodian. Branch Banking and Trust Company is hereby designated as the Custodian of the Construction Fund of 2015. The Custodian shall signify its acceptance of its duties upon delivery of the Series 2015 Bond.

Section 12. Disposition of Proceeds of Series 2015 Bond and Certain Other Moneys. A portion of the proceeds derived from the sale of the Series 2015 Bond may be deposited in the 2015 Debt Service Reserve Fund (as determined by the Mayor or City Administrator pursuant to Section 10 hereof) to satisfy, in whole or in part, the 2015 Reserve Fund Requirement. The remaining proceeds derived from the sale of the Series 2015 Bond shall be deposited in the 2015 Construction Fund established in Section 13 hereof to be used for and applied to the payment of Cost of Acquisition and Construction of the 2015 Projects and Cost of Issuance of the Series 2015 Bond in the manner provided in that section.

Section 13. 2015 Construction Fund. There is hereby established the Construction Fund of 2015, which fund shall be held by the Custodian. Payments from the 2015 Construction Fund shall be made by the Custodian only upon receipt of the requisition below described.

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

- (i) The amount to be paid;
- (ii) The nature and purpose of the obligation for which such payment is requested;
- (iii) The person, firm or corporation to whom such obligation is owed or to whom a reimbursable advance has been made;
- (iv) That such obligation has been properly incurred and is a proper payment under the Series 2015 Bond and has not been the basis of any previous advance;
- (v) That the City has not received notice of any mechanic's, materialmen's or other liens or right to liens or other obligations (other than those being contested in good faith) which should be satisfied or discharged before payment of such obligation is made; and
- (vi) That such payment does not include any amount which is then entitled to be retained under any holdbacks or retainages provided for in any agreement.

(b) With respect to any such requisition for payment for work, materials or supplies, a certification by the City Representative that such obligation was incurred for work, material or supplies in connection with the acquisition, construction or installation of the 2015 Project and that such work was actually performed in a satisfactory manner and such materials or supplies were actually used in or for such acquisition, construction or installation of the 2015 Project or delivered to the 2015 Project for that purpose in accordance with the approved plans and specifications.

(c) In making any such payment from the 2015 Construction Fund, the Custodian may rely on such directions, requisitions and certifications delivered to it pursuant to this Section, and the Custodian shall not have any liability with respect to making such payments in accordance with such directions, requisitions and certifications for any liability with respect to the proper application hereof by the City.

Section 14. Federal Tax Covenant. The City hereby covenants and agrees with the Purchaser or subsequent Holders of the Series 2015 Bond that it will not take any action which will, or fail to take any action which failure will, cause interest on the Series 2015 Bond to become includable in the gross income of the Purchaser or subsequent Bondholders for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Series 2015 Bond and that no use of the proceeds of the Series 2015 Bond shall be made which, if such use had been reasonably expected on the date of issue of the Series 2015 Bond would have caused the Series 2015 Bond to be "arbitrage bonds," as defined in the Code; and to that end the City hereby shall:

(a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as the Series 2015 Bond is Outstanding;

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

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

Section 15. Series 2015 Bond Designated Qualified Tax-Exempt Obligation. The City covenants that, in accordance with the applicable provisions of the Code, the Series 2015 Bond is designated as a "qualified tax-exempt obligation" as defined in Section 265 of the Code. The City and all subordinate entities thereof do not anticipate issuing more than \$10,000,000 in tax-exempt bonds or other tax-exempt obligations in calendar year 2015 other than private activity bonds (other than private activity bonds which are "qualified 501(c)(3) bonds" as defined in the Code). The City represents that the sum of all tax-exempt obligations (other than such private activity bonds) issued by the City and all subordinate entities thereof during calendar year 2015 is not reasonably expected to exceed \$10,000,000.

Section 16. Continuing Disclosure. So long as and to the extent required pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended ("Section 11-1-85"), the City covenants that it will file with a central repository for availability in the secondary bond market when requested:

(i) An annual independent audit, within 30 days of the City's receipt of the audit; and

(ii) Event-specific information within 30 days of an event adversely affecting more than 5% percent of Hospitality Fees or the City's tax base.

The only remedy for failure by the City to comply with the covenant of this Section shall be an action for specific performance of this covenant; and failure to comply shall not constitute a default or an "Event of Default" under the Ordinance or this Second Supplemental Ordinance. The City specifically reserves the right to amend or delete this covenant in order to reflect any change in Section 11-1-85, without the consent of the Purchaser or subsequent Holders of the Series 2015 Bond.

Section 17. Amendment of General Bond Ordinance. The amendments to the General Bond Ordinance hereinafter set forth shall not become effective until the City has received the written consent of the Holders of all Outstanding Bonds to such amendment. Any Bonds, including the Series 2015 Bond, issued after the date of enactment of this Supplemental Ordinance shall contain a reference to the amendments herein made.

Subsection C. of Section 3.3 of the General Bond Ordinance is hereby deleted in its entirety and replaced by the language within the quotation marks below:

"For the issuance of Bonds (other than the Bond of 2012) to finance the Costs of Acquisition and Construction, or a portion thereof, of any Tourism-Related Project, there shall be delivered a report which does not have to be based upon the latest available audit of the City, from the Mayor or City Administrator, to the effect that the amount of the Hospitality Fees collected by the City during the Fiscal Year prior to the Fiscal Year in which the Bonds are proposed to be issued is not less than 120% of the sum of the Maximum Debt Service on Bonds then Outstanding and the Bonds then proposed to be issued."

All other provisions of the General Bond Ordinance shall remain unaltered and in full force and effect.

Section 18. Further Actions. The Mayor or Mayor Pro Tempore, the City Administrator and the Finance Director of the City are hereby authorized and directed to take any and all such further actions and execute deliver any and all documents and instruments as shall be deemed necessary or desirable in order to effectuate issuance of the Series 2015 Bond.

Section 19. Ratification of Actions. The City hereby ratifies, confirms and approves the actions taken previously by the City Administrator of the City with respect to the sale of the Series 2015 Bond to the Purchaser.

Section 20. Headings. The headings and titles of the several sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Second Supplemental Ordinance.

Section 21. Notices. All notices, certificates or other communications hereunder or under the Ordinance shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram addressed as follows:

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

City of Pickens, South Carolina  
Attn: City Administrator  
219 Pendleton Street  
Pickens, South Carolina 29671

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

Section 23. Effective Date. This Second Supplemental Ordinance shall become effective upon its enactment.

[Execution Page Follows]

Enacted by the City Council of the City of Pickens, South Carolina, this 5<sup>th</sup> day of January, 2015.

  
\_\_\_\_\_  
Mayor

(SEAL)

  
\_\_\_\_\_  
City Administrator

Date of First Reading: December 15, 2014

Date of Second Reading: January 5, 2015

[Execution Page]

**EXHIBIT A**

**OFFER OF PURCHASER**

[see attached]

**Governmental Finance**

P.O. Box 714  
Columbia, SC 29202  
(803) 251-1328  
Fax (803) 251-1329

December 1, 2014

Mr. Bruce Evilsizor  
Administrator  
City of Pickens  
219 Pendleton St.  
Pickens, SC 29671

Dear Mr. Evilsizor:

Branch Banking and Trust Company ("BB&T"), is pleased to offer this proposal for the financing requested by the City of Pickens ("City").

- (1) **Project:** Hospitality Tax Revenue Bond, Series 2015
- (2) **Amount To Be Financed:** \$1,000,000
- (3) **Interest Rates, Financing Terms:**

We offer a twelve year financing in which the interest rate will be fixed at 2.97% for a term of twelve years. Payments will either be due on a semiannual or an annual basis.

A debt service reserve fund equivalent to one half of the maximum annual debt service will be required to remain in place throughout the life of the financing. The debt service reserve may be funded through loan proceeds. The Bank requires that the City adopt an additional bonds test with a minimum coverage requirement of 1.20.

The transaction will be prepayable in whole on any payment date with a one percent penalty. At closing, all unexpended proceeds will be placed in a project fund account with BB&T Governmental Finance. Interest shall accrue in this account for the benefit of the City on this project.

The interest rates stated above are valid for a closing not later than 45 days after today. Closing of the financing is contingent upon completing documentation acceptable to BB&T. The City is responsible for retaining and compensating bond counsel to appropriately structure the transaction.

The stated interest rates assume that the City expects to borrow less than \$10,000,000 in calendar year 2015 and that the financing shall qualify as qualified tax-exempt financing under the Internal Revenue Code. BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not qualified tax-exempt financing.

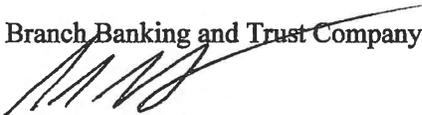
BB&T appreciates the opportunity to make this financing proposal and requests to be notified within five days of this proposal should BB&T be the successful proposer.

BB&T shall have the right to cancel this offer by notifying the City of its election to do so (whether or not this offer has previously been accepted by the City) if at any time prior to the closing there is a material adverse change in the City's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the City or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to negotiate and/or terminate our interest in this transaction should we be the successful proposer.

Please call me at (803) 251-1328 with your questions and comments. We look forward to hearing from you.

Sincerely,

Branch Banking and Trust Company



Andrew G. Smith  
Senior Vice President

**EXHIBIT B**

FORM OF SERIES 2015 BOND

TRANSFER RESTRICTED

THIS BOND MAY BE SOLD OR TRANSFERRED IN WHOLE OR IN PART ONLY TO A PURCHASER OR TRANSFEREE CONSTITUTING A QUALIFIED INVESTOR (AS SUCH TERM IS DEFINED IN THE HEREAFTER DEFINED FIRST SUPPLEMENTAL ORDINANCE UNDER WHICH THIS BOND IS ISSUED), AND ONLY UPON SUCH QUALIFIED INVESTOR DELIVERING TO THE CITY AN INVESTMENT LETTER IN THE FORM REQUIRED UNDER THE FIRST SUPPLEMENTAL ORDINANCE

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
CITY OF PICKENS  
SPECIAL OBLIGATION BOND (HOSPITALITY FEE PLEDGE)  
SERIES 2015

The City of Pickens, South Carolina (the "City"), is justly indebted and, for value received, hereby promises to pay to Branch Banking and Trust Company (the "Purchaser"), its successors or registered assigns, but solely from the Hospitality Fees (hereinafter mentioned) and not otherwise, the principal amount of \$1,000,000 (unless this Bond shall be subject to prior redemption and shall have been duly called for previous redemption and payment of the redemption price made or provided for) together with interest, but solely from such Hospitality Fees and not otherwise, on the outstanding principal balance hereof at the rate of 2.97% per annum until this Bond matures or is earlier redeemed.

This Bond shall be payable on the 1<sup>st</sup> day of August (a "Payment Date") of each year beginning August 1, 2015, to and including August 1, 2026 (the "Final Maturity") in the amount of \$\_\_\_\_\_. Upon Final Maturity, all principal and interest hereon shall be due and payable. Interest on this Bond shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

THIS BOND HAS BEEN ISSUED UNDER THE PROCEDURES OF TITLE 6, CHAPTER 17, AND THE PROVISIONS OF TITLE 6, CHAPTER 1, ARTICLE 7, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED, AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (OTHER THAN ARTICLE X, SECTION 14, PARAGRAPH 10 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE) OR STATUTORY LIMITATION. 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.

Both the principal of and interest on this Bond are payable at the office of the City Administrator, as paying agent (the "Paying Agent"), in Pickens, South Carolina, without presentation and surrender of this Bond, 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, the Purchaser agrees to surrender this Bond before or with within a reasonable time after its final maturity.

This Bond is issued under, pursuant to and in full compliance with the Constitution and statutes of the State of South Carolina, including particularly Article X, Section 14(10) of the South Carolina Constitution, the procedures of Title 6, Chapter 17 and the provisions of Title 6, Chapter 1, Article 7 of the Code of Laws of South Carolina 1976, as amended (collectively, the "Act"). This Bond is issued under and pursuant to General Bond Ordinance No. 2012-07 (the "General Bond Ordinance") of the City Council of the City duly enacted on April 16, 2012, as supplemented by Second Supplemental Ordinance No. 2015-\_\_ of the Council enacted on January 5, 2015, (the "Second Supplemental Ordinance," and together with the General Bond Ordinance, 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 (and capitalized terms not otherwise defined herein have the meanings set forth therein); sets forth the Hospitality Fees pledged for the payment of the principal of and interest on this Bond and the Bonds of other series herewith which have heretofore or 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 has been issued or 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. The provisions of the General Bond Ordinance relating to the issuance of additional Bonds have been amended by the Second Supplemental Ordinance. Such amendment pursuant to the Second Supplemental Ordinance will not become effective until consented to in writing by the Holders of all Outstanding Bonds. 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.

This Bond and the interest hereon is a special obligation of the City and is secured by and payable solely from, and secured equally and ratably by a pledge of and lien upon, the Hospitality Fees of the City on a parity with any pledge of and lien upon Hospitality Fees for payment of the Bond of 2012 and for payment of any other Bonds hereafter issued in compliance with the provisions of the General Bond Ordinance (as such terms are defined in the General Bond Ordinance).

This Bond is subject to prepayment or redemption in whole, but not in part, prior to its

maturity at the option of the City on any payment date at the outstanding principal amount hereof and interest accrued on such principal amount to the date fixed for redemption with a prepayment penalty equal to one percent (1%) of the remaining principal outstanding. In the event this Bond is called for redemption, the Registrar shall give notice of redemption hereof by first-class mail, postage prepaid, to the Holder hereof as shown on the Books of Registry of the City not less than five (5) Business Days (as defined in the General Bond Ordinance) prior to the date fixed for the redemption thereof.

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 in certain cases, without the consent of any Bondholders (as defined in the General Bond Ordinance) and, in other cases, 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 of the series of which this Bond is one then outstanding under the Bond Ordinance (including the Bonds of the series of which this Bond is one); provided, that no such amendment or modification shall (i) extend the time of payment of principal of or the interest on any Bond (as defined in the General Bond Ordinance), or reduce the principal amount thereof or the rate of interest thereon or the premium payable upon the redemption thereof, or (ii) give to any Bond or Bonds (as defined in the General Bond Ordinance) any preference over any other Bond or Bonds, or (iii) authorize the creation of any pledge prior to, or except as provided herein for the issuance of Series of Bonds (as defined in the General Bond Ordinance), on a parity with the pledge afforded by the Bond Ordinance, or (iv) reduce the percentage in principal amount of the Bonds (as defined in the General Bond Ordinance) required to assent to or authorize any such modification to the Bond Ordinance.

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

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.

[Execution page follows]

IN WITNESS WHEREOF, the City of Pickens, South Carolina, has caused this bond to be executed on the \_\_\_ day of \_\_\_\_\_, 2015, in its name by the manual signature of the Mayor of the City and attested by the manual signature of the City Administrator of the City under the seal of the City impressed, imprinted or reproduced hereon.

CITY OF PICKENS, SOUTH CAROLINA

(SEAL)

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Administrator

REGISTRATION

This Bond has been registered in the name of Branch Banking and Trust Company on registration books kept by the City Administrator of the City of Pickens, South Carolina.

Date this \_\_\_ day of \_\_\_\_\_, 2015

CITY OF PICKENS, SOUTH CAROLINA

\_\_\_\_\_  
City Administrator

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the approving opinion of McNair Law Firm, P.A., Greenville, South Carolina, the original of which was manually executed, date and issued as of the date of and delivery of and payment for the within Bond, and a copy of which is on file with the City of Pickens, South Carolina.

CITY OF PICKENS, SOUTH CAROLINA

By: \_\_\_\_\_  
City Administrator