

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

ORDINANCE 2016-03

CITY OF PICKENS, SOUTH CAROLINA

FOURTH SUPPLEMENTAL ORDINANCE NO. 2016-03

A FOURTH SUPPLEMENTAL ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF PICKENS, SOUTH CAROLINA, WATERWORKS AND SEWER SYSTEM REFUNDING REVENUE BONDS, IN ONE OR MORE SERIES, IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$5,000,000; AUTHORIZING THE MAYOR OR CITY ADMINISTRATOR TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE BONDS; PRESCRIBING THE FORM AND DETAILS OF SUCH BONDS; AMENDING GENERAL BOND ORDINANCE NO. 2010-13; AND OTHER MATTERS RELATING THERETO.

Enacted: March 7, 2016

Ordinance 2016-03, Fourth Supplemental Water & Sewer Bond 2016
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. 2010-13 (the "General Bond Ordinance") enacted by the Council on September 13, 2010 (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 Fourth Supplemental Ordinance have the respective meanings given to them in the Ordinance and in Section 1 hereof.

"2016 Debt Service Fund" shall mean the fund or funds (with an appropriate series designation, if necessary) established pursuant to Section 7 hereof to provide for the payment of the principal of and interest on the Series 2016 Bonds.

"2016 Debt Service Reserve Fund" shall mean the fund or funds, if any, established pursuant to Section 10(a) hereof (with an appropriate series designation, if necessary): (a) to insure the timely payment of the principal of and interest on the Series 2016 Bonds and (b) to provide for the redemption of the Series 2016 Bonds.

"2016 Reserve Fund Requirement" shall mean, if a 2016 Debt Service Reserve Fund is established, the amount determined pursuant to Section 10(a) hereof.

"Bond of 2010" shall mean the \$2,000,000 original principal amount Waterworks and Sewer System Refunding Revenue Bond, Series 2010, dated September 30, 2010, and currently Outstanding in the principal amount of \$1,402,588.37.

"Bond of 2011" shall mean the \$4,300,000 original principal amount Waterworks and Sewer System Revenue Bond, Series 2011, dated November 18, 2011, and currently Outstanding in the principal amount of \$3,625,866.03.

"Bond of 2014" shall mean the \$5,000,000 original principal amount Waterworks and Sewer System Revenue Bond, Series 2014, dated October 23, 2014, and currently Outstanding in the principal amount of \$5,000,000.

"Bonds to be Refunded" shall mean either or both of the Bond of 2010 and the Bond of 2011.

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

"Escrow Agent" shall mean The Bank of New York Mellon Trust Company, N.A., in Jacksonville, Florida, as escrow agent under the Escrow Agreement, if any.

"Escrow Agreement" shall mean one or more Escrow Agreements, if any, dated the date of its execution between the City and the Escrow Agent.

"Escrow Fund" shall mean the fund of that name, if any, created pursuant to the applicable Escrow Agreement.

"First Supplemental Ordinance" shall mean First Supplemental Ordinance No. 2010-14 enacted by the Council on September 13, 2010, authorizing the issuance of the Bond of 2010.

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"Fourth Supplemental Ordinance" shall mean this Fourth Supplemental Ordinance No. 2016-__ enacted by the Council on March 7, 2016, authorizing the issuance of the Series 2016 Bonds.

"General Bond Ordinance" shall mean General Bond Ordinance No. 2010-13 duly enacted on September 13, 2010, by the Council authorizing and providing for the issuance of Waterworks and Sewer System Revenue Bonds.

"Interest Payment Date" shall mean the dates for payment of interest on the Series 2016 Bonds as determined by the Mayor or City Administrator pursuant to Section 10(a) herein.

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

"Principal Payment Date" shall mean the dates for payment of principal on the Series 2016 Bonds as determined by the Mayor or City Administrator pursuant to Section 10(a) herein.

"Purchaser" shall mean the initial purchaser of the Series 2016 Bonds.

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

"Second Supplemental Ordinance" shall mean Second Supplemental Ordinance No. 2011-18 enacted on October 3, 2011 by the Council authorizing the issuance of the Bond of 2011.

"Series 2016 Bonds" shall mean the City of Pickens, South Carolina, Waterworks and Sewer System Refunding Revenue Bond or Bonds, with an appropriate series designation, in the aggregate principal amount of not exceeding \$5,000,000 authorized to be issued hereunder in one or more series.

"Third Supplemental Ordinance" shall mean Third Supplemental Ordinance No. 2014-12 enacted on October 6, 2014 by the Council authorizing the issuance of the Bond of 2014.

Section 2. Certain Findings and Determinations.

The City hereby finds and determines:

(a) The Act authorizes any city to refund any bonds or other obligations issued to finance or to aid in the financing of any work, undertaking or project which the city is authorized to construction and from which the city has derived revenues. This Fourth 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 General Bond Ordinance.

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

(c) Upon the payment or defeasance of the Bonds to be Refunded, the Net Revenues pledged under the Ordinance will not be encumbered by any lien and charge thereon or pledge thereof, other than the lien and charge thereon and pledge created by the General Bond Ordinance and the following Supplemental Ordinances: (i) the Third Supplemental Ordinance for payment and security of the Bond of 2014; and (ii) this Fourth Supplemental Ordinance for payment and security of the Series 2016 Bonds.

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

(e) The estimated cost of refunding the Bonds to be Refunded does not exceed \$5,000,000.

(f) Section 3.1 of the General Bond Ordinance provides that Bonds may be issued in accordance with the terms, conditions and limitations set forth therein in such amounts and from time to time as the City may deem to be necessary or advisable for any corporate purpose of the City and upon compliance with certain conditions. Bonds issued upon compliance with Section 3.2 and Section 3.4 of the General Bond Ordinance shall be issued on a parity with respect to the pledge of and lien upon the Net Revenues of the System *inter sese*.

(g) Section 3.4(B) of the General Bond Ordinance provides that Bonds may be issued at any time for the purpose of refunding (including by purchase) other 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; provided that (i) the aggregate Debt Service on all Bonds to be Outstanding after the issuance of the proposed Series of refunding Bonds shall not be greater than would have been the Debt Service of all Bonds not then refunded and the Bonds to be refunded; or (ii) the requirements of parts (A), (B), (C) and (E) of Section 3.3 of the General Bond Ordinance are met with respect to the refunding Series. On or prior to the date of delivery of the respective Series 2016 Bonds, the City shall comply with the provisions of Section 3.4(B) of the General Bond Ordinance.

(h) Section 12.1 of the General Bond Ordinance provides that the obligations of the City under the General Bond Ordinance and the liens, pledges, charges, trusts, covenants and agreements of the City made or provided for therein shall be fully discharged and satisfied as to any Bond, and such Bond or Series of Bonds shall no longer be deemed to be Outstanding under the General Bond Ordinance when payment of the principal of, redemption premium, if any, and interest on such Bond or Series of Bonds 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 Trustee, the Paying Agent and the Registrar.

(i) Pursuant to Section 10(a) herein, the City may determine to establish a 2016 Debt Service Reserve Fund in connection with the Series 2016 Bond.

(j) The period of usefulness of the System is in excess of 20 years from the date hereof.

(k) The proceeds of the Series 2016 Bond are being used for the purpose of (i) refunding the Bonds to be Refunded; (ii) funding the applicable 2016 Reserve Fund Requirement, if it is determined to establish a 2016 Debt Service Reserve Fund; and (iii) and paying the Costs of Issuance of the Series 2016 Bonds.

(l) The City finds that a savings can be effected through the refunding (and, if necessary with respect to the Bond of 2011, the advanced refunding) of the Bonds to be Refunded. It is necessary and in the best interest of the City to undertake the refunding of the Bonds to be Refunded and to issue the Series 2016 Bond in the principal amount of not exceeding \$5,000,000 in accordance with the Act, the Ordinance and this Fourth Supplemental Ordinance for the purposes set forth above.

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Section 3. Authorization of Series 2016 Bonds.

(a) There is hereby authorized to be issued one or more Series of Bonds designated "City of Pickens, South Carolina, Waterworks and Sewer System Refunding Revenue Bond, [appropriate series designation]" (the "Series 2016 Bonds"), in the aggregate principal amount of not exceeding \$5,000,000. The proceeds of the Series 2016 Bonds shall be used for any or all of the purposes set forth in Section 2(k) hereof, shall be issued in a principal amount not to exceed \$5,000,000 as determined by the Mayor or City Administrator pursuant to Section 10(a) herein, and shall mature on each Principal Payment Date in the principal amounts as determined by the Mayor or City Administrator pursuant to Section 10(a) herein.

(b) The Series 2016 Bonds shall each be represented by a single fully registered bond; shall be registered in the name of the Purchaser; shall be dated the date of its delivery; shall be in the aggregate principal amount of not exceeding \$5,000,000; and shall be payable on each Interest Payment Date. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

(c) Principal of and redemption premium, if any, and interest on the Series 2016 Bonds shall be payable at the corporate trust office of the Paying Agent, in Jacksonville, Florida, or such other location as the Paying Agent determines. Such payment shall be made to the Purchaser or subsequent Holders as of the immediately preceding Record Date by the Paying Agent by check or draft mailed to each Holder at the address as it appears on the Books of Registry maintained at the corporate trust office of the Registrar, in Jacksonville, Florida, or such other location as the Registrar determines, or, in the case of a Holder of \$1,000,000 or more in principal amount of Series 2016 Bonds, by wire transfer to an account within the continental United States upon the timely receipt of a written request of such Holder. Payment of the principal of and interest on such Series 2016 Bonds may be payable to the Holder thereof without presentation and surrender of such Series 2016 Bonds; provided, the Paying Agent assumes no liability to any person in the event that the Holder should fail to return the Series 2016 Bonds to the Paying Agent after final payment, and no obligation will be imposed upon the Paying Agent to seek the return of the Series 2016 Bonds from the respective Holders thereof.

(d) Unless otherwise agreed to by the Mayor or City Administrator, the Series 2016 Bonds 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 2016 Bonds. Such restriction shall be set forth on the face of the Series 2016 Bonds and shall be complied with by each transferee of the Series 2016 Bonds.

(e) The Series 2016 Bonds shall be in substantially the form set forth in Exhibit A hereto, with such necessary or appropriate variations, omissions and insertions as are incidental to the issuance of the Series 2016 Bonds or as are otherwise permitted or required by law or by the Ordinance, including this Fourth Supplemental Ordinance. The Series 2016 Bonds shall be executed in the name and on behalf of the City by the manual or facsimile signatures of the Mayor (or in his absence, the Mayor Pro Tempore) and the City Administrator.

Section 4. Recording and Transfer of Ownership of the Series 2016 Bonds. The Series 2016 Bonds will be issued in fully-registered form, as a single Bond representing the entire principal amount of the respective Series 2016 Bonds in the name of the Holder thereof. The City, the Paying Agent and the Registrar may treat the Holder as the sole and exclusive owner of the Series 2016 Bonds registered in its name for the purpose of payment of the principal of, and interest or premium, if any on the Series 2016 Bonds, giving any notice permitted or required to be given to the Purchaser or subsequent Bondholders under the General Bond Ordinance or this Fourth Supplemental Ordinance, registering the transfer of the Series

Ordinance 2016-03, Fourth Supplemental Water & Sewer Bond 2016 Bonds, 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 2016 Bonds. The Series 2016 Bonds shall be subject to prepayment or redemption prior to maturity on such terms as determined by the Mayor or City Administrator pursuant to Section 10(a) herein. Unless otherwise agreed to by the Mayor or City Administrator pursuant to Section 10(a) herein, in the event the Series 2016 Bonds are called for redemption, the Registrar shall give notice of redemption of the Series 2016 Bonds by first-class mail, postage prepaid, to the Purchaser or other Holder thereof as shown on the Books of Registry not less than ten (10) days prior to the date fixed for the redemption thereof.

Section 6. Payment of the Series 2016 Bonds. The Series 2016 Bonds, 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 Net Revenues in accordance with the provisions of the Ordinance and this Fourth Supplemental Ordinance. The Series 2016 Bonds shall be secured by a pledge of Net Revenues on a parity with the pledge of Net Revenues for payment of the Bond of 2014 and any other Bonds (as defined in the General Bond Ordinance) issued pursuant to the General Bond Ordinance.

The Series 2016 Bonds do 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 2016 Bonds 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 Net Revenues pledged thereto. No recourse shall be had for the payment of the Series 2016 Bonds 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 2016 Bonds.

Section 7. Establishment of 2016 Debt Service Fund. In accordance with Section 6.7 of the General Bond Ordinance, a 2016 Debt Service Fund (with an appropriate series designation, if necessary) is hereby directed to be established by the Trustee on the date of the original delivery of the Series 2016 Bonds for the benefit of the Purchaser or subsequent Holders of each of the Series 2016 Bonds.

Section 8. Cost of Issuance Account. There is hereby created the "Cost of Issuance Account for the Series 2016 Bonds [with an appropriate series designation, if necessary]" (hereinafter referred to and defined as the "Cost of Issuance Account"). The Cost of Issuance Account shall be held by a Custodian selected by the Mayor or City Administrator. The moneys on deposit in the Cost of Issuance Account shall be used and applied to the payment of Cost of Issuance. Withdrawals from the Cost of Issuance Account shall be made in the manner withdrawals from other funds of the City are made. Moneys on deposit in the Cost of Issuance Account shall be invested upon direction of the City in Permitted Investments.

Section 9. Designation of Registrar and Paying Agent. The Council hereby designates The Bank of New York Mellon Trust Company, N.A. as Registrar and Paying Agent for the Series 2016 Bonds. The Registrar and the Paying Agent shall signify their acceptances of their respective duties upon delivery of the Series 2016 Bonds.

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Section 10. Sale and Issuance of Series 2016 Bonds; Authorization of Mayor or City Administrator.

(a) Without further authorization, the Council hereby authorizes and directs the Mayor or City Administrator to: (a) determine the original issue date of the respective Series 2016 Bonds; (b) determine whether to issue the Series 2016 Bonds in more than a single series, and determine the respective principal amounts of the Series 2016 Bonds; (c) determine the Principal Payment Dates and principal repayment schedule for the respective Series 2016 Bonds; (d) determine the date and time of sale of the respective Series 2016 Bonds; (e) determine the Interest Payment Dates, including the initial Interest Payment Date, for the respective Series 2016 Bonds; (f) determine the optional redemption date and terms of redemption for the respective Series 2016 Bonds; (g) either negotiate with a bank or other financial institution for the purchase of the respective Series 2016 Bonds, or award the sale of the respective Series 2016 Bonds to the bidder or bidders that provide the most advantageous proposal in accordance with one or more Requests for Proposals for the Series 2016 Bonds, in such form as approved by the Mayor or City Administrator; (h) determine whether to establish a 2016 Debt Service Reserve Fund for any of the Series 2016 Bonds and, if so established, determine the amount of and manner of funding the applicable 2016 Reserve Fund Requirement; and (i) agree to any other covenants, terms, provision and matters necessary or advisable to effect the issuance of the Series 2016 Bonds, including such terms as may be requested by the Purchaser.

(b) A copy of this Fourth Supplemental Ordinance shall be filed with the minutes of the meeting at which this Fourth 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 2016 Bonds and to carry out the intentions of this Fourth Supplemental Ordinance.

Section 11. Authorization to Effect Refunding; Redemption of the Bonds to be Refunded. Upon delivery of the respective Series 2016 Bonds, a portion of the proceeds thereof, together with amounts (if any) deposited in the debt service fund and the debt service reserve fund with respect to the Bonds to be Refunded, and other funds of the City, if necessary, shall either be paid directly to the Holder of the respective Bonds to be Refunded, or deposited with the Escrow Agent and held by it under the respective Escrow Agreement in the respective Escrow Fund for the applicable Bonds to be Refunded. Subject to the terms of the Escrow Agreement, it shall be the duty of the Escrow Agent to keep such proceeds invested and reinvested to the extent that it shall be practical in Government Obligations and to apply the principal and interest of the trust so established in the manner prescribed in such Escrow Agreement.

The Mayor or the City Administrator are each hereby authorized and directed for and on behalf of the City to execute such agreements and give such directions as shall be necessary to carry out the provisions of this Fourth Supplemental Ordinance, including the execution and delivery of the respective Escrow Agreements. The Escrow Agreement shall be dated the date of delivery of the respective Series 2016 Bonds to the Purchaser, and in such form as the Mayor or City Administrator approves. The execution thereof shall be evidence of the approval.

The Escrow Agent or the Registrar for the Bonds to be Refunded, as applicable, are hereby directed to call the respective Bonds to be Refunded for redemption on such date as directed by the Mayor or the City Administrator, and to pay the principal of, redemption premium and interest on the Bonds to be Refunded, upon the redemption thereof, either directly from a portion of the proceeds of the respective Series 2016 Bonds, or from the moneys and obligations deposited in the respective Escrow Funds established pursuant to the provisions of the Escrow Agreements authorized herein. All moneys and obligations deposited with the

Ordinance 2016-03, Fourth Supplemental Water & Sewer Bond 2016 Escrow Agent pursuant to the Escrow Agreement and the income therefrom shall be held, invested, and applied in accordance with the provisions of this Fourth Supplemental Ordinance and the Escrow Agreement.

Section 12. Federal Tax Covenants. The City hereby covenants and agrees with the Purchaser or subsequent Holders of the Series 2016 Bonds that it will not take any action which will, or fail to take any action which failure will, cause interest on the Series 2016 Bonds 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 2016 Bonds and that no use of the proceeds of the Series 2016 Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Series 2016 Bonds would have caused the Series 2016 Bonds 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 2016 Bonds are Outstanding;
- (b) establish such funds, make such calculations and pay such amounts, if necessary, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebate of certain amounts to the United States; and
- (c) make such reports of such information at the times and places required by the Code.

Section 13. Series 2016 Bonds Designated Qualified Tax-Exempt Obligations. The City covenants that, in accordance with the applicable provisions of the Code, the Series 2016 Bonds are each 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 2016 (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 2016 is not reasonably expected to exceed \$10,000,000.

Section 14. Filings with Central Repository. 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 Revenues or the City's tax base.

The only remedy for failure by the City to comply with the covenant of this Section 14 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 Fourth Supplemental Ordinance. The Trustee shall have no responsibility to monitor the City's compliance with this covenant. 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 Trustee, the Purchaser or subsequent Holders of any Series 2016 Bonds.

Section 15. Amendment to General Bond Ordinance. The following provisions of the General Bond Ordinance are hereby amended, which amendments to the General Bond Ordinance hereinafter set forth shall not become effective until the earlier of: (1) the Bond of 2010, the Bond of 2011 and the Bond of 2014 shall cease to be Outstanding; or (2) the Holders of 66 2/3% in principal amount of the Bonds then Outstanding

Ordinance 2016-03, Fourth Supplemental Water & Sewer Bond 2016 assent to and authorize such amendments to the General Bond Ordinance in accordance with Article IX of the General Bond Ordinance. Any Bonds, including the Series 2016 Bonds, issued after the date of enactment of this Fourth Supplemental Ordinance shall contain a reference to the amendments herein made.

The definition of "Expenses of Operating and Maintaining the System" shall be amended by deleting the last sentence thereof, and replacing such sentence with the following:

Expenses of Operating and Maintaining the System shall not include the payment of interest on Bonds or other System-related indebtedness, any allowance for depreciation or renewals or replacements of capital assets of the System, amounts deemed to be payments in lieu of taxes or other transfers to the City's general fund and pension-related and other post-employment benefit-related expenses (other than such amounts actually paid) of the System.

Section 16. Further Actions. The Mayor, City Administrator, City Attorney, Finance Director and Clerk to Council are hereby authorized and directed to take any and all such further actions as shall be deemed necessary or desirable in order to effectuate issuance of the Series 2016 Bonds to the Purchaser.

Section 17. 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 Third Supplemental Ordinance.

Section 18. 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:

City of Pickens, South Carolina
Attn: City Administrator
219 Pendleton Street
Pickens, South Carolina 29671-2458

If to the Escrow Agent:

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

If to the Paying Agent:

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

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If to the Registrar:

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

If to the Trustee:

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

The City, the Registrar, the Paying Agent 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.

The Trustee shall have the right to accept and act upon directions given pursuant to this Third Supplemental Ordinance or any other document relating to the Series 2016 Bonds (including but not limited to the General Bond Ordinance) and delivered using Electronic Means (defined below); provided, however, that the City shall provide to the Trustee an incumbency certificate listing Authorized Officers with the authority to provide such directions (each an "Authorized Officer") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee directions using Electronic Means and the Trustee in its discretion elects to act upon such directions, the Trustee's understanding of such directions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such directions to the Trustee and that all Authorized Officers treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such directions notwithstanding such directions conflict or are inconsistent with a subsequent written direction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions to the Trustee and that there may be more secure methods of transmitting directions; and (iii) that the security procedures (if any) to be followed in connection with its transmission of directions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances. "Electronic Means" shall mean the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

Section 19. Repeal of Inconsistent Ordinances and Resolutions. All ordinances and resolutions of the City, and any part of any ordinance or resolution, inconsistent with this Third Supplemental Ordinance are hereby repealed to the extent of such inconsistency.

Ordinance 2016-03, Fourth Supplemental Water & Sewer Bond 2016
Section 20. Effective Date. This Fourth Supplemental Ordinance shall become effective upon its
enactment.

[Signature Page Follows]

Ordinance 2016-03, Fourth Supplemental Water & Sewer Bond 2016
Enacted by the City Council of the City of Pickens, South Carolina, this 7th day of March, 2016.

CITY COUNCIL, CITY OF PICKENS,
SOUTH CAROLINA

(SEAL)



Mayor

ATTEST:



City Administrator

Date of First Reading: February 16, 2016
Date of Second Reading: March 7, 2016

[Execution Page]

FORM OF SERIES 2016 BONDS

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 FOURTH 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 FOURTH SUPPLEMENTAL ORDINANCE

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
CITY OF PICKENS
WATERWORKS AND SEWER SYSTEM REFUNDING REVENUE BOND
SERIES 2016[A/B]

The City of Pickens, South Carolina (the "City"), is justly indebted and, for value received, hereby promises to pay to _____, in _____, its successors or registered assigns (the "Holder"), but solely from the Net Revenues hereinafter mentioned and not otherwise, the principal amount of \$ _____ and to pay interest, but solely from Net Revenues and not otherwise, on such principal amount from the date hereof until this Bond matures or is earlier redeemed. Interest on this Bond shall accrue at the rate of ___% per annum, and the City hereby promises to pay interest on the principal balance hereof from time to time unpaid but solely from Net Revenues. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months, and is payable _____ commencing _____, until this Bond matures or is earlier redeemed. This Bond shall be payable [annually] in principal installments on _____ of each year in the principal amounts set forth in the table below.

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
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THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF TITLE 6, CHAPTER 17, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED, AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN 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. THIS 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 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, 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 THIS BOND.

Both the principal of and interest on this Bond are payable at the principal office of The Bank of New York Mellon Trust Company, N.A. ("BNY Mellon"), in Jacksonville, Florida, 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 Holder agrees to surrender this Bond on or within a reasonable time after final payment or its final maturity; provided that BNY Mellon assumes no liability to any person in the event that the Holder should fail to return this Bond to BNY Mellon upon maturity or after final payment and any such liability shall be borne by the Holder and no obligation will be imposed upon BNY Mellon to seek the return of this Bond from the Holder.

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

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 and Title 6, Chapter 17 [and Title 11, Chapter 21] 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. 2010-13 (the "General Bond Ordinance") of the City Council of the City duly enacted on September 13, 2010, and as supplemented by Fourth Supplemental Ordinance No. 2016-__ of the Council enacted on March 7, 2016 (the "Fourth 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.

This Bond and the interest thereon is a special obligation of the City and are secured by and payable solely from, and secured equally and ratably by a pledge of and lien upon, the Net Revenues (as defined in the General Bond Ordinance) derived from the City's waterworks and sewer system (the "System") on a parity with any pledge of and lien upon Net Revenues securing the [Bond of 2010 and the] [Bond of 2011 and the] Bond of 2014 [and the Series 2016A or 2016B, if applicable] (as such term[s] [is][are] defined in the Fourth Supplemental Ordinance) and any Series of Bonds (as defined in the General Bond Ordinance) hereafter issued under the General Bond Ordinance payable from such Net Revenues on a parity and equally and ratably secured therewith.

[Redemption provisions] In the event this Bond is called for redemption, the Registrar shall give notice of redemption by first-class mail, postage prepaid, to the registered owner hereof as shown on the Books of Registry not less than [ten] [(10)] days prior to the date fixed for the redemption thereof.

Upon satisfaction of certain conditions as more particularly set forth in the Bond Ordinance, the General Bond Ordinance will be amended by the Fourth Supplemental Ordinance to amend the definition of "Expenses of Operating and Maintaining the System". The Holder of this Bond is deemed to have consented to such amendment to the General Bond Ordinance set forth in the Fourth Supplemental Ordinance.

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 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 have 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. 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.

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. This Bond has been designated a "qualified tax-exempt obligation" pursuant to Section 265(b)(3)(B)(ii) of the Internal Revenue Code of 1986, as amended.

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.

IN WITNESS WHEREOF, the City of Pickens, South Carolina, has caused this bond to be executed in its name by the manual signature of the Mayor of the City and attested by the manual signature of the 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

(FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION)

This bond is the bond described in the within-mentioned Ordinance of City of Pickens, South Carolina.

The Bank of New York Mellon Trust Company, N.A.,
Registrar

Dated: _____

By: _____
Authorized Officer