

Mayor
FLETCHER PERRY

City Council

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ROBERT NEALY
ISAIAH SCIPIO
LOIS PORTER
DONNIE MCKINNEY



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Administrator
Charlene Carter
City Clerk
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CITY COUNCIL MEETING AGENDA
Monday June 24. 2023, 6:00 PM
CITY HALL 219 PENDLETON STREET
PICKENS, SOUTH CAROLINA

1. WELCOME AND CALL TO ORDER:
2. INVOCATION AND PLEDGE OF ALLEGIANCE:
3. COMMENTS FROM CITIZENS:
4. APPROVAL OF CITY COUNCIL MINUTES:
June 12, 2023, Regular Council Meeting
June 26, 2023, Regular Council and Committee of Whole Meeting
July 10, 2023, Regular Council Meeting

NEW BUSINESS TO BE CONSIDERED BY CITY COUNCIL:
Ordinances for First Reading or Resolutions

5. Ordinance 2023-2023-12
Pickens Regional Joint Water Authority- Project Participation Agreement Amendment
6. Resolution 2023-11 Pickens Regional Joint Water Authority -Appointment of Commissioners
7. Administrative update
8. ADJOURNMENT:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PICKENS AUTHORIZING THE SECOND AMENDMENT TO THE PROJECT PARTICIPATION AGREEMENT RELATED TO THE FINANCING AND DEVELOPMENT OF A PROJECT AS DEFINED UNDER TITLE 6, CHAPTER 25 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; AND MATTERS RELATED THERETO

Ordinance Approving Second Amendment
to the Project Participation Agreement

Enacted August 14, 2023

NOW THEREFORE BE IT ORDAINED by the City Council of the City of Pickens (the "**City Council**"), the governing body of the City of Pickens, South Carolina (the "**City**") in meeting duly assembled:

Section 1 Findings. The City Council makes the following findings of fact in connection with the enactment of this ordinance (this "**Ordinance**"):

(a) The City is a political subdivision of the State of South Carolina, and is authorized to provide water service pursuant to Article VIII, § 16 of the Constitution of the State of South Carolina, a referendum authorizing such service, and Title 5, Chapter 31 of the Code of Laws of South Carolina 1976, as amended.

(b) On October 7, 2019, the City, the Easley-Central Water District, the Pickens County Water Authority, and the Six Mile Rural Community Water District (each an "**Initial Member**" and collectively the "**Initial Members**"), incorporated the Pickens Regional Joint Water System (the "**Joint System**") pursuant to Title 6, Chapter 25 of the Code of Laws of South Carolina 1976, as amended (the "**Enabling Act**") for the purpose of planning, financing, developing, constructing, acquiring, improving, enlarging, selling, leasing, maintaining and operating water facilities within the service areas of such entities. On December 29, 2021, the City of Liberty, South Carolina ("**Liberty**") joined the Initial Members (Liberty and the Initial Members, the "**Members**") and became a member of the Joint System.

(c) Pursuant to Section 6-25-128 of the Enabling Act, the Joint System and the Members are authorized to enter into contracts concerning the sale or purchase of capacity and output from a project.

(d) On November 1, 2021, the City Council enacted Ordinance No. 2021-17 approving the execution of a project participation agreement pursuant to Section 6-25-128 of the Enabling Act and made the required statutory findings (the "**Approving Ordinance**").

(e) On January 11, 2022, the Members and the Joint System entered into that certain Project Participation Agreement (the "**Project Participation Agreement**," as amended from time to time) and the City Council finds that such Project Participation Agreement contained all material terms required in the Approving Ordinance, ratifies the Project Participation Agreement as executed, and affirms and renews its finding that the Project and the Project Participation Agreement are in its best interests. Terms with initial capitals used herein and not otherwise defined have the meaning given such term in the Project Participation Agreement unless context clearly requires otherwise.

(f) On August 15, 2022, the Members and the Joint System entered into the first amendment to the Project Participation Agreement (the "**First Amended Project Participation Agreement**"), following approval of such First Amended Project Participation Agreement by the governing body of each Member, in order to authorize an amendment to the Project Participation Agreement to provide for a Project with a Plant that is 10 MGD and that the definition of Project include expansions up to 20 MGD to conform to the anticipated FERC license, to conform the definition of Initial Permits to reflect that the GMC Technical Memorandum No. 1 by Michael

A. Knapp, PE of Goodwin Mills Cahill to the Pickens Regional Joint Water System dated July 2022 satisfies that requirement to strike item (7) of that definition, and to make certain other revisions reflecting current facts, expectations, and plans of the Members.

(g) By letter dated April 27, 2023, the South Carolina Rural Infrastructure Authority (“*RIA*”) advised the Joint System of the award of a \$10,000,000 grant (SCIIP Grant A-23-C160 - Pickens Regional Joint Water System - Water Transmission and Storage) administered by the South Carolina Rural Infrastructure Authority (RIA) using State and Local Fiscal Recovery Funds received through the American Rescue Plan Act (the “*SCIIP Grant*”). The special conditions of the SCIIP Grant provide, *inter alia*, that:

- (1) SCIIP funded project will be limited to Division - Transmission Main Storage (TMS), Contracts 2 – 4, as detailed in the project narrative and project map. Grantee must submit a revised grant application that is consistent with the approved scope of work and grant award. Contact RIA for more information.
- (2) Grantee must submit a funding commitment letter that details the source(s) and amounts of additional funds needed for remaining Division-TMS project costs and assurance that identified funds will be available within 90 days of RIA’s grant award (July 23, 2023).
- (3) Since the entire project is contingent on approval of USDA-RD funds, Grantee must submit USDA-RD’s written commitment within 90 days of RIA’s grant award (July 23, 2023). Additionally, please confirm in writing from USDA-RD that SCIIP/ARPA funds may be used in conjunction with USDA-RD funds for this project.
- (4) Grantee must submit a revised project schedule for the SCIIP funded project, based on the timing and availability of all funds necessary for the entire project as described in the application.

(h) On July 11, 2023, members of the Joint System Commission met with the Executive Director and staff of RIA to discuss the SCIIP Grant and the special conditions thereof. Responsive to the discussions and guidance provided by RIA in such meeting, the Joint System Commission will submit a rescope grant application to RIA for a water source agnostic transmission project, and provide assurances as to the availability of local match monies; RIA will not require that the Joint System provide assurances from USDA-RD as to financing or the compatibility of USDA-RD and ARPA monies as set forth at item (3) above.

(i) By resolution dated July 11, 2023, the Joint System Commission authorized an amendment to the First Amended Project Participation Agreement to provide clear and complete authorization for the portion of the Project to be funded from the SCIIP Grant (the “*Transmission and Storage Project*”) and to allow phasing of components of the Project, to revise the total authorized borrowing amount to ensure availability of funds for the entire Project consistent with current cost projections, to revise certain conditions to the issuance of debt for

specified phases of the Project, and to make certain other revisions reflecting current facts, expectations, and plans of the Members (the "*Second Amendment*").

Section 2 Specific Findings and Approvals. (a) The City Council hereby renews its finding that it is in the best interests of the City and its customers and residents located within its service area to participate in the Project by participating as a member of the Joint System and agreeing to the terms of the Project Participation Agreement, as amended and restated as authorized herein, which the City Council finds is a contract entered into pursuant to Section 6-25-128 of the Enabling Act.

(b) The Project, as amended as provided herein, is hereby approved pursuant to Section 6-25-110 of the Enabling Act, which approval, when granted by each Participant, will allow for the financing, construction, development, and maintenance of the same without further approval or authorization by any Participant.

Section 3 Approval of Second Amendment to Project Participation Agreement; Restatement of Such Agreement and Execution Thereof. The Second Amendment to the Project Participation Agreement is hereby approved and consent to such changes is evidenced hereby. Such revisions comprising the Second Amendment are shown in Exhibit A hereto. The Mayor of the City is authorized to execute an amended and restated Project Participation Agreement (the "*Second Amended Project Participation Agreement*") in the form attached hereto as Exhibit B upon approval of the Second Amended Project Participation Agreement by all Members. The Mayor of the City is hereby authorized to take all actions and execute all documents necessary to effect the provisions of this Ordinance.

Section 4 General Repealer, Severability. To the extent any provision of a prior ordinance, including the Approving Ordinance, conflicts with any provision hereof, such provision is repealed and the provision or provisions of this Ordinance shall control and be of force and effect. To the extent any portion of this Ordinance shall be made inoperable in case any one or more of the provisions of this Ordinance shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Ordinance, but this Ordinance shall be construed and enforced as if such illegal or invalid provisions had not been contained therein.

Section 5 Effective Date. The provisions of this Ordinance shall be effective immediately upon the second reading hereof.

ENACTED AS AN ORDINANCE and approved at a meeting duly assembled by the City Council this 14th day of August 2023.

CITY OF PICKENS, SOUTH CAROLINA

Mayor

Attest:

City Clerk

First Reading: July 24, 2023
Second Reading: August 14, 2023

Approved as to Form:

Daniel Hughes, City Attorney

Exhibit A

Second Amendment to Project Participation Agreement

PROJECT PARTICIPATION AGREEMENT

among the

Pickens Regional Joint Water System

and

City of Liberty, South Carolina,
City of Pickens, South Carolina,
Easley-Central Water District,
Pickens County Water Authority, and
Six Mile Rural Community Water District

Second Amended Project Participation Agreement

Amended and Restated as of ~~August 15,~~
~~2022~~ _____, 2023

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This **SECOND AMENDED ~~AND RESTATED~~ PROJECT PARTICIPATION AGREEMENT** (this is made as of this ~~15th~~ th day of ~~August 2022~~ 2023 (the “*Effective Date*”), by and among the Pickens Regional Joint Water System, South Carolina, a joint municipal water system (the “*Joint System*”), and City of Liberty, South Carolina; City of Pickens, South Carolina; Easley-Central Water District; Pickens County Water Authority; and Six Mile Rural Community Water District (hereinafter collectively referred to as the “*Participants*” and collectively with the Joint System, the “*Parties*”). This agreement amends and restates that Project Participation Agreement dated the 11th day of January 2022 (the “*Original Agreement*”) as amended and restated by that Amended and Restated Project Participation Agreement dated the 15th day of August 2022 (the “*First Amended Agreement*” as hereby amended and restated, the “*Agreement*”) among the Parties.

BACKGROUND AND FINDINGS

Joint System was organized under the provisions of Title 6, Chapter 25 of the Code of Laws of South Carolina 1976, as amended (the “*Enabling Act*”), as a body politic and corporate for the purpose of planning, financing, developing, constructing, acquiring, improving, enlarging, selling, leasing, maintaining and operating water facilities within the service areas of the Participants as its members. In furtherance of such purposes, Joint System has determined to develop (i) a water treatment plant (the “*Plant Project*,” as more specifically defined herein) to be situated on Lake Keowee and ~~related facilities together with (ii)~~ certain water transmission mains to transport treated water from the Plant to various areas and storage facilities in Pickens County, South Carolina (“*Pickens County*”) to interconnect with and provide Potable Water to the Participants’ ~~faelities~~ (Systems (the “*Transmission and Storage Project*” and together with the Plant Project, the “*Project*,” each as more specifically defined herein). The Project will provide the primary source of Potable Water for the Participants.

The purpose of the Project is to assure that the provision of Potable Water to the Joint System’s service area will be under local control; that the water rates will be reasonable to local users; that an adequate water supply will be available for future growth in Pickens County; and that the Participants may have an opportunity to make recommendations for future policies and operations. The Joint System, in order to undertake the Project, must obtain financing for three discrete stages for the Project. First, the Joint System requires a bridge loan for the planning, engineering, initial permitting, and design stage of the Project (the “*Planning Phase*”). Second, the Joint System ~~will~~ may require interim financing for the Project during the construction thereof (the “*Construction Phase*”). Third, and finally, the Joint System will require long-term financing for the Project in order to amortize the costs thereof over the useful life thereof (the “*Operational Phase*”). At present, the Parties contemplate separate financings corresponding to the foregoing phases, including one or more borrowings for the Planning Phase (the “*Bridge Financing*”), one or more borrowings for the Construction Phase (the “*Construction Financing*”), and one or more long-term borrowings for the Operational Phase to amortize costs of the Project over its life (the “*Permanent Financing*” and together with the Bridge Financing and the Construction Financing, the “*Financings*”). The Financings will allow the Joint System to raise funds (1) to defray the Costs (as defined in the Enabling Act) of the Project, and (2) to pay the professional and other costs related

thereto. The Financings are contemplated to be secured by this Agreement, and any other revenues of the Joint System as may be available from time to time.

Each of the Participants has determined that it is in the best interests of its customers and residents located within its respective service area to participate in the Project by becoming a member of the Joint System and agreeing to the terms of this Agreement. By joining together, economies of scale can be achieved and each Participant will be able to acquire a safe and secure source of Potable Water. Each Participant, recognizing the benefits to be gained by such joint action, has determined, pursuant to the provisions of this Agreement, to purchase all of its water requirements from the Joint System and to pay for such amount of Potable Water by assuming the responsibility for a pro-rata amount (determined as set forth herein) of the operations and maintenance costs, costs of depreciation and contingencies, and the debt service on bonds issued by the Joint System to defray the cost of the Project. As a means of providing sufficient security to the holders of such bonds, all Participants have agreed to share on a pro rata basis certain of the obligations of each of the Participants under the provisions of this Agreement on a "step-up" basis. Such arrangement will ensure that the financing of the Project will be achieved at the lowest possible cost and that the Project once completed will remain under the control and operation of the Participants executing this Agreement.

Hence, this Agreement among the Participants and the Joint System (1) has been found to be in the best interest of the public, the Participants and the consumers to be served; and (2) has been duly authorized by the respective governing boards of these Participants who have authorized the undersigned officers to sign on behalf of each.

NOW, THEREFORE, in consideration of the premises hereinabove set forth and the agreements of the parties hereunder, Joint System and Participants agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. In addition to any words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings unless some other meaning is plainly intended:

"Agreement" means this Project Participation Agreement between Joint System and the Participants, as the same may from time to time be modified or amended.

"Allocable Capacity" means 75% of the maximum capacity of the Plant System on the first day of the applicable Fiscal Year, without taking into account Purchased Capacity. By way of example, if the Plant System has a capacity of 20 MGD on the first day of the applicable Fiscal Year, and a Participant has 4 MGD of Purchased Capacity, the Allocable Capacity of the Plant System for that Fiscal Year is 12 MGD (75% of 16 MGD).

“Allocated Capacity” means that portion of the capacity of the Joint System to be made available to each Participant or reserved to the Joint System, determined as follows:

- (1) Initially, the initial Allocated Capacities of the Participants are set forth in Exhibit A hereto. Allocated Capacity is expressed in million gallons per day (“**MGD**”) and is the maximum capacity a Participant is allowed to receive from the Joint System in any 24-hour period. Prior to the application of items (2) and (3) below, any increase in the capacity of the System resulting other than from expansion of the System as contemplated by Section 3.10 hereof shall be allocated to the Participants based on the ratio of their initial Allocated Capacities.
- (2) Beginning on the first July 1 after the **Project System** has been in service (delivering Potable Water to Participants) for 24 months, Allocated Capacity shall automatically adjust on such July 1 and each July 1 thereafter to reflect the amount of Allocable Capacity each Participant uses on an average daily basis relative to the overall use of all Participants for the 24-month period ending on the immediately preceding December 31. Use of the Reserve Margin shall not be used for calculating average daily flow in calculating the Allocated Capacity. For the purposes of this item (2), the sum of all Participants’ Allocated Capacity shall not exceed total Allocable Capacity.
- (3) Notwithstanding the foregoing, the Participants may fix the Allocated Capacity of each Participant at any time, either indefinitely or for set periods, by a unanimous vote of all Commissioners of the Commission at a public meeting duly assembled.

“Allocated Percentage” means with respect to a Participant, the percentage derived by dividing a Participant’s Allocated Capacity by the total of all Allocated Capacities.

“Annual Principal and Interest Requirement” means the total of the principal of (including any mandatory sinking fund payments) and interest on Bonds coming due in any Bond Year, excluding interest to be paid from the proceeds of Bonds in such Bond Year, and the principal and interest to be paid in the final Bond Year to the extent the same are paid from moneys in the Debt Service Reserve Fund pursuant to Section 3.13 hereof.

“Bonds” means (1) those bonds (including the Financings) **initially** issued by Joint System to develop any portion of the Project, (2) all Improvement Bonds and (3) any bonds issued to refund any such Bonds.

“Bond Year” means the period of time beginning the sixteenth day of July in each year and ending the fifteenth day of July in the next succeeding year.

“Bridge Financing” has the meaning given in the Background and Findings hereof.

“Capital Charge” of a Participant means 1/12 (or, with respect to the period prior to the first principal payment date on an issue of Bonds, such other appropriate monthly fraction, taking into account the respective due dates of the initial principal and interest payments) of 130% multiplied by

the Annual Principal and Interest Requirement on all Bonds in the then current Bond Year or any period prior to the first Bond Year multiplied by a Participant's Allocated Percentage.

"Commission" means the governing body of the Joint System.

"Commissioner" means a representative of a Participant on the Commission.

"Construction Financing" has the meaning given in the Background and Findings hereof.

"Construction Phase" has the meaning given in the Background and Findings hereof.

"Consulting Engineers" shall mean any independent firm of consulting engineers which has skill and experience in utility financing and rate design, and the design and operation of water treatment and transmission facilities.

"DHEC" means the South Carolina Department of Health and Environmental Control.

"Duke" means Duke Energy Corporation.

"Effective Date" means ~~August 15, 2022~~ , 2023, the effective date of this Agreement.

"Engineer" means the Rozier Group, and any successor firm of licensed engineers engaged by the Joint System to perform services in connection with the Project.

"Fiscal Year" means July 1 through June 30 of each year.

"Fixed-Price Contract" means a contract with a guaranteed maximum price or fixed price, and is not effective or in place for the purposes of this Agreement until both a performance bond and a payment bond have been obtained, each in an amount equal to 100% of the contract price.

"Force Majeure" means acts of God or nature, strikes, lockouts, or other industrial disturbances; acts of a public enemy, orders of any kind of the Government of the United States or the State of South Carolina or the courts thereof, or any civil or military authority; insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances and explosions; malfunctions of machinery and pipe lines; partial or entire failure of water supply, or inability of Joint System to deliver water hereunder, or a Participant to receive water hereunder, on account of any other causes not reasonably within the control of the party claiming such inability.

"Good Utility Practice" means any of the practices, methods, and acts engaged in or approved by a significant portion of the water treatment and supply industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could have been expected to accomplish the desired results at a reasonable cost consistent with good business practices,

reliability, safety, and expedition. Good Utility Practices does not require use of the optimum practice, method, or act, but only requires use of practices, methods, or acts generally accepted in the water supply and treatment industry.

“Improvement Bonds” means all waterworks system revenue bonds of the Joint System issued to acquire, construct, or equip improvements or expansions contemplated by Sections 3.09(a) and (b) of this Agreement.

“Initial Permits” means the following permits and reports upon completion thereof or issuance of a final permit by the issuing agency, as applicable:

- (1) Preliminary engineering report in compliance with Duke and USDA (if applicable) requirements as certified by the Engineer;
- (2) Environmental report in compliance with Duke and USDA (if applicable) requirements as certified by the Engineer;
- (3) All Duke agreements, permits, permissions, and licenses necessary for the Project;
- (4) All Federal Energy Regulatory Commission agreements, permits, permissions, and licenses necessary for the Project;
- (5) Surface water withdrawal permit issued by DHEC; and
- (6) Jar testing and pilot study.

~~The~~ Except to the extent listed above, the term Initial Permits shall not include permits related to (x) design or engineering permits from DHEC for raw water intake design and permitting, (y) water treatment plant design and permitting, or (z) transmission mains and storage tank design and permitting.

“Joint System” means the Pickens Regional Joint Water System, South Carolina, and its successors and assigns.

“Joint System’s Bond Resolution” means ~~a resolution entitled “A Master Bond Resolution of Pickens Regional Joint Water System Providing for the Issuance and Sale of Water System Revenue Bonds; and Other Matters Relating Thereto” adopted on February 8, 2022~~ the resolution of the Commission, as may be amended or supplemented, providing for the issuance of Bonds from time to time secured in whole or in part by payments to be made by Participants under this Agreement.

“Joint System’s System” or **“System”** means the waterworks system of the Joint System, including any improvements or expansions which may be made to the System from time to time and the assets owned by the Joint System resulting from the development of the Project and any replacement or substitute facilities, as well as any improvements made to the System from time to time and all additional related facilities used to produce or supply water for wholesale delivery; provided, however, such term shall not include any facilities owned or operated by a Participant as a part of its distribution system.

“Operation and Maintenance Expenses” means, for each Fiscal Year, all direct expenses required to operate the System and deliver Potable Water to the distribution systems of the Participants and to maintain the System so that they will have a reasonable useful life. Operation and Maintenance Expenses include, but are not limited to, chemicals, energy, labor, repairs, supplies, pumps ~~located at the Plant site~~ required for transmission of water to the Participants and other direct expenses necessary for the wise and prudent functioning of the System.

“Operational Phase” has the meaning given in the Background and Findings hereof.

“Original Effective Date” means January 11, 2022, the effective date of the Original Agreement.

“Payment Initiation Date” means the earlier of (1) July 1 of the first Fiscal Year in which Operation and Maintenance Expenses come due or are expected to come due as determined in the discretion of the Commission; or (2) the first day of the month one year prior to the date debt service comes due on any Bond.

“Participant” or **“Participants”** means the City of Liberty, South Carolina; City of Pickens, South Carolina; Pickens County Water Authority; Easley-Central Water District; and Six Mile Rural Community Water District, and their successors and assigns.

“Participant’s System” means the water distribution system of a Participant or in the instance of a Participant that owns a combined water and sewer system such definition means such combined water and sewer system.

“Penalty Rate” means 50% of the Participant’s payment obligation hereunder for a given period.

“Permanent Financing” has the meaning given in the Background and Findings hereof.

“Placed in Service Date” means the date determined by the Commission on which the **Plant System** is capable of delivering Potable Water to the Participants ~~at the Allocated Capacities set forth at Exhibit A.~~

“Planning Phase” has the meaning given in the Background and Findings hereof, and, for the avoidance of doubt, may include the acquisition of rights of way and existing infrastructure necessary or convenient for the Project, including the U.S. Highway 178 Water Main.

“Plant” means Joint System’s water treatment plant, with an initial capacity of approximately 10 (expandable to 15) MGD, and any other expansions, improvements, or alterations to such plant from time to time.

“Point of Delivery” means any metered site at which the System interconnects with and provides Potable Water to a Participant’s System.

“Potable Water” means water which meets DHEC drinking water standards.

“Project” ~~means the acquisition, construction, improvement, and equipping of the Plant and related transmission, water storage, and other infrastructure necessary or convenient to provide Potable Water to the Participants. The~~ has the meaning given such term in the Background and Findings hereof and the term Project also means and includes the capital costs and undertakings described in Section 3.09 hereof, and also includes any capitalized interest on Bonds for such period as the Commission may determine. For the avoidance of doubt, the Project includes all work necessary to obtain and deliver 10 MGD from the Plant to the Participants and also includes the future expansion of the Plant and delivery infrastructure to obtain and deliver up to 20 MGD during the term of this Agreement. In the discretion of the Commission, the Project may be phased to allow completion of the Transmission and Storage Project separate and apart from the Plant Project, provided such Transmission and Storage Project at completion is capable of providing Potable Water to the Participants.

“Purchased Capacity” means capacity purchased in the ~~Plant-System~~ by a Participant or Participants pursuant to Section 3.10.

“Reserve Margin” means the 25% of capacity in the ~~Plant-System~~ that is not Allocable Capacity.

“Service Right” means the right of each Participant to receive Potable Water pursuant to Section 3.01.

“South Carolina Code” means Code of Laws of South Carolina 1976, as amended.

“System Depreciation Charge” means, for any month, an amount equal to the System Depreciation Rate times the amount of Potable Water, expressed in thousands of gallons, provided by the Joint System to a Participant during the previous month. Amounts collected as the System Depreciation Charge shall be deposited into the System Renewal and Replacement Fund.

“System Depreciation Rate” means the per-thousand-gallon rate derived by dividing the monthly deposit determined pursuant to the provisions of Section 4.03 hereof by one-twelfth (1/12) of Joint System’s annual budget projection of the volume, expressed in thousands of gallons, of all water to be sold from the Joint System’s System for that Fiscal Year.

“System Renewal and Replacement Fund” means the System Renewal and Replacement Fund established by Joint System pursuant to Section 4.01 of this Agreement.

“Trans-Line” means a line, or a part of the capacity of a shared line that transverses the territory of another to deliver or distribute a water supply beyond that territory.

“USDA” means the United States Department of Agriculture – Rural Development.

“U.S. Highway 178 Water Main” means the 24-inch, 20-inch, and 12-inch water supply transmission main from the existing 72-inch water supply transmission main owned and operated by the Greenville Water System to the vicinity of the former Liberty City Water Filtration Plant and the Meter of the Southside Water District ~~to be~~ that was purchased from the Pickens County Water Authority by the Joint System.

Section 1.02 Construction. In this Agreement, unless context otherwise requires:

- (1) Articles and Sections referred to by number mean the corresponding Articles and Sections of this Agreement.
- (2) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms refer to this Agreement, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before the Effective Date of this Agreement.
- (3) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa, unless context clearly dictates otherwise.
- (4) Exhibits to this Agreement constitute an integral part of this Agreement.
- (5) Three asterisks mark the end of each Article.

* * *

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS; TERM

Section 2.01 Representations of Joint System. Joint System hereby represents that it is a duly organized and existing Joint Municipal Water System of the State of South Carolina and that it will acquire, construct, develop, own, and operate the System; that Joint System has all necessary power and authority to own and operate the System and to perform its obligations under this Agreement; and that Joint System has taken all necessary action to authorize the execution and delivery of this Agreement.

Section 2.02 Water Rights. Joint System represents that it will obtain sufficient rights to withdraw water from Lake Keowee before commencing the Construction Phase of the Plant Project.

Section 2.03 Cooperation in Issuance of Obligations. Joint System covenants and agrees that it will cooperate with the Participants in the issuance of any bonds or other obligations proposed to be issued by a Participant and secured by revenues of a Participant's System. In connection therewith, Joint System shall comply with all reasonable requests of a Participant and will, upon request:

- (1) Make available general financial information about itself;
- (2) Consent to publication and distribution of its financial information;
- (3) Certify that general and financial information provided by it is accurate, does not contain an untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements in that information, in light of the circumstances under which they were made, not misleading;
- (4) Make available certified copies of official proceedings and records, if applicable;
- (5) Provide reasonable certifications to be used in a transcript of closing documents;
- (6) Provide reasonably requested opinions of counsel as to the validity of its actions taken with respect to and the binding effect of this Agreement, its title to the System, pending or threatened litigation which could materially affect its performance hereunder, and any other reasonably requested opinions; and
- (7) Provide such other information, documents, and certifications as a Participant may reasonably request.

Provided, however, that Joint System's obligation to cooperate as set forth herein shall be conditional upon its receipt from a Participant of reimbursement of any costs thereby incurred by Joint System.

Section 2.04 Representations of Each Participant. Each Participant hereby represents that it is a validly created governmental entity and a public body politic and corporate of the State of South Carolina owning and operating such Participant's System which is, or will be at the time of the provision of Potable Water pursuant to this Agreement, capable of receiving Potable Water as contemplated by this Agreement; that it has all necessary powers and authority to undertake and

ARTICLE III

SALE AND PURCHASE OF WATER

Section 3.01 Service Right, Sale of Water. (a) On and after the Placed in Service Date and continuing for the term of this Agreement (inclusive of the initial term and any extension term), Joint System shall make available to each Participant an amount of Potable Water consistent with such Participant's Allocated Capacity and any Purchased Capacity (the "*Service Right*") and each Participant agrees to purchase all of its Potable Water requirements from the Joint System, except as set forth in this Section 3.01. Subject to the provisions of Section 3.05 hereof, Potable Water shall be delivered to each Participant at one or more Points of Delivery provided by the Joint System, such site or sites to be agreed upon between Joint System and the applicable Participant. Such Potable Water shall be provided at the Points of Delivery at an appropriate operating pressure and at a rate of flow and meeting the minimum water quality standards set forth in the *State Primary Drinking Water Regulations* (R. 61 – 58). The Joint System bears no responsibility or liability for the contamination or deterioration of water quality or pressure occurring beyond the Point of Delivery to each Participant. In the event of reduction in flow or pressure due to circumstances constituting Force Majeure, Joint System shall exert its best efforts to make available to each Participant such Participant's Allocated Percentage of the available Potable Water until normal service is restored. Joint System reserves the right and each Participant grants the right to Joint System to suspend the furnishing of any Potable Water during any System wide emergency. Such emergency will be declared in writing by Joint System to each Participant. Nothing shall prevent a Participant from securing and maintaining access to an alternate, emergency source of Potable Water which may be used during the pendency of any emergency so declared.

(b) In the event the Joint System determines that a Participant is using Potable Water in excess of its Allocated Capacity and Purchased Capacity, then such Participant shall be notified of such fact. During any period of time that the average daily consumption of Potable Water by a Participant in any month exceeds its Allocated Capacity and Purchased Capacity, such Participant shall be subject to the Penalty Rate in addition to and separate from its other payment obligations; provided, however, that the imposition of the Penalty Rate may be waived by a unanimous vote of all ~~Commissions~~ Commissioners of the Commission duly assembled in public meeting.

(c) Each Participant agrees that if the Potable Water delivered hereunder is used for fire protection purposes, such use shall be at the Participant's risk and each Participant further agrees that Joint System shall not be liable for any loss or damage by fire even if such loss or damage is occasioned from the failure of Joint System to supply Potable Water hereunder. Joint System warrants to use all reasonable means at its disposal to insure the uninterrupted supply of Potable Water to each Participant.

(d) The obligations of the Joint System hereunder are conditioned upon its securing and retaining all necessary rights-of-way, franchises, and permits for the delivery of such Potable Water. The Joint System shall not be liable to any Participant for any failure to deliver Potable Water resulting from its failure to secure and retain such rights-of-way, franchises, or permits.

Section 3.05 Measurement of Water Flows. In order to monitor water usage as contemplated by this Agreement, Joint System shall, at the cost of the Joint System, construct metering stations at the Plant- as applicable, and ~~at~~ each Point of Delivery established pursuant to Section 3.01 hereof, with equipment checked to industry standards for accuracy at such times as the Joint System, in its discretion, deems necessary or upon the request of any Participant when abnormal readings are suspected. In the event of meter malfunction within the first year of operations, flow readings will be based on historical billing data provided by each Participant for the same calendar period during the prior year plus 3%. The Joint System, with the agreement of each Participant, shall establish a schedule for the reading of meters for the measurement of flows pursuant to this Section 3.05; provided, however, that flows to each Participant shall be measured no less frequently than monthly. In the event of meter malfunction at any time following the first full year of operations, flow readings shall be estimated based on total output of the Plant- or Potable Water delivered through the System, as applicable, for the period in question and the ratios calculated pursuant to item (2) of Section 3.02 hereof for the same month in the preceding calendar year, or such other method as unanimously agreed upon by the Participants. Any party to this Agreement may be present in order to observe any meter reading or any check as to the accuracy of any meter. A Participant may request a reading or check of a meter or meters at a time or times other than those regularly scheduled as provided in this Section 3.05. In the event that it shall be determined pursuant to any interim reading made at a Participant's request that any meter checked is functioning and reading properly, the cost of such interim reading or readings shall be paid by such Participant; otherwise, the cost of such interim reading shall be considered an Operation and Maintenance Expense.

Section 3.06 Operation and Maintenance of System. The Joint System agrees to operate and maintain the System in accordance with Good Utility Practice and in accordance with then current law and all requirements of State and federal regulatory agencies.

Section 3.07 Books and Records. The Joint System shall maintain separate accounting records for Joint System's System which records shall be maintained in accordance with generally accepted accounting principles. All books and records of the Joint System pertaining to the System shall be available to each Participant for inspection at all reasonable times.

Section 3.08 Budgets. (a) Prior to the commencement of each Fiscal Year, the Joint System shall establish an annual budget for such Fiscal Year for Operation and Maintenance Expenses and shall provide a copy of such budget to each Participant upon its completion. Such budget may be revised by the Joint System upon mid-year review, or at such other time as the Commission determines. Any revised budget shall immediately be delivered to each Participant. Joint System shall provide quarterly financial statements to all Participants comparing year-to-date expenditures to budgeted amounts. In addition, Joint System shall conduct and furnish an annual audit for each Fiscal Year of Operation and Maintenance Expenses, certified by a firm of certified public accountants or an auditing firm.

(b) Prior to the commencement of each Fiscal Year, the Joint System shall establish annual budgets for each Fiscal Year for expenditures to be made from the System Renewal and Replacement Fund and shall provide a copy of these budgets to the Participants upon completion.

Such budgets may be revised by Joint System upon mid-year review or at such other time as the Board determines. Any revised budget shall immediately be delivered to each Participant. Joint System shall provide quarterly financial statements to all Participants comparing year-to-date expenditures to budgeted amounts. In addition, Joint System shall conduct and furnish an annual audit for each Fiscal Year of all expenditures made from the System Renewal and Replacement Fund certified by a firm of certified public accounts or an auditing firm.

Section 3.09 Financing of Initial Capital Costs and Future Costs Not Related to Increases in Capacity. (a) The cost of future capital improvements for the purpose of satisfying regulatory agency requirements relating to such things as water quality, water storage, sludge handling, or enhancing reliability, without increasing the actual capacity of the System, shall be shared by the parties hereto on the basis of Allocated Percentages, as may be adjusted from time to time.

(b) The cost of future capital improvements to extend the useful life of the System, or such improvements as are necessary to ensure an adequate supply of Potable Water, and the delivery thereof, as necessary to maintain each Participant's Service Right and such other improvements as the Joint System determines necessary to the proper functioning of the System shall also be shared on the basis of Allocated Percentages.

(c) The (1) Project and (2) any improvements, extensions, and additions necessary to be constructed as capital improvements described in paragraphs (a) and (b) of this Section 3.09, constitute a "project" as such term is used in Section 6-25-110 of the South Carolina Code ("**Section 6-25-110**"), and each Participant hereby approves the undertaking of such "project" by the Joint System and consents to the issuance of Bonds of the System for each as part of the "project" and hereby represents that its governing body has specifically approved this provision pursuant to said Section 6-25-110; provided, however, ~~that the aggregate principal amount of Bonds for the~~

~~the maximum aggregate principal amount of Bridge Financing shall not exceed \$9,700,000 and, of such amount no (i) — t more than \$4,700,000 shall be expended prior to obtaining all Initial Permits. For the avoidance of doubt, other Project costs may be incurred and paid in parallel with those directly attendant to those for the Initial Permits within the \$4,700,000 limitation, including the acquisition of the U.S. Highway 178 Water Main.~~

~~(ii) — the maximum aggregate principal amount of Construction Financing shall not exceed \$55,000,000 (inclusive of amounts refinanced from Bridge Financing) and no~~ Construction Financing shall close prior to, and Permanent Financing for the Project shall not exceed \$90,000,000, and no Bonds shall be issued for the Construction Financing for the Plant Project until obtaining all Initial Permits and either (1) obtaining a commitment letter from USDA to purchase a Bond of the Joint System constituting the Permanent Financing, or (2) obtaining a Fixed-Price Contract for the ~~Project; and~~ Plant Project ((1) and (2), the "**Plant Project Conditions**"). The **Plant Project Conditions shall not apply to the Transmission and Storage Project component of the Project. Nothing herein shall prevent the use of the proceeds of a financing for one phase or component from being used for another phase or component of the overall Project, or combining of any of the Bridge Financing, Construction Financing, and Permanent Financing, consistent with the conditions, including the Plant Project Conditions, set forth herein.**

~~(iii) — the maximum aggregate principal amount of Permanent Financing shall not exceed \$65,000,000 (inclusive of amounts refinanced from the Bridge Financing and Construction Financing). Should conditions warrant, Construction Financing and Permanent Financing may be combined into one or more consolidated financings, provided that the requirements of Section 3.09(e)(ii) are met before closing any Permanent Financing.~~

The Joint System agrees to undertake all reasonable means to ensure that no debt service on Bonds will be due until one year after the Placed in Service Date; provided, however, if financing is obtained that does not provide for such arrangement, in no event shall the payment or performance obligation of a Participant under this Agreement be impacted or lessened in any way. There shall be no principal amount limitation on Bonds issued for the purposes of Section 3.09(a) or (b) hereof, or to refund Bonds.

(d) In the event the capital costs contemplated by subparagraphs (a) and (b) above would result in a Participant's share of such cost exceeding the sum of \$100,000, Joint System agrees to use best efforts to finance the capital costs by the issuance of Improvement Bonds.

(e) Participants agree that, to the extent that its share of capital costs incurred as contemplated in subparagraphs (a) and (b) shall not be financed with the proceeds of Improvement Bonds, it shall, upon receipt of a statement from Joint System setting forth in reasonable detail the calculation of such costs, pay to Joint System its share of such costs.

Section 3.10 Expansion of the System to Provide Additional Capacity. (a) It is the intention of the Participants that additional capacity as shall be needed by the Participants shall be made available from time to time with the costs of providing such additional capacity being assumed on a *pro-rata* basis by those to whom such capacity is allocated.

(b) In the event any Participant shall determine that it requires additional capacity, it shall so notify all Participants in writing setting forth its estimated required additional capacity and the time at which it estimates such additional capacity will be required. Within 45 days after receipt of such notice, any Participant wishing to participate in such expansion in order to obtain additional capacity for itself shall so notify the other parties hereto setting forth in such notice the amount of additional capacity required and the approximate time the additional capacity will be required.

(c) Joint System agrees to use best efforts to undertake the design and construction of the improvements to the System necessary to provide the additional capacity requested by this Section 3.10 in a timely manner such that such capacity will be available on or before the date set forth in such notice, provided that:

(i) the requested availability date shall be not less than 30 months following the date of the notice;

(ii) Joint System shall not be required to add capacity to the System in increments of less than two MGD; provided, however nothing in this paragraph (ii) prohibits the Joint

System and any Participant from agreeing to any particular increment of additional capacity to be so constructed;

(iii) provision satisfactory to Joint System shall have been made for the payment of the costs of such expansion (including design, engineering and financing costs) through a capital contribution by the party or parties requesting the additional capacity;

~~(iv)~~(iv) a supply of water is available and necessary permits can be obtained; and

~~(v)~~(v) additional capacity obtained by a Participant pursuant to Section 3.10(b) and (c) shall constitute Purchased Capacity.

(d) If all Participants determine to participate in an expansion project pursuant to this Section 3.10, it shall be memorialized through subsequent agreement, or amendment to this Agreement, among the Participants providing for the Joint System to issue Improvement Bonds, the associated principal, interest, and other costs of which will be paid by all Participants as part of the Capital Charge and the additional capacity shall form an undivided part of Allocable Capacity and shall not constitute Purchased Capacity. In the event all Participants determine to participate in adding capacity to the System, and financing of such expansion project through Improvement Bonds or otherwise shall be subject to the approval of the governing board of each Participant as required by Section 6-25-110 of the Enabling Act.

Section 3.11 Parties' Rights to Sell or Otherwise Dispose of Water. The parties hereto agree that this Agreement shall in no way limit or prohibit the sale by any party to this Agreement of any Potable Water received by such party from the System, and that a party selling any portion of the Potable Water delivered to such party shall be solely entitled to the proceeds of such sale.

Section 3.12 Rate Covenant. Each Participant covenants that at all times during the term of this Agreement it will impose rates and charges for services provided by such Participant's System sufficient at all times to enable such Participant to meet its obligations hereunder.

Section 3.13 Debt Service Reserve Fund Payments; Use; Certain Earnings. In the event that any payment is required into a debt service reserve fund (a "***Debt Service Reserve Fund***" (as may be further described in the Joint System's Bond Resolution)) established for a series of Bonds as a result of a draw thereon, an investment loss therein, or as a result of replacing a surety bond, letter of credit or similar instrument therein with cash or another such instrument, each Participant covenants and agrees that it will pay, over the period of time permitted by the Joint System's Bond Resolution for restoring the value of such Debt Service Reserve Fund, an amount equal to such Participant's Allocated Percentage multiplied by the total amount required to be paid into such Debt Service Reserve Fund. **Such amount or amounts shall constitute and be payable as part of the Capital Charge for the applicable period.** In the event that a Participant is delinquent in the payment of its Capital Charge under this Agreement at the time payment is due on any Bonds, Joint System may cause the trustee for the Bonds to withdraw the amount of the arrearage from such Participant's Allocated Percentage of the associated Debt Service Reserve Fund. Upon payment of the arrearage by such Participant, such payment (less the interest included pursuant to Section

EXHIBIT A

ALLOCATED CAPACITIES AND ALLOCATED PERCENTAGES

PARTICIPANT	ALLOCATED CAPACITY MGD	ALLOCATED PERCENTAGE
City of Liberty	0.833	8.33%
City of Pickens	2.778	27.78
Easley-Central Water District	3.167	31.67
Pickens County Water Authority	0.000	0.00
Six Mile Rural Community Water District	<u>3.222</u>	<u>32.22</u>
	10.000	100.0%

In the event that the Transmission and Storage Project is completed prior to the Plant Project and provides Potable Water to the Participants, the initial Allocated Capacities and Allocated Percentages in the System shall be adjusted for each Participant to reflect the proportion of its total consumption of water on such Participants System as a percentage of total consumption of water for all Participants during the 12-month period ending on the December 31 immediately preceding the Payment Initiation Date.

Exhibit B

Second Amended Project Participation Agreement

PROJECT PARTICIPATION AGREEMENT

among the

Pickens Regional Joint Water System

and

**City of Liberty, South Carolina,
City of Pickens, South Carolina,
Easley-Central Water District,
Pickens County Water Authority, and
Six Mile Rural Community Water District**

Second Amended Project Participation Agreement

Amended and Restated as of _____, 2023

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This **SECOND AMENDED PROJECT PARTICIPATION AGREEMENT** (this is made as of this ___th day of _____ 2023 (the "**Effective Date**"), by and among the Pickens Regional Joint Water System, South Carolina, a joint municipal water system (the "**Joint System**"), and City of Liberty, South Carolina; City of Pickens, South Carolina; Easley-Central Water District; Pickens County Water Authority; and Six Mile Rural Community Water District (hereinafter collectively referred to as the "**Participants**" and collectively with the Joint System, the "**Parties**"). This agreement amends and restates that Project Participation Agreement dated the 11th day of January 2022 (the "**Original Agreement**") as amended and restated by that Amended and Restated Project Participation Agreement dated the 15th day of August 2022 (the "**First Amended Agreement**" as hereby amended and restated, the "**Agreement**") among the Parties.

BACKGROUND AND FINDINGS

Joint System was organized under the provisions of Title 6, Chapter 25 of the Code of Laws of South Carolina 1976, as amended (the "**Enabling Act**"), as a body politic and corporate for the purpose of planning, financing, developing, constructing, acquiring, improving, enlarging, selling, leasing, maintaining and operating water facilities within the service areas of the Participants as its members. In furtherance of such purposes, Joint System has determined to develop (i) a water treatment plant (the "**Plant Project**," as more specifically defined herein) to be situated on Lake Keowee and (ii) certain water transmission and storage facilities in Pickens County, South Carolina ("**Pickens County**") to interconnect with and provide Potable Water to the Participants' Systems (the "**Transmission and Storage Project**" and together with the Plant Project, the "**Project**," each as more specifically defined herein). The Project will provide the primary source of Potable Water for the Participants.

The purpose of the Project is to assure that the provision of Potable Water to the Joint System's service area will be under local control; that the water rates will be reasonable to local users; that an adequate water supply will be available for future growth in Pickens County; and that the Participants may have an opportunity to make recommendations for future policies and operations. The Joint System, in order to undertake the Project, must obtain financing for three discrete stages for the Project. First, the Joint System requires a bridge loan for the planning, engineering, initial permitting, and design stage of the Project (the "**Planning Phase**"). Second, the Joint System may require interim financing for the Project during the construction thereof (the "**Construction Phase**"). Third, and finally, the Joint System will require long-term financing for the Project in order to amortize the costs thereof over the useful life thereof (the "**Operational Phase**"). At present, the Parties contemplate separate financings corresponding to the foregoing phases, including one or more borrowings for the Planning Phase (the "**Bridge Financing**"), one or more borrowings for the Construction Phase (the "**Construction Financing**"), and one or more long-term borrowings for the Operational Phase to amortize costs of the Project over its life (the "**Permanent Financing**" and together with the Bridge Financing and the Construction Financing, the "**Financings**"). The Financings will allow the Joint System to raise funds (1) to defray the Costs (as defined in the Enabling Act) of the Project, and (2) to pay the professional and other costs related thereto. The Financings are contemplated to be secured by this Agreement, and any other revenues of the Joint System as may be available from time to time.

Each of the Participants has determined that it is in the best interests of its customers and residents located within its respective service area to participate in the Project by becoming a member of the Joint System and agreeing to the terms of this Agreement. By joining together, economies of scale can be achieved and each Participant will be able to acquire a safe and secure source of Potable Water. Each Participant, recognizing the benefits to be gained by such joint action, has determined, pursuant to the provisions of this Agreement, to purchase all of its water requirements from the Joint System and to pay for such amount of Potable Water by assuming the responsibility for a pro-rata amount (determined as set forth herein) of the operations and maintenance costs, costs of depreciation and contingencies, and the debt service on bonds issued by the Joint System to defray the cost of the Project. As a means of providing sufficient security to the holders of such bonds, all Participants have agreed to share on a pro rata basis certain of the obligations of each of the Participants under the provisions of this Agreement on a "step-up" basis. Such arrangement will ensure that the financing of the Project will be achieved at the lowest possible cost and that the Project once completed will remain under the control and operation of the Participants executing this Agreement.

Hence, this Agreement among the Participants and the Joint System (1) has been found to be in the best interest of the public, the Participants and the consumers to be served; and (2) has been duly authorized by the respective governing boards of these Participants who have authorized the undersigned officers to sign on behalf of each.

NOW, THEREFORE, in consideration of the premises hereinabove set forth and the agreements of the parties hereunder, Joint System and Participants agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. In addition to any words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings unless some other meaning is plainly intended:

"Agreement" means this Project Participation Agreement between Joint System and the Participants, as the same may from time to time be modified or amended.

"Allocable Capacity" means 75% of the maximum capacity of the System on the first day of the applicable Fiscal Year, without taking into account Purchased Capacity. By way of example, if the System has a capacity of 20 MGD on the first day of the applicable Fiscal Year, and a Participant has 4 MGD of Purchased Capacity, the Allocable Capacity of the System for that Fiscal Year is 12 MGD (75% of 16 MGD).

"Allocated Capacity" means that portion of the capacity of the Joint System to be made available to each Participant or reserved to the Joint System, determined as follows:

- (1) Initially, the initial Allocated Capacities of the Participants are set forth in Exhibit A hereto. Allocated Capacity is expressed in million gallons per day (“*MGD*”) and is the maximum capacity a Participant is allowed to receive from the Joint System in any 24-hour period. Prior to the application of items (2) and (3) below, any increase in the capacity of the System resulting other than from expansion of the System as contemplated by Section 3.10 hereof shall be allocated to the Participants based on the ratio of their initial Allocated Capacities.
- (2) Beginning on the first July 1 after the System has been in service (delivering Potable Water to Participants) for 24 months, Allocated Capacity shall automatically adjust on such July 1 and each July 1 thereafter to reflect the amount of Allocable Capacity each Participant uses on an average daily basis relative to the overall use of all Participants for the 24-month period ending on the immediately preceding December 31. Use of the Reserve Margin shall not be used for calculating average daily flow in calculating the Allocated Capacity. For the purposes of this item (2), the sum of all Participants’ Allocated Capacity shall not exceed total Allocable Capacity.
- (3) Notwithstanding the foregoing, the Participants may fix the Allocated Capacity of each Participant at any time, either indefinitely or for set periods, by a unanimous vote of all Commissioners of the Commission at a public meeting duly assembled.

“*Allocated Percentage*” means with respect to a Participant, the percentage derived by dividing a Participant’s Allocated Capacity by the total of all Allocated Capacities.

“*Annual Principal and Interest Requirement*” means the total of the principal of (including any mandatory sinking fund payments) and interest on Bonds coming due in any Bond Year, excluding interest to be paid from the proceeds of Bonds in such Bond Year, and the principal and interest to be paid in the final Bond Year to the extent the same are paid from moneys in the Debt Service Reserve Fund pursuant to Section 3.13 hereof.

“*Bonds*” means (1) those bonds (including the Financings) issued by Joint System to develop any portion of the Project, (2) all Improvement Bonds and (3) any bonds issued to refund any such Bonds.

“*Bond Year*” means the period of time beginning the sixteenth day of July in each year and ending the fifteenth day of July in the next succeeding year.

“*Bridge Financing*” has the meaning given in the Background and Findings hereof.

“*Capital Charge*” of a Participant means $1/12$ (or, with respect to the period prior to the first principal payment date on an issue of Bonds, such other appropriate monthly fraction, taking into account the respective due dates of the initial principal and interest payments) of 130% multiplied by the Annual Principal and Interest Requirement on all Bonds in the then current Bond Year or any period prior to the first Bond Year multiplied by a Participant’s Allocated Percentage.

“Commission” means the governing body of the Joint System.

“Commissioner” means a representative of a Participant on the Commission.

“Construction Financing” has the meaning given in the Background and Findings hereof.

“Construction Phase” has the meaning given in the Background and Findings hereof.

“Consulting Engineers” shall mean any independent firm of consulting engineers which has skill and experience in utility financing and rate design, and the design and operation of water treatment and transmission facilities.

“DHEC” means the South Carolina Department of Health and Environmental Control.

“Duke” means Duke Energy Corporation.

“Effective Date” means _____, 2023, the effective date of this Agreement.

“Engineer” means the Rozier Group, and any successor firm of licensed engineers engaged by the Joint System to perform services in connection with the Project.

“Fiscal Year” means July 1 through June 30 of each year.

“Fixed-Price Contract” means a contract with a guaranteed maximum price or fixed price, and is not effective or in place for the purposes of this Agreement until both a performance bond and a payment bond have been obtained, each in an amount equal to 100% of the contract price.

“Force Majeure” means acts of God or nature, strikes, lockouts, or other industrial disturbances; acts of a public enemy, orders of any kind of the Government of the United States or the State of South Carolina or the courts thereof, or any civil or military authority; insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances and explosions; malfunctions of machinery and pipe lines; partial or entire failure of water supply, or inability of Joint System to deliver water hereunder, or a Participant to receive water hereunder, on account of any other causes not reasonably within the control of the party claiming such inability.

“Good Utility Practice” means any of the practices, methods, and acts engaged in or approved by a significant portion of the water treatment and supply industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could have been expected to accomplish the desired results at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practices does not require use of the optimum practice, method, or act, but only requires use of practices, methods, or acts generally accepted in the water supply and treatment industry.

“Improvement Bonds” means all waterworks system revenue bonds of the Joint System issued to acquire, construct, or equip improvements or expansions contemplated by Sections 3.09(a) and (b) of this Agreement.

“Initial Permits” means the following permits and reports upon completion thereof or issuance of a final permit by the issuing agency, as applicable:

- (1) Preliminary engineering report in compliance with Duke and USDA (if applicable) requirements as certified by the Engineer;
- (2) Environmental report in compliance with Duke and USDA (if applicable) requirements as certified by the Engineer;
- (3) All Duke agreements, permits, permissions, and licenses necessary for the Project;
- (4) All Federal Energy Regulatory Commission agreements, permits, permissions, and licenses necessary for the Project;
- (5) Surface water withdrawal permit issued by DHEC; and
- (6) Jar testing and pilot study.

Except to the extent listed above, the term Initial Permits shall not include permits related to (x) design or engineering permits from DHEC for raw water intake design and permitting, (y) water treatment plant design and permitting, or (z) transmission mains and storage tank design and permitting.

“Joint System” means the Pickens Regional Joint Water System, South Carolina, and its successors and assigns.

“Joint System’s Bond Resolution” means the resolution of the Commission, as may be amended or supplemented, providing for the issuance of Bonds from time to time secured in whole or in part by payments to be made by Participants under this Agreement.

“Joint System’s System” or **“System”** means the waterworks system of the Joint System, including any improvements or expansions which may be made to the System from time to time and the assets owned by the Joint System resulting from the development of the Project and any replacement or substitute facilities, as well as any improvements made to the System from time to time and all additional related facilities used to produce or supply water for wholesale delivery; provided, however, such term shall not include any facilities owned or operated by a Participant as a part of its distribution system.

“Operation and Maintenance Expenses” means, for each Fiscal Year, all direct expenses required to operate the System and deliver Potable Water to the distribution systems of the Participants and to maintain the System so that they will have a reasonable useful life. Operation and Maintenance Expenses include, but are not limited to, chemicals, energy, labor, repairs, supplies, pumps required for transmission of water to the Participants and other direct expenses necessary for the wise and prudent functioning of the System.

“Operational Phase” has the meaning given in the Background and Findings hereof.

“Original Effective Date” means January 11, 2022, the effective date of the Original Agreement.

“Payment Initiation Date” means the earlier of (1) July 1 of the first Fiscal Year in which Operation and Maintenance Expenses come due or are expected to come due as determined in the discretion of the Commission; or (2) the first day of the month one year prior to the date debt service comes due on any Bond.

“Participant” or **“Participants”** means the City of Liberty, South Carolina; City of Pickens, South Carolina; Pickens County Water Authority; Easley-Central Water District; and Six Mile Rural Community Water District, and their successors and assigns.

“Participant’s System” means the water distribution system of a Participant or in the instance of a Participant that owns a combined water and sewer system such definition means such combined water and sewer system.

“Penalty Rate” means 50% of the Participant’s payment obligation hereunder for a given period.

“Permanent Financing” has the meaning given in the Background and Findings hereof.

“Placed in Service Date” means the date determined by the Commission on which the System is capable of delivering Potable Water to the Participants.

“Planning Phase” has the meaning given in the Background and Findings hereof, and, for the avoidance of doubt, may include the acquisition of rights of way and existing infrastructure necessary or convenient for the Project, including the U.S. Highway 178 Water Main.

“Plant” means Joint System’s water treatment plant, with an initial capacity of approximately 10 (expandable to 15) MGD, and any other expansions, improvements, or alterations to such plant from time to time.

“Point of Delivery” means any metered site at which the System interconnects with and provides Potable Water to a Participant’s System.

“Potable Water” means water which meets DHEC drinking water standards.

“Project” has the meaning given such term in the Background and Findings hereof and the term Project also means and includes the capital costs and undertakings described in Section 3.09 hereof, and also includes any capitalized interest on Bonds for such period as the Commission may determine. For the avoidance of doubt, the Project includes all work necessary to obtain and deliver 10 MGD from the Plant to the Participants and also includes the future expansion of the Plant and delivery infrastructure to obtain and deliver up to 20 MGD during the term of this Agreement. In the

discretion of the Commission, the Project may be phased to allow completion of the Transmission and Storage Project separate and apart from the Plant Project, provided such Transmission and Storage Project at completion is capable of providing Potable Water to the Participants.

“Purchased Capacity” means capacity purchased in the System by a Participant or Participants pursuant to Section 3.10.

“Reserve Margin” means the 25% of capacity in the System that is not Allocable Capacity.

“Service Right” means the right of each Participant to receive Potable Water pursuant to Section 3.01.

“South Carolina Code” means Code of Laws of South Carolina 1976, as amended.

“System Depreciation Charge” means, for any month, an amount equal to the System Depreciation Rate times the amount of Potable Water, expressed in thousands of gallons, provided by the Joint System to a Participant during the previous month. Amounts collected as the System Depreciation Charge shall be deposited into the System Renewal and Replacement Fund.

“System Depreciation Rate” means the per-thousand-gallon rate derived by dividing the monthly deposit determined pursuant to the provisions of Section 4.03 hereof by one-twelfth (1/12) of Joint System’s annual budget projection of the volume, expressed in thousands of gallons, of all water to be sold from the Joint System’s System for that Fiscal Year.

“System Renewal and Replacement Fund” means the System Renewal and Replacement Fund established by Joint System pursuant to Section 4.01 of this Agreement.

“Trans-Line” means a line, or a part of the capacity of a shared line that transverses the territory of another to deliver or distribute a water supply beyond that territory.

“USDA” means the United States Department of Agriculture – Rural Development.

“U.S. Highway 178 Water Main” means the 24-inch, 20-inch, and 12-inch water supply transmission main from the existing 72-inch water supply transmission main owned and operated by the Greenville Water System to the vicinity of the former Liberty City Water Filtration Plant and the Meter of the Southside Water District that was purchased from the Pickens County Water Authority by the Joint System.

Section 1.02 Construction. In this Agreement, unless context otherwise requires:

- (1) Articles and Sections referred to by number mean the corresponding Articles and Sections of this Agreement.
- (2) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms refer to this Agreement, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before the Effective Date of this Agreement.

- (3) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa, unless context clearly dictates otherwise.
- (4) Exhibits to this Agreement constitute an integral part of this Agreement.
- (5) Three asterisks mark the end of each Article.

* * *

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS; TERM

Section 2.01 Representations of Joint System. Joint System hereby represents that it is a duly organized and existing Joint Municipal Water System of the State of South Carolina and that it will acquire, construct, develop, own, and operate the System; that Joint System has all necessary power and authority to own and operate the System and to perform its obligations under this Agreement; and that Joint System has taken all necessary action to authorize the execution and delivery of this Agreement.

Section 2.02 Water Rights. Joint System represents that it will obtain sufficient rights to withdraw water from Lake Keowee before commencing the Construction Phase of the Plant Project.

Section 2.03 Cooperation in Issuance of Obligations. Joint System covenants and agrees that it will cooperate with the Participants in the issuance of any bonds or other obligations proposed to be issued by a Participant and secured by revenues of a Participant's System. In connection therewith, Joint System shall comply with all reasonable requests of a Participant and will, upon request:

- (1) Make available general financial information about itself;
- (2) Consent to publication and distribution of its financial information;
- (3) Certify that general and financial information provided by it is accurate, does not contain an untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements in that information, in light of the circumstances under which they were made, not misleading;
- (4) Make available certified copies of official proceedings and records, if applicable;
- (5) Provide reasonable certifications to be used in a transcript of closing documents;
- (6) Provide reasonably requested opinions of counsel as to the validity of its actions taken with respect to and the binding effect of this Agreement, its title to the System, pending or threatened litigation which could materially affect its performance hereunder, and any other reasonably requested opinions; and
- (7) Provide such other information, documents, and certifications as a Participant may reasonably request.

Provided, however, that Joint System's obligation to cooperate as set forth herein shall be conditional upon its receipt from a Participant of reimbursement of any costs thereby incurred by Joint System.

Section 2.04 Representations of Each Participant. Each Participant hereby represents that it is a validly created governmental entity and a public body politic and corporate of the State of South Carolina owning and operating such Participant's System which is, or will be at the time of the provision of Potable Water pursuant to this Agreement, capable of receiving Potable Water as contemplated by this Agreement; that it has all necessary powers and authority to undertake and

perform its obligations under this Agreement; and that it has taken all necessary action to authorize the execution and delivery of this Agreement.

Section 2.05 Cooperation in Issuance of Obligations. Each Participant covenants and agrees that it will cooperate with Joint System in the issuance of any Bonds or other obligations proposed to be issued by Joint System and secured by revenues of Joint System's System. In connection therewith, each Participant shall comply with all reasonable requests of Joint System and will, upon request:

- (1) Make available general financial information about itself;
- (2) Consent to publication and distribution of its financial information;
- (3) Certify that general and financial information provided by it is accurate, does not contain an untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements in that information, in light of the circumstances under which they were made, not misleading;
- (4) Make available certified copies of official proceedings and records, if applicable;
- (5) Provide reasonable certifications to be used in a transcript of closing documents;
- (6) Provide reasonably requested opinions of counsel as to the validity of its actions taken with respect to and the binding effect of this Agreement, its title to Participant's System, pending or threatened litigation which could materially affect its performance hereunder, and any other reasonably requested opinions; and
- (7) Provide such other information, documents, and certifications as Joint System may reasonably request.

Provided, however, that each Participant's obligation to cooperate as set forth herein shall be conditional upon its receipt from Joint System of reimbursement of any costs thereby incurred by such Participant.

Section 2.06 Term of Agreement. This Agreement shall be effective on the Effective Date and shall extend for an initial period commencing on such date and extending until June 30, 2071, and thereafter, absent receipt of notice from any Participant of its intent not to renew, shall be automatically extended for successive ten-year periods. In the event a Participant intends not to renew at the end of a term, such Participant shall notify the Joint System of its intent, in writing, not less than one year prior to the end of such term. Upon its Effective Date, this Agreement shall supersede any and all prior agreements for the purchase of Potable Water among the Participants hereunto.

* * *

ARTICLE III

SALE AND PURCHASE OF WATER

Section 3.01 Service Right, Sale of Water. (a) On and after the Placed in Service Date and continuing for the term of this Agreement (inclusive of the initial term and any extension term), Joint System shall make available to each Participant an amount of Potable Water consistent with such Participant's Allocated Capacity and any Purchased Capacity (the "*Service Right*") and each Participant agrees to purchase all of its Potable Water requirements from the Joint System, except as set forth in this Section 3.01. Subject to the provisions of Section 3.05 hereof, Potable Water shall be delivered to each Participant at one or more Points of Delivery provided by the Joint System, such site or sites to be agreed upon between Joint System and the applicable Participant. Such Potable Water shall be provided at the Points of Delivery at an appropriate operating pressure and at a rate of flow and meeting the minimum water quality standards set forth in the *State Primary Drinking Water Regulations* (R. 61 – 58). The Joint System bears no responsibility or liability for the contamination or deterioration of water quality or pressure occurring beyond the Point of Delivery to each Participant. In the event of reduction in flow or pressure due to circumstances constituting Force Majeure, Joint System shall exert its best efforts to make available to each Participant such Participant's Allocated Percentage of the available Potable Water until normal service is restored. Joint System reserves the right and each Participant grants the right to Joint System to suspend the furnishing of any Potable Water during any System wide emergency. Such emergency will be declared in writing by Joint System to each Participant. Nothing shall prevent a Participant from securing and maintaining access to an alternate, emergency source of Potable Water which may be used during the pendency of any emergency so declared.

(b) In the event the Joint System determines that a Participant is using Potable Water in excess of its Allocated Capacity and Purchased Capacity, then such Participant shall be notified of such fact. During any period of time that the average daily consumption of Potable Water by a Participant in any month exceeds its Allocated Capacity and Purchased Capacity, such Participant shall be subject to the Penalty Rate in addition to and separate from its other payment obligations; provided, however, that the imposition of the Penalty Rate may be waived by a unanimous vote of all Commissioners of the Commission duly assembled in public meeting.

(c) Each Participant agrees that if the Potable Water delivered hereunder is used for fire protection purposes, such use shall be at the Participant's risk and each Participant further agrees that Joint System shall not be liable for any loss or damage by fire even if such loss or damage is occasioned from the failure of Joint System to supply Potable Water hereunder. Joint System warrants to use all reasonable means at its disposal to insure the uninterrupted supply of Potable Water to each Participant.

(d) The obligations of the Joint System hereunder are conditioned upon its securing and retaining all necessary rights-of-way, franchises, and permits for the delivery of such Potable Water. The Joint System shall not be liable to any Participant for any failure to deliver Potable Water resulting from its failure to secure and retain such rights-of-way, franchises, or permits.

(e) The Allocated Capacity of the Pickens County Water Authority is set at 0 MGD as of the Effective Date of this Agreement as shown at Exhibit A hereof, and the Service Right of the Pickens County Water Authority is suspended until such time as Pickens County Water Authority files with the Secretary to the Commission one or more fully executed contracts between itself and a wholesale purchaser (which shall be either (i) an agency or political subdivision of the State with independent rate-making authority, or (ii) a private entity of acceptable credit quality to the Commission) with a term of not less than the then term hereof and with payment provisions calculated to mirror the payment obligation set forth at Section 3.02 hereof. Nothing in this paragraph (e) shall prohibit one or more Participants from selling Potable Water to the Pickens County Water Authority.

Section 3.02 Absolute Payment Obligation. Beginning the Payment Initiation Date and in each succeeding month during the term of this Agreement, each Participant shall pay to Joint System within 15 days after receipt of a statement therefor a monthly amount equal to:

- (1) the Capital Charge of such Participant, plus
- (2) 1/12 of the annual budget of Operation and Maintenance Expenses for the System multiplied by the ratio of Potable Water delivered to Participant for the preceding month to all Potable Water delivered from Joint System's System for the preceding month (except that the first month's bill for Operation and Maintenance Expenses shall be based on Allocated Percentages), i.e.,
$$\text{Monthly O\&M Payment} = 1/12 \text{ O\&M Budget} \times \frac{\text{Participant's metered Flow Last Month}}{\text{Total Treated Flow Last Month}} ; \text{ plus}$$
- (3) the System Depreciation Charge, if any.

The monthly payments made during a Fiscal Year pursuant to items (1), (2), and (3) of this Section 3.02 and due after the receipt by the Joint System of its audited financial statements for the prior Fiscal Year shall be adjusted as follows: (y) each Participant shall be entitled to a credit against its obligation to pay the Capital Charge in such month in an amount equal to each Participant's Allocated Percentage of the earnings realized in the immediately preceding Fiscal Year on investments made in the System Renewal and Replacement Fund, or in any debt service reserve fund or debt service fund to the extent any such fund is allocable to Bonds, and such interest earnings have been credited to the appropriate debt service fund; and (z) the next monthly payment by each Participant pursuant to item (2) of this Section 3.02 shall be adjusted to correct for actual expenditures during the prior Fiscal Year. The adjustments described in the preceding clauses (y) and (z) shall be made in the payments due in the first full month immediately following the month in which the Joint System receives its audited financial statements for the prior Fiscal Year.

The obligation of each Participant to make the payments of the Capital Charge shall be absolute and unconditional and shall not be suspended or discontinued for any cause whatsoever, including without limiting the generality of the foregoing, the failure of Joint System to complete the acquisition, construction, improvement, or up-grading of any component of the System, any acts or circumstances which may constitute failure of consideration, destruction of or damage to any component of the System, and any failure on the part of Joint System to perform and observe any agreement, whether expressed or implied, under this Agreement.

Each Participant obligates and binds itself to punctually make the payments under this Agreement, including, without limitation the Capital Charge, free of any deduction, and without abatement, diminution or set-off of any sort. All obligations of each Participant in the Joint System under this Agreement shall be limited to the revenues derived by each Participant from the operation of each Participant's System.

In the event any payment by a Participant to the Joint System is insufficient to satisfy the Participant's entire then-current obligations under this Agreement, such payments shall be applied in the following order of priority: (1) Capital Charge, (2) the Participant's share of the Operation and Maintenance Expenses, and (3) the System Depreciation Charge, if any.

Section 3.03 Priority of Pledge; Additional Obligations. (a) Each Participant's obligations hereunder shall constitute obligations under the provisions of Title 6, Chapter 21 of the South Carolina Code, as amended and, in accordance with the provisions thereof, a pledge of and lien upon the revenues of each Participant's System as hereinafter described is hereby granted to Joint System.

(b) Each Participant hereby represents that all outstanding debt which is payable from the revenues of such Participant's System is set forth on Exhibit B attached hereto. Each Participant agrees that the obligations owed to the Joint System hereunder constitute obligations of the Participant payable as operation and maintenance expenses of such Participant's System.

(c) Participant shall not issue bonds, notes, or other evidences of indebtedness payable from and secured by a lien on the revenues derived from the ownership or operation of such Participant's System prior to or superior to such Participant's obligation to pay the operating expenses of its respective system (including payments to be made under this Agreement).

(d) Participant shall not execute or adopt any instrument securing bonds, notes, or other indebtedness payable from and secured by a lien on the revenues derived from the ownership or operation of such Participant's System unless such instrument provides that any payments to be made under this Agreement shall be payable as operating expenses of such Participant's System. This paragraph (d) shall not apply to any instrument securing bonds, notes, or other evidences of indebtedness outstanding on the date of this Agreement.

(e) Nothing contained in this Section 3.03 or any other provision of this Agreement shall be deemed to prevent any Participant from entering into contracts with the Joint System with respect to the supply of Potable Water which contract payments are payable from the revenues derived from the ownership and operation of such Participant's System on a parity with the payments required to be made to Joint System pursuant to this Agreement.

Section 3.04 Loss of Service Right; Step-Up Provision; Impact on Allocated Capacity.

In the event any Participant fails to make its payments to the Joint System by the 10th day as provided in Section 5.01(A)(iv) hereof, the Joint System shall provide notice to all non-defaulting Participants by the 5th day following the end of such 10-day period of such circumstance.

In such event, each Participant does hereby agree to pay all amounts then due from the defaulting Participant multiplied by the quotient obtained by dividing such Participant's Allocated Percentage by the Allocated Percentages of all non-defaulting Participants in accordance with the instructions included in said notice from the Joint System. The defaulting Participant shall lose its Service Right and all non-defaulting Participants shall be allocated *pro rata* portions (determined in the foregoing manner) of the defaulting Participant's Allocated Capacity and any Purchased Capacity. For the avoidance of doubt, Purchased Capacity shall become Allocable Capacity upon such allocation.

Any portion of the Allocated Capacity and all Purchased Capacity of a defaulting Participant allocable pursuant to this Section 3.04 to non-defaulting Participants shall become a part of and shall be added to the Allocated Capacities of the transferee Participants, and the transferee Participants shall thereafter be obligated to make all payments under this Agreement in accordance with the adjusted Allocated Capacities and adjusted Allocated Percentages. The Joint System shall charge the defaulting Participant with all costs and expenses incurred by Joint System pursuant to this Section 3.04. The defaulting Participant shall remain liable for all payments due under this Agreement except that the obligations of any defaulting Participant to pay Joint System shall be reduced to the extent that payments, net of any costs and expenses of Joint System incurred by Joint System pursuant to this Section 3.04, are received by the Joint System for that portion of the defaulting Participant's Allocated Capacity and Purchased Capacity which has been allocated to non-defaulting Participants as provided in this Section 3.04. A defaulting Participant may re-acquire its Service Right by paying to the non-defaulting Participants all amounts paid by all non-defaulting Participants with respect to the defaulting Participant's obligations hereunder, plus interest at the judgment rate then in force under the laws of the State from the dates such amounts were paid by the non-defaulting Participants to the date of repayment by the defaulting Participant; and in such event, the defaulting Participant's Service Right shall be restored to it at the pre-default Allocated Capacity and Purchased Capacity; provided, however, that no non-defaulting Participant shall be required to relinquish such Allocated Capacity and Purchased Capacity to a defaulting Participant at any time more than two years following the allocation of Allocated Capacity and Purchased Capacity from such defaulting Participant to such non-defaulting Participant, but such non-defaulting Participant may voluntarily do so.

Section 3.05 Measurement of Water Flows. In order to monitor water usage as contemplated by this Agreement, Joint System shall, at the cost of the Joint System, construct metering stations at the Plant, as applicable, and each Point of Delivery established pursuant to Section 3.01 hereof, with equipment checked to industry standards for accuracy at such times as the Joint System, in its discretion, deems necessary or upon the request of any Participant when abnormal readings are suspected. In the event of meter malfunction within the first year of operations, flow readings will be based on historical billing data provided by each Participant for the same calendar period during the prior year plus 3%. The Joint System, with the agreement of each Participant, shall establish a schedule for the reading of meters for the measurement of flows pursuant to this Section 3.05; provided, however, that flows to each Participant shall be measured no less frequently than monthly. In the event of meter malfunction at any time following the first full year of operations, flow readings shall be estimated based on total output of the Plant, or Potable Water delivered through the System, as applicable, for the period in question and the ratios calculated pursuant to item (2) of Section 3.02 hereof for the same month in the preceding calendar year, or such other method as unanimously agreed upon by the Participants. Any party to this Agreement may be present in order to observe any meter reading or any check as to the accuracy of any meter. A Participant may request a reading or check of a meter or meters at a time or times other than those regularly scheduled as provided in this Section 3.05. In the event that it shall be determined pursuant to any interim reading made at a Participant's request that any meter checked is functioning and reading properly, the cost of such interim reading or readings shall be paid by such Participant; otherwise, the cost of such interim reading shall be considered an Operation and Maintenance Expense.

Section 3.06 Operation and Maintenance of System. The Joint System agrees to operate and maintain the System in accordance with Good Utility Practice and in accordance with then current law and all requirements of State and federal regulatory agencies.

Section 3.07 Books and Records. The Joint System shall maintain separate accounting records for Joint System's System which records shall be maintained in accordance with generally accepted accounting principles. All books and records of the Joint System pertaining to the System shall be available to each Participant for inspection at all reasonable times.

Section 3.08 Budgets. (a) Prior to the commencement of each Fiscal Year, the Joint System shall establish an annual budget for such Fiscal Year for Operation and Maintenance Expenses and shall provide a copy of such budget to each Participant upon its completion. Such budget may be revised by the Joint System upon mid-year review, or at such other time as the Commission determines. Any revised budget shall immediately be delivered to each Participant. Joint System shall provide quarterly financial statements to all Participants comparing year-to-date expenditures to budgeted amounts. In addition, Joint System shall conduct and furnish an annual audit for each Fiscal Year of Operation and Maintenance Expenses, certified by a firm of certified public accountants or an auditing firm.

(b) Prior to the commencement of each Fiscal Year, the Joint System shall establish annual budgets for each Fiscal Year for expenditures to be made from the System Renewal and Replacement Fund and shall provide a copy of these budgets to the Participants upon completion.

Such budgets may be revised by Joint System upon mid-year review or at such other time as the Board determines. Any revised budget shall immediately be delivered to each Participant. Joint System shall provide quarterly financial statements to all Participants comparing year-to-date expenditures to budgeted amounts. In addition, Joint System shall conduct and furnish an annual audit for each Fiscal Year of all expenditures made from the System Renewal and Replacement Fund certified by a firm of certified public accounts or an auditing firm.

Section 3.09 Financing of Initial Capital Costs and Future Costs Not Related to Increases in Capacity. (a) The cost of future capital improvements for the purpose of satisfying regulatory agency requirements relating to such things as water quality, water storage, sludge handling, or enhancing reliability, without increasing the actual capacity of the System, shall be shared by the parties hereto on the basis of Allocated Percentages, as may be adjusted from time to time.

(b) The cost of future capital improvements to extend the useful life of the System, or such improvements as are necessary to ensure an adequate supply of Potable Water, and the delivery thereof, as necessary to maintain each Participant's Service Right and such other improvements as the Joint System determines necessary to the proper functioning of the System shall also be shared on the basis of Allocated Percentages.

(c) The (1) Project and (2) any improvements, extensions, and additions necessary to be constructed as capital improvements described in paragraphs (a) and (b) of this Section 3.09, constitute a "project" as such term is used in Section 6-25-110 of the South Carolina Code ("**Section 6-25-110**"), and each Participant hereby approves the undertaking of such "project" by the Joint System and consents to the issuance of Bonds of the System for each as part of the "project" and hereby represents that its governing body has specifically approved this provision pursuant to said Section 6-25-110; provided, however that the aggregate principal amount of Bonds for the Bridge Financing, Construction Financing, and Permanent Financing for the Project shall not exceed \$90,000,000, and no Bonds shall be issued for the Construction Financing for the Plant Project until obtaining all Initial Permits and either (1) obtaining a commitment letter from USDA to purchase a Bond of the Joint System constituting the Permanent Financing, or (2) obtaining a Fixed-Price Contract for the Plant Project ((1) and (2), the "**Plant Project Conditions**"). The Plant Project Conditions shall not apply to the Transmission and Storage Project component of the Project. Nothing herein shall prevent the use of the proceeds of a financing for one phase or component from being used for another phase or component of the overall Project, or combining of any of the Bridge Financing, Construction Financing, and Permanent Financing, consistent with the conditions, including the Plant Project Conditions, set forth herein.

The Joint System agrees to undertake all reasonable means to ensure that no debt service on Bonds will be due until one year after the Placed in Service Date; provided, however, if financing is obtained that does not provide for such arrangement, in no event shall the payment or performance obligation of a Participant under this Agreement be impacted or lessened in any way. There shall be no principal amount limitation on Bonds issued for the purposes of Section 3.09(a) or (b) hereof, or to refund Bonds.

(d) In the event the capital costs contemplated by subparagraphs (a) and (b) above would result in a Participant's share of such cost exceeding the sum of \$100,000, Joint System agrees to use best efforts to finance the capital costs by the issuance of Improvement Bonds.

(e) Participants agree that, to the extent that its share of capital costs incurred as contemplated in subparagraphs (a) and (b) shall not be financed with the proceeds of Improvement Bonds, it shall, upon receipt of a statement from Joint System setting forth in reasonable detail the calculation of such costs, pay to Joint System its share of such costs.

Section 3.10 Expansion of the System to Provide Additional Capacity. (a) It is the intention of the Participants that additional capacity as shall be needed by the Participants shall be made available from time to time with the costs of providing such additional capacity being assumed on a *pro-rata* basis by those to whom such capacity is allocated.

(b) In the event any Participant shall determine that it requires additional capacity, it shall so notify all Participants in writing setting forth its estimated required additional capacity and the time at which it estimates such additional capacity will be required. Within 45 days after receipt of such notice, any Participant wishing to participate in such expansion in order to obtain additional capacity for itself shall so notify the other parties hereto setting forth in such notice the amount of additional capacity required and the approximate time the additional capacity will be required.

(c) Joint System agrees to use best efforts to undertake the design and construction of the improvements to the System necessary to provide the additional capacity requested by this Section 3.10 in a timely manner such that such capacity will be available on or before the date set forth in such notice, provided that:

(i) the requested availability date shall be not less than 30 months following the date of the notice;

(ii) Joint System shall not be required to add capacity to the System in increments of less than two MGD; provided, however nothing in this paragraph (ii) prohibits the Joint System and any Participant from agreeing to any particular increment of additional capacity to be so constructed;

(iii) provision satisfactory to Joint System shall have been made for the payment of the costs of such expansion (including design, engineering and financing costs) through a capital contribution by the party or parties requesting the additional capacity;

(iv) a supply of water is available and necessary permits can be obtained; and

(v) additional capacity obtained by a Participant pursuant to Section 3.10(b) and (c) shall constitute Purchased Capacity.

(d) If all Participants determine to participate in an expansion project pursuant to this Section 3.10, it shall be memorialized through subsequent agreement, or amendment to this

Agreement, among the Participants providing for the Joint System to issue Improvement Bonds, the associated principal, interest, and other costs of which will be paid by all Participants as part of the Capital Charge and the additional capacity shall form an undivided part of Allocable Capacity and shall not constitute Purchased Capacity. In the event all Participants determine to participate in adding capacity to the System, and financing of such expansion project through Improvement Bonds or otherwise shall be subject to the approval of the governing board of each Participant as required by Section 6-25-110 of the Enabling Act.

Section 3.11 Parties' Rights to Sell or Otherwise Dispose of Water. The parties hereto agree that this Agreement shall in no way limit or prohibit the sale by any party to this Agreement of any Potable Water received by such party from the System, and that a party selling any portion of the Potable Water delivered to such party shall be solely entitled to the proceeds of such sale.

Section 3.12 Rate Covenant. Each Participant covenants that at all times during the term of this Agreement it will impose rates and charges for services provided by such Participant's System sufficient at all times to enable such Participant to meet its obligations hereunder.

Section 3.13 Debt Service Reserve Fund Payments; Use; Certain Earnings. In the event that any payment is required into a debt service reserve fund (a "*Debt Service Reserve Fund*" (as may be further described in the Joint System's Bond Resolution)) established for a series of Bonds as a result of a draw thereon, an investment loss therein, or as a result of replacing a surety bond, letter of credit or similar instrument therein with cash or another such instrument, each Participant covenants and agrees that it will pay, over the period of time permitted by the Joint System's Bond Resolution for restoring the value of such Debt Service Reserve Fund, an amount equal to such Participant's Allocated Percentage multiplied by the total amount required to be paid into such Debt Service Reserve Fund. **Such amount or amounts shall constitute and be payable as part of the Capital Charge for the applicable period.** In the event that a Participant is delinquent in the payment of its Capital Charge under this Agreement at the time payment is due on any Bonds, Joint System may cause the trustee for the Bonds to withdraw the amount of the arrearage from such Participant's Allocated Percentage of the associated Debt Service Reserve Fund. Upon payment of the arrearage by such Participant, such payment (less the interest included pursuant to Section 5.01(a) of this Agreement) shall be deposited into such Debt Service Reserve Fund, to the extent of any such withdrawal, to the credit of such Participant's Allocated Percentage thereof. During the time of any such withdrawal, Participant's Allocated Percentage of such Debt Service Reserve Fund shall be correspondingly reduced. The interest included in any such payment of arrearages shall become the sole property of Joint System. Each Participant's Allocated Percentages of any Debt Service Reserve Fund shall be used to make the final payments of each Participant's Capital Charge and Additional Capital Charge, if any, with respect to the respective issue of Bonds.

* * *

ARTICLE IV

RENEWAL AND REPLACEMENT FUNDS

Section 4.01 System Renewal and Replacement Fund; Use. Joint System shall establish a System Renewal and Replacement Fund for the System. The System Renewal and Replacement Fund is intended to build up and maintain a reasonable reserve for depreciation for the System, and for contingencies, improvements, betterments and extension of the System. Money in the System Renewal and Replacement Fund shall be used solely (1) for the purpose of restoring depreciated or obsolete items of the System; (2) for improvements, betterments and extensions to the System, other than for those things which are reasonably necessary to maintain the System in good repair and working order; (3) to defray the cost of unforeseen contingencies; (4) to prevent defaults of Bonds; and (5) for optional redemption of Bonds.

Section 4.02 Deposits to the System Renewal and Replacement Fund. All amounts paid by the Participants in accordance with the provisions of Section 3.02 hereof and not used to fund a debt service fund established for an issue of Bonds, a Debt Service Reserve Fund established for an issue of Bonds, or not otherwise used to pay the principal and interest on Bonds, shall be deposited into the System Renewal and Replacement Fund.

Section 4.03 Determination of Surplus or Deficit Within the System Renewal and Replacement Fund. Prior to the commencement of each Fiscal Year, Joint System shall establish a balance which shall be retained within the System Renewal and Replacement Fund during said Fiscal Year. Said amount shall be determined after receiving advice from the Consulting Engineers and shall, in any event, be a sum not less than the budgeted amount established for the System Renewal and Replacement Fund pursuant to the provisions of Section 3.08(b) hereof.

At the close of each Fiscal Year, based upon the financial statements provided to the Joint System by a firm of certified public accounts, the Joint System shall determine whether and to what extent a surplus or a deficit exists in the System Renewal and Replacement Fund. In the event a surplus exists, such sum shall be paid to each Participant based on its Allocated Percentage or applied to other costs of the Joint System, as determined by the Commission. In the event a deficit has occurred in the System Renewal and Replacement Fund, Joint System shall determine a monthly deposit which must be made to the System Renewal and Replacement Fund, taking into account the moneys which will otherwise be deposited into the System Renewal and Replacement Fund in accordance with Section 4.02 hereof and shall notify each Participant that a monthly System Depreciation Charge will be due. Such notice shall state the period during which a System Depreciation Charge will be due which period shall be not less than nine months.

* * *

ARTICLE V

EVENTS OF DEFAULT; REMEDIES

Section 5.01 Events of Default; Remedies.

(a) (i) In the event that a Participant fails to make any payment required by this Agreement, after 10 days written notice to such Participant of such failure, the Joint System may institute such action as may be necessary to enforce payment of such amounts (including interest on past due amounts at the judgment rate then in force under the laws of the State of South Carolina, from the date such amount becomes due until paid in full).

(ii) In the event that a Participant fails to perform any other covenant or agreement herein made, Joint System may, after 10 days written notice to such Participant of such failure, bring action against such Participant for the specific performance by such Participant of such other covenant or agreement or, in the event that such failure impairs such Participant's ability to make payments required by this Agreement, for the appointment of a receiver to administer and operate such Participant's System, or for the enforcement of rights and remedies pursuant to the United States Bankruptcy Code.

(iii) In the event that a failure by a Participant to perform any covenant or agreement herein made is the proximate cause of any physical damage to the System, such Participant shall be responsible for the cost of repairing such damages, and Joint System may bring an action therefor.

(iv) In the event a Participant has not paid the Joint System all amounts required under the provisions of Section 3.02 of this Agreement by the 60th day following the written notice provided by the Joint System in paragraph (i) above, the Joint System may at any time thereafter, upon 10 days notice to such Participant proceed under the provisions of Section 3.04 hereof to immediately terminate its Service Right and each Participant, in such event, does hereby appoint Joint System as its agent for the purpose of allocating such Participant's Allocated Capacity and Purchased Capacity among the non-defaulting Participants as set forth in Section 3.04.

(v) No Participant shall be liable in any event for punitive, economic or third-party damages.

(b) (i) In the event that Joint System fails to perform any covenant or agreement herein made, each Participant, after 10 days written notice to Joint System of such failure may bring action against Joint System for the specific performance by Joint System of such covenant or agreement.

(ii) In the event that a failure by Joint System to perform any covenant or agreement herein made is the proximate cause of any physical damage to a Participant's System, Joint System shall be responsible for the cost of repairing such damages, and such Participant may bring an action therefor.

(iii) Notwithstanding that if Joint System shall become indebted to a Participant by reason hereof, such Participant shall have no right to offset its obligations to make payments under the provisions of this Agreement. Joint System shall not be liable in any event for punitive, economic, or third-party damages.

Section 5.02 Dispute Resolution. The exclusive forum for resolution of disputes arising out of this Agreement is the Court of Common Pleas for the 13th Judicial Circuit. In the event such a lawsuit is filed, the parties agree to mediate the dispute through a mutually agreed upon mediator, with the parties each paying their per capita share of the mediator's fees and expenses. Any such mediation shall be conducted in accordance with the applicable South Carolina laws and Rules of Court.

* * *

ARTICLE VI

MISCELLANEOUS

Section 6.01 Ownership of System. The System shall at all times be the sole and absolute property of Joint System.

Section 6.02 Territorial Boundaries. This Agreement does not impact the territorial boundaries or service territories of the Participants.

Section 6.03 Construction and Operation of Trans-Lines. Nothing herein shall prohibit any party from constructing new Trans-Lines, or maintaining existing Trans-Lines, through another's territory to serve customers in its own territory. Consent to use the streets and public ways for rights of way purposes for wholesale lines and for Trans-Lines is expressly given one to the other, subject to the appropriate proceedings being adopted by the party providing the consent and compliance with engineering and traffic safety standards. The owner of a Trans-Line is responsible for all expenses related to the operation and maintenance thereof. In the event a Trans-Line is jointly owned, such owners shall determine the pro-rata costs that each will bear.

Section 6.04 Sites for Additional Tanks, Booster Pump Stations, and Trans-Lines. In the event Joint System determines that it is necessary to construct storage tanks, booster pump stations or Trans-Lines as improvements to the System and the desired locations for such tanks, booster pump stations or Trans-Lines are within the service area of a Participant, each Participant agrees to cooperate with Joint System in locating suitable sites and exercising its power of eminent domain if such is necessary in order to acquire the sites. All costs related to the construction of such improvements shall be paid by Joint System.

Section 6.05 Taxes and Franchise Fees. No tax, license, or franchise fees or other charge shall be imposed upon the Joint System's System by any Participant.

Section 6.06 Notices. Notice is duly given hereunder: (a) if by transmission by hand delivery, when delivered; (b) if mailed via the official governmental mail system, three business days after the post mark, *provided* said notice is sent first class, postage pre-paid, via certified or registered mail, with a return receipt requested; (c) if mailed by an internationally recognized overnight express mail service such as Federal Express, UPS, DHL Worldwide or a similar organization, one Business Day after deposit therewith prepaid; or (d) by e-mail upon delivery with receipt confirmed. Notices shall be transmitted to the principal addresses of the Parties addressed in accordance with the directions provided in Exhibit C attached hereto.

Any party hereto may, by notice given to the other parties to this Agreement designate any further or different addresses to which subsequent notice, certificates or other communications shall be sent.

Section 6.07 Beneficiaries; Assignment. All covenants and agreements contained in this Agreement shall inure to the benefit of the Joint System and each Participant and their respective

successors and assigns. It is specifically acknowledged by all parties that Joint System's (1) rights to receive all the payments under this Agreement and (2) the payments required by this Agreement are pledged to the payment of all Bonds issued by Joint System and that in connection with the issuance of such Bonds, the provisions of this Agreement, are a part of the contract between the Joint System and its bondholders. Joint System may assign such rights to the receipts of all payments hereunder and the revenues received from the payments hereunder to a trustee who may cause a receiver to be appointed with respect thereto and otherwise succeed to all interests and rights of the Joint System. Except as expressly provided in this Section, there are no third-party beneficiaries to this Agreement.

Section 6.08 Compliance with Requirements of Internal Revenue Code.

(a) Each Participant represents that it is not a party to nor will it enter into any contracts with any entity for the use or management of any property provided with the proceeds of any Bonds that will cause any portion of the Bond financed facilities to be used in a private trade or business of a non-governmental party within the meaning set forth in §1.141-3 of the Regulations or Revenue Procedure 2017-13, or any successor regulations or pronouncements of the United States Treasury Department.

(b) Each Participant agrees that it will not sell, lease, or otherwise dispose of any property financed with the proceeds of any Bonds to any person unless it obtains the opinion of nationally recognized bond counsel that such lease, sale, or other disposition will not adversely affect the tax exemption any of the Bonds.

Section 6.09 Severability. In case any one or more of the provisions of this Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement, but this Agreement shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation, or agreement contained in this Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation, or agreement shall nonetheless be enforced to the full extent permitted by law.

Section 6.10 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6.11 Governing Law. This Agreement is prepared and entered into with the intention that the law of the State of South Carolina shall govern its construction. The State circuit court located in Pickens County, South Carolina shall be the venue for any dispute arising hereunder.

Section 6.12 Amendments. This Agreement may not be amended, changed, modified or terminated without in each instance the prior written consent of the parties hereto.

Section 6.13 Effective Date. This Agreement shall become effective on the Effective Date.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their names by their duly authorized officers as of the Effective Date.

**PICKENS REGIONAL JOINT WATER SYSTEM, SOUTH CAROLINA,
as Joint System**

By: _____
Its: Chairman, Board of Commissioners

CITY OF LIBERTY, SOUTH CAROLINA, as Participant

By: _____
Its: Mayor

CITY OF PICKENS, SOUTH CAROLINA, as Participant

By: _____
Its: Mayor

EASLEY-CENTRAL WATER DISTRICT, as Participant

By: _____
Its: Chairman, Easley-Central Water Commission

PICKENS COUNTY WATER AUTHORITY, as Participant

By: _____
Its: Chairman

SIX MILE RURAL COMMUNITY WATER DISTRICT, as Participant

By: _____
Its: Chairman, Board of Directors

EXHIBIT A**ALLOCATED CAPACITIES AND ALLOCATED PERCENTAGES**

PARTICIPANT	ALLOCATED CAPACITY MGD	ALLOCATED PERCENTAGE
City of Liberty	0.833	8.33%
City of Pickens	2.778	27.78
Easley-Central Water District	3.167	31.67
Pickens County Water Authority	0.000	0.00
Six Mile Rural Community Water District	<u>3.222</u>	<u>32.22</u>
	10.000	100.0%

In the event that the Transmission and Storage Project is completed prior to the Plant Project and provides Potable Water to the Participants, the initial Allocated Capacities and Allocated Percentages in the System shall be adjusted for each Participant to reflect the proportion of its total consumption of water on such Participants System as a percentage of total consumption of water for all Participants during the 12-month period ending on the December 31 immediately preceding the Payment Initiation Date.

EXHIBIT B

OUTSTANDING OBLIGATIONS OF PARTICIPANTS AND LIEN STATUS

City of Pickens, South Carolina

A. Outstanding Debt Payable from Revenues of Participant's Water and/or Sewer System

\$3,273,000 original principal amount City of Pickens, South Carolina Utility System Refunding Revenue Bond, Series 2021A

\$7,896,000 original principal amount City of Pickens, South Carolina Utility System Improvement and Refunding Revenue Bond, Series 2021B

B. Pledge Securing Outstanding Revenue Debt

The above-referenced debt is secured by a pledge of the net revenues of Participant's utility system.

C. Lien status of obligations under this Agreement

As provided by Section 3.03(c) of this Agreement, each Participant shall not issue any further bonds, notes, or other evidences of indebtedness payable from or secured by a lien on the revenues of Participant's water system which is prior to or superior to Participant's obligation to pay the amounts due to the Joint System under this Agreement.

City of Liberty, South Carolina

A. Outstanding Debt Payable from Revenues of Participant's Water and/or Sewer System

\$500,000 original principal amount City of Liberty, South Carolina Waterworks and Sewer System Revenue Bond, Series 2021A

\$500,000 original principal amount City of Liberty, South Carolina Waterworks and Sewer System Revenue Bond, Series 2021B

B. Pledge Securing Outstanding Revenue Debt

The above-referenced debt is secured by a pledge of the net revenues of Participant's utility system.

C. Lien status of obligations under this Agreement

As provided by Section 3.03(c) of this Agreement, each Participant shall not issue any further bonds, notes, or other evidences of indebtedness payable from or secured by a lien on the revenues of Participant's water system which is prior to or superior to Participant's obligation to pay the amounts due to the Joint System under this Agreement.

Easley Central Water District

A. Outstanding Debt Payable from Revenues of Participant’s Water and/or Sewer System

None.

B. Pledge Securing Outstanding Revenue Debt

None.

C. Lien status of obligations under this Agreement

As provided by Section 3.03(c) of this Agreement, each Participant shall not issue any further bonds, notes, or other evidences of indebtedness payable from or secured by a lien on the revenues of Participant’s water system which is prior to or superior to Participant’s obligation to pay the amounts due to the Joint System under this Agreement.

Pickens County Water Authority

A. Outstanding Debt Payable from Revenues of Participant’s Water and/or Sewer System

None.

B. Pledge Securing Outstanding Revenue Debt

None.

C. Lien status of obligations under this Agreement

As provided by Section 3.03(c) of this Agreement, each Participant shall not issue any further bonds, notes, or other evidences of indebtedness payable from or secured by a lien on the revenues of Participant’s water system which is prior to or superior to Participant’s obligation to pay the amounts due to the Joint System under this Agreement.

Six Mile Rural Community Water District

A. Outstanding Debt Payable from Revenues of Participant’s Water and/or Sewer System

\$6,122,000 original principal amount Six Mile Rural Community Water District of Pickens County, South Carolina Waterworks System Revenue Bond, Series 2018

B. Pledge Securing Outstanding Revenue Debt

The above-referenced debt is secured by a pledge of the net revenues of Participant’s utility system.

C. Lien status of obligations under this Agreement

As provided by Section 3.03(c) of this Agreement, each Participant shall not issue any further bonds, notes, or other evidences of indebtedness payable from or secured by a lien on the revenues of Participant's water system which is prior to or superior to Participant's obligation to pay the amounts due to the Joint System under this Agreement.

EXHIBIT C

ADDRESSES OF ALL PARTIES FOR THE RECEIPT OF NOTICE

Pickens Regional Joint Water System

144 McDaniel Ave.
Pickens, SC 29671
Attn: Chairman

City of Liberty

206 W. Front Street
Liberty, SC 29657
Attn: City Manager

City of Pickens

219 Pendleton Street
Pickens, SC 29671
Attn: City Administrator

Easley-Central Water District

401 S. Norris Dr.
Norris, SC 29667
Attn: Superintendent

Pickens County Water Authority

144 McDaniel Ave.
Pickens, SC 29671
Attn: Executive Director

Six Mile Rural Community Water District

214 Lusk Rd
Six Mile, SC 29682
Attn: Manager

With a copy (which shall not constitute notice) to:

Pope Flynn, LLC
350 E. St. John St.
Spartanburg, SC 29302
Attn: Gary T. Pope, Jr., Esq.

RESOLUTION NO. 2023-11

A RESOLUTION APPOINTING COMMISSIONERS TO THE COMMISSION OF THE PICKENS REGIONAL JOINT WATER SYSTEM; AND OTHER MATTERS RELATED THERETO.

NOW THEREFORE, be it resolved by the City Council of the City of Pickens (the "**City Council**"), the governing body of the City of Pickens, South Carolina (the "**City**"), as follows:

Section 1 Findings. The City Council make the following findings in connection with the adoption of this resolution (this "**Resolution**"):

1. The City is a political subdivision of the State of South Carolina, and is authorized to provide water service pursuant to Article VIII, § 16 of the Constitution of the State of South Carolina, a referendum authorizing such service, and Title 5, Chapter 31 of the Code of Laws of South Carolina 1976, as amended.

2. Pursuant to the provisions of Title 6, Chapter 25 of the Code of Laws of South Carolina 1976, as amended (the "**Act**"), the City has joined with other Authorities (as defined in the Act) to form the Pickens Regional Joint Water System (the "**Joint System**"). Pursuant to the Act and the Bylaws of the Joint System, the City is entitled to appoint two commissioners (the "**Commissioners**") to serve on the Joint System Commission (the "**Commission**"), who shall serve at the pleasure of the Council.

3. The Council is now minded to appoint Commissioners to the Commission.

Section 2 Appointment of Commissioners. The Council hereby appoints the following as its Commissioners on the Commission:

- Patrick Lark
- Drew Langston

Such commissioners shall serve the remainder of such terms as may be provided by the bylaws of the Commission, as may be amended from time to time by the Commission, and shall serve at the pleasure of Council.

Section 3 Further Action; Effective Date. The City Administrator is hereby directed to deliver this Resolution to the Joint System evidencing the appointment effected hereby. This Resolution shall become effective immediately upon its adoption.

NOW THEREFORE BE IT RESOLVED IN MEETING DULY ASSEMBLED by the City of Pickens, this 24th day of July 2023.

CITY OF PICKENS, SOUTH CAROLINA

Mayor

(SEAL)

ATTEST:

Clerk

STATE OF SOUTH CAROLINA)
)
COUNTY OF PICKENS)

I, the Clerk to the City Council of the City of Pickens (the "**Council**"), the governing body of the City of Pickens, South Carolina (the "**City**"), **DO HEREBY CERTIFY THAT:**

The foregoing constitutes a true, correct and verbatim copy of a resolution adopted by the Council on July 24, 2023 (the "**Resolution**"). The Resolution was properly moved and adopted at a duly called public meeting of the Council. At such meeting, a quorum of the Council was present and remained present throughout the meeting. The Resolution is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my Hand and the Official Seal of the City, this 24th day of July 2023.

(SEAL)

Clerk to City Council
City of Pickens, South Carolina