NEW ISSUE – BOOK-ENTRY-ONLY NON-BANK-QUALIFIED

Ratings (Insured/Underlying): S&P: AA/A (See "RATINGS")

In the opinion of King Kozlarek Law LLC, Bond Counsel, under existing law, (1) assuming compliance by the County and the Issuer with certain requirements of the Internal Revenue Code of 1986, as amended, interest on the Series 2022 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for tax years beginning after December 31, 2021, interest on the Series 2022 Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations, and (2) interest on the Series 2022 Bonds is exempt from all State of South Carolina ("State"), county, municipal, school district, and all other taxes and assessments, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except, inheritance, estate, or other transfer taxes, provided that the interest thereon may be includable for certain franchise fees or taxes. See "TAX TREATMENT" herein.



# \$15,265,000 CLARENDON FACILITIES CORPORATION INSTALLMENT PURCHASE REVENUE BONDS SERIES 2022

Dated: Delivery Date

Due: September 1, as shown on the inside front cover

This cover page and the inside cover page contain certain information for quick reference only. They are <u>not</u> a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

Each capitalized term used, but not defined on this cover, has the meaning provided for that term in the Trust Agreement, dated the hereinafter defined Delivery Date ("Trust Agreement"), between Clarendon Facilities Corporation ("Issuer") and Regions Bank, as trustee ("Trustee"), or the Installment Purchase and Use Agreement, dated the Delivery Date ("Purchase and Use Agreement"), between the Issuer and Clarendon County, South Carolina ("County"), as applicable. The Issuer will issue its \$15,265,000 Installment Purchase Revenue Bonds Series 2022 ("Series 2022 Bonds") for the purpose of: (i) acquiring, constructing, improving, expanding, installing and equipping the E911/emergency operations center facility, a Turbeville-area fire station, the public works/fleet maintenance facility, and a law enforcement annex, and other capital projects, together with all appurtenances necessary, useful or convenient for the maintenance and operation of same ("2022 Projects") to be used by the County, on real property owned, or to be acquired, by the County ("2022 Real Property," with 2022 Projects, collectively, "2022 Facilities"), all pursuant to the Purchase and Use Agreement, (ii) paying the premium due in connection with a debt service reserve fund surety policy provided by Insurer (defined below) in connection with the Series 2022 Bonds, (iii) paying the premium due in connection with the municipal bond insurance policy issued by Insurer in connection with the Series 2022 Bonds, and (iv) paying costs of issuance of the Series 2022 Bonds.

The Series 2022 Bonds are special obligations of the Issuer secured by and payable from the Issuer's rights in certain amounts, payments, property, agreements, and funds (collectively, "Trust Estate," as more particularly described in the Trust Agreement) under the Trust Agreement. The Trust Estate consists primarily of the Issuer's right, title, and interest in the Revenues (with certain exceptions) including, without limitation, all Installment Payments, and other amounts receivable by the Issuer under the Purchase and Use Agreement, all of the Issuer's right, title and interest in and to the 2022 Facilities, the Purchase and Use Agreement, the Base Lease (as defined herein), and the property rights in the 2022 Real Property evidenced by the Base Lease, certain contract rights, proceeds of insurance and condemnation awards from casualty or takings and all moneys and investments held in certain funds and accounts created under the Trust Agreement.

The Series 2022 Bonds do not, and shall not be deemed to, constitute, or create an indebtedness, liability, or obligation of the County within the meaning of any State constitutional provision or statutory limitation or a pledge of the full faith and credit or taxing power of the County. The Series 2022 Bonds and the interest on the Series 2022 Bonds are payable from and secured by the Trust Estate as described in and subject to limitations set forth in the Trust Agreement for the equal and ratable benefit of the Holders of the Series 2022 Bonds.

THE OBLIGATION OF THE COUNTY TO PAY INSTALLMENT PAYMENTS UNDER THE PURCHASE AND USE AGREEMENT IS A CURRENT EXPENSE OF THE COUNTY AND IS DEPENDENT ON A LAWFUL APPROPRIATION OF FUNDS BEING MADE BY THE COUNTY COUNCIL TO PAY EACH INSTALLMENT PAYMENT DUE IN EACH FISCAL YEAR UNDER THE PURCHASE AND USE AGREEMENT AND IS NOT IN ANY WAY A DEBT OF THE COUNTY UNDER ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATION OR REQUIREMENT CONCERNING THE CREATION OF INDEBTEDNESS BY THE COUNTY, NOR IS ANYTHING IN THE PURCHASE AND USE AGREEMENT A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS, MONEYS OR CREDIT OF THE COUNTY.

The Series 2022 Bonds will be issued only as fully registered bonds and initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2022 Bonds. Purchases of beneficial interests in the Series 2022 Bonds will be made in book-entry-only form (without certificates) in denominations of \$5,000 or any integral multiple thereof. Principal shall be paid on the maturity dates, as shown on the inside front cover, to the registered owner on presentation and surrender of each Series 2022 Bond at the principal corporate trust office of Regions Bank, as registrar/paying agent ("Registrar/Paying Agent"). So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2022 Bonds, payment of the principal and interest on the Series 2022 Bonds will be made directly to Cede & Co. Disbursements of payments to Beneficial Owners will be the responsibility of Direct Participants or Indirect Participants described in this Official Statement, and neither the Issuer nor the County shall be responsible for disbursements.

The Series 2022 Bonds will be dated their Delivery Date and will mature on September 1 in each of the years and in the principal amounts and bear interest at the rates shown on the inside front cover from the date of their issuance. Interest on the Series 2022 Bonds is payable on each March 1 and September 1, beginning March 1, 2023, until maturity. The Series 2022 Bonds are subject to optional, special optional, and mandatory principal redemption prior to maturity.

The scheduled payment of principal of and interest on the Series 2022 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2022 Bonds by Assured Guaranty Municipal Corp. ("Insurer"). See "BOND INSURANCE" and "APPENDIX E – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein.

ASSURED GUARANTY

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The Series 2022 Bonds are offered when, as and if issued and accepted by Stifel, Nicolaus & Company, Incorporated, Columbia, South Carolina, as underwriter, subject to the approving opinion as to legality of King Kozlarek Law LLC, Greenville, South Carolina, which is serving as Bond Counsel to the Issuer. Certain legal matters will be passed on for the Issuer by its counsel, Land Parker Welch LLC, Manning, South Carolina, and for the Underwriter by its counsel, Burr & Forman LLP, Columbia, South Carolina. King Kozlarek Law LLC, Greenville, South Carolina, has acted as disclosure counsel in connection with the offering of the Series 2022 Bonds. It is expected that the Series 2022 Bonds in definitive form will be available for delivery on or about December 14, 2022 ("Delivery Date"), through the facilities of DTC against payment therefor.



## MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES, AND CUSIPS1

## \$4,085,000 Serial Bonds

Due	Principal	INTEREST			
SEPTEMBER 1	<u>AMOUNT</u>	RATE	<u>Yield</u>	<u>Price</u>	CUSIP(1)
2023	\$240,000	4.000%	2.630%	100.959	180374 CE8
2024	350,000	5.000%	2.760%	103.720	180374 CF5
2025	365,000	5.000%	2.880%	105.492	180374 CG3
2026	385,000	5.000%	2.960%	107.120	180374 CH1
2027	405,000	5.000%	3.030%	108.588	180374 CJ7
2028	425,000	5.000%	3.080%	109.984	180374 CK4
2029	445,000	5.000%	3.140%	111.175	180374 CL2
2030	465,000	5.000%	3.210%	112.140	180374 CM0
2031	490,000	5.000%	3.250%	113.182	180374 CN8
2032	515,000	5.000%	3.280%	114.204	180374 CP3

\$1,700,000, 5.000% Term Bond, Due September 1, 2035, Price 109.410, Yield 3.830 ° % CUSIP No. 180374 CQ1 \$1,950,000, 4.000% Term Bond, Due September 1, 2038, Price 98.049, Yield 4.170%, CUSIP No. 180374 CR9 \$2,995,000, 4.250% Term Bond, Due September 1, 2042, Price 98.419, Yield 4.370%, CUSIP No. 180374 CS7 \$4,535,000, 4.500% Term Bond, Due September 1, 2047, Price 98.381, Yield 4.610%, CUSIP No. 180374 CT5

<sup>(</sup>i) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2022 CUSIP Global Services. All rights reserved. CUSIP numbers are set forth herein for the convenience of reference only and neither the County nor the Underwriter nor their respective agents take responsibility for the accuracy of such data. CUSIP data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database.

<sup>&</sup>lt;sup>c</sup> Yield Calculated to par call date of September 1, 2032.

#### REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement constitutes a "Final Official Statement" of the Issuer and the County with respect to the Series 2022 Bonds, as that term is defined in Securities and Exchange Commission ("SEC") Rule 15c2-12 ("Rule 15c2-12"). Any supplement or addendum shall, on and after the date thereof, be fully incorporated and made a part of this Official Statement by reference.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2022 BONDS AT OR ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND THIS STABILIZING MAY BE DISCONTINUED AT ANY TIME.

Assured Guaranty Municipal Corp. ("Insurer") makes no representation regarding the Series 2022 Bonds or the advisability of investing in the Series 2022 Bonds. In addition, Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Insurer supplied by Insurer and presented under the heading "BOND INSURANCE" and "APPENDIX E – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Regions Bank, as Trustee and Registrar/Paying Agent, has not provided or undertaken to determine the accuracy of any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of information, (ii) the validity of the Series 2022 Bonds, or (iii) the tax status of the interest on the Series 2022 Bonds.

No dealer, broker, salesman or other person has been authorized by the Issuer or the County to give any information or to make any representations with respect to the Series 2022 Bonds other than as contained in this Official Statement, and, if given or made, other information or representations must not be relied on as having been authorized by the Issuer or the County. Certain information contained in this Official Statement may have been obtained from sources other than records of the Issuer and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE UNDER THE DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR THE COUNTY SINCE THE DATE THEREOF.

Reference to laws, rules, regulations, ordinances, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made in this Official Statement. Where full texts have not been included as Appendices to this Official Statement, they will be furnished on request.

CERTAIN INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT MAY HAVE BEEN OBTAINED FROM SOURCES OTHER THAN RECORDS OF ISSUER AND THE COUNTY AND, WHILE BELIEVED TO BE RELIABLE, IS NOT GUARANTEED AS TO COMPLETENESS OR ACCURACY. REFERENCES TO WEB SITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK, WHICH ARE NOT INTENDED TO BE ACTIVE, SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEB SITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS FINAL OFFICIAL STATEMENT.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. Further, certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." These types of statements are generally identifiable by the terminology used such as "plan," "expect," "anticipate," "estimate," "budget," "forecast," "project" or similar words. Forward-looking statements are included in various portions of this Official Statement.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THE FORWARD-LOOKING STATEMENTS. NEITHER THE ISSUER NOR THE COUTNY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THESE FORWARD-LOOKING STATEMENTS IF OR WHEN CHANGES TO EXPECTATIONS, OR EVENTS, CONDITIONS, OR CIRCUMSTANCES, ON WHICH THE FORWARD-LOOKING STATEMENTS ARE BASED, OCCUR.

THE SERIES 2022 BONDS WILL NOT BE REGISTERED OR QUALIFIED WITH THE SEC UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE TRUST AGREEMENT HAS NOT BEEN REGISTERED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2022 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2022 BONDS HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THE SERIES 2022 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

#### FINANCING PARTICIPANTS

# <u>ISSUER</u> CLARENDON FACILITIES CORPORATION

c/o Land Parker Welch LLC Post Office Box 138 Manning, South Carolina 29102 Attention: President

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# TRUSTEE REGIONS BANK

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APPENDIX A – Portion of Fiscal Year ended June 30, 2021 Audited Financial Statements

APPENDIX B – Forms of the Base Lease, the Installment Purchase and Use Agreement, and the Trust Agreement

APPENDIX C – Form of Bond Counsel Opinion

APPENDIX D – Form of Continuing Disclosure Undertaking

APPENDIX E – Specimen Municipal Bond Insurance Policy



#### SUMMARY STATEMENT

The following Summary Statement is qualified in its entirety by the more detailed information and financial statements contained elsewhere in this Official Statement, which includes its Appendices. The offering of the Series 2022 Bonds to potential investors is made only by means of this entire Official Statement, and no person is authorized to detach this Summary Statement from the Official Statement or to otherwise use it without the entire Official Statement. Each capitalized term used, but not defined in this Summary Statement, has the meaning provided for that term in the Trust Agreement dated the Delivery Date ("Trust Agreement"), between the Issuer and the Trustee, or the Installment Purchase and Use Agreement, dated the Delivery Date ("Purchase and Use Agreement"), between the Issuer and the County, as applicable.<sup>2</sup>

The Issuer:

Clarendon Facilities Corporation ("Issuer") is a nonprofit corporation organized and existing under the laws of the State of South Carolina ("State").

The County:

Clarendon County, South Carolina ("County"), a body politic and corporate and a political subdivision of the State, founded in 1785 and incorporated in 1976 pursuant to Title 4, Chapter 9 of the South Carolina Code Annotated, is located in the east central section of the State, approximately 230 miles east of Atlanta, Georgia, and 110 miles south of Charlotte, North Carolina. The County includes the City of Manning, which is the county seat, and the Towns of Summerton, Paxville, and Turbeville. The County has a total area of approximately 695 square miles, with a land area of approximately 607 square miles and is empowered by State law to levy a property tax on both real and personal property within its boundaries.

Details of the Series 2022 Bonds:

The \$15,265,000 Clarendon Facilities Corporation Installment Purchase Revenue Bonds Series 2022 ("Series 2022 Bonds") will be issued in the form of registered bonds, book-entry system; will be issued in the denomination of \$5,000 or any whole multiple thereof, not exceeding the principal amount of the Series 2022 Bonds maturing in that year; will be dated the date of their delivery; and will mature and will bear interest from their date at the rates shown on the inside front cover with interest payable initially on March 1, 2023, and thereafter on each September 1 and March 1 until maturity.

**Bond Insurance:** 

The scheduled payment of principal of and interest on the Series 2022 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2022 Bonds by Assured Guaranty Municipal Corp. ("Insurer").

Maturities:

The Series 2022 Bonds mature on September 1, 2023, through September 1, 2047, as indicated on the inside front cover.

**Redemption:** 

The Series 2022 Bonds are subject to optional, special optional, and mandatory principal redemption prior to maturity, as provided herein.

**Security:** 

For the payment of principal and interest on the Series 2022 Bonds, the Issuer has assigned to the Trustee and granted a security interest in the Trust Estate, which includes, among other things, all right, title and interest of the Issuer in and to the Revenues (with certain exceptions) including, without limitation, all Installments Payments, and other amounts receivable by or on behalf of the Issuer under the Purchase and Use Agreement, all of the Issuer's right, title and interest in and to the 2022 Facilities, the Purchase and Use Agreement (except certain reserved rights), the Base Lease and Conveyance Agreement, dated the Delivery Date, between the County and the Issuer ("Base Lease"),3 and the property rights in the 2022 Real Property evidenced by the Base Lease, certain contract rights, proceeds of insurance and condemnation awards from casualty or takings and all moneys and investments held in certain funds and accounts created under the Trust Agreement.

The Series 2022 Bonds do not and shall not be deemed to constitute or create an indebtedness, liability, or obligation of the County within the meaning of any State constitutional provision or statutory limitation or a pledge of the full faith and credit or taxing power of the County. The Series 2022 Bonds and the interest thereon are payable from and secured by the Trust Estate as described

<sup>&</sup>lt;sup>2</sup>Complete copies of the form of the Trust Agreement and the form of the Purchase and Use Agreement are attached as part of Appendix B.

<sup>&</sup>lt;sup>3</sup>A complete copy of the form of the Base Lease is attached as part of Appendix B.

in and subject to limitations set forth in the Trust Agreement for the equal and ratable benefit of the Holders of the Series 2022 Bonds.

THE OBLIGATION OF THE COUNTY TO PAY INSTALLMENT PAYMENTS UNDER THE PURCHASE AND USE AGREEMENT IS A CURRENT EXPENSE OF THE COUNTY AND IS DEPENDENT ON A LAWFUL APPROPRIATION OF FUNDS BEING MADE BY THE COUNTY COUNCIL TO PAY EACH INSTALLMENT PAYMENTS DUE IN EACH FISCAL YEAR UNDER THE PURCHASE AND USE AGREEMENT AND IS NOT IN ANY WAY A DEBT OF THE COUNTY UNDER ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATION OR REQUIREMENT CONCERNING THE CREATION OF INDEBTEDNESS BY THE COUNTY, NOR IS ANYTHING IN THE PURCHASE AND USE AGREEMENT A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS, MONEYS OR CREDIT OF THE COUNTY.

Purpose:

The proceeds derived from the sale of the Series 2022 Bonds will be utilized for the principal purpose of (i) acquiring, constructing, improving, expanding, installing and equipping the 2022 Projects, (ii) paying the premium due in connection with a debt service reserve fund surety policy provided by Insurer (defined below) in connection with the Series 2022 Bonds, (iii) paying the premium due in connection with the municipal bond insurance policy issued by Insurer in connection with the Series 2022 Bonds, and (iv) paying costs of issuance of the Series 2022 Bonds.

Tax Status:

Under existing law and assuming the Issuer's and the County's compliance with certain requirements of the Internal Revenue Code of 1986, as amended ("Code"), in the opinion of King Kozlarek Law LLC: (i) interest on the Series 2022 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for tax years beginning after December 31, 2021, interest on the Series 2022 Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations; and (ii) interest on the Series 2022 Bonds is exempt from all State, county, municipal and school district all other taxes and assessments, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except, inheritance, estate, or other transfer taxes, provided that the interest thereon may be includable for certain franchise fees or taxes. See "TAX TREATMENT" herein.

**Professionals:** 

Regions Bank, as trustee ("Trustee"), will act as trustee, registrar, and paying agent for the Series 2022 Bonds under the Trust Agreement. Stifel, Nicolaus & Company, Incorporated, Columbia, South Carolina, is serving as Underwriter. Burr & Forman LLP, Columbia, South Carolina, serves as counsel to the Underwriter. Land Parker Welch LLC, Manning, South Carolina, serves as counsel to the Issuer. King Kozlarek Law LLC, Greenville, South Carolina, serves as Bond/Disclosure Counsel to the Issuer.

**Authorization:** 

The Series 2022 Bonds will be issued under and pursuant to the Trust Agreement.

**Terms of Offering:** 

The Series 2022 Bonds are being issued in book-entry-only form. It is expected that the Series 2022 Bonds will be delivered through the facilities of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), at the offices of DTC, on or about December 14, 2022, and will be available for credit to the accounts of the participants and, through them, the Beneficial Owners on that date.

General:

This Official Statement speaks only as of its date, and the information contained in it is subject to change. A copy of the Preliminary Official Statement and the Official Statement will be placed on <a href="http://emma.msrb.org.4">http://emma.msrb.org.4</a> Copies of the Preliminary Official Statement, the Official Statement, and related documents and information are available by contacting Brenton J. Robertson, Esq., Managing Director, Stifel, Nicolaus & Company, Incorporated, 515 Gervais Street, Columbia, South Carolina 29201, telephone: 803.331.3848, email: <a href="mailto:robertsonb@stifel.com">robertsonb@stifel.com</a>, or Bond Counsel, Michael E.

<sup>&</sup>lt;sup>4</sup>None of the Uniform Resource Locators contained in this Official Statement are intended to be an active hyperlink.

Kozlarek, Esquire, King Kozlarek Law LLC, 210 Riverplace, Suite 500, Greenville, South Carolina 29601, telephone: 864.527.5941, email: <a href="michael@kingkozlarek.com">michael@kingkozlarek.com</a>.

The Official Statement, including the cover page and the attached Appendices, contains specific information relating to the Series 2022 Bonds, the Issuer, the County, and other information pertinent to this issue.

All information included in this Official Statement has been provided by the County except where attributed to other sources. Information related directly to the Issuer has been provided by the Issuer. The summaries and references to all documents, statutes, reports, and other instruments referred to do not purport to be complete, comprehensive, or definitive, and each reference or summary is qualified in its entirety by reference to each document, statute, report, or other instrument.

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## INTRODUCTION

This Introduction briefly describes the contents of this Official Statement and is qualified by reference to its entire contents, including Appendices, as well as of the documents summarized or described in this Official Statement.

This Official Statement is provided for the purpose of furnishing certain information in connection with issuance of the Series 2022 Bonds. This Official Statement has been prepared under the supervision of Clarendon Facilities Corporation ("Issuer") and Clarendon County, South Carolina ("County"). The information furnished in this Official Statement includes a brief description of the Series 2022 Bonds, the Issuer, the County and its indebtedness, tax information, economic data, financial information, and other matters. Also included are certain information and data pertaining to the Issuer and the County, and to the State of South Carolina ("State"). Each capitalized term used, but not defined in this Official Statement, has the meaning provided for that term in the Trust Agreement ("Trust Agreement"), dated the date of delivery of the Series 2022 Bonds ("Delivery Date"), between Issuer and Regions Bank, as trustee ("Trustee"); or the Installment Purchase and Use Agreement, dated the Delivery Date ("Purchase and Use Agreement"), between the Issuer and the County, as applicable.<sup>5</sup>

## THE SERIES 2022 BONDS

# Description of the Series 2022 Bonds

The Series 2022 Bonds constitute special obligations of the Issuer. The Series 2022 Bonds shall be issued as registered bonds and held pursuant to a book-entry system. The Series 2022 Bonds will be dated the date of their delivery, which is anticipated to be December 14, 2022, shall mature, and shall bear interest at the rates and shall be initially priced as shown on the inside front cover. Interest on the Series 2022 Bonds shall be first payable on March 1, 2023, and thereafter on September 1 and March 1 of each year ("Bond Payment Dates") until final payment of the principal thereof.

The Series 2022 Bonds will be issued in denominations of \$5,000 or any whole multiple thereof, not exceeding the principal amount of the Series 2022 Bonds maturing in each year. The Series 2022 Bonds shall be numbered from one upwards in such a fashion as to maintain a proper record thereof. All Series 2022 Bonds will be registered on the registration books of the Issuer which are to be kept for this purpose at the office of the Trustee at which its principal corporate trust business is administered.

#### Authorization for the Series 2022 Bonds

The Series 2022 Bonds will be issued under and pursuant to the Trust Agreement, a Resolution adopted by the Board of Directors of the Issuer, effective November 21, 2022 ("Issuer Resolution"), the ordinance enacted by the County Council for the County ("County Council") on November 8, 2010 ("Initial Ordinance"), as amended by Ordinance No. 2022-11, enacted on November 21, 2022 ("Amending Ordinance," collectively, "Bond Ordinance"), and a Resolution of the County Council, adopted on November 14, 2022, each relating to the Series 2022 Bonds.

## **Use of Proceeds**

The proceeds derived from the sale of the Series 2022 Bonds will be utilized for the principal purpose of (i) acquiring, constructing, improving, expanding, installing and equipping the 2022 Projects, (ii) paying the premium due in connection with a debt service reserve fund surety policy provided by Insurer (defined below) in connection with the Series 2022 Bonds, (iii) paying the premium due in connection with the municipal bond insurance policy issued by Insurer in connection with the Series 2022 Bonds, and (iv) paying costs of issuance of the Series 2022 Bonds.

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<sup>5</sup>A complete copy of the form of the Trust Agreement and the form of the Purchase and Use Agreement are each attached as part of Appendix B.

# **Debt Service Requirements**

Set forth below are the principal and interest payment requirements with respect to the Series 2022 Bonds. For purposes of calculating the principal payable in any year, the relevant maturity or mandatory principal redemption amount is used. A description of the County's outstanding debt is set forth under "DEBT STRUCTURE."

		Debt Service		
<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Semi</u>	<u>Annual</u>
03/1/2023	-	\$148,912.12	\$148,912.12	
09/1/2023	\$240,000	348,106.25	588,106.25	\$737,018.37
03/1/2024	,	343,306.25	343,306.25	,
09/1/2024	350,000	343,306.25	693,306.25	1,036,612.50
03/1/2025	,	334,556.25	334,556.25	, ,
09/1/2025	365,000	334,556.25	699,556.25	1,034,112.50
03/1/2026	200,000	325,431.25	325,431.25	-,
09/1/2026	385,000	325,431.25	710,431.25	1,035,862.50
03/1/2027	200,000	315,806.25	315,806.25	-,,
09/1/2027	405,000	315,806.25	720,806.25	1,036,612.50
03/1/2028		305,681.25	305,681.25	-,
09/1/2028	425,000	305,681.25	730,681.25	1,036,362.50
03/1/2029	120,000	295,056.25	295,056.25	1,000,002.00
09/1/2029	445,000	295,056.25	740,056.25	1,035,112.50
03/1/2030	440,000	283,931.25	283,931.25	1,000,112.00
09/1/2030	465,000	283,931.25	748,931.25	1,032,862.50
03/1/2030	403,000	272,306.25	272,306.25	1,032,002.30
09/1/2031	490,000	272,306.25	762,306.25	1,034,612.50
03/1/2031	490,000	260,056.25	260,056.25	1,034,012.30
	E1E 000			1,035,112.50
09/1/2032	515,000	260,056.25	775,056.25	1,055,112.50
03/1/2033	F40,000	247,181.25	247,181.25	1 024 262 50
09/1/2033	540,000	247,181.25	787,181.25	1,034,362.50
03/1/2034	F ( F 000	233,681.25	233,681.25	1 000 070 50
09/1/2034	565,000	233,681.25	798,681.25	1,032,362.50
03/1/2035	F0F 000	219,556.25	219,556.25	1 004 110 50
09/1/2035	595,000	219,556.25	814,556.25	1,034,112.50
03/1/2036	<b>(25</b> 000	204,681.25	204,681.25	4 004 040 50
09/1/2036	625,000	204,681.25	829,681.25	1,034,362.50
03/1/2037		192,181.25	192,181.25	
09/1/2037	650,000	192,181.25	842,181.25	1,034,362.50
03/1/2038	<b>(==</b> 000	179,181.25	179,181.25	4 000 070 50
09/1/2038	675,000	179,181.25	854,181.25	1,033,362.50
03/1/2039		165,681.25	165,681.25	
09/1/2039	705,000	165,681.25	870,681.25	1,036,362.50
03/1/2040		150,700.00	150,700.00	
09/1/2040	730,000	150,700.00	880,700.00	1,031,400.00
03/1/2041		135,187.50	135,187.50	
09/1/2041	765,000	135,187.50	900,187.50	1,035,375.00
03/1/2042		118,931.25	118,931.25	
09/1/2042	795,000	118,931.25	913,931.25	1,032,862.50
03/1/2043		102,037.50	102,037.50	
09/1/2043	830,000	102,037.50	932,037.50	1,034,075.00
03/1/2044		83,362.50	83,362.50	
09/1/2044	865,000	83,362.50	948,362.50	1,031,725.00
03/1/2045		63,900.00	63,900.00	
09/1/2045	905,000	63,900.00	968,900.00	1,032,800.00
03/1/2046		43,537.50	43,537.50	
09/1/2046	945,000	43,537.50	988,537.50	1,032,075.00
03/1/2047		22,275.00	22,275.00	
09/1/2047	990,000	22,275.00	1,012,275.00	1,034,550.00
	\$15,265,000	\$10,293,430.87	\$25,558,430.87	\$25,558,430.87

## Reserve Requirements and Reserve Accounts

The Trust Agreement provides that the Issuer, at closing, shall create a separate subaccount in the Reserve Account of the Bond Fund ("2022 Reserve Account") and deposit in the 2022 Reserve Account an amount equal to the 2022 Reserve Requirement (based on maximum annual debt service), which is equal to \$1,036,612.50. The Trustee shall use the funds in the 2022 Reserve Account solely: (i) to the extent necessary to make up deficiencies in the applicable subaccount of the Facilities Purchase Account; and (ii) if all Base Payments with respect to the Series 2022 Bonds are current, to be credited against the last remaining required installments of Base Payments and for that purpose any remaining amounts in the 2022 Reserve Account shall be transferred as Base Payments to applicable subaccount of the Facilities Purchase Account by the Trustee on or before the Bond Payment Date occurring the earlier of September 1, 2047, or the final Bond Payment Date specified for the Series 2022 Bonds. To satisfy the 2022 Reserve Requirement, and in lieu of cash-funding the 2022 Reserve Account, concurrently with the issuance of the Series 2022 Bonds, Insurer will provide its Municipal Bond Debt Service Reserve Insurance Policy ("Reserve Policy").

# **Book-Entry System**

THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORDKEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2022 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2022 BONDS TO DIRECT AND INDIRECT PARTICIPANTS (AS DEFINED BELOW) OR BENEFICIAL OWNERS OF THE SERIES 2022 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2022 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC (AS DEFINED BELOW), THE DIRECT AND INDIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2022 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC TO THE ISSUER AND THE COUNTY FOR INCLUSION IN THIS OFFICIAL STATEMENT. ACCORDINGLY, THE ISSUER AND THE COUNTY NEITHER MAKE NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

Beneficial ownership interests in the Series 2022 Bonds will be available only in book-entry form. Beneficial owners of the Series 2022 Bonds ("Beneficial Owners") will not receive a physical bond certificate representing their interests in the Series 2022 Bonds purchased. So long as Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") or its nominee is the registered owner of the Series 2022 Bonds, references in this Official Statement to the owners of the Series 2022 Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners. Unless and until the book-entry-only system has been discontinued, the Series 2022 Bonds will be available only in book-entry-only form in principal amounts of \$5,000 or any integral multiple thereof.

The following description of DTC, its procedures and record keeping on beneficial ownership interests in the Series 2022 Bonds, payment of interest and other payments on the Series 2022 Bonds to DTC Participants or to Beneficial Owners, confirmation, and transfer of beneficial ownership interests in the Series 2022 Bonds and of other transactions by and between DTC, DTC Participants and Beneficial Owners is based on information furnished by DTC.

Depository Trust Company. DTC will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond in the aggregate principal amount of each maturity of the Series 2022 Bonds will be deposited with DTC.

DTC Participants and Indirect Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificated bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income

Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission ("SEC"). More information about DTC can be found at www.dtcc.com.

Beneficial Owners. Purchases of the Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2022 Bonds, unless the use of the book-entry system for the Series 2022 Bonds is discontinued.

Transfers and Exchanges. To facilitate subsequent transfers, all of the Series 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2022 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Resolution. For example, Beneficial Owners of Series 2022 Bonds may wish to ascertain that the nominee holding the Series 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar/Paying Agent and request that copies of the notices be provided directly to them.

*Notices; Redemption.* Redemption notices shall be sent to DTC. If less than all of the Series 2022 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2022 Bonds to be redeemed.

Consent and Voting. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to the Registrar/Paying Agent as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting and voting rights to those Direct Participants to whose accounts the Series 2022 Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Because DTC is treated as the Owner of the Series 2022 Bonds for substantially all purposes under the Trust Agreement, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of the Beneficial Owners is unknown to the Issuer, to DTC or to the Registrar/Paying Agent, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Series 2022 Bonds that may be transmitted by or through DTC.

*Principal and Interest Payments*. Payments of principal, interest and any redemption premiums on the Series 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Registrar/Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices,

as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Registrar/Paying Agent or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Registrar/Paying Agent's responsibility, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. The Issuer can give no assurance that Direct and Indirect Participants will promptly transfer payments to Beneficial Owners.

A Beneficial Owner shall give notice to elect to have the Series 2022 Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Series 2022 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2022 Bonds, on DTC's records to the Tender Agent. The requirement for physical delivery of the Series 2022 Bonds in connection with an option tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2022 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2022 Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its service as depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to the Registrar and Paying Agent or the Issuer. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, Bond certificates will be printed and delivered to DTC.

The Issuer and the Registrar/Paying Agent have no responsibility or obligation to DTC, the Direct Participants, the Indirect Participants or the Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or any Participant, or the maintenance of any records; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the Series 2022 Bonds, or the sending of any transaction statements; (3) the delivery or timeliness of delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the Trust Agreement to be given to Owners; (4) the selection of the Beneficial Owners to receive payments upon any partial redemption of the Series 2022 Bonds; or (5) any consent given or other action taken by DTC or its nominee as the registered owner of the Series 2022 Bonds, including any action taken pursuant to an omnibus proxy.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

The Issuer, the County and the Registrar/Paying Agent cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners of the Series 2022 Bonds (i) payments of principal of, premium, if any, and interest with respect to the Series 2022 Bonds, (ii) confirmations of their ownership interests in the Series 2022 Bonds or (iii) prepayment or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the Series 2022 Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

NEITHER THE ISSUER, THE COUNTY, NOR THE REGISTRAR/PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (ii) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2022 BONDS; (iii) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE SERIES 2022 BONDS UNDER THE TERMS OF THE TRUST AGREEMENT; (iv) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2022 BONDS; OR (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

Beneficial Owners of the Series 2022 Bonds may experience some delay in their receipt of distributions of principal and interest on the Series 2022 Bonds since such distributions will be forwarded by the Registrar/Paying Agent to DTC and DTC will credit such distributions to the accounts of Direct Participants, which will thereafter credit them to the accounts of

Beneficial Owners either directly or indirectly through Indirect Participants. Issuance of the Series 2022 Bonds in book-entry form may reduce the liquidity of the Series 2022 Bonds in the secondary trading market since investors may be unwilling to purchase Series 2022 Bonds for which they cannot obtain physical certificates. In addition, because transactions in the Series 2022 Bonds can be effected only through DTC, Direct Participants, Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge Series 2022 Bonds to persons or entities that do not participate in the DTC system, or otherwise to take action in respect of such Series 2022 Bonds, may be limited due to the lack of a physical certificate. Beneficial Owners will not be recognized by the Registrar/Paying Agent as registered owners for purposes of the Trust Agreement, and Beneficial Owners will not be permitted to exercise the rights of registered owners only indirectly through DTC and the Direct or Indirect Participants.

# Redemption of the Series 2022 Bonds

Optional Redemption. If the County exercises its option pursuant to the Purchase and Use Agreement to purchase the Issuer's interest in the 2022 Facilities and pay the amounts required to redeem the Series 2022 Bonds or to prepay Base Payments, or if the County makes a voluntary prepayment under the Purchase and Use Agreement, then the Series 2022 Bonds maturing on or after September 1, 2033, are subject to redemption in whole or in part on any date on or after September 1, 2032, by the Issuer, at a redemption price equal to the par amount thereof (to the extent not previously redeemed), plus accrued interest to the redemption date.

Special Optional Redemption.

If the County elects to prepay Installment Payments using Net Proceeds of applicable insurance policies, performance bonds, or condemnation awards pursuant to the provisions of the Purchase and Use Agreement because (a) any part of the 2022 Facilities is totally destroyed or is damaged to an extent that the rebuilding or repairing of that part of the 2022 Facilities would be impracticable, (b) there is discovered a material defect in the construction of the 2022 Facilities or any portion of the 2022 Facilities that renders the 2022 Facilities or any portion unusable by the County for its intended purposes, (c) all or substantially all of the 2022 Facilities relating to a particular building is taken by eminent domain, or (d) the County is deprived of the use of any part of the 2022 Facilities by reason of a defect in title thereto, the Series 2022 Bonds will be subject to redemption in whole or in part on any date, as selected by the Trustee, at the direction of the Issuer, at a redemption price equal to the par amount thereof (to the extent not previously redeemed), plus accrued interest to the redemption date.

Mandatory Principal Redemption. The Series 2022 Bonds maturing on September 1, 2035, 2038, 2042, and 2047, are subject to mandatory principal redemption, prior to maturity, on September 1 in each of the years shown below, at a redemption price equal to the par amount thereof (to the extent not previously redeemed), plus accrued interest to the redemption date:

Term Bonds Maturing September 1, 2035

<u>Year</u>	Amount
2033	\$540,000
2034	565,000
2035‡	595,000

<sup>‡</sup>Final Maturity

# Term Bonds Maturing September 1, 2038

<u>Year</u>	<u>Amount</u>
2036	\$625,000
2037	650,000
2038‡	675,000

<sup>‡</sup>Final Maturity

## Term Bonds Maturing September 1, 2042

<u>Year</u>	<u>Amount</u>
2039	\$705,000
2040	730,000
2041	765,000
2042‡	795,000

<sup>‡</sup>Final Maturity

## Term Bonds Maturing September 1, 2047

<u>Year</u>	<u>Amount</u>
2043	\$830,000
2044	865,000
2045	905,000
2046	945,000
2047‡	990,000

<sup>‡</sup>Final Maturity

*Notice of Redemption.* The notice of the call for redemption of the Series 2022 Bonds will be given by the Trustee by first class mail, postage prepaid, at least 30 days, but not more than 60 days, prior to the date fixed for redemption to the registered owner of each Series 2022 Bond subject to redemption at such owner's address shown on the registration books of the Issuer on the 15th day preceding that mailing. Notice of redemption of the Series 2022 Bonds subject to redemption may only be given if funds for such redemption are irrevocably deposited with the Trustee prior to rendering notice of redemption to the Holders of such Series 2022 Bonds, or, in the alternative, the notice given by the Trustee to such Bondholders expressly states that such redemption is conditioned on the deposit of funds sufficient for the redemption by the Issuer and that failing such deposit no redemption will take place.

Partial Redemption. If less than all of the Series 2022 Bonds are called for redemption, the Series 2022 Bonds to be redeemed will be selected in the manner that the Issuer determines as set forth in a certificate of the Issuer filed with the Trustee. If less than all Series 2022 Bonds of any one maturity are called for redemption, the Trustee will select the Series 2022 Bonds to be redeemed by lot, each \$5,000 portion of the principal being counted as one Series 2022 Bond for this purpose; provided, however, that so long as the only registered owner of the Series 2022 Bond is Cede & Co., such selection shall be made by the Securities Depository consistent with its rules and procedures.

# Procedure in the Event of Revision or Discontinuation of Book-Entry Transfer System

In the event that the Issuer determines that it is in the best interest of the Issuer not to continue the book-entry system or that the interest of the Beneficial Owners of the Series 2022 Bonds may be adversely affected if the book-entry system is continued, then the Issuer will notify the Securities Depository and the Trustee of such determination and the Securities Depository will immediately notify the Participants of the availability, through the Securities Depository, of physical Series 2022 Bonds. In such event, the Issuer will execute, and the Trustee will authenticate, register, and deliver physical Series 2022 Bonds as requested by the Securities Depository or any Participant or Beneficial Owner of Series 2022 Bonds in appropriate authorized denominations in exchange for the Series 2022 Bonds registered in the name of Securities Depository Nominee. The Securities Depository may determine to discontinue providing its services as such with respect to the Series 2022 Bonds at any time by giving notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable laws or the Issuer may determine that the Securities Depository is incapable of discharging its duties as such and may so notify the Securities Depository. In either such event, the Issuer will either (i) engage the services of another Securities Depository or (ii) deliver physical Series 2022 Bonds in the manner described above; provided, however, that the discontinuation of the book entry system of registration and transfer with respect to the Series 2022 Bonds or the replacement of the Securities Depository or any successor depository shall be subject to the applicable rules and procedures of the Securities Depository or such successor depository on file or otherwise approved by the SEC.

# Mutilated, Lost, Stolen or Destroyed Bonds

In the event that any Series 2022 Bond is mutilated, lost, stolen or destroyed, the Issuer will execute and the Trustee may authenticate a new Series 2022 Bond of the same date, maturity and denomination as that mutilated, lost, stolen or destroyed Series 2022 Bond; provided that, in the case of any mutilated Series 2022 Bond, such mutilated Series 2022 Bond will first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Series 2022 Bond, there will be first furnished to the Issuer and to the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee together with such indemnity satisfactory to them. In the event any such mutilated, lost, stolen, or destroyed Series 2022 Bond has matured, instead of issuing a duplicate Series 2022 Bond, the Issuer may pay the same. The Issuer and the Trustee may charge the holder or owner of such mutilated, lost, stolen, or destroyed Series 2022 Bond with their reasonable fees and expenses in connection therewith.

#### **PLAN OF FINANCE**

## Sources and Uses of Funds

The sources and uses of funds in connection with the issuance of the Series 2022 Bonds are provided below.

Estimated Sources of Funds:	
Principal Amount of Series 2022 Bonds	\$15,265,000.00
Plus Net Original Issue Premium	385,067.85
Total Sources of Funds	\$15,650,067.85
Estimated Uses of Funds:	
Deposit to Project Fund	\$14,669,254.66
Costs of Issuance <sup>1</sup>	980,813.19
<u>Total Uses of Funds</u>	<u>\$15,650,067.85</u>

<sup>&</sup>lt;sup>1</sup>Includes legal fees, accounting fees, Underwriter's discount, initial fees of the Trustee, Registrar/Paying Agent, printing costs, rating agency fees, municipal bond insurance policy and reserve surety premiums, and other costs related to the Series 2022 Bonds' issuance.

# **Description of 2022 Facilities**

The 2022 Facilities consist primarily of the Conveyed Improvements and the 2022 Projects, plus any (i) fixtures and future additions, modifications and substitutions to any facilities located on the 2022 Real Property, and (ii) any facility related personal property financed with the 2022 Bonds.

The 2022 Projects consist of (a) an E911/emergency operations center facility with an estimated cost of \$7,000,000, to be located on real property presently owned by the County (b) a Turbeville-area fire station with an estimated cost of \$1,500,000, to be located on real property presently owned by the County, (c) a public works/fleet maintenance facility with an estimated cost of \$4,600,000, to be located on real property to-be-acquired by the County, (d) a law enforcement annex with an estimated cost of \$1,140,000, to be located on real property to-be-acquired by the County and co-located with the public works/fleet maintenance facility, and (e) other capital projects. Any additional funds in the Project Fund are allocated, generally, to all 2022 Projects as contingency.

# SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS

## Security and Sources of Payment for the Series 2022 Bonds

The Series 2022 Bonds are special obligations of the Issuer, secured by and payable from the Trust Estate.

The County will lease the land on which the 2022 Facilities are located, which the County will purchase with Series 2022 Bond proceeds and will convey the existing improvements on such land (collectively, "2022 Real Property") to the Issuer pursuant to the Base Lease. Under the terms of the Base Lease, the Issuer will be obligated to pay an amount ("Base Lease Rent") equal to an initial payment of \$40.00 payable from the proceeds of the Series 2022 Bonds on the Series 2022 Bonds' Delivery Date and annual payments thereafter as set forth in the Base Lease.

The County will purchase the 2022 Facilities from the Issuer pursuant to the Purchase and Use Agreement, which will obligate the County to make Installment Payments consisting of (a) semiannual installment payments of purchase price ("Base Payments") to the Issuer in amounts calculated to be sufficient to enable the Issuer to pay, when due, the principal of, premium, if any, and interest on the Series 2022 Bonds, amounts budgeted as reserves for the repair and replacement of the 2022 Facilities then due and payable, and (b) Additional Payments due under the Purchase and Use Agreement.

Neither the financing obligations of the County under the Purchase and Use Agreement nor the Series 2022 Bonds themselves constitute, and shall not be deemed to constitute, or create an indebtedness, liability, or obligation of the County within the meaning of any State constitutional provision or statutory limitation or a pledge of the full faith and credit or taxing power of the County. The Series 2022 Bonds and their interest are payable from and secured by the Trust Estate as described in and subject to limitations set forth in the Trust Agreement for the equal and ratable benefit of the Holders, from time to time, of the Series 2022 Bonds.

THE OBLIGATION OF THE COUNTY TO PAY INSTALLMENT PAYMENTS UNDER THE PURCHASE AND USE AGREEMENT IS A CURRENT EXPENSE OF THE COUNTY AND IS DEPENDENT ON A LAWFUL APPROPRIATION OF FUNDS BEING MADE BY THE COUNTY COUNCIL TO PAY THE INSTALLMENT PAYMENTS DUE IN EACH FISCAL YEAR UNDER THE PURCHASE AND USE AGREEMENT AND IS NOT IN ANY WAY A DEBT OF THE COUNTY UNDER ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATIONS OR REQUIREMENTS CONCERNING THE CREATION OF INDEBTEDNESS BY THE COUNTY, NOR IS ANYTHING IN THE PURCHASE AND USE AGREEMENT A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS, MONEYS OR CREDIT OF THE COUNTY.

For the payment of principal of and interest on the Series 2022 Bonds, the Issuer has assigned to the Trustee and granted a security interest in the Trust Estate, which includes, among other things, all right, title and interest of the Issuer in and to the Revenues (with certain exceptions) including, without limitation, all Installments Payments, and other amounts receivable by or on behalf of the Issuer under the Purchase and Use Agreement, all of the Issuer's right, title and interest in and to the 2022 Facilities, the Purchase and Use Agreement (except certain reserved rights), the Base Lease and the property rights evidenced by the Base Lease in the 2022 Real Property, certain contract rights, proceeds of insurance and condemnation awards from casualty or takings and all moneys and investments held in certain of the funds and accounts created under the Trust Agreement.

As described above, the Series 2022 Bonds will also be secured by the 2022 Reserve Subaccount in the Reserve Account of the Bond Fund, to be held by the Trustee under the Trust Agreement in an amount equal to the 2022 Reserve Requirement. To satisfy the 2022 Reserve Requirement, and in lieu of cash-funding the 2022 Reserve Account, concurrently with the issuance of the Series 2022 Bonds, Insurer will provide its Reserve Policy.

Under certain circumstances, the Trust Agreement will permit the Issuer to issue additional bonds which will be equally and ratably secured on a parity basis with the Series 2022 Bonds under the Trust Agreement.

In addition, Insurer has provided a binding insurance commitment for the Series 2022 Bonds that covers non-payment on the Series 2022 Bonds for any reason.

#### **BOND INSURANCE**

## **Bond Insurance Policy**

Concurrently with the issuance of the Series 2022 Bonds, Assured Guaranty Municipal Corp. ("Insurer") will issue its Municipal Bond Insurance Policy for the Series 2022 Bonds ("Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2022 Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut, or Florida insurance law.

## Assured Guaranty Municipal Corp.

Insurer is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its operating subsidiaries, provides credit enhancement products to the

U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than Insurer, is obligated to pay any debts of Insurer or any claims under any insurance policy issued by Insurer.

Insurer's financial strength is rated "AA" (stable outlook) by S&P, "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of Insurer should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of Insurer in its sole discretion. In addition, the rating agencies may at any time change Insurer's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by Insurer. Insurer only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by Insurer on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy) and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

# Current Financial Strength Ratings

On October 21, 2022, KBRA announced it had affirmed Insurer's insurance financial strength rating of "AA+" (stable outlook). Insurer can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2022, S&P announced it had affirmed Insurer's financial strength rating of "AA" (stable outlook). Insurer can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody's announced it had upgraded Insurer's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). Insurer can give no assurance as to any further ratings action that Moody's may take.

For more information regarding Insurer's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

# Capitalization of Insurer

## At September 30, 2022:

- The policyholders' surplus of Insurer was approximately \$2,660 million.
- The contingency reserve of Insurer was approximately \$915 million.
- The net unearned premium reserves and net deferred ceding commission income of Insurer and its subsidiaries (as described below) were approximately \$2,102 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of Insurer, and (ii) the net unearned premium reserves and net deferred ceding commissions of Insurer's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of Insurer and the contingency reserves, net unearned premium reserves and deferred ceding commission income of Insurer were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

# Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission ("SEC") that relate to Insurer are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (filed by AGL with the SEC on February 25, 2022);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 (filed by AGL with the SEC on May 6, 2022);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022 (filed by AGL with the SEC on August 4, 2022); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022 (filed by AGL with the SEC on November 8, 2022).

All information relating to Insurer included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2022 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <a href="http://www.sec.gov">http://www.sec.gov</a>, at AGL's websit

Any information regarding Insurer included under the caption "BOND INSURANCE-Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, "Insurer Information") shall be modified or superseded to the extent that any subsequently included Insurer Information (either directly or through incorporation by reference) modifies or supersedes such previously included Insurer Information. Any Insurer Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

# Miscellaneous Matters

Insurer makes no representation regarding the Series 2022 Bonds or the advisability of investing in the Series 2022 Bonds. In addition, Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Insurer supplied by Insurer and presented under the heading "BOND INSURANCE."

#### **INVESTMENT CONSIDERATIONS**

In analyzing the Series 2022 Bonds and the security and sources of payment therefor and in order to make an informed investment decision, potential investors should carefully review the following investment considerations prior to deciding to purchase the Series 2022 Bonds. The following investment considerations are not intended to be exhaustive of the general or specific investment considerations relating to the purchase of the Series 2022 Bonds. Additional investment considerations relating to the purchase of the Series 2022 Bonds are described throughout this Official Statement, whether or not specifically designated as investment considerations. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

## Nonappropriation

Debt service on the Series 2022 Bonds will be payable from Installment Payments made by the County pursuant to the Purchase and Use Agreement. The obligation of the County to make Installment Payments under the Purchase and Use Agreement is limited to funds that are specifically budgeted and appropriated annually for that purpose. The County may terminate the Purchase and Use Agreement annually without any penalty thereunder other than the partition of the 2022 Facilities as described herein.

Each Base Payment made by the County will cause title to an undivided interest in the 2022 Facilities, equal to that percentage of the Purchase Price (as defined herein) represented by such payment, to transfer from the Issuer to the County.

The Purchase and Use Agreement provides that, on its termination either by reason of default or nonappropriation, the 2022 Facilities (with preference given to entire components thereof, whenever possible and thereafter, portions of the 2022 Facilities) will be partitioned between the Issuer and the County based on their respective percentages of undivided interests in the title to the 2022 Facilities. The Purchase and Use Agreement sets forth the value assigned to particular components of the 2022 Facilities and the percentage of the 2022 Facilities being purchased on an annual basis, subject to adjustment as provided therein, which values will be used for purposes of any partition rather than the current market or other valuation of components of the 2022 Facilities. The determination of which particular components of the 2022 Facilities will remain with the Issuer and which components will be transferred to the County will be made by Insurer, which may, in its sole discretion, select a Partition Consultant to assist, consult with, and make recommendations to Insurer concerning the division of the 2022 Facilities.

The Purchase and Use Agreement obligates the County to relinquish its right of possession to the components of the 2022 Facilities partitioned to the Issuer and obligates the Issuer to release from the Base Lease the components of the 2022 Facilities partitioned to the County.

The decision by the County to budget and appropriate funds to make Installment Payments may be made on the basis of various factors, including but not limited to the continuing need of the County for that portion of the 2022 Facilities which has not transferred to the County.

# **Continuing Need for Decreasing Interest in the 2022 Facilities**

As the County makes Installment Payments over the term of the Series 2022 Bonds, its undivided interest in the 2022 Facilities will increase and the Issuer's undivided interest in the 2022 Facilities will decrease. As a result, the County's need for the portion of the 2022 Facilities retained by the Issuer will potentially diminish as the Issuer's undivided interest in the 2022 Facilities decreases. Moreover, as Installment Payments are made, the County's proportionate undivided interest in the 2022 Facilities will increase at a relatively faster rate than the outstanding principal amount of the Series 2022 Bonds will be reduced. In the later years of the term of the Series 2022 Bonds, the unpaid principal amount of the Series 2022 Bonds might exceed the fair market value of the Issuer's undivided interest in the 2022 Facilities. In the event the Purchase and Use Agreement is terminated, and the 2022 Facilities are partitioned between the Issuer and the County, the Purchase and Use Agreement directs that Insurer (or a Partition Consultant (if any) selected by Insurer) will direct the partition proceedings.

### Ability to Issue Future General Obligation Debt

The ability of the County, should it choose to do so, to issue its general obligation debt during the term of the Series 2022 Bonds to provide funds to make Base Payments under the Purchase and Use Agreement will depend on, among other things, future credit market conditions, the future credit condition of the County, the future credit market access of the County, and the ability of the County to preserve its capacity to issue general obligation debt that does not require voter approval. The County has represented in the Purchase and Use Agreement that it presently intends to maintain its capacity to issue general obligation debt that does not require voter approval, in amounts and at times sufficient to make such Base Payments in their entirety when due. All amounts paid by the County under the Purchase and Use Agreement may be derived from any available source including the proceeds of general obligation bonds issued by the County. The County expects to make Base Payments from a combination of available sources, including general obligation debt, if necessary. By adopting the Bond Ordinance and the Resolution, the County has undertaken all necessary administrative approvals that would be conditions precedent to the issuance of any future general obligation bonds in support of the Series 2022 Bonds.

## Contestability Period for County General Obligation Debt

Should the County choose to make Base Payments utilizing the proceeds of its general obligation debt, two contestability periods may affect the issuance of the general obligation debt: (i) a 20-day contestability period of the issuance of the general obligation bonds under South Carolina Code Annotated section 11-15-30 and (ii) a 60-day contestability period of the ordinance authorizing the issuance of the general obligation bonds through the initiative and referendum provisions found in South Carolina Code Annotated sections 4-9-1220 and 11-27-40.

The 20-day contestability period commences from the date the record of the proceedings with respect to such general obligation bonds is filed and indexed in the office of the clerk of court of the County. At the conclusion of the contestability

period, State law prohibits the filing of actions to contest the issuance of any such general obligation bonds. Should the County choose to issue general obligation bonds to make Base Payments, the County will file a record of the proceedings relating to the general obligation bonds as soon as possible in order to commence the contestability period and close the issuance of the bonds after the contestability period has expired.

The 60-day contestability period for a general obligation bond ordinance and repeal by referendum commences from the date of enactment by County Council of any ordinance authorizing the issuance of bonds which requires a pledge of the full faith and credit of the County. The 60-day contestability period with respect to the Initial Ordinance which authorized the issuance of general obligation bonds for the County to make Base Payments for a specific list of projects plus other projects as identified by the County Administrator has already run. The Amending Ordinance was enacted on November 21, 2022. The contestability for the Amending Ordinance is anticipated to expire on or about January 20, 2023, which is 60 days following the Amending Ordinance's date of enactment.

Should the County choose to enact future ordinances authorizing the issuance of general obligation bonds in order to make Base Payments, the risk of such ordinance being repealed using the initiative and referendum provisions could be mitigated by the running of an additional 60-day contestability period with respect to such future bond ordinances or by County Council publicizing a notice of the adoption of such ordinance in a newspaper of general circulation in the County. Publication of a notice of adoption reduces the time period in which a petition seeking repeal of the bond ordinance by referendum may be filed to 20 days, although such petition need be signed by only 5 qualified electors as opposed to 15% of qualified electors in the case of the 60-day contestability period.

There are no reported cases in South Carolina in which an issuance of bonds has been invalidated or overturned either by application of the contestability provisions under South Carolina Code Annotated section 11-15-30, or the initiative and referendum provisions contained in South Carolina Code Annotated sections 4-9-1220 and 11-27-40.

# Remedies on Nonappropriation

If the County terminates the Purchase and Use Agreement, the Series 2022 Bonds will be payable from such moneys, if any, as may be held or made available by the Trustee, until the expiration of the Base Lease (November 30, 2057), from the leasing of the portion of components of the 2022 Facilities that remain with the Issuer after the partitioning described above is accomplished. This restriction as to the use of the 2022 Facilities may limit the potential tenants to which the 2022 Facilities could be leased and could reduce the revenues generated from leasing the remaining 2022 Facilities. The 2022 Facilities are designed to be used solely for and can only be used for civic and public purposes. There can be no assurance of the value of the 2022 Facilities for any use other than public purposes in the event of termination of the Purchase and Use Agreement. In this event, the revenues from leasing the portion of components of the 2022 Facilities remaining with the Issuer, if any, may be substantially less than the amount of remaining debt service on the Series 2022 Bonds. The Purchase and Use Agreement obligates the County to relinquish its right of possession to the components of the 2022 Facilities partitioned to the Issuer and obligates the Issuer to release from the Base Lease the components of the 2022 Facilities partitioned to the County.

## Changes in Law

From time to time, legislation has been introduced for consideration by the General Assembly designed to modify or, in some cases, prohibit the use of the installment purchase financing structure by local governments in South Carolina. Additionally, the South Carolina Attorney General has issued a non-precedential opinion questioning the legality of the installment purchase revenue bond structure but has not opined definitively as to the legality of the installment purchase revenue structure. Such opinions and legislation are indicative of the potential for changes in law that could affect the installment purchase financing structure in South Carolina. Changes in law are rarely applied retroactively. Neither the County nor the Issuer can predict if any changes in State law affecting the installment purchase financing structure are on the horizon, or if such changes would have a material impact on the Series 2022 Bonds.

# COVID-19

The COVID-19 pandemic has altered the behavior of businesses, government, and people. The resulting and continued impact of the pandemic on the County, its operations, and the local, regional, national, and international economies cannot

be quantified or forecasted due to the uncertainties relating to its continued duration and severity, as well as what further actions may be taken by governmental authorities, businesses, and institutions to respond to the impact.

COVID-19 may have an impact on the financial performance of the County in the future and the sources of revenues utilized by the County, but the extent of those impacts cannot be predicted. Data presented in this Official Statement regarding revenues received by the County in prior fiscal years should not be relied upon as a projection of revenues to be received by the County in the current and future fiscal years. This Official Statement presents historical data which may not be indicative of near-term trends. Investors should exercise caution when relying on such information.

County offices are open and operating at pre-pandemic levels of support.

Signed into law in March 2021, the American Rescue Plan Act ("ARPA") established the Coronavirus Local Fiscal Recovery Fund which provide support to local government in responding to the impact of COVID-19 and in their efforts to contain COVID-19 on their communities, residents, and businesses. In May 2022, the SC General Assembly passed its plan to allocate a majority of the State's ARPA dollars. The allocation includes \$900 million to create the SC Infrastructure Investment Program, a major one-time initiative to improve water, wastewater, and stormwater systems throughout the State. In August 2022, the SC Office of Resilience announced that it would make \$55 million of its ARPA funds available to assist local governments to carry out stormwater infrastructure projects.

The County received ARPA funds in equal payments of \$3,277,285.50 in fiscal year 2021 and fiscal year 2022 and does not expect to receive any additional ARPA funds going forward.

The American Rescue Plan also appropriated approximately \$2 billion to U.S. Department of the Treasury ("Treasury") across fiscal years 2022 and 2023 to provide payments to eligible revenue sharing counties and eligible Tribal governments for use on any governmental purpose except for a lobbying activity. The Treasury launched the Local Assistance and Tribal Consistency Fund ("LATCF") for all eligible recipients, including eligible Tribal governments and eligible revenue sharing counties. Under this program, recipients have broad discretion on uses of funds, similar to the ways in which they may use funds generated from their own revenue sources.

The County expects to receive \$100,000 from LATCF sources in two equal installments of \$50,000 first in fiscal year 2023 and the second by early fiscal year 2024.

Additional public health data and other information related to the State's response to COVID-19 is available on the following website: <a href="https://scdhec.gov">https://scdhec.gov</a>. This website is provided for convenience only and is not incorporated by reference into this Official Statement.

Additional information on the State's response to COVID-19 is available through the Governor's Office of Planning and Budget on the following website: <a href="https://www.admin.sc.gov/budget/covid19">https://www.admin.sc.gov/budget/covid19</a>. This website is provided for convenience only and is not incorporated by reference into this Official Statement.

Additional information on the County's response to COVID-19 is available through the County on the following website: <a href="http://www.clarendoncountygov.org/covid19">http://www.clarendoncountygov.org/covid19</a>. This website is provided for convenience only and is not incorporated by reference into this Official Statement.

## Climate Change

Planning for potential climate change in the State and its impact on the County's operations is an unknown challenge. The State's climate is variable and projections of future conditions range significantly. Although projections in the State indicate rising average temperatures, precipitation projections are much less clear and often contradictory. Other potential impacts include changes in the length, intensity, and frequency of droughts and floods. The financial impact of any potential climate change is not yet known and therefore its future impact on the County cannot be quantified reliably at this time.

# Cyber-Security

Computer networks and data transmission and collection are vital to the efficient operations of the County security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance, or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost, or stolen. Any such disruption, access, disclosure, or other loss of information could result in disruptions in operations and the services provided by the County, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties and the services provided, and

cause a loss of confidence in the operations of the County, which could materially adversely affect the operations of the County.

On April 19, 2017, the Governor of the State issued Executive Order No. 2017-08, establishing the South Carolina Critical Infrastructure Cybersecurity ("SCCIC") Executive Oversight Group to develop, execute and implement a comprehensive program and operational effort to evaluate, enhance, and protect the State's critical infrastructure and key resources and to protect it from cyber threats or attacks.

On September 9, 2022, the Governor of the State issued Executive Order No. 2022-27, formalizing the State's Cybersecurity Ecosystem Coordination Initiative and directing the State's Department of Commerce to implement a strategic statewide initiative and collaborative effort involving critical stakeholders across the State's private industries, nonprofit organizations, academia and federal, state, and local government entities to include expanding the State's cyber-related workforce and economic development activities.

The County employs various hardware, software, and internal processes to prevent breaches of network security. Employees are required to change passwords (which meet IT Department-complexity requirements) on a regular basis. Likewise, each staff member undergoes training to educate (including tests by video and email) the staff on cyber security issues. The County employs a firewall to protect against unauthorized, external access, and an email filtering system, which scans all emails for potential threats and guards against potential attempts to breach the network by email. In addition, the County utilizes a system monitored by the South Carolina Law Enforcement Division – Cyber Monitoring Unit, which actively monitors the County's network for suspicious activity.

### **PURCHASE AND USE AGREEMENT**

## **Payment Obligations and Conveyance of Property Interests**

Pursuant to the Purchase and Use Agreement, the County will agree to pay Installment Payments for the 2022 Facilities, which consist of (a) Base Payments in such amounts and at such times as will be sufficient to enable the Issuer to pay the principal of, premium, if any, and interest on the Series 2022 Bonds, as and when the same shall become due and payable, amounts budgeted as reserves for the repair and replacement of the 2022 Facilities then due and payable, and (b) Additional Payments due under the Purchase and Use Agreement.

Under the terms of the Purchase and Use Agreement, on each payment or prepayment of Base Payments (other than from Bond proceeds and investment income thereof or amounts on deposit in the Reserve Account of the Bond Fund), title to an undivided interest in the 2022 Facilities, equal to that percentage of the Purchase Price represented by such payment or prepayment, will transfer from the Issuer to the County. Under the terms of the Purchase and Use Agreement, payment by the County of Base Payments also entitles the County to the use and occupancy of all of the 2022 Facilities during the applicable fiscal year in which such Base Payments are made. The Purchase and Use Agreement obligates the County to relinquish its right of possession to the components of the 2022 Facilities partitioned to the Issuer and obligates the Issuer to release from the Base Lease the components of the 2022 Facilities partitioned to the County.

The Issuer and the County understand and intend that the obligation of the County to pay Installment Payments under the Purchase and Use Agreement constitutes a current expense of the County, is dependent on lawful appropriations of funds being made by the County Council to pay Installment Payments due in each fiscal year, and will not in any way be construed to be a debt of the County in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the County, nor shall anything contained in the Purchase and Use Agreement constitute a pledge of the general tax revenues, funds, moneys or credit of the County.

The Purchase and Use Agreement provides that the County will represent that it has no reason to believe, as of the Delivery Date, that it will not continue making Installment Payments through the entire term of the Purchase and Use Agreement, and that it reasonably believes that it will (1) pay the Installment Payments due or coming due under the Purchase and Use Agreement in order to continue to use the 2022 Facilities, (2) have adequate amounts through the proceeds of general obligation bonds issued by the County, in amounts and at times sufficient to make Base Payments when due, and (3) have adequate capacity to issue general obligation debt that does not require voter approval in amounts and at times sufficient to pay Base Payments in their entirety when due. The Purchase and Use Agreement also provides that the County will represent and covenant that it presently intends to maintain on an annual basis its capacity under the

constitutional debt limit to issue general obligation bonds without the need for a referendum in amounts and at all times sufficient to make such annual Base Payments in their entirety when due. The representations and covenants contained therein are subject to the ability of the County to terminate the Purchase and Use Agreement and all obligations thereunder, as provided in the Purchase and Use Agreement.

Subject to the right of the County to terminate the Purchase and Use Agreement pursuant to the provisions of the Purchase and Use Agreement, the County has covenanted that it will adopt by June 30 of each year either an operating budget reflecting the levying of sufficient revenues or a debt service budget providing for the issuance of general obligation debt in a principal amount sufficient to make Base Payments coming due in the next succeeding fiscal year (in addition to all other general obligation debt service coming due in such fiscal year), and, subject to such provisions of the Purchase and Use Agreement apply such proceeds to the payment of Base Payments coming due in the next succeeding fiscal year.

# Termination of Purchase and Use Agreement

ON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION, THE PURCHASE AND USE AGREEMENT MAY BE TERMINATED AS OF THE END OF THE LAST FISCAL YEAR, WHICH IS NOT AFFECTED BY SUCH EVENT OF NONAPPROPRIATION, AND THE COUNTY WILL NOT BE OBLIGATED TO MAKE PAYMENT OF THE INSTALLMENT PAYMENTS PROVIDED FOR IN THE PURCHASE AND USE AGREEMENT BEYOND THE END OF SUCH FISCAL YEAR (EXCEPT AS OTHERWISE PROVIDED THEREIN). The obligation of the County to make Installment Payments and to perform and observe the covenants and agreements contained in the Purchase and Use Agreement are absolute and unconditional in all events, except as expressly provided under the Purchase and Use Agreement. The Purchase and Use Agreement obligates the County to relinquish its right of possession to the components of the 2022 Facilities partitioned to the Issuer and obligates the Issuer to release from the Base Lease the components of the 2022 Facilities partitioned to the County.

# Conveyance of Property Interest and Partition of 2022 Facilities

The Purchase and Use Agreement provides that on its termination, either by reason of default or nonappropriation, at the written direction of Insurer, the County and the Issuer will proceed to partition the 2022 Facilities so that the percentage of undivided interests in the title to the 2022 Facilities will be converted, to the extent feasible, into like percentages of title to entire Facilities Components in accordance with the Purchase and Use Agreement. The date on which Insurer gives such written direction will be the "Partition Date." Within a reasonable time after the Partition Date, Insurer will propose a division of the 2022 Facilities. Insurer may in its sole discretion select a Partition Consultant to assist, consult with and make recommendations to Insurer in the division of the 2022 Facilities. Insurer and the Partition Consultant, if selected, will endeavor, to the extent practicable, to allocate the 2022 Facilities between the County and the Issuer in a fair and equitable fashion taking into account the following factors: (1) entire Facilities Components, if possible, will be assigned to each of the County and the Issuer; and (2) if portions of the 2022 Facilities and Facilities Components will be assigned to each of the Issuer and the County, Insurer and the Partition Consultant, if selected, will propose such partition as will, in the aggregate, best protect the interests of the Holders of the Series 2022 Bonds, subject to the provisions of the Purchase and Use Agreement.

The Purchase and Use Agreement further provides that, for purposes of any partition, the 2022 Facilities will be valued in the respective amounts as set forth on Exhibit D to the Purchase and Use Agreement (that is, amounts that will not be reduced or adjusted over time) and the percentage of the 2022 Facilities being purchased on an annual basis is also set forth therein, each being subject to adjustment as stated therein. In allocating the 2022 Facilities to the percentage of undivided interests in the entire 2022 Facilities to be conveyed to the County or retained by the Issuer, such values and percentages will be used rather than the current market or other valuation of Facilities Components associated therewith. The determination of which particular components of the 2022 Facilities will remain subject to the leasehold interest of the Issuer and which components will be transferred to the County will be made by Insurer as set forth in the Purchase and Use Agreement. The Purchase and Use Agreement obligates the County to relinquish its right of possession to the components of the 2022 Facilities partitioned to the Issuer and obligates the Issuer to release from the Base Lease the components of the 2022 Facilities partitioned to the County.

Prior to the expiration of the Waiver Period, an Event of Nonappropriation may, in certain circumstances, be waived by the Issuer or the Trustee and must, in certain circumstances, be waived regardless of whether any other party consents.

## Source of Installment Payments

The Clarendon County Auditor is required by law to levy an unlimited *ad valorem* tax to pay the County's general obligation debts and the County may issue its general obligation debt, either in the form of general obligation bonds or bond anticipation notes, from time to time, to provide funds to make Installment Payments when due. The County is authorized by the State Constitution to incur general obligation debt without voter approval in an amount not exceeding eight percent of the assessed value of all taxable property of the County.

The County expects to make Base Payments from a combination of available sources, including general obligation debt, if necessary.

## TRUST AGREEMENT

As security for its obligations under the Series 2022 Bonds, the Issuer will assign to the Trustee, and grant a security interest in, the Trust Estate. Under the Trust Agreement, a 2022 Reserve Account will be created in the Bond Fund and will be fully funded on the issuance and delivery of the Series 2022 Bonds in an amount equal to the 2022 Reserve Requirement. To satisfy the 2022 Reserve Requirement, and in lieu of cash-funding the 2022 Reserve Account, concurrently with the issuance of the Series 2022 Bonds, Insurer will provide its Reserve Policy. Pursuant to the Purchase and Use Agreement, the County is obligated to pay as Additional Payments amounts necessary to restore to the 2022 Reserve Account any amount so used to pay debt service on the Series 2022 Bonds or in the event the investments held in the 2022 Reserve Account are less than the 2022 Reserve Requirement as of the annual valuation date thereof.

In the event the County terminates the Purchase and Use Agreement, the Series 2022 Bonds will be payable from such moneys, if any, as may be held or made available by the Trustee from the leasing of the 2022 Facilities, that remain with the Issuer after the partitioning thereof is accomplished until the expiration of the Base Lease (the earlier of (a) November 30, 2057, or (b) the date on which the Series 2022 Bonds are discharged within the meaning of the provisions of the Trust Agreement) as described under Purchase and Use Agreement. The Base Lease will require the 2022 Facilities to always be operated for a civic or public purpose. This restriction, as to the use of the 2022 Facilities, will limit the potential tenants to which the 2022 Facilities could be leased and could reduce the revenues, if any, generated from leasing the 2022 Facilities. Under certain circumstances, the Series 2022 Bonds will also be payable from the Net Proceeds of insurance policies, surety bonds, or condemnation awards or proceeds received as a consequence of awards resulting from defaults under construction contracts.

#### Payment Obligations of the Issuer and the County

The Series 2022 Bonds are special obligations of the Issuer secured by and payable from the Trust Estate pledged under the Trust Agreement. The Series 2022 Bonds do not, and will not be deemed to, constitute, or create an indebtedness, liability, or obligation of the County within the meaning of any State constitutional provision or statutory limitation or a pledge of the full faith and credit of the County. The Series 2022 Bonds and the interest thereon are payable from and secured by the Trust Estate as described in and subject to limitations set forth in the Trust Agreement for the equal and ratable benefit of the Holders, from time to time, of the Series 2022 Bonds.

The obligation of the County to pay Installment Payments under the Purchase and Use Agreement is a current expense of the County and is dependent on lawful appropriations of funds being made by the County Council to pay the Installment Payments due in each fiscal year under the Purchase and Use Agreement and will not in any way be construed to be a debt of the County in contravention of any applicable constitutional provisions or statutory limitations or requirements concerning the creation of indebtedness by the County, nor will anything contained therein constitute a pledge of the general tax revenues, funds, moneys or credit of the County.

# **Parity Obligations**

Under certain circumstances, the Trust Agreement permits the Issuer, for specified purposes, and subject to the provisions of applicable law, to issue Additional Bonds, which will be equally and ratably secured on a parity basis with the Series 2022 Bonds under the Trust Agreement. Prior to the delivery of any Additional Bonds, the Trust Agreement provides that there must be executed and delivered an amendment or supplement to the Purchase and Use Agreement and the Base Lease, as applicable, pursuant to which the Installment Payments must be increased and the terms thereof must

be extended, if necessary, so as to assure that the additional Installment Payments will adequately provide for the retirement of the Additional Bonds by making available sufficient money for the payment when due of principal and interest thereon.

#### **ENFORCEABILITY OF REMEDIES**

The realization of value from the pledge of the Trust Estate under the Trust Agreement on any default or nonappropriation of sufficient funds to make Installment Payments due under the Purchase and Use Agreement will depend on the exercise of various remedies specified by the Trust Agreement and the Purchase and Use Agreement. These and other remedies may require judicial actions, which are often subject to discretion and delay, and which may be difficult to pursue. The enforceability of rights and remedies with respect to the Series 2022 Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Under existing law (including particularly federal bankruptcy law), certain remedies specified by the Trust Agreement, or the Purchase and Use Agreement may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Trust Agreement or the Purchase and Use Agreement.

The various legal opinions to be delivered concurrently with the delivery of the Series 2022 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, reorganization, fraudulent conveyance, or other similar laws affecting the enforcement of creditors' rights generally.

The undertakings of the County should be considered with reference to Chapter 9 of the Bankruptcy Code, 11 U.S.C. § 901, et seq., and South Carolina Code Annotated section 6-1-10, each as amended, and other laws affecting creditors' rights and municipalities generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a state that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under that Chapter operates as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; directs a petitioner to file a plan for the adjustment of its debts; permits the petitioner in its plan to modify the rights to payment of its creditors; and provides that the plan must be accepted in writing by or on behalf of creditors; and provides that the plan must be accepted in writing by or on behalf of creditors of each impaired class of claims holding at least two-thirds in amount and more than one-half in number of the creditors which have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate indebtedness under its plan according to the original maturity schedule of such indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the insolvency or financial condition of the debtor before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

#### THE ISSUER

## **Organization and Corporate Powers**

The Issuer was incorporated as a nonprofit corporation on November 5, 2010, pursuant to the provisions of the Nonprofit Corporation Act of 1994, Title 33, Chapter 31 of the South Carolina Code Annotated ("Nonprofit Corporation Act"). The Articles of Incorporation and Bylaws of the Issuer provide that the Issuer has been organized exclusively for public and charitable purposes, and, without limiting the Board's general authority to exercise all corporate powers, the Issuer is specifically entitled to:

- (a) acquire or lease real and personal property and develop, finance, refinance, construct, acquire, install, and operate certain public facilities to be used by the County and such other projects located in and for the benefit of the County as may be permitted by applicable law;
- (b) acquire, by gift, lease, or purchase, and to sell, lease, sublease, convey, assign, mortgage, pledge or otherwise encumber any property, real or personal, incidental to carrying out such projects;

- (c) finance or refinance the costs of acquiring, constructing, and installing projects by the issuance and sale from time to time of bonds in one or more series, or other financing means as is necessary, and desirable in accordance with applicable law;
- (d) convey to the County unencumbered fee title and exclusive possession and use of the applicable projects, including any additions to such projects, on terms agreed on between the Issuer and the County; and
- (e) carry on or engage in any other activities which the Issuer may deem necessary, proper, or convenient in connection with the above powers so long as the Issuer is at all times operated as a nonprofit corporation as provided in the Nonprofit Corporation Act.

The Issuer has two outstanding revenue debt obligations: (i) the Installment Purchase Refunding Revenue Bonds Series 2015 ("Series 2015 Bonds"); and (ii) the Installment Purchase Refunding Revenue Bonds (County Courthouse Project) Series 2020 Bonds ("Series 2020 Bonds," with Series 2015 Bonds, collectively, "Installment Purchase Revenue Bonds"). The principal of and interest on the Installment Purchase Revenue Bonds are payable solely from revenue sources pledged for the repayment of the obligations and are <u>not</u> general obligations of the County. The following table sets forth for the fiscal years shown the aggregate debt service outstanding of the Installment Purchase Revenue Bonds as of June 30, 2022:

Year(s) Ending	Aggregate Debt
<u>June 30</u>	<u>Service</u>
2023	\$740,496
2024	743,549
2025	740,801
2026	663,529
2027	666,556
2028-2032	3,280,019
2033-2037	3,114,494
2038-2042	3,117,794
2043	621,534

The Articles of Incorporation of the Issuer provide that, on the dissolution of the Issuer, the remaining assets of the Issuer will be distributed to one or more governmental entities or exempt organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Code").

### **Governing Body**

The Issuer's Bylaws provide for five members of the Board of Directors ("Issuer Board"). The number of directors of the Issuer Board may be increased or decreased, and the positions held by persons comprising directors may be modified, as may be determined from time to time by the majority vote of the Issuer Board. The Issuer's Bylaws provide that the Issuer Board is self-perpetuating.

Information concerning the current members of the Issuer Board is set forth below:

Name, Board Position/Office
August Cutter-Chair/President
Michael L. King-Vice-Chair/Secretary-Treasurer
Bobby Pierce
Blake Gibbons
Linzy Washington

Occupation
Retired Banker
Banker
Retired Banker
Retired Banker
Self-employed Barber

#### THE COUNTY

#### **Description of the County**

The County, founded in 1785 and incorporated in 1976 pursuant to Title 4, Chapter 9 of the South Carolina Code Annotated ("Home Rule Act"), is located in the east central section of South Carolina, approximately 230 miles east of Atlanta, Georgia, and 110 miles south of Charlotte, North Carolina. The County includes the City of Manning, which is the county seat, and the Towns of Summerton, Paxville, and Turbeville. The County has a total area of approximately 695

square miles, with a land area of approximately 607 square miles and an estimated July 1, 2021, population of 31,024. The County is empowered by State law to levy a property tax on both real and personal property within its boundaries.

#### Form of Government

The County has operated under the council-administrator form of government since 1976 pursuant to the Home Rule Act. Policymaking and legislative authority are vested in the County Council, which consists of a Chair of County Council elected at-large, and four County Council Members elected to four-year staggered terms, from which the County Council elects its Vice-Chair. The County Council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the County Administrator and Clerk to Council. The County Administrator is responsible for carrying out the policies and ordinances of the County Council, for overseeing the day-to-day operations of the County, and for appointing all non-elected county department heads.

The annual budget serves as the foundation for the County's financial planning and control. All departments and agencies of the County are required to submit requests for appropriation to the County's Chief Financial Officer in January of each year. The Chief Financial Officer uses these requests as the starting point for developing a proposed budget that is presented to County Council for review prior to June 30. The council is required to hold a public hearing and adopt a final budget after three readings no later than July 1, the start of the County's fiscal year. The budget is prepared by fund (e.g., general fund), function (e.g., public safety), and department (e.g., sheriff). Department heads may transfer appropriations within their department with the approval of the County Administrator. The County Administrator may transfer funds between departments. Budgetary control is established at the department level by budget ordinance.

The members of the County Council, their occupations, and the number of consecutive years each has served on County Council are as follows:

	Years Served	
<u>Name</u>	on County Council	<u>Occupation</u>
Dwight L. Stewart, Chairman	22 years	Forester
William J. Frierson, Vice Chairman	28 years	Retired Human Resources Director
Billy Richardson	28 years	Self Employed Store Manager
Benton Blakely <sup>1</sup>	24 years	Retired Purchasing Director
A. C. English, Jr.	14 years	Retired Bank President

<sup>&</sup>lt;sup>1</sup> Benton Blakely was defeated by Pat Coker and was not re-elected at the general election on November 8, 2022.

David W. Epperson serves as the County Administrator and County Attorney. In 1999, Mr. Epperson graduated from the University of South Carolina with a Bachelor of Science degree in criminal justice. In 2003, Mr. Epperson graduated from the University of South Carolina with his Juris Doctor degree and became a member of the South Carolina Bar later that year. Prior to becoming County Administrator in 2012, Mr. Epperson served as County Attorney and acting Deputy County Administrator for six years. Prior to serving as County Attorney, Mr. Epperson practiced law with the firm of Coffee, Chandler and Kent, PA, and served as judicial law clerk to the Honorable Thomas W. Cooper, Jr. (Third Judicial Circuit Judge).

The County Chief Financial Officer is Lynden Anthony. Mr. Anthony graduated from Pennsylvania State University in 1983 with a Bachelor of Science in management. Prior to joining the County in 2002, he worked over twenty years in various positions including Controller for United Way of South Carolina, Finance Manager for Planned Administrators, Inc., Finance Manager for Prudential Health Care Systems – Orlando Group Operations, Assistant Vice President for South Trust Bank, Inc., and Assistant Vice President for Sun Bank, Inc.

#### Services Provided

The County operates and maintains a full range of services and programs which are funded from County revenues, as reflected in its annual budget for fiscal year ended June 30, 2022, a summary of which is shown below under "CERTAIN FISCAL MATTERS – Five Year Revenue-Expenditure Summary." These services and programs include administrative services, judicial services, libraries, public safety, emergency preparedness, rural fire protection, building inspection, road repair, maintenance and construction, sanitation, health and welfare, community and economic development, culture and recreation, conservation, buildings, and miscellaneous services.

## **Employees, Employee Relations, and Labor Organizations**

The County employs approximately 286 full-time equivalent employees and 57 part-time employees in all departments of government. No employees of the County are represented by labor organizations or are covered by collective bargaining agreements, and the County is not aware of any union organizing efforts at the present time.

## **Retirement Plans**

The South Carolina Retirement Systems ("Systems"), as administered by the South Carolina Public Employee Benefit Authority ("Authority"), maintains five independent cost sharing, multi-employer defined benefit plans. The County is a participating employer in the Systems and generally, the County's employees are covered by the Systems' South Carolina Retirement System ("SCRS") or the Police Officers Retirement System ("PORS") plans, unless the employee has elected to participate in the Optional Retirement Program ("ORP").

The SCRS plan offers retirement and other benefits, including disability, survivor, and death benefits, to eligible state employees. Both employees and employers are required to contribute to the SCRS a percentage of the participating employee's earnable compensation at a rate set by State law. The PORS plan offers retirement and other benefits for police officers employed by the County. Like the SCRS, both employees and employers are required to contribute to the PORS a percentage of the participating employee's earnable compensation at a rate set by State law.

For fiscal year ended June 30, 2022 (unaudited) ("Fiscal Year 2022"), the County made contributions to the SCRS of \$939,212 and to the PORS of \$1,448,614, which amounts equaled the statutorily required contributions to SCRS and PORS.

The County employees eligible for participation in the SCRS may choose to participate in the ORP, which is a defined contribution plan in which participants direct the investments of their funds in a plan administered by one of four investment providers. The Systems assumes no liability for the ORP benefits and for this reason the ORP is not considered part of the Systems for financial statement purposes. Contributions to the ORP are set at the same rates as the SCRS. To participate in the ORP, participants must irrevocably waive participation in the SCRS.

Additionally, information for the Systems is included in the Annual Comprehensive Financial Report for the State ("State Report"). A copy of the State Report for fiscal year ended June 30, 2021, may be found at <a href="https://cg.sc.gov/financial-reports/annualcomprehensive-financial-reports-acfrs/fy-2020-2021">https://cg.sc.gov/financial-reports-acfrs/fy-2020-2021</a>.

# Required Pension Contributions

Contribution Rates to Plans Beginning July 1, 2017: Act No. 13 of 2017 (collectively, "Plan Legislation"), was signed into law on April 25, 2017, and was effective commencing with the fiscal year beginning July 1, 2017. The Plan Legislation removes the power from the Board of Directors of the Authority ("Authority Board") to set the rate of contributions to the plans and instead statutorily sets the contribution rates to the SCRS and PORS for both employers and employees through the fiscal year ending June 30, 2027. Additionally, the Plan Legislation shortens the amortization schedule for the unfunded actuarial accrued liability of the SCRS and PORS. Additionally, the Plan Legislation shifts the burden of funding the unfunded actuarial accrued liability of the SCRS and PORS entirely to participating employers.

The Plan Legislation increased and set, and will continue to increase and set the contribution rates through fiscal year ending June 30, 2027 ("Fiscal Year 2027"), as follows:

	<u>SCRS</u>		<u>PORS</u>	
Fiscal Years	Employer Contribution	Employee Contribution	Employer <u>Contribution</u>	Employee Contribution
2017-2018	13.56%	9.00%	16.24%	9.75%
2018-2019	14.56	9.00	17.24	9.75
2019-2020	15.56	9.00	18.24	9.75
2020-2021	15.56	9.00	18.24	9.75
2021-2022	16.56	9.00	19.24	9.75
2022-2023	17.56	9.00	20.24	9.75
2023-2027	18.56	9.00	21.24	9.75

For Fiscal Year 2020-2021, the South Carolina General Assembly suspended the increase in the Employer Contribution otherwise required by South Carolina Code Annotated sections 9-1-1085 and 9-11-225 by Section 9 of Act 135 of 2020. For Fiscal Years 2021-2022 and 2022-2023, according to budget proviso 106.2, the General Assembly provided for a 1% increase from the prior fiscal year to the Employer Contribution otherwise required by South Carolina Code Annotated sections 9-1-1085 and 9-11-225.

Following Fiscal Year 2027, the Plan Legislation reverts the authority to set the contribution rates of participating employers back to the Authority Board; employee contributions are capped at 9.00% of earnable compensation for the SCRS and 9.75% of earnable compensation for the PORS. The Authority Board is authorized pursuant to the Plan Legislation to set employer contributions based on the actuarial value of the plans; however, the Plan Legislation prohibits the Authority Board from increasing a participating employer's rate of contribution by more than 0.5% in any fiscal year. The Authority Board may decrease contribution rates of both employers and employees under the Plan Legislation if an actuarial valuation of the SCRS and PORS shows a funded ratio of at least 85% and any decrease would not decrease the funded ratio below 85%. Any decrease by the Authority Board to employer and employee contributions must be made in equal amounts.

The Plan Legislation also shortens the amortization schedule for the unfunded actuarial accrued liabilities of the SCRS and PORS. The unfunded actuarial accrued liability of the SCRS and PORS, as determined by an annual actuarial valuation, must be amortized over a funding period that does not exceed the following schedule:

Fiscal Year	Funding Period
2022-2023	25 years
2023-2024	24 years
2024-2025	23 years
2025-2026	22 years
2026-2027	21 years
2027 and after	20 years

The Plan Legislation permits employer contribution rates to be increased above those as set forth in the table above or as set by the Authority Board after the Fiscal Year 2027, if the contribution rates are insufficient to meet the funding periods as set forth above. Increases to employer contribution rates to meet the funding period set forth above may be made without limitation.

Reporting Plan Liability: In accordance with the Governmental Accounting Standards Board's ("GASB") Statement No. 68, the County reported its proportionate share of the overall Net Pension Liability of the Systems - which represents the difference between the total cost of the Systems' expected future benefits to be paid and the value of assets on hand to cover the benefits - in the County's financial statements for Fiscal Year 2021. For Fiscal Year 2021, the County reported its proportionate share of SCRS and PORS Net Pension Liability as \$12,441,421 and \$11,269,427, respectively, or 0.04869% and 0.33983% of the total net pension liability.

#### Other Post-Employment Benefits

The County follows GASB Statement No. 75 for other post-employment benefits ("OPEB") offered to the County's retirees. This GASB statement addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 75 requires the County accrue the cost of retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial liability to account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

The County's defined benefit OPEB plan provides OPEB for all permanent full-time general and public safety employees of the County. The plan is a single employer defined benefit OPEB plan administered by the County ("Plan"). Pursuant to South Carolina Code Annotated sections 1-11-710 and 1-11-720, the County is allowed to provide OPEB benefits through the Authority. The County may not amend or change any of the benefits associated with the Plan as a result of this election. Post-employment and long-term disability benefits are funded through annual premiums (remitted monthly) as assessed each year by the Department of Administration Executive Budget Office.

Other postemployment benefits provided by the County include a retiree health insurance premium contribution plan that covers retirees.

Some retirees, who are referred to as "non-funded retirees," are eligible for insurance but must pay the full premium, which includes the retiree share plus the employer contribution. These retirees worked in an insurance-eligible position prior to May 2, 2008, with an employer participating in the State insurance program and include:

- Employees who retire at age 55 with at least 25 years of retirement service credit (including at least 10 years of earned service credit with an employer that participates in the state insurance program). This is commonly referred to as the "55/25 rule." These retirees must pay the full insurance premium until they reach age 60 or the date on which they would have had 28 years of service credit, whichever occurs first. At that time, they will be eligible for funded retiree rates. This rule applies only to SCRS participants.
- Employees who are eligible to retire and have at least five years, but fewer than 10 years, of earned SCRS service credit with a participating state insurance program employer.

*Funding Policy:* The County established a policy to fund its OPEB obligation on a pay-as-you-go basis with no funding of the future obligation. The County annually reviews the funding policy and contribution. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Actuarial Methods and Assumptions: The total OPEB liability as of the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method: Individual entry-age

Discount rate: 1.92% as of June 30, 2021

Inflation: 2.25%

Salary increase: 3.5% to 10.5% for PORS and 3.0% to 9.5% for SCRS,

including inflation

Retirement age: Experience-based table of rates that are specific to the

type of eligibility condition

Mortality: For healthy retirees, the gender-distinct South Carolina

Retirees 2020 Mortality Tables with multipliers based on plan experience. Fully generational mortality projections using 80% of the ultimate rates of Scale MP (as published in 2019) to account for future mortality improvements.

Health Care Trend Rates: Initial rate of 6.0% decreasing to an ultimate rate of

4.0% over 15 years; ultimate trend rate includes a

0.15% adjustment for the excise tax.

Participation Rates: It was assumed that 90% of retirees who are eligible

for the full County premium subsidy, 60% of retirees who are eligible for a partially funded County subsidy and 20% of retirees who are not eligible for any subsidy would choose to receive retiree health care benefits through the Plan. Retirees that do not receive a subsidy are assumed to discontinue coverage at age

65.

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Balance at June 30, 2021	\$21,205,948
Changes for the year	
Service cost	1,156,404
Interest on the OPEB liability	527,095
Changes of benefit terms	-
Difference between expected and	(8,368)
actual experience of the total OPEB	
liability	
Changes of assumptions	2,117,227
Benefit payments	(540,122)
Net change in total OPEB liability	3,252,236
Balance at June 30, 2022	<u>\$24,458,184</u>

Changes of assumptions reflect a change in the discount rate from 2.45% as of June 30, 2020, to 1.92% as of June 30, 2021, and revised SCRS/PORS demographic assumptions.

#### Insurance

Subject to specific immunity set forth in the South Carolina Tort Claim Act, local governments, including the County, are liable for damages not to exceed \$300,000 per incident/person and \$600,000 per occurrence/aggregate. The County currently maintains liability insurance coverage in the amount of \$1,000,000 per occurrence with the South Carolina Counties Property and Liability Trust, a self-funded pool.

#### **CERTAIN FISCAL MATTERS**

# **Property Taxation and Assessment**

Article X of the South Carolina Constitution mandates that the assessment of all property, both real and personal, shall be equal and uniform and that the following ratios shall apply in the appropriate classifications of property:

- (1) Real and personal property owned by or leased to manufacturers, utilities and mining operations and used in the conduct of such business 10.5% of fair market value;<sup>6</sup>
- (2) Real and personal property owned by or leased to companies primarily engaged in transportation for hire of persons or property and used in the conduct of such business 9.5% of fair market value;
- (3) Legal residence and not more than five contiguous acres 4% of fair market value (if the property owner makes proper application and qualifies);
- (4) Agricultural real property used for such purposes owned by individuals and certain corporations 4% of use value (if the property owner makes proper application and qualifies);
- (5) Agricultural property and timberlands belonging to corporations having more than 10 shareholders 6% of use value (if property owner makes proper application and qualifies);
  - (6) All other real property- 6% of fair market value;
- (7) Business inventories 6% of fair market value (as of 1988, there is available an exemption from taxation of property in this category, hence this item is no longer significant, except that the assessed value of business inventory as of tax year 1987 is taken into account in determining total assessed value for purposes of the bonded debt limit); and
  - (8) (A) Except as set forth in (B) and (C) below, all other personal property 10.5% of fair market value;

<sup>&</sup>lt;sup>6</sup> Provided, however, South Carolina Code Annotated section 12-37-220(B)(52), as amended, effective July 1, 2022, has the intended effect of reducing the effective assessment ratio from 10.5% to 6.0%. See "CERTAIN FISCAL MATTERS-Manufacturer's Exemption," herein.

- (B) Personal Motor Vehicles which must be titled by a state or federal agency, limited to passenger motor vehicles and pickup trucks, as defined by law 6.0%; and
  - (C) Aircraft 4% of fair market value.

In South Carolina, local taxes for counties, schools and special purpose districts are levied as a single tax bill which each taxpayer must pay in full. Taxes are levied by the Auditors of the various counties. In the County, current and delinquent tax collections are made through the office of the County Treasurer. Tax bills are mailed from the County Treasurer's office on October 1 or as soon thereafter as is practicable each year. Real and personal property taxes (except taxes on motor vehicles) are payable on or before January 15th without penalty. A penalty of 3% is added on January 16th, an additional penalty of 7% is added on February 2nd and an additional penalty of 5% is added on March 17th, at which time the office of the County Treasurer's office issues orders of execution on all unpaid accounts. The County Sheriff is authorized to seize by appropriate means the personal property of a defaulting taxpayer. Thereafter, such property may be sold to satisfy unpaid personal property taxes. Delinquent taxes on real property may be collected through sale of the property by the County.

The South Carolina Department of Revenue ("DOR") has been charged with the responsibility of taking steps necessary to ensure equalization of assessments statewide in order that all property is assessed uniformly and equitably throughout the State and may require reassessment of any part or all of the property within a County. Under law enacted by the South Carolina General Assembly in 1995, every fifth year the County and the State are required by law to affect an appraisal of all property within the County and to implement that appraisal as a new assessment in the following year. The County completed its latest reassessment in calendar year 2020, which was implemented in calendar year 2022, after a one-year postponement (fiscal year ended June 30, 2023). The next reassessment will take place in calendar year 2025 and is expected to be implemented in calendar year 2026 (fiscal year ending June 30, 2027). Regulations adopted by the DOR prior to the 1995 law, and which are still in place also require that a reappraisal program must be instituted by a county if the median appraisal for all property in the county (as a whole or for any class of property) is higher than 105% or lower than 80% of fair market value.

The Comptroller General of the State may extend the time for assessment and collection of taxes by county officials. Unpaid taxes, both real and personal, constitute a first lien against the property taxed.

Act No. 388 of the 2006 Acts of the South Carolina General Assembly ("Act 388"), provides that, beginning July 1, 2007, the growth in valuation of real property attributable to reassessment may not exceed 15% for each five-year reassessment cycle. Growth in valuation resulting from improvements to real property is exempt from this restriction. Moreover, upon the sale of any parcel of real property or other "assessable transfer of interest," including long-term leases, conveyances out of trusts, and other defined events, but excluding transfers between spouses, such parcel will be reassessed to its then-current market value. The foregoing limitation on increases in assessed value may materially affect the growth in the County's assessed value, and, thus, debt limit, over time.

The County Assessor appraises and assesses all the real property and mobile homes located within the county and certifies the results to the County Auditor. The County Auditor appraises and assesses all motor vehicles, marine equipment, business personal property and airplanes. The DOR furnishes guides for use by the counties in the assessment of automobiles, automotive equipment, and certain other classes of property and directly assesses the real and personal property of public utilities, manufacturers and also of business equipment.

Each year the DOR certifies its assessments to the County Auditors each of whom prepares assessment summaries from the respective certifications, determines the appropriate millage levies, prepares tax bills and then in September charges the County Treasurer with the collection. South Carolina has no statewide property tax.

## Manufacturer's Exemption

According to South Carolina Code Annotated section 12-37-220(B)(52), *et seq.*, as amended, effective July 1, 2022, 42.8571% of the property tax value of manufacturing property used in the conduct of a manufacturer's business is exempt from property taxes. Further, each year, the State is required to reimburse the property tax revenue lost, collectively, by all local governments as a consequence of this exemption, up to \$175 million in State-wide aggregate. If, in any year the State Revenue and Fiscal Affairs Office projects the exemption reimbursement to exceed the State-wide aggregate of \$175 million, then the exemption amount is automatically and proportionally reduced so that that year's State-wide aggregate

reimbursement does not exceed \$175 million. From and including years 2017 through and including 2021, there existed a similar 14.2857% property tax exemption with a reimbursement cap of \$85 million.

# Homestead Exemptions - Property Tax Relief

The State provides, among other exemptions, two exemptions for homesteads. The first is a general exemption from all *ad valorem* property taxes and applies to the first \$50,000 of value of the dwelling place of persons who are over 65 years of age, totally and permanently disabled or legally blind ("Homestead Exemption"). The second exemption ("Property Tax Relief Exemption") applies only to *ad valorem* taxes levied for school operating budgets (exclusive of amounts in those budgets for the payment of lease-purchase agreements for capital construction) ("School Taxes") and has no effect on the County. The Property Tax Relief Exemption applies to property classified as the legal residence and up to five contiguous acres of land contiguous thereto when owned by the occupant of the residence. The value of the property exempted pursuant to the Property Tax Relief Exemption is determined each year by a formula which takes into account the amount made available by the General Assembly for the purpose in a State Property Tax Relief Fund and the total School Taxes but for the exemption. In both cases, the revenues that would have been received by various taxing entities but for the exemptions are replaced by funds from the State. In the case of the Homestead Exemption, the State pays each taxing entity the amount to which it is entitled by March 15 of each year from the State's general fund. The County can give no assurance these payments will continue.

# Payments in Lieu of Taxes and Other Property Tax Incentives

The State has adopted an array of property tax inducements and incentives to promote investment in the State. Qualifying investments of \$2.5 million (\$1 million in some counties and for certain "brownfield" sites) or more may be negotiated for payments in lieu of taxes for a period up to 30 years (up to 40 years for certain large investments) using assessment ratios of as little as 6% and using millage rates that are either fixed for the term of the incentive or adjusted every fifth year. In some cases, owners of projects may also design a payment schedule so long as the present value of the payments under the schedule are equal to the present value of the payments that would have been made without the schedule. The State also provides a more generous inducement for enhanced investments, that is, those projects creating at least 125 new jobs and providing new invested capital of not less than \$150 million, projects with a total investment of \$400 million by a single sponsor and certain defined economic development projects. For these enhanced investments the fee-in-lieu of tax payments may be negotiated based on assessment ratios as low as 4% and for a term up to 50 years.

The State provides alternative provisions respecting the distribution of payments in lieu of taxes to entities having taxing jurisdiction at the location of the investment: (i) revenues received in respect of property that is not included in a multicounty or business industrial park ("MCIP") are allocated annually in proportion to the amounts that would have been received by the taxing entities if the payments were taxes, based on the relative millage rates of overlapping taxing entities in a given year; (ii) revenues received from property that is in an MCIP, however, is distributed in accordance with the agreement creating the park; the amount of the distribution to each taxing entity is, for all practical purposes, controlled by the County. Property may be included in an MCIP under terms of agreements between two or more contiguous counties with individual sites being determined primarily by the county in which the site is located. Payments in lieu of taxes may be diverted from taxing entities to fund projects which support economic development activities, including projects that are used solely by a single enterprise, either directly or through the issuance of special source revenue bonds secured by payments in lieu of taxes. A county government may also utilize the payments in lieu of taxes derived from an MCIP for its own corporate purposes or those of other taxing entities in that county by altering the distribution percentages for the payments by ordinance.

Several of the largest taxpayers in the County pay a "fee-in-lieu of taxes" with respect to new manufacturing projects, and each year new fee-in-lieu of tax arrangements are made with other new manufacturing investments.

Projects on which these payments in lieu of taxes are made are considered taxable property at the level of the negotiated payment for purposes of calculating bonded indebtedness limits and for purposes of computing the index of taxpaying ability pursuant to the South Carolina Education Finance Act. If the property is situated in an MCIP, the calculation of assessed value for debt limit purposes is based upon the relative share of payments received by all taxing entities which overlap the MCIP. Accordingly, a recipient of payments from an MCIP is able to include only a fraction of the assessed value of property therein in calculating its debt limit.

If a county, municipality, or special purpose district pledges to the repayment of special source revenue bonds any portion of the revenues received by it from a payment in lieu of taxes, it may not include in the calculation of its general obligation debt limit the value of the property that is the basis of the pledged portion of revenues. If such political subdivision, prior to pledging revenues to secure a special source revenue bond, has included an amount representing the value of a parcel or item of property that is the subject of a payment in lieu of taxes in the assessed value of taxable property located in the political subdivision and has issued general obligation debt within a debt limit calculated on the basis of such assessed value, then it may not pledge revenues based on the item or parcel of property, to the extent that the amount representing its value is necessary to permit the outstanding general obligation debt to not exceed the debt limit of the political subdivision.

As an alternative to the issuance of special source revenue bonds, the owners of qualifying projects may receive a credit against payments in lieu of taxes due from the project as a means for the owner to pay for costs incurred from economic development activities. If a county, municipality, or special purpose district agrees to allow a credit against the payments in lieu of taxes it would otherwise receive, it is subject to the same limitations on calculation of its debt limit as described in the preceding paragraph.

While school districts of the State are not authorized to pledge payments in lieu of taxes or grant a credit against such payments as described above, that portion of payments in lieu of taxes from a project which would otherwise be paid to a school district may, by inclusion of the project in an MCIP, be, in effect, diverted to a county government and thus pledged or made subject to a credit against payments of the fee.

#### Property Tax/Assessment Legislation

As described above, Act 388 limits the annual growth in millage levied by political subdivisions for operations.

Local Option Sales Tax for Additional Tax Relief

Act 388 further authorizes the imposition within a county, subject to approval by referendum, of a local sales tax to provide additional property tax relief. The local sales tax authorized by Act 388 may only be imposed to the extent necessary to provide a 100% credit to all classes of taxable property against (a) county operating taxes, (b) school operating taxes, or (c) both, as set forth on the referendum ballot. In no event, however, may the rate of the local sales tax exceed one percent. Act 388 also provides a procedure for rescinding this local sales tax, as well as any other local sales taxes in force as of June 1, 2006.

Reassessment Valuations Limited

Act 388 provides that the growth in valuation of real property attributable to reassessment may not exceed 15% for each five-year reassessment cycle. Growth in valuation resulting from improvements to real property is exempt from this restriction. Moreover, at the sale (or other "assessable transfer of interest" including long-term leases, conveyances out of trusts, and other defined events, but excluding transfers between spouses) of any real property that real property will be reassessed at its market value.

However, for property subject to an assessment ratio of 6%, Act No. 57 of the 2011 Acts of the General Assembly ("Act 57"), limits reassessment of such real property to its market value following an "assessable transfer of interest." If such property undergoes an "assessable transfer of interest," then, pursuant to Act 57, such property is reassessed at the "exempt value" instead of the market value at the time of "assessable transfer of interest." The "exempt value" is calculated by reducing the real property's market value at the time of the "assessable transfer of interest" by up to 25%. The "exempt value" may not be less than the real property's value as reflected on the books of the assessor for the current property tax year. If the market value at the time of the assessable transfer of interest is less than the real property's value as reflected on the assessor's books, then the market value is used as the assessment.

Millage Levy Limited

Act 388 limits annual incremental increases in the rate of millage levied for operational purposes by all political subdivisions and school districts. Annually, a political subdivision or school district may only incrementally increase its millage rate for operations in an amount not to exceed the sum of (a) the increase in the consumer price index, plus (b) the rate of population growth of the political subdivision or school district. This limitation may be overridden by a vote of two-thirds of the governing body of the political subdivision or school district, but only for the following purposes and only in a year in which such condition exists:

- (1) a deficiency of the preceding year;
- (2) any catastrophic event outside the control of the governing body such as a natural disaster, severe weather event, act of God, or act of terrorism, fire, war, or riot;
  - (3) compliance with a court order or decree;
- (4) taxpayer closure due to circumstances outside the control of the governing body that decreases by ten percent or more the amount of revenue payable to the taxing jurisdiction in the preceding year; or
- (5) compliance with a regulation promulgated or statute enacted by the federal or state government after the ratification date of this section for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government.

# **Revenue-Expenditure Summary**

The following is a summary of the General Fund revenues and expenses of the County for fiscal years ended June 30, 2018, through 2021, preliminary results for the fiscal year ended June 30, 2022, and the budget for the fiscal year ending June 30, 2023. The following summary should be read in conjunction with the County's audited financial statements for the applicable fiscal years, each of which are available at the County and may be found at: <a href="http://www.clarendoncountygov.org/index.php/departments/e-l/finance">http://www.clarendoncountygov.org/index.php/departments/e-l/finance</a>. Included as Appendix A to this Official Statement is a portion of the County's Audited Financial Statements for Fiscal Year 2021. The County's independent public accountant did not review this Official Statement, nor did it perform any procedures related to any of the information contained in this Official Statement.

Fiscal Years ended(ing) June 30 (000's omitted)

REVENUES	2018	2019	2020	2021	2022 Unaudited	2023 Amended Budget
Taxes	\$16,206	\$16,912	\$18,368	\$18,699	\$20,316	\$19,210
Licenses and permits	108	135	139	149	167	191
Intergovernmental	2,559	3,657	2,216	2,811	4,494	2,489
Charges for service	1,647	1,613	1,643	1,967	2,385	2,169
Fine and forfeitures	324	317	281	333	332	343
Investment income	2	11	15	10	23	13
Miscellaneous	597	531	476	568	514	515
Total Revenues	21,443	23,176	23,138	24,537	28,231	24,930
EXPENDITURES						
General government	5,796	6,188	5,990	6,831	8,076	7,238
Public safety	7,579	7,718	8,271	7,596	8,194	9,400
Physical environment	3,772	3,712	3,716	3,740	4,168	4,722
Transportation	256	180	196	211	252	242
Economic environment	623	598	646	664	850	874
Agencies	911	916	918	917	911	346
Culture/Recreation	567	625	544	596	591	638
Court related	1,634	1,580	1,581	1,588	1,638	2,135
Total Expenditures	21,138	21,517	21,862	22,143	24,680	25,595
Excess (deficiency) of revenues over						
(under) expenditures	305	1,659	1,276	2,394	3,551	(665)
Other financing sources (uses):						
Sale of assets	35	13	73	114	137	50
Transfers	(151)	78	(83)	(101)	44	50
Total other financing sources (uses)	(116)	91	(10)	13	181	(100)
Net change in fund balances Fund balances at beginning of year,	189	1,750	1,266	2,407	3,732	(565)
as restated Fund balances at end of year, as	2,606	2,795	4,545	5,811	8,218	11,950
restated	2,795+	4,545+	5,811 <sup>+</sup>	8,218	11,950	11,385

<sup>†</sup> As restated

# **Assessed Values of the County**

The assessed value of all taxable property in the County for the last ten tax years for which data is available is set forth below (000's omitted).

	Real					Fee-in-Lieu	Total Taxable
Tax Year	<b>Property</b>	<u>Personal</u>	<u>SCTC</u>	Manufacturing	<u>Vehicles</u>	<u>Taxes</u>	Property <sup>†</sup>
2012	\$73,084	\$1,312	\$9,395	\$1,132	\$10,260	\$3,866	\$99,049
2013	74,211	1,259	9,274	1,119	11,276	4,129	101,268
2014	75,097	1,325	9,920	712	11,542	4,305	102,901
2015	75,725	1,297	9,863	353	12,699	4,806	104,743
2016	71,342	1,504	9,508	179	12,585	4,752	99,870
2017	71,705	1,549	9,357	368	12,290	4,820	100,089
2018	73,336	1,647	9,367	1,088	12,157	4,979	102,574
2019	74,695	1,732	9,587	266	12,677	6,594	105,551
2020	76,849	1,876	10,469	462	13,172	5,267	108,095
2021	79,004	2,469	10,842	654	14,448	7,279	114,696

<sup>&</sup>lt;sup>†</sup>The assessed value of Merchant's Inventory (\$688,290) is not included in this table. Assessed values are established by the County Assessor and the South Carolina Department of Revenue at various rates between 4 and 10.5 percent of the estimated market value.

Source: Clarendon County Auditor

	Assessed Value	Market Value
Classification of Property	as of 06/30/22 <sup>1</sup>	as of 06/30/22
Real Property	\$ 74,345,670	\$1,344,423,147
Mobile Homes	4,657,880	73,508,541
Motor Vehicles	14,448,407	210,137,891
Public Utilities	7,676,020	73,104,952
Railroads	700,574	7,374,463
Manufacturing Property	654,170	6,230,190
Marine Equipment	2,370,676	22,577,867
SCDOR (Business Personal)	2,465,825	23,484,048
Furniture	86,380	822,667
Airplanes	12,020	3,005,000
Subtotal	107,417,622	1,764,668,766
Merchant's Inventory	688,290	6,555,143
Fee-in-Lieu-of Taxes	<u>7,278,372</u>	<u>183,120,873</u>
Total	115,384,372	1,954,344,781
Less Industrial Abatement	(467,270)	(4,450,190)
TOTAL	<u>\$114,917,102</u>	<u>\$1,949,894,591</u>

<sup>&</sup>lt;sup>1</sup> Each amount is net of exemptions and exclusions. Source: Clarendon County Auditor

#### **Tax Collection Record**

The following table shows all of the County (including all county and special purpose districts in the County) taxes budgeted (adjusted to include additions, abatements, and *nulla bonae*), taxes collected as of June 30 of the year following the year in which the levy was made, and the amount of delinquent taxes collected for the fiscal years shown. Delinquent taxes include taxes levied in prior years but collected in the year shown (000's omitted).

							Collection	on Rates
							Current Tax	Total Tax
Fiscal		Budgeted					Collections	Collections
Year	Budgeted	Delinquent	Budgeted	Current	Delinquent	Total	vs. Budgeted	vs. Budgeted
Ended	Tax	Tax	Total	Tax	Tax	Tax	Tax	Total
June 30th	Collections	Collections						
2013	\$13,049	\$1,540	\$14,589	\$12,494	\$1,601	\$14,095	95.8%	96.6%
2014	13,238	1,300	14,538	13,209	1,667	14,876	99.8	102.3
2015	13,814	1,640	15,454	14,476	1,686	16,162	104.8	104.6
2016	14,951	1,860	16,811	14,989	1,713	16,702	100.3	99.4
2017	15,595	1,780	17,375	15,406	1,442	16,848	98.8	97.0
2018	15,949	1,800	17,749	15,759	1,463	17,222	98.8	97.0
2019	16,566	1,590	18,156	16,027	1,711	17,738	96.8	97.7
2020	17,227	1,640	18,867	17,659	1,880	19,539	102.5	103.6
2021	18,814	1,505	20,319	19,954	1,486	21,440	106.1	105.5
2022 <sup>+</sup>	19,859	1,200	21,059	21,641	1,437	23,078	109.0	109.6

Source: Clarendon County Finance Department

†Un-Audited

# Millage History

The following table shows the total millage levied for County purposes for the years shown.

	County		
<u>Year</u>	<b>Operations</b>	<u>Debt</u>	<u>Total</u>
2018	195.6	10.8	206.4
2019	199.8	9.4	209.2
2020	207.9	9.3	217.2
2021	216.7	16.4	233.1
2022	222.4	15.7	238.1
2023	223.5	13.2	236.7

Source: Clarendon County Auditor

# **Ten Largest Taxpayers**

The ten (10) largest taxpayers in the County, the total amount of County taxes paid with rankings based on total taxes paid, and the percentage of total assessed value of the taxable property of each taxpayer for the fiscal years 2021 and 2022 (000's omitted) are shown below.

_	Fiscal Year 2022 (Tax Year 2021)			Fiscal Year 2021 (Tax Year 2020)		
			Percentage			Percentage
			of Total			of Total
	Total		Taxable			Taxable
	Taxes		Assessed	<b>Total Taxes</b>		Assessed
<u>Taxpayer</u>	<u>Paid</u>	Rank *	<u>Value</u>	<u>Paid</u>	Rank *	<u>Value</u>
Georgia Pacific Clarendon LP	\$1,195	1	4.05%	\$1,191	1	4.26%
Santee Electric Co-op, Inc.	1,071	2	2.40	1,015	2	2.39
Duke Energy Progress, Inc.	1,040	3	2.12	942	3	1.95
Black River Electric Co-op, Inc.	340	4	0.77	334	4	0.82
CSX Transportation, Inc.	266	5	0.61	249	6	0.62
Wal-Mart Real Estate	256	6	0.47	257	5	0.50
Westinghouse Electric Co.	240	7	0.51	-	-	-
Central Electric Power Co-Op	187	8	0.41	190	7	0.43
Helena Chemical Co	180	9	0.33	-	-	-
SC Public Service Authority	161	10	0.38	-	-	-
Meritor Heavy Vehicle Systems	-	-	-	134	8	0.41
Starflo Corp.	-	-	-	134	9	0.29
Spectrum Southeast LLC		-	<del>-</del>	<u>130</u>	10	0.30
Totals	<u>\$4,936</u>		<u>12.05%</u>	<u>\$ 4,576</u>		<u>11.97%</u>

Source: Clarendon County Treasurer

#### Manufacturers' Exempt Property

The following table shows the value of new manufacturing property and utility property in the County exempt from County taxes pursuant to Article X, Section 3 of the State Constitution for the fiscal years indicated:

Fiscal	Exempt Property
<u>Year</u>	<u>Value</u>
2018	\$566,740
2019	664,920
2020	735,550
2021	772,060
2022	467,270

Source: Clarendon County Auditor

<sup>\*</sup>Ranking based on total taxes paid and not taxable assessed value

#### **DEBT STRUCTURE**

### **Legal Debt Limit of the County**

Section 14 of Article X of the State Constitution provides that the counties of the State may issue bonded indebtedness in an amount not exceeding 8% of the assessed value of all taxable property without the necessity of conducting a referendum and provides further that no bonded indebtedness approved in a referendum, or any refunding thereof, shall be charged against such 8% debt limitation.

The County's general obligation bond debt as of June 30, 2022, is computed below:

Assessed Values of the County	\$114,228,812
Plus Merchants Inventory Value	688,290
	\$114,917,102
	x <u>8%</u>
Constitutional Debt Limit	9,193,368
Less Outstanding Debt Subject to Limit	(6,089,078)
General Obligation Debt Available Without Referendum	\$3,104,290

Source: Clarendon County Chief Financial Officer

# **Outstanding General Obligation Indebtedness**

The following table sets forth the aggregate amount of general obligation indebtedness of the County at the end of each of the past five fiscal years:

Year Ended	General Obligation
<u>June 30</u>	<u>Indebtedness</u>
2018	\$5,824,567
2019	5,392,155
2020	7,252,636
2021	6,520,403
2022	6,089,078

Source: Clarendon County Treasurer

The following table sets forth the final maturity, amount issued and outstanding principal amount of the County's general obligation debt by issue:

<u>Debt</u>	Date of Final <u>Maturity</u>	Amount <u>Issued</u>	Amount Outstanding as of November 30, 2022
2013B Series General Obligation Bonds	2028	\$720,000	\$333,068
2014B Series General Obligation Bonds	2039	3,500,000	2,820,000
2015B Series General Obligation Bonds	2030	500,000	296,212
2017B Series General Obligation Bonds	2027	750,000	357,482
2019B Series General Obligation Bonds	2029	1,800,000	1,426,325
2019C Series General Obligation Bonds	2025	500,000	306,299
2021A Series General Obligation Bonds	2023	287,500	146,122
2022A Series General Obligation Bonds	2024	285,000	285,000
TOTAL		\$8,342,500	\$ 5,970,509

## **Actual and Anticipated Capital Expenditures**

Base Payments

Pursuant to an Installment Purchase and Use Agreement between the County and the Issuer, dated July 30, 2015 ("2015 Installment Agreement"), related to the Series 2015 Bonds, the County is obligated, subject to annual appropriation, to make annual Installment Payments, as defined in the 2015 Installment Agreement, to the Issuer for the annual use of and title to an undivided interest in the 2015 Facilities, as defined in the 2015 Installment Agreement and primarily consist of the County Administration Building. The County's obligation to make annual Installment Payments to the Issuer is a current expense of the County and is <u>not</u> a general obligation of the County. The County may use any source of revenue available to fund the Installment Payments due to the Issuer under the 2015 Installment Agreement, including issuing general obligation bonds.

As of the date of this Official Statement, the County has not issued any general obligation bonds for the purpose of making the Installment Payments due under the 2015 Installment Agreement.

Pursuant to an Amended and Restated Installment Purchase and Use Agreement between the County and the Issuer, dated August 6, 2020 ("2020 Installment Agreement"), related to the Series 2020 Bonds, the County is obligated, subject to annual appropriation, to make annual Installment Payments, as defined in the 2020 Installment Agreement. The County's obligation to make annual Installment Payments to the Issuer is a current expense of the County and is <u>not</u> a general obligation of the County. The County may use any source of revenue available to fund the Installment Payments due to the Issuer under the 2020 Installment Agreement, including issuing general obligation bonds.

As of the date of this Official Statement, since the issuance of the Series 2020 Bonds, the County has annually issued a general obligation bond of approximately \$300,000 for the purpose of making each Installment Payment due under the 2020 Installment Agreement. The County anticipates that at the redemption of the Series 2015 Bonds, which the County expects to occur on or about September 1, 2025, revenues from an existing fee-in-lieu of taxes agreement with GP Clarendon LP, an entity related to Georgia-Pacific LLC will be sufficient to make all future Installment Payments due under the 2020 Installment Agreement until their redemption which is anticipated to occur on or about March 1, 2032.

The collateral that secures payments under the 2015 Installment Agreement and the 2020 Installment Agreement, which includes a security interest in certain real property subject to each of those agreements as well as the pledge of the fee-inlieu of taxes revenues described in the preceding paragraph, is separate and apart from any collateral that secures payments under the 2022 Installment Agreement, which specifically does not include a pledge of the fee-in-lieu of taxes revenues described in the preceding paragraph. Further, there is no cross-default provided for between the Series 2022 Bonds and either the Series 2015 Bonds or the Series 2020 Bonds, that is, a default under either the Series 2015 Bonds or the Series 2020 Bonds does not automatically constitute an event of default under the Series 2022 Bonds.

#### Other Commitments

Revenue Obligations

The County has seven outstanding revenue debt obligations (outstanding balances as of July 1, 2022): (i) outstanding principal amount of \$2,005,000 of the original principal amount of the \$2,250,000 Enterprise Charge Limited Obligation Bond (Weldon Auditorium), Series 2019; (ii) outstanding principal amount of \$2,187,133 of the original principal amount of the \$2,533,000 Water System Improvement Revenue Bond, Series 2012A; (iii) outstanding principal amount of \$870,204 the original principal amount of the \$1,007,800 Water System Improvement Revenue Bond, Series 2012B; (iv) outstanding principal amount of \$1,060,990 of the original principal amount of the \$1,179,000 Water System Improvement Revenue Bond, Series 2016A; (v) outstanding principal amount of \$231,286 the original principal amount of the \$257,000 Water System Improvement Revenue Bond, Series 2016B; (vi) outstanding principal amount of \$2,408,928 of the original principal amount of \$2,165,244 of the original principal amount of the \$2,248,000 Water System Improvement Revenue Bond, Series 2022B (collectively, "Revenue Bonds"). The principal and interest of each of these obligations are payable solely from revenue sources pledged for the repayment of the obligation and are <u>not</u> general obligations of the County. The following table sets forth for the fiscal years shown the aggregate debt service requirements of the County's Revenue Bonds through the Revenue Bonds' latest maturity which is February 14, 2060:

Year(s) Ended	Aggregate Debt
<u>June 30</u>	<u>Service</u>
2022	\$543,011
2023	544,884
2024	541,663
2025	543,347
2026	544,841
2027-2031	2,712,448
2032-2036	2,709,338
2037-2041	2,547,089
2042-2046	1,911,420
2047-2051	1,911,420
2052-2056	1,284,670
2057-2060	679,528

#### Capital Lease Obligations

The County has outstanding capital lease obligations which are secured by the collateral financed by the proceeds of the relevant lease purchase agreement. The following table sets forth the purpose, final maturity, and the outstanding principal amount of each lease purchase agreement.

		Amount Outstanding
<u>Purpose</u>	Final Maturity	as of November 30, 2022
County Vehicles	December 2022	\$4,424
County Vehicles	December 2023	58,489
County Vehicles	December 2024	165,558
County Vehicles	December 2025	158,629
County Vehicles	December 2025	157,867
County Vehicles	December 2026	292,062
County Vehicles	December 2027	350,000
County Equipment	December 2027	554,000
County Equipment	December 2027	316,000
TOTAL		\$2,057,029

## **Overlapping Debt**

The table below shows local subdivisions which overlap the County, and which have outstanding general obligation debt as of June 30, 2022.

	Outstanding Debt	Assessed Value
	as of June 30, 2022	as of June 30, 2022
Municipalities	_	
Manning <sup>††</sup>	\$ 785,328	\$11,786,283
Paxville <sup>++</sup>	0	473,730
Turbeville <sup>++</sup>	0	2,254,704
Summerton <sup>††</sup>	0	2,892,170
School Districts <sup>‡</sup>	_	
Clarendon Two	\$0	\$59,702,080
Clarendon Four	0	47,949,142

Source: Clarendon County Auditor and Clarendon Finance Department

NOTE: The assessed value figures above do not include property for which fee-in lieu of taxes is paid.

<sup>&</sup>lt;sup>††</sup>The County is unaware of any outstanding general obligation debt for the governmental unit, and, to the extent of any outstanding revenue debt, the County does not levy or collect funds for the governmental unit, as a result, the County has no information available regarding the governmental unit. <sup>‡</sup>To the extent of any general obligation debt, debt service requirements are paid through a 1% school debt service sales tax and, as a result, is not reflected

To the extent of any general obligation debt, debt service requirements are paid through a 1% school debt service sales tax and, as a result, is not reflected on a County taxpayer's *ad valorem* tax invoice. By Act 106 of 2021 of the South Carolina General Assembly, effective July 1, 2022, Clarendon Two and Clarendon Four consolidated into a single "Clarendon School District." Further, in concert with consolidation, all outstanding debt of both former school districts has been retired.

#### **ECONOMIC CHARACTERISTICS**

#### **Commerce and Industry**

The County was first established in 1785 and in 1800 it became part of the Sumter District, but then was split from Sumter in 1857. The County, with a total area of approximately 695 square miles and a land area of approximately 607 square miles, is located at the southern edge of the Pee Dee region on the Coastal Plain in central South Carolina. Anchored by Lake Marion, the largest lake in the state with approximately 173 square miles, the County hosts an array of fishing tournaments and is home to multiple golf courses and thousands of acres of diverse landscapes including active agricultural lands, wetlands, forests, outdoor recreation spaces, towns, rural crossroads, and industrial areas. The County has four municipalities: Manning, Paxville, Summerton, and Turbeville. Manning, located at the center of the county, is the largest and is the County seat. The County is centrally located along the road network in this region of South Carolina. Crossed by several major highways including I-95, US-301, US-521, US-378, and US-15, the County is easily connected via highway to the state capital, Columbia, various locations along the coast including Georgetown and Charleston, and Georgia and North Carolina by way of I-95. The County is approximately 230 miles east of Atlanta, Georgia, and 110 miles south of Charlotte, North Carolina.

The County is easily accessible with transportation advantages including over 30 miles of I-95, near I-26 and I-20, access to a variety of motor freight carriers, and CSX rail. The County has a civil airport, Santee Cooper Regional, which is located in Manning. The Port of Charleston and commercial airports such as Columbia Metropolitan, Florence Regional and Charleston International link the County to global markets.

In August 2022, Georgia-Pacific announced that it will expand its current manufacturing facilities in the County. Georgia-Pacific has been operating in the County for 10 years and is one of the world's leading makers of tissue, pulp, packaging and building products. The company is investing approximately \$40 million in a project designed to increase the throughput capacity of the facility. The expansion is expected to be complete in 2023.

Additionally in August 2022, Provalus, an information technology support company, opened its new technology innovation center and created 105 new jobs. Provalus' new innovation center expanded the company's domestic services for business process outsourcing, formation technology outsourcing and support. This new innovation center is expected to have multi-million-dollar economic impact on the County over the next five years.

Eleven companies are now located in the Clarendon County Industrial Park bringing in investments of more than \$34.8 million and 345 jobs. A recent addition, Palmetto Yacht Management, a marine transport company, opened its new headquarters in the Clarendon County Industrial Park in May 2022. The more than \$3.7 million investment is estimated to create 211 new jobs over the next five years.

Additional companies that joined the Clarendon County Industrial Park recently are F. Hunt Enterprise, Locktek, Westinghouse Electric Co., and On Time Distribution. In May 2021, F. Hunt Enterprise announced its plans to build a distribution facility. F. Hunt Enterprise is a distributor of one of the nation's largest made-to-order pizza brands in convenience stores. The company invested \$1 million and created 15 new jobs with this new facility. In March 2021, Locktek, a manufacturer of ergonomic solution products, established its operations with a \$5 million investment and the creation of 10 new jobs. That same month, On Time Distribution, a water and air filtration company, expanded its manufacturing operations with a \$5.8 million invested and 75 new jobs. Westinghouse Electric Co. opened its new manufacturing facility in January 2021. The new manufacturing facility expanded its welding and machining capabilities and generated 44 new jobs with a \$24.5 million investment in the County.

In May 2020, Love's Travel Plaza opened in the County with the creation of approximately 50 jobs. The 12,000-square-foot building sits on 14.4 acres, and includes Speedco, Inc., which provides onsite tire and lube services, as well as light mechanics services, for professional truck drivers, and two new restaurants.

# **Population Growth**

The following table shows population information for the County for the last four decades for which information is available and a July 1, 2021, estimate.

Calendar	
<u>Year</u>	County
1990	\$28,450
2000	32,502
2010	34,971
2020	31,093
2021	31,024

Source: U.S. Census Bureau

#### Per Capita Income

The per capita income in the County for each of the last five years for which information is available is shown below:

Per Capita
<u>Income</u>
\$31,254
32,179
33,477
34,665
38,001

Source: U.S. Department of Commerce, Bureau of Economic Analysis

#### Median Household Income

Listed below are the County median household income and State household family income for the five years shown:

Fiscal		
<u>Year</u>	<u>County</u>	<u>State</u>
2016	\$ 34,541	\$ 49,587
2017	36,647	50,675
2018	36,722	52,449
2019	39,900	56,360
2020	52,983	57,216

 $Source: U.S.\ Census\ Bureau$ 

# Median Age and Education Levels

The U.S. Census Bureau reports that the median age of the population of the County was 45.6 in 2020 (the latest year available), which ranks it as the 38<sup>th</sup> lowest median age out of the 46 counties in the State. In 2020, the last year for which complete statistics are available, 15.8% of the County population 25 years or older have obtained a bachelor's degree or higher.

#### Construction

The following table provides the approximate number and the associated value of building permits (including new construction, mobile homes, and additions) issued for the County for the fiscal years indicated:

	Resi	<u>Residential</u>		<u>Commercial</u>	
Fiscal	# of	Value of	# of	Value of	
<u>Year</u>	<u>Permits</u>	<u>Permits</u>	<u>Permits</u>	<u>Permits</u>	
2016-2017	634	\$18,688,960	129	\$10,563,174	
2017-2018	649	18,831,138	109	7,453,840	
2018-2019	614	19,582,173	103	24,159,800	
2020-2021	644	29,993,053	93	7,185,810	
2021-2022	677	36,402,621	124	18,057,881	

Source: Clarendon County Director of Planning, Building and Zoning

### **Banking Deposits**

The following table contains the number of banking institutions and the total banking deposits held within the County (in thousands) for all FDIC-insured institutions in the County for the last five fiscal years ended June 30 (the most current information available).

<u>Year</u>	<u>Institutions</u>	<u>Deposits</u>
2022	5	\$452,040
2021	5	415,028
2020	5	373,768
2019	5	332,412
2018	5	326,984

Source: Federal Deposit Insurance Corporation

#### **Capital Investment**

The County has experienced growth in industrial operations through additions and expansions to manufacturing plants. Listed below are the total announced capital investment and additional employment for new and expanded industry in the County for the calendar years indicated (000's omitted).

Calendar	Total Capital	Additional
<u>Year</u>	Investment	<b>Employment</b>
2013	\$19,200	386
2014	11,900	246
2015	2,500	75
2016	3,200	50
2017	2,500	30
2018	25,000	106
2019	5,300	311
2020	15,000	139
2021	34,500	205

Source: S.C. Department of Commerce, Clarendon County Economic Development

# **Major Manufacturing Establishments**

The ten largest industries located within the County, their products and approximate number of employees, as of June 1, 2022, are listed below.

		Approximate
		Number of
<u>Name</u>	Product or Service	<b>Employees</b>
Meritor Automotive	Heavy vehicle braking systems, brakes, drivelines, etc.	190
Icon (Formerly Trimaco Industries of SC)	Canvas drop-cloths and painting equipment	175
Georgia-Pacific	Pulp, packaging and building products manufacturer	149
Westinghouse Electric LLC	Nuclear power plant products and services	134
Kent International/BCA	Bicycle manufacturer	127
On Time Distribution	Water and air filtration manufacturer	50
Advanta	Metal Fabrication	30
Powell Valves—Starflo Division	Check, gate, globe valves	25
Select Labs	Blood Testing	20
Alucoil	Aluminum Extrusion Panels	20

Source: Clarendon County Economic Development

#### **Labor Force**

## Clarendon County Labor Force Estimates

(By Calendar Year)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u> +
Civilian Labor Force	12,281	12,388	12,438	12,307	12,289
Employment	11,714	11,918	11,621	11,701	11,780
Unemployment	567	470	817	606	509
% of Force Unemployed	4.6	3.8	6.6	4.9	4.1

Total employment also includes agricultural workers, proprietors, self-employed persons, workers in private households, and unpaid family workers.

Source: U.S. Department of Labor, Bureau of Labor Statistics

<sup>†</sup>Preliminary

# **Industry Mix**

The following table reflects employment by industry for the first quarter of 2022.

<u>Industry</u>	Average Employment
Agriculture, Forestry, Fishing & Hunting	189
Arts, Entertainment, and Recreation	58
Construction	113
Educational Services	842
Finance and Insurance	149
Health Care and Social Assistance	1,382
Information	25
Manufacturing	444
Other Services (except Public Administration)	189
Professional, Scientific and Technical Services	223
Public Administration	748
Real Estate, Rental and Leasing	21
Retail Trade	1,231
Transportation and Warehousing	114
Wholesale Trade	64
Unclassified	1
Total All Industries	5,793

Source: U.S. Department of Labor, Bureau of Labor Statistics

### Unemployment

The average unemployment rate in the County for each of the last 12 months for which data is available is shown below:

<u>Date</u>	<u>County</u>
August 2022 <sup>†</sup>	4.1%
July 2022	4.0
June 2022	4.1
May 2022	3.7
April 2022	3.2
March 2022	4.0
February 2022	5.1
January 2022	4.7
December 2021	4.2
November 2021	4.0
October 2021	4.2
September 2021	4.1

Source: U.S. Department of Labor, Bureau of Labor Statistics

The average unemployment rate in the County, the State, and the United States, for each of the last five calendar years for which information is available was:

<u>Year</u>	<u>County</u>	<u>State</u>	<u>U.S.</u>
2017	5.9%	4.2%	4.4%
2018	4.6	3.4	3.9
2019	3.8	2.8	3.7
2020	6.6	6.0	8.1
2021	4 9	4.0	5.3

Source: S.C. Department of Employment and Workforce, Labor Market Information Division

<sup>†</sup>Preliminary

## **Facilities Located Within or Serving the County**

Transportation. The County seat is located one mile southeast of the major intersection of Interstate 95 and U.S. Highway 301, both important north-south corridors. Interstate 26 intersects 1-95 just 22 miles to the southeast. The Port of Charleston, the second-largest container port in the eastern United States, is 77 miles south via 1-26. This port handles more than \$3 million in cargo every hour and serves 140 countries around the world. For commercial air service, the Charleston International Airport is less than an hour's drive with additional passenger and freight service available in Columbia, 63 miles to the west and Florence, 44 miles to the north. The Santee Cooper Regional Airport on SC 260 is located approximately ten miles south of the City of Manning near Lake Marion. It has one paved, lighted 3,600-foot runway and accommodates general aviation aircraft. Sumter, a neighboring county, has a 5,500-foot runway. CSX Transportation Company offers rail service within the County. Approximately 30 freight carriers serve the County.

Medical Facilities. McLeod Health Clarendon was opened in 1951 and is now South Carolina's first LEED-certified inpatient hospital facility after a \$22 million expansion and renovation project in 2013, that included a 47,000-square-foot addition encompassing new operating rooms, emergency department, same day surgery department, and spacious patient rooms. The facility offers a wide variety of medical procedures as well as diagnostic services. Labor and delivery, specialized and routine surgery, a Pain Management Department, an Intensive Care Unit, a modem Physical Therapy Department, and Radiology services that include C.A.T. scan and M.R.I. technology are some of the services offered. The Cypress Center and THE ZONE, adjacent to the hospital, provide an exercise facility and health and wellness programs. In 2016, McLeod Health and Clarendon Health System announced an agreement to affiliate and operate the Clarendon Health System, in a continuing effort to support high quality and accessible regional health services. The agreement brings McLeod Health resources to the hospital and community, including nationally recognized clinical quality and patient safety programs, as well as cost-savings through consolidation of some administrative services and purchasing.

Education. The County's school district serves students from pre-kindergarten to grade 12 in eleven schools, including a program designed to help students at risk of expulsion. Other education opportunities include world languages, science technology engineering and mathematics ("STEM"), and Montessori. Approximately 4,320 pupils were enrolled in public school systems in the County for the 2021-22 school year based on a 45-day active student headcount. All public schools are fully accredited and all teachers fully certified by the South Carolina Department of Education. The County is also home to the F.E. DuBose Career Center ("F.E. DuBose"), which serves high school juniors and seniors by offering classes in twelve different occupational areas. In addition, adult education programs for residents are available at various locations throughout the County. F.E. DuBose is co-located with the Clarendon campus of the Central Carolina Technical College ("CCTC"). The CCTC is a two-year, public, institution of higher education and confers associate degrees, diplomas, and certificates in various programs, for example, business, health sciences, public service, industrial and engineering technology, and the arts and sciences. The CCTC utilizes both traditional and online courses with over 55 programs of study, and cooperative agreements with other four-year colleges and universities. At all campuses, CCTC annually serves more than 8,500 credit and continuing education students. The F.E. DuBose campus is a modern facility that includes classrooms, computer labs, media center, biology and chemistry labs, and industrial and occupational labs. It offers a full line of student services and credit and continuing education courses.

ACT Work Ready Community. In 2013, the County was certified as the first ACT Work Ready Community ("WRC") in the State and continues to maintain its status. WRC is a framework for community-based workforce development that links workforce development to education; aligns with the economic development of needs of communities; and matches workers to jobs based on skill levels. By achieving certified WRC status, the County has demonstrated their strong workforce development effort aligned to its economic development needs resulting in business and industry knowing what foundational skills it needs for a productive workforce, and workers that understand what skills employers require and how to prepare themselves for success.

*Recreation.* The County possesses an abundance of recreational and entertainment opportunities: fishing, golf, hunting, boating, swimming, camping, and hiking. With 450 miles of shoreline, Lake Marion is rated one of the top fishing destinations in the nation. The County has four major recreational facilities which offer numerous activities for the hiking and camping enthusiasts: Poinsett State Park, with more than 1,000 acres; Santee State Park, with more than 2,400 acres; the 1,500-acre Woods Bay State Park; and the Santee National Wildlife Refuge established in 1941, consisting of 15,095 acres.

#### TAX MATTERS

#### General

The Code establishes certain requirements which must be met subsequent to the issuance and delivery of the Series 2022 Bonds for interest thereon to be and remain excluded from gross income for purposes of federal income taxation. Noncompliance with such requirements could cause the interest on the Series 2022 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2022 Bonds are to be invested and require that certain investment earnings on the foregoing be rebated on a periodic basis to the Treasury Department of the United States. The Issuer and the County have covenanted to comply with the requirements of the Code in order to maintain the exclusion of interest on the Series 2022 Bonds from gross income for federal income tax purposes. Failure to comply with these covenants could result in interest on the Series 2022 Bonds being includable in the gross income of the owners thereof for federal income tax purposes.

Legal matters incident to the authorization, validity, and issuance of the Series 2022 Bonds are subject to the approving opinion of Bond Counsel. The opinion of Bond Counsel is attached to this Official Statement as Appendix C. Copies of the opinion will be available at the time of the initial delivery of the Series 2022 Bonds.

#### **Federal Tax Matters**

In the opinion of Bond Counsel, under existing statutes, rulings and court decisions and under applicable Regulations, interest on the Series 2022 Bonds is excludable from gross income for federal income tax purposes under § 103 of the Code and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for tax years beginning after December 31, 2021, interest on the Series 2022 Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. Except as provided in the opinion of Bond Counsel, no opinion will be expressed with respect to any other federal tax consequences of the receipt or accrual of interest on the Series 2022 Bonds.

Ownership of the Series 2022 Bonds may result in other collateral federal income tax consequences to certain taxpayers, including without limitation, corporations subject to the environmental tax, banks, thrift institutions and other financial institutions, foreign corporations which conduct a trade or business in the United States, property and casualty insurance corporations, S corporations, individual recipients of social security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2022 Bonds. Purchasers of the Series 2022 Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

When rendering its opinion that the interest on the Series 2022 Bonds is not includable in gross income for federal income tax purposes, Bond Counsel will (i) rely as to certain factual matters upon representations of the Issuer and the County with respect to, among other things, the use of the proceeds of the Series 2022 Bonds without undertaking to verify the same by independent investigation and (ii) assume the continued compliance by the Issuer and the County with its covenants relating to the use of the proceeds of the Series 2022 Bonds and compliance with other requirements of the Code. The inaccuracy of any such representations or noncompliance with such covenants may cause interest on the Series 2022 Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2022 Bonds.

#### **Original Issue Premium**

As indicated on the inside cover page, the Series 2022 Bonds maturing on September 1, 2023, through and including 2032, and maturing on September 1, 2035 (collectively "Premium Bonds"), are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium, which original issue premium is not deductible for federal income tax purposes. In the case of an owner of a Premium Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such Premium Bond is reduced from the owner's cost basis of such Premium Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption, or other disposition of such Premium Bond (whether upon its sale, redemption, or payment at maturity). Owners of Premium Bonds should consult their tax advisors with respect to the determination, for federal income tax

purposes, of the "adjusted basis" of such Premium Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a Premium Bond.

#### **Original Issue Discount**

As indicated on the inside cover page, the Series 2022 Bonds maturing on September 1, 2038, through and including 2047 ("OID Bonds"), are being sold at initial offering prices which are less than the principal amount payable at maturity. Under the Code, the difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the OID Bonds is sold and (b) the principal amount payable at maturity of such OID Bonds, constitutes original issue discount treated as interest which will be excluded from the gross income of the owners of such OID Bonds for federal income tax purposes.

In the case of an owner of an OID Bond, the amount of original issue discount on such OID Bond is treated as having accrued daily over the term of such OID Bond on the basis of a constant yield compounded at the end of each accrual period and is added to the owner's cost basis of such OID Bond in determining, for federal income tax purposes, the gain or loss upon the sale, redemption or other disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon the sale, redemption, or other disposition of an OID Bond which are attributable to accrued original issue discount on such OID Bonds will be treated as interest exempt from gross income, rather than as a taxable gain, for federal income tax purposes and will not be a specific item of tax preference for purposes of the federal alternative minimum tax.

Original issue discount is treated as compounding semiannually at a rate determined by reference to the yield to maturity of each individual OID Bond. The amount treated as original issue discount on an OID Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such OID Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such OID Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of interest payable on such OID Bond during the particular accrual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior accrual periods. If an OID Bond is sold between semiannual compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be appointed in equal amounts among the days in such compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of the OID Bonds who subsequently purchase any OID Bonds after the initial offering or at a price different from the initial offering price during the initial offering of the Series 2022 Bonds. Owners of OID Bonds should consult their own tax advisors with respect to the precise determination for federal and state income tax purposes of the amount of original issue discount accrued upon the sale, redemption, or other disposition of an OID Bond as of any date and with respect to other federal, state, and local tax consequences of owning and disposing of an OID Bond. It is possible that under the applicable provisions governing the determination of state or local taxes, accrued original issue discount on an OID Bond may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment attributable to such original issue discount until a later year.

#### **State Tax Law Matters**

Bond Counsel is of the opinion that under present laws of the State, interest on the Series 2022 Bonds will be excluded from South Carolina taxation, except estate, transfer, and certain franchise taxes. Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes on every bank engaged in business in the State a fee or franchise tax computed at the rate of 4½% of the entire net income of that bank. Regulations of the South Carolina Department of Revenue require that the term "entire net income" include income derived from any source whatsoever, including interest on obligations of any state and any political subdivision thereof. Interest on the Series 2022 Bonds will be included in that computation. Purchasers of the Series 2022 Bonds should consult their tax advisors as to the taxable status of the Series 2022 Bonds in a particular state or local jurisdiction other than South Carolina.

#### Other Tax Consequences to Investors

There may be other federal, state, local, or foreign tax considerations applicable to the circumstances of a particular investor. Prospective investors are urged to consult their own tax advisors before determining whether to purchase Series 2022 Bonds. Purchasers of Series 2022 Bonds who are nonresident alien individuals, corporations that are not incorporated

in the United States or under the laws of the United States or of any state of the United States, or other non-United States persons should consult their own tax advisors with respect to the possible applicability of United States withholding and other taxes on income realized in respect to the Series 2022 Bonds.

#### Changes in Federal Tax Law

From time to time, there are legislative proposals in Congress that, if enacted, could alter, or amend the federal tax matters referred to above or adversely affect the market value of the Series 2022 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to the Series 2022 Bonds issued prior to enactment. In addition, regulatory actions from time to time are announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2022 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2022 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2022 Bonds should consult their own tax advisors regarding any pending or proposed legislation, regulatory initiatives, or litigation. The opinions expressed by Bond Counsel are based upon existing law, legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2022 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives, or litigation.

#### **CERTAIN LEGAL MATTERS**

#### **Opinion**

The issuance of the Series 2022 Bonds is subject to the favorable opinion of Bond Counsel, a copy of which will be affixed to each Series 2022 Bond, as to the validity of the issuance of the Series 2022 Bonds under the State Constitution and State law. The form of Bond Counsel's opinion appears as Appendix C to this Official Statement.

Bond Counsel has assisted the Issuer and the County by compiling certain information supplied to it by the Issuer, the County and others and included in this Official Statement but has not made an independent investigation or verification of the accuracy, completeness, or fairness of such information. The opinion of Bond Counsel will be limited solely to the legality and enforceability of the Series 2022 Bonds, and no opinion will be given with respect to this Official Statement.

The opinion to be delivered concurrently with the delivery of the Series 2022 Bonds expresses the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

#### **Other Legal Matters**

From time to time, Bond Counsel represents the Underwriter as counsel in transactions unrelated to the sale and delivery of the Series 2022 Bonds. The Underwriter has not conditioned the future employment of Bond Counsel in connection with any proposed financing issues for the Issuer, the County, or the Underwriter on the successful sale and delivery of the Series 2022 Bonds.

#### Litigation

There is no litigation presently pending or threatened challenging the validity of any debt issued or proposed to be issued by the Issuer or the County or otherwise challenging, in any manner, the right of the Issuer or the County (as applicable) to enter into the Trust Agreement, the Base Lease, the Purchase and Use Agreement, or to issue or secure the Series 2022 Bonds in the manner provided in the Trust Agreement. *However, neither the Issuer nor the County can give any assurance that litigation challenging the financing plan described in this Official Statement would not be filed in the future.* 

#### **Closing Certificates**

The County will deliver to the Underwriter a certificate that no litigation is pending or threatened against it which would have a material effect on (i) the issuance or validity of the Series 2022 Bonds, (ii) the levy and collection of an ad valorem tax to permit the County to make payments under the Contract in amounts sufficient to pay the Series 2022 Bonds or (iii) the financial condition of the County. In addition, the County will represent to the Underwriter in the Bond Purchase Agreement that the information contained in this Official Statement does not contain any misrepresentation of a material

fact and does not omit or state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

The Issuer and County officials will deliver a certificate to establish that the Series 2022 Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code, and applicable regulations thereunder in effect on the occasion of the delivery of the Series 2022 Bonds.

#### **CONTINUING DISCLOSURE**

To provide certain continuing disclosure with respect to the Series 2022 Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Rule"), the County has covenanted in the Purchase and Use Agreement for the benefit of the beneficial owners of the Series 2022 Bonds to execute and deliver prior to closing, and to thereafter comply with the terms of, a Continuing Disclosure Undertaking ("Disclosure Undertaking"), the form of which is attached hereto as Appendix D.

Pursuant to the Disclosure Undertaking, the County will provide certain financial information and operating data relating to the County ("Annual Report") by not later than February 1 following the end of the preceding fiscal year of the Issuer, commencing with Fiscal Year 2022, and to provide notices of the occurrence of certain enumerated events. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in the form of the Disclosure Undertaking. These covenants have been made in order to assist the Underwriter in complying with the Rule.

In the event of a failure of the County to comply with any of the provisions of the Disclosure Undertaking, an event of default under the Purchase and Use Agreement shall not be deemed to have occurred. In that event, the sole remedy of any bondholder or beneficial owner is an action to compel performance by the County.

During the prior five years, the County has filed its annual report no more than 6 days after the applicable continuing disclosure deadline, in at least one instance, did not file unaudited financial statements in lieu of audited financial statements as provided by the county's continuing disclosure obligations, and did not file failure to file notices for the late filings.

In the Official Statement, dated July 22, 2020, related to Series 2020 Bonds, the County indicated that, in addition to its continuing disclosure obligations with respect to the Series 2020 Bonds, the County intended to file voluntary notices with EMMA regarding its issuance of any general obligation debt, regardless of the materiality or principal amount thereof, not later than 10 business days after the issuance of that debt. Since the Series 2020 Bonds were issued, the County has not filed any notice with EMMA regarding any general obligation debt so issued. For a description of the general obligation bonds issued by the County, see "DEBT STRUCTURE—Outstanding General Obligation Indebtedness," above. Pursuant to the Disclosure Undertaking, the County has agreed to file a voluntary notice with EMMA regarding its issuance of any general obligation debt, which is not subject to a voter-approved referendum, regardless of the materiality or principal amount thereof, not later than 10 business days after the issuance of that debt.

### **RATINGS**

The Series 2022 Bonds have received a rating of "AA" from S&P Global Ratings ("S&P") with the understanding that, at delivery of the Series 2022 Bonds, the Policy will be issued by the Insurer. S&P assigned an underlying rating of "A" to the Series 2022 Bonds. The ratings reflect only the views of the rating agency and an explanation of the significance of each rating may be obtained from the rating agency furnishing such rating at the following address: S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that either or both of such ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the liquidity and market price of the Series 2022 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. Neither the Underwriter, the Issuer nor the County has undertaken any responsibility

either to bring to the attention of the owners of the Series 2022 Bonds any proposed suspension or withdrawal of such rating or to oppose any such revision, suspension, or withdrawal.

Additionally, due to the ongoing uncertainty regarding the debt of the United States of America, including without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Series 2022 Bonds, could be subject to a rating downgrade. Furthermore, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, such as the Series 2022 Bonds.

#### INDEPENDENT PROFESSIONALS

Legal matters incident to the authorization, issuance and sale of the Series 2022 Bonds are subject to the approval of King Kozlarek Law LLC, Greenville, South Carolina, Bond Counsel. Certain legal matters will be passed on for the Issuer by its counsel, Land Parker Welch LLC, Manning, South Carolina, and by its disclosure counsel, King Kozlarek Law LLC, Greenville, South Carolina, for the County by its counsel, David Epperson, Manning, South Carolina, and for the Underwriter by its counsel, Burr & Forman LLP, Columbia, South Carolina.

The financial statements of the County as of June 30, 2021, and for the year then ended have been audited by McGregor & Company LLP, Columbia, South Carolina, independent certified public accountants, to the extent and for the period indicated in its report thereon, which appears in Appendix A. The consent of McGregor & Company LLP to the inclusion of the audited financial statements of the County and their report thereon in Appendix A hereto has not been requested. Therefore, McGregor & Company LLP has not and will not perform any subsequent procedures relating to the audit or review of the information presented in this Official Statement.

#### **UNDERWRITING**

The Series 2022 Bonds are being purchased for reoffering by Stifel, Nicolaus & Company, Incorporated ("Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Series 2022 Bonds for the aggregate purchase price of \$15,344,767.85 (which reflects an aggregate net original issue premium of \$385,067.85 and Underwriter's discount of \$305,300.00). The Underwriter may offer and sell the Series 2022 Bonds to certain dealers and others at a price lower than the offering prices stated on the inside front cover page. The offering prices may be changed from time to time by the Underwriter.

### **CERTIFICATION**

All quotations from and summaries and explanations of provisions of laws of the State do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the Series 2022 Bonds, and determinations of the Issuer or the County relating to the Series 2022 Bonds are qualified in their entirety by reference to the definitive forms of the Series 2022 Bonds and the authorizing ordinances and resolutions and to other documents and determinations. All such summaries, explanations and references are further qualified in their entirety by reference to the exercise of sovereign police powers of the State and the constitutional powers of the United States of America, and to valid bankruptcy, insolvency, reorganization, moratorium, and other laws for the relief of debtors.

Certain of the information set forth in this Official Statement and in its Appendices has been obtained from sources other than the Issuer or the County that are believed to be reliable but is not guaranteed as to accuracy or completeness by the Issuer or the County. The information and expressions of opinion in this Official Statement are subject to change, and neither the delivery of this Official Statement nor any sale made under such document shall create any implication that there has been no change in the Issuer's or the County's affairs.

#### **MISCELLANEOUS**

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. Further, certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." These types of statements are generally identifiable by

the terminology used such as "plan," "expect," "anticipate," "estimate," "budget," "forecast," "project" or similar words. Forward-looking statements are included in various portions of this Official Statement.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THE FORWARD-LOOKING STATEMENTS. THE ISSUER AND THE COUNTY DO NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THESE FORWARD-LOOKING STATEMENTS IF OR WHEN CHANGES TO EXPECTATIONS, OR EVENTS, CONDITIONS, OR CIRCUMSTANCES, ON WHICH THE FORWARD-LOOKING STATEMENTS ARE BASED, OCCUR.

Reference to the State Constitution and legislative enactments are only brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof.

This Official Statement is not to be construed as constituting an agreement with the holders of the Series 2022 Bonds.

It is hoped that the above information will be of assistance. If there are further inquiries, or requests for additional copies of this Official Statement, please address them to Brenton J. Robertson, Esq., Managing Director, Stifel, Nicolaus & Company, Incorporated, telephone: 803.331.3858, email: *robertsonb@stifel.com*, or Bond Counsel, Michael E. Kozlarek, Esq., King Kozlarek Law LLC, telephone: 884.527.5941, email: *michael@kingkozlarek.com*.

The delivery of this Official Statement and its use in connection with the sale of the Series 2022 Bonds has been duly authorized by the Issuer and the County. The contents of this Official Statement are the County's responsibility, except that the Issuer is responsible for the statements contained under the caption "THE ISSUER" and other information with respect to the Issuer, if any, appearing under the caption "CERTAIN LEGAL MATTERS – Litigation," and, with the exception of this information for which the Issuer is responsible, the Issuer makes no representation as to the accuracy or completeness of any information.

CLARENDON FACILITIES CORPORATION	N
<u>/s/ August Cutter</u> President	
CLARENDON COUNTY, SOUTH CAROLII	NA
/s/ Dwight L. Stewart, Jr. Chairman, County Council	

# APPENDIX A

PORTION OF FISCAL YEAR ENDED JUNE 30, 2021, AUDITED FINANCIAL STATEMENTS



AUDITED FINANCIAL STATEMENTS

CLARENDON COUNTY

MANNING, SOUTH CAROLINA

YEAR ENDED JUNE 30, 2021

Clarendon County's management's discussion and analysis offers readers of the County's financial statements a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and notes to the financial statements.

The government-wide financial statements include not only Clarendon County and its blended component units (known as the primary government), but also legally separate entities for which the County is financially accountable. Information included in this discussion and analysis focuses on the activities of the primary government. Accordingly, information provided does not include the activities of discretely-presented component units.

## Financial Highlights:

- Clarendon County's assets exceeded its liabilities at June 30, 2021, by \$5.3 million (net position).
- The County's total net position increased \$2.6 million over the previous year.
- At June 30, 2021, the County's governmental fund balance sheet reported a combined ending fund balance of \$18.9 million, an increase of \$2.6 million over the previous fiscal year. Of the \$18.9 million, \$9.6 million remains in the various funds of the County as committed, assigned, or unassigned.
- The General Fund reported a fund balance of \$8.2 million, reflecting a \$2.4 million increase from last fiscal year. This total ending balance equates to 37.1% of General Fund expenditures for the year. The unassigned fund balance is 23.0% of General Fund expenditures for the year.
- Total bonded debt decreased a net \$0.6 million during the fiscal year.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Clarendon County's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements:** The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Clarendon County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The County's governmental activities include general government, public safety, judicial, physical environment, economic environment, transportation, agencies, and cultural/recreation. Financial information in the government-wide financial statements distinguishes discretely-presented component units from the financial information for the primary government itself.

The government-wide financial statements can be found on pages 15 and 16 of this report.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Clarendon County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Clarendon County maintains 14 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, General County Debt Service Fund, Fire Rescue Fund and C-Program Roads Fund which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Clarendon County adopts an annual appropriation budget for its governmental funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

The basic governmental funds financial statements can be found on pages 17 through 20 of this report.

*Proprietary funds:* Clarendon County utilizes two proprietary funds associated with its Water and Sewer related activities and the Weldon Auditorium. These statements are found on pages 21 through 23.

Fiduciary fund: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

The basic fiduciary fund financial statement can be found on page 24 of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 84 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, the combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 89 through 109 of this report.

# Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Clarendon County, assets exceeded liabilities by \$5.3 million at the close of the most recent fiscal year. The County's increase in net position for this fiscal year amounts to \$2.6 million.

The largest portion of the County's net position (\$24.1 million) reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# Clarendon County's Net Position (Dollars in Thousands)

	Governmental Activities			ess-type vities	<u>Total</u>			
	2021	2020	2021	2020	2021	2020		
Current and other assets	\$ 23,537	\$ 17,643	\$ 532	\$ 646	\$ 24,069	\$ 18,289		
Capital assets	39,157	37,934	16,406	16,302	55,563	54,236		
Total assets	62,694	55,577	16,938	16,948	79,632	72,525		
Deferred outflows of		V. C.O.		100		-7.16.2		
resources	9,481	4,883	157	94	9,638	4,977		
Long-term liabilities	22.42.2			71 722	2724			
outstanding	62,152	55,527	11,884	12,177	74,036	67,704		
Other liabilities	5,256	1,867	2,350	2,100	<u>7,606</u>	3,967		
Total liabilities	67,408	57,394	14,234	14,277	81,642	71,671		
Deferred inflows of resources	2,283	3,026	37	64	2,320	3,090		
Net position Invested in capital assets,								
net of related debt	20,424	19,587	3,644	3,627	24,068	23,214		
Restricted	8,133	6,605	358	313	8,491	6,918		
Unrestricted	_(26,073)	(26,152)	(1,178)	_(1,239)	(27,251)	(27,391)		
Total net position	<u>\$ 2,484</u>	<u>\$ 40</u>	\$ 2,824	\$ 2,701	\$ 5,308	\$ 2,741		

An additional portion of the County's net position of the governmental activities (\$8.1 million) represents resources that are subject to external restrictions on how they may be used or deemed to be unspendable.

The changes in net position displayed below shows the governmental and business-type activities during the fiscal year. Increases in property taxes resulted in a positive change in net position of \$2.6 million.

# Clarendon County's Changes in Net Position (Dollars in Thousands)

	Govern Activ		Activ	ss-type <u>vities</u>	<u>To</u>	
	2021	2020	<u>2021</u>	<u>2020</u>	<u>2021</u>	2020
Revenues						
Program Revenues:						
Charges for Services	\$ 4,481	\$ 2,506	\$ 1,162	\$ 959	\$ 5,643	\$ 3,465
Grants and Contributions	1,174	498	200	822	1,374	1,320
General revenues:						
Ad valorem taxes	22,657	20,730	-	-	22,657	20,730
Other taxes	4,330	3,587	-	-8	4,330	3,587
State shared	4,324	3,862	-	-	4,324	3,862
Interest	30	104	1	4	31	108
Other	633	327	-		633	327
Total revenues	37,629	31,614	1,363	1,785	38,992	33,399
Expenses						
<b>Government Activities:</b>						
General government	8,554	8,321			8,554	8,321
Public safety	16,330	13,400	-	2	16,330	13,400
Physical environment	3,969	3,834	-	-	3,969	3,834
Transportation	265	198	-		265	198
Economic environment	1,093	688	-	-	1,093	688
Court related	1,961	1,933	1.41	-	1,961	1,933
Cultural and recreational	911	877		-	911	877
Agencies	920	920	( ÷	-	920	920
Interest on long-term debt	1,072	652		-	1,072	652
Business-type Activities:						
Water and sewer fund	4	-	1,156	1,233	1,156	1,233
Weldon Auditorium			289	257	289	257
Total expenses	35,075	30,823	1,445	1,490	36,520	32,313
Transfers in (out)	(115)	(109)	201	241	86	132
Change in net position	\$ 2,439	<u>\$ 682</u>	<u>\$ 119</u>	<u>\$ 536</u>	\$ 2,558	\$ 1,218

**Primary Governmental Activities:** Revenues for the County's governmental activities were \$37.6 million for fiscal year 2021. Taxes constitute the largest source of County revenues, amounting to approximately \$27.0 million for the fiscal year 2021. Real property taxes (\$18.3 million) represent 67.8% of total taxes and 48.7% of all revenue combined. Whereas, intergovernmental revenues increased to \$5.5 million for the fiscal year end.

# Financial Analysis of Clarendon County's Funds

As noted earlier, Clarendon County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** The focus of Clarendon County governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Clarendon County's financing requirements. In particular, non-restricted fund balances (committed, assigned and unassigned) may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2021, Clarendon County governmental funds reported combined fund balances of \$18.9 million, an increase of \$2.6 million from the prior year balances. This increase was primarily the result of an increase in tax collections and bond issuance for capital projects.

The General Fund is the chief operating fund of the County. At June 30, 2021, total fund balance in the General Fund was \$8.2 million, of which \$5.4 million was not restricted. As a measure of the General Fund's liquidity, the total fund balance and total unrestricted and nonspendable fund balances compared to total fund expenditures shows percentages of 37.1% and 24.44%, respectively. The fund balance of the General Fund showed an increase of 41.4%, or \$2.4 million during the fiscal year.

### **General Fund Budgetary Highlights**

A budget to actual statement is provided for the General Fund. A budget column for both the original budget adopted for fiscal year 2021 as well as the final budget is presented. Historically, neither grant revenue nor expenditures are budgeted. The variances reflected are primarily a result of greater tax collections, related grant activities and savings realized at the departmental level (staffing levels less than budgeted).

# Capital Asset and Debt Administration

Capital assets: Clarendon County's investment in capital assets for its governmental type activities as of June 30, 2021, amounts to \$39.2 million (net of accumulated depreciation) and \$16.0 million within its business-type activities. This investment in capital assets includes land, buildings and improvements, machinery and equipment and construction in progress. Clarendon County's investment in capital assets for the fiscal year was up 1.8% as water system expansion efforts continue.

## Clarendon County's Capital Assets (Net) (Dollars in Thousands)

		Government Activities			Business-type Activities				<u>Total</u>			
	2	2021		2020	2	021	2	020		2021		2020
Land	\$	2,936	\$	2,936	\$	154	\$	154	\$	3,090	\$	3,090
Infrastructure		5,659		4,532		-		-		5,659		4,532
Construction in progress		248		1,039		39		5,922		287		6,961
Buildings and improvements	2	4,968		24,737		2,547		2,633		27,515	-	27,370
Water distribution system		_		-	1:	3,131		7,389		13,131		7,389
Machinery and equipment	-	5,346	-	4,690	_	177	_	204	_	5,523	_	4,894
Total	\$ 3	<u> 157</u>	\$	37,934	\$10	6,048	\$1	5,302	\$	<u>55,205</u>	\$	54,236

Additional information on the County's capital assets can be found in Note 7 on pages 43 through 44 of this report.

**Long-term debt:** At the end of the current fiscal year, Clarendon County had a total bonded debt and capital leases outstanding of \$30.5 million, of which \$6.5 million is backed by the full faith and credit of the County.

# Clarendon County's Outstanding Debt (Dollars in Thousands)

	2021	2020
General obligation bond(s)	\$ 6,520	\$ 7,253
Revenue bond(s)	22,687	22,845
Capital lease(s)	1,286	1,229
	\$ 30,493	\$ 31,327

The County's total debt decreased \$0.8 million. The County currently has a rating of "A+" from Standard & Poor's Corporation on general obligation bond issues. As of June 30, 2021, the County's general obligation debt and capital lease approximated two hundred twenty-five dollars (\$225) per capita.

Additional information on Clarendon County's long-term debt can be found in Note 10 on pages 48 through 57 of this report.

# **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Clarendon County is currently 5.3%, which represents a decrease from a year ago. This compares to the state's average unemployment rate of 4.5% and the national average rate of 6.1%.
- Assessed taxable property valuation increased to \$108.8 million in 2021, an increase of 2.4% over the prior year.
- County-wide gross taxable sales increased from \$478 million in 2020 to \$572 million in 2021 (19.7%); additionally, net taxable sales increased by 14.4% to \$190 million in 2021.

All of these factors were considered in preparing the County's budget for the 2022 fiscal year. Per the Fiscal Year 2022 Amended Adopted Budget, disbursements are budgeted at \$23.3 million, an increase of 6.9% from the fiscal year 2021 level for the General Fund. The County's commitment to programs such as public safety, health and welfare, community development, public works, and parks, recreation, and cultural activities remains strong. However, pressures on the County's budget due to the additional resources required to keep our communities safe will continue to be a challenge for the County in light of legislated constraints to revenue growth.

# Requests for Information

This financial report is designed to provide a general overview of Clarendon County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to County Chief Financial Officer, 411 Sunset Drive, Manning, South Carolina 29102. Complete financial statements for each individual component unit may be obtained at each respective administrative office.

# CLARENDON COUNTY, SOUTH CAROLINA STATEMENT OF NET POSITION JUNE 30, 2021

		Primary Governme	Component Units				
	Governmental	Business-Type	1.231.3	Harvin Clarendon	Business		
Select	Activities	Activities	Total	County Library	Development Corp		
ASSETS							
Current assets:	20 Kr. 100 Co.		20 90 92 92		2 222 233		
Cash and investments	\$ 19,077,872	2 \$ 322,547	\$ 19,400,419	\$ 172,536	\$ 2,527,929		
Receivables:			1532.532				
Delinquent taxes	1,815,315		1,815,315		22.2.5		
Other	722,968	- L - L - L - L - L - L - L - L - L - L		2,355	36,364		
Due from fiduciary funds	94,900	-	94,900		-		
Prepaid expense	TARRES S	· · · · · · · · · · · · · · · · · · ·	T	23,396	3,200		
Due from other governments	1,735,651	14,050	1,749,701	- 1			
Inventories	90,546		90,546	90			
Capital leases and notes receivable					28,548		
Total current assets	23,537,252	531,553	24,068,805	198,287	2,596,041		
Non-current assets:							
Restricted cash and cash equivalents		358,301	358,301	-	257,190		
Capital leases and notes receivable		· · · · · · · · · · · · · · · · · · ·			431,198		
Non-depreciable capital assets-net	3,184,419	192,535	3,376,954	24,000	3,721,336		
Depreciable capital assets-net	35,972,733	15,855,013	51,827,746	79,139	961,945		
Total non-current assets	39,157,152			103,139	5,371,669		
Total assets	62,694,404			301,426	7,967,710		
Total about	02,001,101	10,007,102	10,001,000	- 001,120	- 1,001,110		
DEFERRED OUTFLOWS OF RESOURCES							
Pension Deferrals	4,981,961	81,232	5,063,193	257,526			
OPEB Deferrals	4,499,458			257,520	-		
Total deferred outflows of resources		-	4,574,944 9,638,137	057.500			
rotal deletted outflows of resources	9,481,419	156,718	9,038,137	257,526	. ————		
LIADILITIES							
LIABILITIES							
Current liabilities (payable from current assets):	222742	150,632	1496460	12.02	19935		
Accounts payable	902,074	42,928	945,002	12,277	5,067		
Due to other governments	181,951		181,951	-	•		
Internal balances	(1,940,754)	1,940,754	-	-	· ·		
Due to fiduciary funds	318,373	-	318,373		N		
Unearned revenue	3,167,568	106,903	3,274,471	-	909,544		
Note payable	-	· ·			28,548		
Other liabilities	80,513		80,513	-	-		
Accrued compensated absences	558,237	11,225	569,462	-	4		
Closures and maintenance costs payable	27,200	-	27,200	-	¥		
Capital lease	410,638		410,638	2	2		
GBAN payable	364,070	-	364,070	-	-		
Bond payable	1,186,325	247,754	1,434,079		4		
Total current liabilities	5,256,195		7,605,759	12,277	943,159		
Non-current liabilities:							
Accrued compensated absences	29,373		29,373	22,110			
Closures and maintenance costs payable	441,850		441,850		2		
Note payable			1111000		253,698		
Net pension liability	23,190,797	520,051	23,710,848	711,371	200,000		
OPEB payable	20,856,050	349,899	21,205,949	505,592			
Capital lease	875,165	545,655	875,165	303,392			
		11,013,785		7			
Bond payable	16,759,078 62,152,313		27,772,863	1,239,073	252.000		
Total long-term liabilities		11,883,735	74,036,048		253,698		
Total liabilities	67,408,508	14,233,299	81,641,807	1,251,350	1,196,857		
DEFERRED INFLOWS OF RESOURCES	and the second second						
Bond premium	146,448		146,448	÷.			
Pension Deferrals	285,247	5,703	290,950	183,308			
OPEB Deferrals	1,851,794	31,067	1,882,861	-	-		
Total deferred inflows of resources	2,283,489	36,770	2,320,259	183,308	-		
NET POSITION							
Net investment in capital assets	20,423,848	3,643,476	24,067,324	103,139	4,401,035		
Restricted:			20,000,000				
Debt service	3,417,340	348,301	3,765,641	_			
Water system asset replacement	21	10,000	10,000				
Drug interdiction	576,855		576,855	2	1		
Third circuit solicitor	271,705		271,705		-		
E-911 call center	1,061,307		1,061,307		-		
				-			
Local option sales tax	2,769,986	-	2,769,986		4 040 050		
I-95 Mega-site	36,072	// /77 700	36,072	1070 0 171	1,218,950		
Unrestricted	(26,073,287)		(27,251,013)	(978,845)	1,150,868		
Total net position	\$ 2,483,826	\$ 2,824,051	\$ 5,307,877	\$ (875,706)	\$ 6,770,853		

#### CLARENDON COUNTY, SOUTH CAROLINA STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Net (Expense) Revenue and Changes in Net Position

							Changes in Net Position						
		Program Revenues					Primary Government				Component Units		
2.546.20.000		Charges for	G	perating rants and	G	Capital rants and	Governmental	Business-Type			in Clarendon	Dev	Business relopment
Functions/Programs	Expenses	Services	Col	ntributions	Cor	ntributions	Activities	Activities	Total	Cou	unty Library	Co	rporation
Primary Government:													
Governmental activities:	2.222.22	22222	12			702 202	4	1.2	21.0 12.0 2.10				
Public safety	\$16,330,178	\$ 2,031,509	\$	222,091	\$	190,765	\$ (13,885,813)	\$ -	\$(13,885,813)				
General government	8,554,197	181,994		103,123		-	(8,269,080)	-	(8,269,080)				
Physical environment	3,968,708	1,402,019		48,937			(2,517,752)	-	(2,517,752)				
Court related	1,960,935	692,878		-		4,963	(1,263,094)	•	(1,263,094)				
Agencies	920,324	•		-		•	(920,324)		(920,324)				
Culture/Recreation	911,075	43,399		6,520		116,176	(744,980)		(744,980)				
Economic environment	1,092,819	81,689		200,000			(811,130)	-	(811,130)				
Transportation	265,237	47,180		-		281,214	63,157		63,157				
Interest	1,072,034	-			-		(1,072,034)		(1,072,034)				
Total governmental activities	35,075,507	4,480,668	_	580,671	_	593,118	(29,421,050)		(29,421,050)				
Business-Type Activities: Water & Sewer Utility	1 155 000	1 120 000				200 424		400 400	400 400				
Weldon Auditorium	1,155,698 289,697	1,138,690 23,744		-		200,134	-	183,126	183,126				
Total business-type activities			-		-	200 404		(265,953)	(265,953)				
	1,445,395	1,162,434	-	- -	_	200,134	(00 404 050)	(82,827)	(82,827)				
Total Primary Government:	\$36,520,902	\$ 5,643,102	\$	580,671	\$	793,252	(29,421,050)	(82,827)	(29,503,877)				
Component Units:													
Harvin Clarendon County Library	\$ 734,769	\$ 16,542	\$	102,355	\$	-				\$	(615,872)	\$	
<b>Business Development Corporation</b>	588,772	161,766		304,751		55,683					-		(66,572)
Total Component Units	\$ 1,323,541	\$ 178,308	\$	407,106	\$	55,683					(615,872)		(66,572)
	General Reven	ues:											
	Taxes:												
	Property 1	taxes, levied for	gener	al purposes			20,153,842	1.4	20,153,842		-		-
	Property	taxes, levied for	debt s	services			2,503,498	- 2	2,503,498		( <del>-</del>		-
	Sales and u	se taxes					4,329,773	-	4,329,773		5		19
	Franchise fe	es					109,291		109,291		-		2
	State shared	d revenues					4,324,741	-	4,324,741		-		_
	Interest earr						30,663	1,162	31,825		-		21,113
		of capital asset	S				256,974	.,	256,974		_		302,077
	Miscellaneo						266,562		266,562		565,000		-
	County appr						200,002		200,002		-		_
		eneral revenues					31,975,344	1,162	31,976,506	-	565,000	-	323,190
	Transfers	jeneral revenues					(115,182)	200,750	85,568		-		-
		general revenues	tran	sfers and co	ntribu	itions	31,860,162	201,912	32,062,074	-	565,000	-	323,190
		ange in net positi		ololo alla oo			2,439,112	119,085	2,558,197	_	(50,872)		256,618
	Net position - h	eginning - as re	states				44,714	2,704,966	2,749,680		(824,834)		6,514,235
	Net position - 6		Jaide				\$ 2,483,826	\$ 2,824,051	\$ 5,307,877	\$	(875,706)	\$	6,770,853
	iver hosinous - 6	anding					φ 2,403,020	φ 2,024,031	Ψ 5,507,677	Ψ	(0/0,/00)	Ψ	0,770,000

The accompanying notes are an integral part of the financial statements.

### CLARENDON COUNTY, SOUTH CAROLINA BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2021

	GENERAL	CAPITAL PROJECTS	GENERAL COUNTY DEBT SVC	FIRE RESCUE	C-PROGRAM ROADS	OTHER GOVERNMENTAL FUNDS	GOV	TOTAL /ERNMENTAL FUNDS
ASSETS								
Cash and cash equivalents Accounts receivable	\$ 6,442,417	\$ 3,728,180	\$ 3,379,474	\$ 969,981	\$ 2,219,201	\$ 2,349,740	\$	19,088,993
Property taxes	1,297,637	-	99,838	273,962	-	143,878		1,815,315
Other	163,516	-		457,671		101,781		722,968
Due from other funds	144,816		28,450	-	2,404	2,411		178,081
Due from fiduciary funds	94,900	10,022,025	-	-	=	-		94,900
Due from business enterprise Due from other governments Supplies inventory	812,271 1,596,248 90,546	1,128,483	•	-	139,403			1,940,754 1,735,651 90,546
Total assets	\$ 10,642,351	\$ 4,856,663	\$ 3,507,762	\$ 1,701,614	\$ 2,361,008	\$ 2,597,810	\$	25,667,208
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	3							
Liabilities:								
Accounts payable	\$ 357,638	\$ 63,575	\$ -	\$ 36,206	\$ 112,991	\$ 14,715	\$	585,125
Accrued payroll and withholdings	296,837	-	-	20,112		44.404		316,949
Cash overdraft  Due to other funds	33,265		125,000	17,816	-	11,121 2,000		11,121 178,081
Due to other funds  Due to fiduciary funds	318,373		125,000	17,010		2,000		318,373
Due to other governments	181,951		- 2			2		181,951
Bonds payable	101,551	364,070	_	_	-	-		364,070
Unearned revenue	37,084	3,124,296	_	-	-			3,161,380
Advance mobile home revenue	6,188	2000 1000			.2	4		6,188
Other liabilities	80,513	-			-			80,513
Total liabilities	1,311,849	3,551,941	125,000	74,134	112,991	27,836		5,203,751
Deferred Inflows of Resources Unavailable Revenue-Property Taxes	1,112,074		80,915	228,195		119,742		1,540,926
Total Deferred Inflows of Resources	1,112,074		80,915	228,195		119,742		1,540,926
Of Nessearces	1,112,011	-		220,100	-		-	1,010,000
Fund balances:								
Nonspendable	90,546	3.725.725	3,513,132	-		202222		90,546
Restricted	2,806,058	1,128,483	3,301,847	-		2,025,360		9,261,748
Committed		470 000	•	4 200 205	2 240 047	404.070		4 476 207
Assigned	227,974	176,239	-	1,399,285	2,248,017	424,872		4,476,387 5,093,850
Unassigned Total fund balances	5,093,850 8,218,428	1,304,722	3,301,847	1,399,285	2,248,017	2,450,232		18,922,531
Total falla Balances	0,210,120		0,001,011	1,000,200			-	10,022,000
Total Liabilities, Deferred Inflows of Resources, and Fund balances	\$ 10,642,351	\$ 4,856,663	\$ 3,507,762	\$ 1,701,614	\$ 2,361,008	\$ 2,597,810		
Amounts reported for governmental a different because: Capital assets used in governmenta								
are not reported in funds.  Long-term liabilities, including bonds accrued compensated absences (\$\frac{9}{2}\$	s payable (\$17,94 \$587,610), closur	45,403), capital le e and maintenan	ease (\$1,285,803), ces costs					39,157,152
payable (\$469,050) and bond prem Other Post Employment Benefits (O	PEB) liability and	are not reported i I deferred inflows	n funds. /outflows represen	t the future unfun	ded costs			(20,434,314)
associated with current benefits de Net pension liability and deferred ou	tflow/inflows repr			e future unfunded	costs			(18,208,386)
associated with County's participat Delinquent taxes receivable are not	financial resourc	es in the current						(18,494,083)
								4 5 40 000
therefore, are reported as unearned	d revenue in the	funds.					_	1,540,926

#### CLARENDON COUNTY, SOUTH CAROLINA STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL	CAPITAL PROJECTS	GENERAL COUNTY DEBT SVC	FIRE RESCUE	C-PROGRAM ROADS	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES							
Taxes	\$ 18,698,817	\$ -	\$ 2,437,461	\$ 3,694,712	\$ -	\$ 2,268,580	\$ 27,099,570
Licenses and permits	149,129	_	Ψ 2,407,401	Ψ 0,004,712	Ψ _	Ψ 2,200,000	149,129
Intergovernmental	2,811,738	252,990			1,530,870	799,379	5,394,977
Charges for services	1,966,840	202,330		1 564 300	1,550,670	121,949	3,653,098
Fines and forfeitures	332,981	-	-	1,564,309			
Interest	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	2.402	-	4.400	0.040	154,328	487,309
	9,782	3,162	668	1,199	9,218	6,634	30,663
Miscellaneous	567,950			71,340	4.540.000		639,290
Total revenues	24,537,237	256,152	2,438,129	5,331,560	1,540,088	3,350,870	37,454,036
EXPENDITURES							
Current:							
General government	6,303,701	6,172			699,877	273,841	7,283,591
Public safety	7,314,114	97,405	2	6,050,094	-	565,980	14,027,593
Physical environment	3,740,535	20,875		-	_	*******	3,761,410
Transportation	204,424	20,010	32	2	2	12	204,424
Economic environment	663,634	384,487	4.3	2			1,048,121
Agencies	916,832		- 2	-2.			916,832
Culture/Recreation	552,309		-			212,307	764,616
Court Related	1,575,111	-	-	-	-	226,591	
Debt service:	1,575,111	-	-		-	220,391	1,801,702
			4 750 700			75 070	4 000 050
Principal			1,752,788			75,870	1,828,658
Interest and fiscal charges	-	39,330	1,029,055	-	-	29,293	1,097,678
Capital outlay	872,122	1,319,191		552,108	935,674	63,250	3,742,345
Total expenditures	22,142,782	1,867,460	2,781,843	6,602,202	1,635,551	1,447,132	36,476,970
Excess of revenues over							
(under) expenditures	2,394,455	(1,611,308)	(343,714)	(1,270,642)	(95,463)	1,903,738	977,066
OTHER FINANCING SOURCES (USES)							
Sale of assets	113,832	2	1.2.	182,417		48,125	344,374
Bond proceeds	11111111	2	287,500	-	_		287,500
Bond proceeds from refunding			7,475,821				7,475,821
Payment to refunded bond escrow			(6,900,000)				(6,900,000)
Lease proceeds	2	500,000	(0,000,000)	2			500,000
Transfers	(101,272)	207,581		1,514,890		(1,736,381)	(115,182)
Net other financing sources (uses)	12,560	707,581	863,321	1,697,307		(1,688,256)	1,592,513
Net changes in fund balances	2,407,015	(903,727)	519,607	426,665	(95,463)	215,482	2,569,579
Fund balances at beginning of year -							
as restated	5,811,413	2,208,449	2,782,240	972,620	2,343,480	2,234,750	16,352,952
Fund balances at end of year	\$ 8,218,428	\$ 1,304,722	\$ 3,301,847	\$ 1,399,285	\$ 2,248,017	\$ 2,450,232	\$ 18,922,531

# CLARENDON COUNTY, SOUTH CAROLINA RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Net Changes in fund balances - total governmental funds Amounts reported for governmental activities in the statement of activities are different because:		\$ 2,569,579
Governmental funds report capital outlay as expenditures.  However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as		
depreciation expense.		
Expenditures for capital assets	\$ 3,742,345	
Less current year depreciation	(2,432,112)	1,310,233
Governmental funds only report the disposal of assets to the		
extent proceeds are received from the sale. In the statement		
of activities, a gain or loss is reported for each disposal.		
Difference between proceeds and book value of assets sold.	(87,400)	(87,400)
Lease and bond proceeds provide current financial resources		
to government funds, but incurring debt increases		
long-term liabilities in the statement of net position.		
Bond proceeds	(7,747,500)	
Bond premium	(15,821)	
Lease proceeds	(500,000)	
Bond principal payment	8,394,733	
Bond premium	25,644	
Capital lease payment	443,553	600,609
Some expenses reported in the statement of activities do		
not require the use of current financial resources, therefore,		
are not reported as expenditures in governmental funds.		
Change in compensated absences	16,517	
Change in OPEB liability, deferred outflows and inflows	(1,198,121)	
Change in Pension liability, deferred outflows and inflows	(689,946)	
Change in closure and maintenance costs payable	(1,150)	(1,872,700)
Some property tax will not be collected for several months		
after the County's fiscal year-end, they are not		
considered "available" revenues in the governmental funds.		 (81,209)
Change in net position of governmental activities.		\$ 2,439,112

The accompanying notes are an integral part of the financial statements.

#### CLARENDON COUNTY, SOUTH CAROLINA STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

	Budgete	Actual Budget	Variance with Final Budget		
	Original	Final	Basis (Note 2)		Favorable nfavorable)
REVENUES					
Taxes	\$ 16,777,840	\$ 16,777,840	\$ 18,698,817	\$	1,920,977
Licenses and permits	132,500	132,500	149,129		16,629
Intergovernmental	1,929,530	1,963,146	2,811,738		848,592
Charges for services	1,772,750	1,772,750	1,966,840		194,090
Fines and forfeitures	315,200	315,200	332,981		17,781
Interest	12,000	12,000	9,782		(2,218)
Miscellaneous	545,500	511,884	567,950		56,066
Total revenues	21,485,320	21,485,320	24,537,237		3,051,917
EXPENDITURES					
Current:					
General government	5,878,630	5,870,130	6,841,992		(971,862)
Public safety	7,819,770	7,819,770	7,563,449		256,321
Physical environment	3,893,950	3,893,950	3,744,135		149,815
Transportation	223,580	223,580	221,504		2,076
Economic environment	739,970	739,970	692,134		47,836
Culture/Recreation	599,820	599,820	596,079		3,741
Court related	1,704,550	1,713,050	1,587,739		125,311
Agencies	918,050	918,050	916,832		1,218
Total expenditures	21,778,320	21,778,320	22,163,864		(385,544)
Excess of revenues over					
(under) expenditures	(293,000)	(293,000)	2,373,373		2,666,373
OTHER FINANCING SOURCES (USE	S)				
Sale of assets	190,000	190,000	113,832		(76, 168)
Transfers In/(out)	103,000	103,000	(101,272)		(204,272)
Net other financing sources (uses)	293,000	293,000	12,560		(280,440)
Excess of revenues over (under) expenditures and other					
financing sources (uses)	\$ -	\$ -	2,385,933	\$	2,385,933
illancing sources (uses)	Ψ -	<u>σ</u>	2,000,900	Ψ	2,000,000
Fund balance at beginning					
of year as restated			5,697,511		
Fund balance at end of year			\$ 8,083,444		

The accompanying notes are an integral part of the financial statements.

#### CLARENDON COUNTY, SOUTH CAROLINA STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2021

### BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS

			ENTERPRISE FUNDS		
ASSETS	WATER	SEWER UTILITY	TOTAL UTILITY	WELDON AUDITORIUM	TOTAL ENTERPRISE FUNDS
	UTILITY	UTILITY	UTILITY	AUDITORIUM	FUNDS
Current Assets	. 470.404		0 005 500	40.070	m 000 547
Cash and cash equivalents	\$ 179,434	\$ 126,135	\$ 305,569	\$ 16,978	\$ 322,547
Accounts receivable, net of allowance	175,645	19,311	194,956	-	194,956
Due from other governments	14,050		14,050	-	14,050
Total current assets	369,129	145,446	514,575	16,978	531,553
Noncurrent Assets					
Restricted cash and cash equivalents	197,550		197,550	160,751	358,301
Capital assets:					
Land	114,764	38,771	153,535		153,535
Buildings and improvements	13,478	1000	13,478	3,438,171	3,451,649
Machinery and equipment	443,233	28,026	471,259	6,485	477,744
Water and sewer system	14,604,081	313,184	14,917,265	-	14,917,265
Construction in Progress	39,000	010,104	39,000		39,000
Less: Accumulated Depreciation	(1,913,067)	(175,952)	(2,089,019)	(902,626)	(2,991,645)
Total noncurrent assets					16,405,849
	13,499,039	204,029	13,703,068	2,702,781	
TOTAL ASSETS	13,868,168	349,475	14,217,643	2,719,759	16,937,402
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	59,467	6,607	66,074	15,158	81,232
OPEB deferrals	54,442	5,947	60,389	15,097	75,486
Total deferred outflows of resources	113,909	12,554	126,463	30,255	156,718
	113,909	12,004	120,403	30,233	130,710
LIABILITIES					
Current Liabilities:					
Accounts payable	32,485	6,281	38,766	3,865	42,631
Accrued payroll and withholdings	134	15	149	148	297
Due to other funds	1,472,103	167,066	1,639,169	301,585	1,940,754
Unearned revenue	106.164	739	106,903		106,903
Accrued compensated absences	7,897	877	8,774	2,451	11,225
Bond payable	167,754	011	167,754	80,000	247,754
Total current liabilities	1,786,537	174,978	1,961,515	388,049	2,349,564
Noncurrent Liabilities:	1,780,557	174,570	1,961,519	300,049	2,043,004
	0.002.705		0.002.705	2,090,000	11,013,785
Bond payable	8,923,785	40.004	8,923,785		
Pension liability	380,707	42,301	423,008	97,043	520,051
Net OPEB liability	252,351	27,568	279,919	69,980	349,899
Total noncurrent liabilities	9,556,843	69,869	9,626,712	2,257,023	11,883,735
TOTAL LIABILITIES	11,343,380	244,847	11,588,227	2,645,072	14,233,299
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	4,175	464	4,639	1,064	5,703
OPEB deferrals	22,406	2,448	24,854	6,213	31,067
Total deferred inflows of resources	26,581	2,912	29,493	7,277	36,770
	20,361	2,312	29,430	1,211	30,770
NET POSITION					3,210,000
Net investment in capital assets	3,164,008	107,438	3,271,446	372,030	3,643,476
Restricted:					
Debt service	187,550		187,550	160,751	348,301
Replacement	10,000		10,000	-	10,000
Unrestricted	(749,442)	6,832	(742,610)	(435,116)	(1,177,726)

#### CLARENDON COUNTY, SOUTH CAROLINA STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2021

### BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS

		WATER UTILITY	SEWER ITILITY	TOTAL UTILITY		ELDON DITORIUM		TOTAL TERPRISE FUNDS
OPERATING REVENUES		2,55-15-1	 					
Charges for services	\$	952,158	\$ 186,532	\$ 1,138,690	\$	23,744	\$	1,162,434
Total operating revenues		952,158	186,532	1,138,690		23,744		1,162,434
OPERATING EXPENSES								
Cost of sales & services		188,935	84,795	273,730		<del>-</del>		273,730
Production expense		-	-	-		2,715		2,715
Personnel & benefits		195,170	21,854	217,024		55,243		272,267
Administration		38,775	12,925	51,700		61,903		113,603
Depreciation		382,754	11,989	394,743		86,062		480,805
Total operating expenses		805,634	131,563	937,197		205,923		1,143,120
OPERATING INCOME (LOSS)		146,524	54,969	201,493		(182,179)		19,314
NON-OPERATING REVENUE (EXPENSES)								
Investment income		242	842	1,084		78		1,162
Interest and fiscal charges		(218,501)	-	(218,501)		(83,774)		(302,275)
Total non-operating revenue (expenses)		(218,259)	842	(217,417)		(83,696)		(301,113)
NET INCOME (LOSS) BEFORE CAPITAL								
CONTRIBUTIONS AND TRANSFERS	_	(71,735)	 55,811	 (15,924)	_	(265,875)	_	(281,799)
CAPITAL CONTRIBUTIONS AND TRANSFERS						×		
Capital contributions		200,134	_	200,134		12		200,134
Transfers		(17,500)	(2,500)	(20,000)		220,750		200,750
Net other financing sources (uses)		182,634	(2,500)	180,134		220,750		400,884
CHANGE IN NET POSITION		110,899	53,311	164,210		(45,125)		119,085
Net position at beginning of year- as restated		2,501,217	 60,959	 2,562,176		142,790		2,704,966
NET POSITION AT END OF YEAR	\$	2,612,116	\$ 114,270	\$ 2,726,386	\$	97,665	\$	2,824,051

#### CLARENDON COUNTY, SOUTH CAROLINA STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2021

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS

		E	NTEF	PRISE FUND	S	
	WATER & SEWER UTILITY		SEWER WELDON		EN	TOTAL ITERPRISE FUNDS
Cash Flows From Operating Activities:						
Cash received from customers  Cash paid to suppliers for goods and services  Cash paid to employees for services	\$	1,186,883 (349,272) (267,104)	\$	23,744 (61,682) (59,341)	\$	1,210,627 (410,954) (326,445)
Internal activity-payments to other funds		137,022		44,708		181,730
Net Cash Provided (Used) By Operating Activities		707,529		(52,571)		654,958
Cash Flows from Noncapital Financing Activities						
Transfers		(20,000)	-	220,750	-	200,750
Cash Flows From Capital and Related Financing Activities:						
Principal payments		(163,782)		(80,000)		(243,782)
Interest paid on debt		(218,501)		(83,774)		(302,275)
Capital contributions		200,134		-		200,134
Proceeds from sale of capital assets		9,664				9,664
Purchase of capital assets		(230,196)		(6,485)		(236,681)
Net Cash Provided (Used) By Capital						
and Related Financing Activities	-	(402,681)		(170,259)	_	(572,940)
Cash Flow From Investing Activities:						
Interest income		1,084		78		1,162
Net Cash Provided (Used) By Investing Activities	-	1,084		78	-	1,162
Net Increase (Decrease) in Cash and Cash Equivalents		285,932		(2,002)		283,930
Cash and Cash Equivalents at Beginning of Year		217,187		179,731		396,918
Cash and Cash Equivalents at End of Year	\$	503,119	\$	177,729	\$	680,848
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by operating Activities						
Operating income (loss)	\$	201,493	\$	(182,179)	\$	19,314
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation expense		394,743		86,062		480,805
Adjustments for retirement and OPEB expense		(50,736)		(4,142)		(54,878)
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable		44,411		-		44,411
Increase (decrease) in accounts payable		(23,842)		2,936		(20,906)
Increase (decrease) in due to other funds		137,022		44,708		181,730
Increase (decrease) in accrued compensated absences		656		44		700
Increase (decrease) in deferred revenue		3,782			-	3,782
Net Cash Provided by (Used for) Operating Activities	\$	707,529	\$	(52,571)	\$	654,958
Net Cash Provided by (Used for) Operating Activities	\$	707,529	\$	(52,571)	\$	654,95

The accompanying notes are an integral part of the financial statements.

# CLARENDON COUNTY, SOUTH CAROLINA STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS JUNE 30, 2021

#### **ASSETS**

**Total Liabilities** 

Cash and investments	\$ 6,395,990
Delinquent taxes receivable	1,522,654
Due from other funds	318,372
Due from other magistrates	122
Total Assets	\$ 8,237,138
LIABILITIES	
Due to trust fund holders	\$ 8,134,182
Due to Treasurer - cash overage (shortage)	5,709
Due to other funds	94,900
Due to other	2,225
Due to other magistrates	122
# 10 PM 10 PM 10 PM 44 PM 10 P	

\$ 8,237,138

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clarendon County, South Carolina (the "County") is a political subdivision of the state of South Carolina. Incorporated in 1855, the County encompasses 599 square miles of land with an estimated population of 34,652. The County is governed by an elected five member council.

The financial statements of the County have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

#### A. Reporting Entity

The concept underlying the definition of the reporting entity is that elected officials are accountable to their constituents for their actions. The reporting entity's financial statements should allow users to distinguish between the primary government (the County) and its component units. However, some component units, because of the closeness of their relationships with the County, should be blended as though they are part of the County. Otherwise, most component units should be discretely presented.

The following entities have been determined to be blended and discretely presented component units of Clarendon County:

#### **Blended Component Unit:**

The Clarendon Facilities Corporation (Facilities Corporation), a not-for-profit organization, was established in 2011 to acquire, construct and lease facilities to be used by the County. While the County does not appoint members to the Facilities Corporation's Board of Directors, it has a financial burden to the Facilities Corporation in that it is obligated for lease payments equaling the amount of debt to be relieved and associated interest payments. Activities of the Facilities Corporation are reported as major capital projects and debt service funds. Separate financial statements for the Facilities Corporation are not issued.

#### **Discretely Presented Component Units:**

#### **Harvin Clarendon County Library**

Clarendon County provides a significant portion of the Library funding and has the ability to influence operations significantly. Separate financial statements for the Library are available.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### A. Reporting Entity (continued)

**Discretely Presented Component Units: (continued)** 

#### **Business Development Corporation of Clarendon County (BDC)**

Clarendon County has the ability to influence operations of the Business Development Corporation of Clarendon County significantly. Separate financial statements for the BDC are available.

Because the component units have been reported as if they are part of the County, there are limited instances where special note reference or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable.

#### B. Measurement Focus and Basis of Accounting

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

#### 1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Non-exchange Transactions.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. Measurement Focus and Basis of Accounting (continued)

#### 1. Government-wide Financial Statements (continued)

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. The County chooses to eliminate the indirect costs between governmental activities to avoid a "doubling up" effect.

#### 2. Fund Financial Statements

The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. The fiduciary statement includes financial information for the agency funds. The agency funds of the County primarily represent assets held by the County in a custodial capacity for other individuals or governments.

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. Measurement Focus and Basis of Accounting (continued)

#### **Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the County.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables (special assessments) due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Description of Funds

GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The County has used GASB 34 minimum criteria for major fund determination and has also electively disclosed funds which either had debt outstanding or specific community focus as major funds. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

#### 1. Governmental Major Funds:

**General Fund** – The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those required to be accounted for in another fund.

Capital Projects Fund – The Capital Projects Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities, infrastructure or equipment.

**General County Debt Service Fund** – The General County Debt Service fund is established for the purpose of accumulating resources for the payment of principal and interest on general long term debt.

**Fire Rescue Department** – The Fire Department accounts for ad valorem taxes and other revenues to be used for the operations of the Fire Department and the provision of EMS services.

**C-Program Roads** – The C-Program fund accounts for fuel taxes collected for the construction and repair of public roads.

#### 2. Other Governmental Funds:

**Special Revenue Funds** – These funds are established to account for the proceeds of specific revenue sources and certain special assessments that are legally restricted to expenditures for specified purposes. It is the County's policy not to budget for all Special Revenue Funds in the form of a legally adopted budget format.

**Debt Service Fund** – These funds are established for the purpose of accumulating resources for the payment of principal and interest on general long-term debt other than those payable from Special Revenue Funds.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Description of Funds (continued)

#### 3. Other Fund Types:

#### **Proprietary Funds**

There are two proprietary funds representing the Water and Sewer fund and the Weldon Auditorium. The Water and Sewer fund is used to account for the cost of providing water and sewer services to unincorporated areas of the County. The Weldon Auditorium Fund is used to account for the operations of the Weldon Auditorium.

Agency Fund – The Agency Fund is used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, child support payments and ad valorem taxes.

#### D. Assets, Liabilities, and Net Position or Equity

#### 1. Cash and Cash Equivalents

Cash includes operating accounts and cash invested in the South Carolina Local Government Investment Pool with maturities less than three months. These investments are presented at cost which reasonably approximates fair value.

For purposes of the cash flow statement, cash and cash equivalents include restricted cash, as follows:

	Water and Sewer	Weldon	Total
Cash and cash equivalents	\$305,569	\$ 16,978	\$ 322,547
Restricted cash and cash equivalents	197,550	160,751	<u>358,301</u>
Total cash – Statement of Cash Flows	\$503,119	\$ 177,729	\$ 680,848

#### 2. Receivables and Payables

The accounts receivable of the Water and Sewer Enterprise Fund consists of unpaid user charges for the water and sewer systems of the Town. The amount of unpaid charges is reported net of an allowance for doubtful accounts.

The accounts receivable of the Fire Rescue Fund consists of charges for EMS services. The amount of unpaid charges is reported net of the allowance for doubtful accounts.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### D. Assets, Liabilities, and Net Position or Equity (continued)

#### 2. Receivables and Payables (continued)

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

#### 3. Inventory

Inventory represents the parts available for use by fleet maintenance. This inventory is stated at cost.

#### 4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, right-of-ways, water and sewer distribution systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15 – 50
Machinery and equipment	3 – 10
Infrastructure	25

#### 5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and/or the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of resources that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### D. Assets, Liabilities, and Net Position or Equity (continued)

#### 5. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the Statement of Net Position and/or the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of resources that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### 6. Amortization of Bond Premiums

Bond premiums are amortized over the terms of the bonds using the effective interest method and are recorded as a deduction from interest expense in the governmental activities.

#### 7. Tax Abatements

The County implemented GASB Statement No. 77, Tax Abatement Disclosures (GASB 77) for the year ended June 30, 2017. The primary objective of GASB 77 was to provide tax abatement information to financial statement users so that they could more readily evaluate a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens.

Although many governments offer tax abatements, the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future, is lacking. GASB 77 requires disclosures of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

See Note 18 for more information regarding tax abatements that affect the County.

#### 8. Accrued Compensated Absences

The County accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentations.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### D. Assets, Liabilities, and Net Position or Equity (continued)

#### 9. Landfill Closure Costs

Under the terms of current state and federal regulations, the County is required to place a final cover on closed landfill areas, and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure. The County recognizes these costs of closure and post-closure maintenance over the active life of each landfill area, based on landfill capacity use during the period. Required obligations for closure and post-closure costs are recognized in the governmental activities column in the government-wide statement of net position.

#### 10. Nature and Purpose of Restrictions of Fund Equity

GASB Statement 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

GASB Statement 54 provides for two major types of fund balances, which are non-spendable and spendable. Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and inventories. The County has inventories that are considered non-spendable; however, the County's primary government does not have any prepaid items.

In addition to the non-spendable fund balances, GASB Statement 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints:

- Restricted fund balances that are constrained by external parties, constitutional provisions or enabling legislation;
- Committed fund balances that contain self-imposed constraints of the County from its highest level of decision making authority; that is, County Council;
- Assigned fund balances that contain self-imposed constraints of the County to be used for a particular purpose; and,
- Unassigned fund balance of the general fund that is not constrained for any particular purpose.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### D. Assets, Liabilities, and Net Position or Equity (continued)

#### 10. Nature and Purpose of Restrictions of Fund Equity (continued)

Committed fund balances are identified by County Council through the enactment of various ordinances. County Council, through ordinances, can remove a self-imposed constraint as well. Additionally, encumbrances are considered as assigned through the issuance of a purchase order or contract; thus the County has approved the purchase activity even though the other party has not performed. In other words, even though a formal "liability" does not exist, assets are assigned to the purchase of these goods or services.

For the purposes of fund balance classification, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The County CFO has the authority to deviate from this policy if it is in the best interest of the County.

#### 11. Net Position

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. The government-wide statement of net position reports \$8,491,566 of restricted net position which \$2,769,986 is restricted by enabling legislation. The County will use restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the County would use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

#### 12. Pensions

The Governmental Accounting Standards Board (GASB) issued Statement No. 68 entitled *Accounting and Financial Reporting for Pension Plans* in June 2012, and issued GASB No. 71 (an amendment of GASB No. 68) entitled *Pension Transition for Contributions Made Subsequent to the Measurement Date* in November 2013. The disclosure requirements applicable to employers participating in the South Carolina Retirement System or the Police Officers Retirement System are prescribed in paragraphs 48 through 82 of GASB 68. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System and additions to/deductions from the South Carolina Retire-

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### D. Assets, Liabilities, and Net Position or Equity (continued)

#### 12. Pensions (continued)

ment System's fiduciary net position have been determined on the same basis as they are reported by the South Carolina Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### 13. Other Postemployment Benefits (OPEB)

The Governmental Accounting Standards Board (GASB) issued Statement No. 75 entitled *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in June 2015 and is effective for fiscal years commencing after June 15, 2017.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan, and additions to and deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

#### NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### **Budgets and Budgetary Accounting**

The County follows the following procedures in establishing the budgetary data reflected in the financial statements:

- Each year, the County Administrator submits to the County Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- 2. Three public readings are conducted by County Council and one public hearing to obtain taxpayer comments.
- 3. Prior to June 30, the budget is legally enacted through passage of an ordinance.
- 4. The County Administrator is authorized to transfer budgeted amounts between departments within any fund, but this transfer cannot exceed \$25,000 or 25% of said department's budget; however, any revisions that alter the total expenditures of any fund must be approved by the County Council.

#### NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

#### **Budgets and Budgetary Accounting (continued)**

- 5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Revenue Funds (Accommodation Tax Fund and the Fire Department).
- The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) except for encumbrances. Budgetary comparisons presented for the General Fund in this report are on this non-GAAP budgetary basis.
- 7. Budgeted amounts are as originally adopted, or as amended by the County Council as close to June 30 as possible. Individual amendments were not material in relation to the original appropriations which were adopted.

#### **Budgetary Basis Of Accounting**

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual presents a comparison of the County's legally adopted budget of the General Fund with actual data on the budgetary basis of accounting. Budgetary accounting principles, however, differ from generally accepted accounting principles (GAAP). These different accounting principles result in the following differences in the excess (deficiency) of revenues and other financing sources (uses) over expenditures at June 30, 2021:

Excess (deficiency) of revenues and other financing sources (uses) over	General <u>Fund</u>
expenditures - budgetary basis	\$ 2,385,933
Timing differences: Net change in encumbrances	21,082
Excess (deficiency) of revenues and other financing sources (uses) over expenditures - GAAP basis	<u>\$ 2,407,015</u>

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the County's general fund. Encumbrances outstanding at year end are reported as assignments of fund balances since they do not constitute expenditures or liabilities. Encumbrances are reported as expenditures in all budgetary basis statements.

Actual expenditures exceeded those budgeted by \$385,544 because grant expenditures are not budgeted (as grant revenues are not budgeted).

#### NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

#### **Primary Government**

At June 30, 2021, the carrying amount of the County's deposits and investments was \$26,152,230 and the bank balances and investment pool balances were \$27,316,253. To reconcile this information to the financial statements, we include the following:

Cash and investments	\$26,152,230
Cash on hand	2,480
Total cash	<u>\$26,154,710</u>
Business-Type activities	\$ 680,848
Fiduciary funds	6,395,990
Governmental activities	19,077,872
Total all funds	\$26,154,710

#### Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of June 2021, none of the County's bank balance of \$18,008,520 was exposed to custodial credit risk.

Credit Risk: State law limits investments to obligations of the U.S. and its agencies, general obligations of this State or any of its political subdivisions, savings and loan associations if their deposits are insured by an agency of the federal government, and certificates of deposits. Also, no load open-end or closedend management type investment companies or investment trusts registered under the Investment Company Act of 1940 are allowed under state law.

The County has investments in the State Treasurer's Investment Pool and Morgan Stanley Institutional Liquidity Government Portfolio Fund.

	<u>Maturities</u>	<u>Fair Value</u>
State investment pool Treasury money market	18 months to 2 years 54 day weighted average	\$ 5,995,814 3,311,919
		\$ 9,307,733

The local government investment pool is a 2a7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The South Carolina State Treasurer oversees the pool. The fair value of the position in the pool is the same as the value of the pool shares. The Pool is included as an investment trust fund in the State of South Carolina Comprehensive Annual Financial Report. At June 30, 2021, the underlying security ratings of the County's investment in the Local

#### NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Custodial Credit Risk-Deposits: (continued)

Government Investment Pool (LGIP) is classified in risk category "A" and may be obtained from the LGIP's complete financial statements by writing to the following address:

Office of the State Treasurer Local Government Investment Pool Post Office Box 11778 Columbia, South Carolina 29211

**Interest Rate Risk:** In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than twelve months.

It is the policy of the State Treasurer's Office that no derivatives of the U.S. Government Securities or Federal Agency Security or A1/P1 Commercial Paper be purchased by or for the S. C. Local Government Investment Pool. It is the policy of the State Treasurer's Office that the weighted average maturity (WAM) of the LGIP portfolio not exceed 60 days.

Foreign Currency Risk: The County has no foreign currency investments.

#### **Discretely Presented Component Units**

#### A. Harvin Clarendon County Library

As of June 30, 2021, the carrying amount of the Library's deposits totaled \$172,536 (including \$50 of cash on hand) and the bank balance totaled \$186,673. The bank balance was fully covered by the Federal Depository Insurance Corporation (FDIC).

#### B. Business Development Corporation of Clarendon County (BDC)

As of June 30, 2021, the book balance of the BDC's deposits totaled \$2,785,119. The bank balance of \$2,520,139 and an additional \$264,980 in a certificate of deposit were covered by the Federal Depository Insurance Corporation (FDIC) or collateralized by securities pledged by the bank in the Corporation's name.

#### NOTE 4 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2021, consist of the following:

		overnmental Activities		ess-type ivities	Total
Accounts receivable:					
EMS charges	\$	829,289	\$	1.61	\$ 829,289
Landfill charges		32,342		-	32,342
Water and sewer billings		-	16	1,303	161,303
Property taxes		1,815,315		-	1,815,315
Other receivables		235,106	48	3,653	283,759
Gross receivables		2,912,052	209	9,956	3,122,008
Less, allowance for uncollectibles	J===	(373,769)	(1	<u>5,000)</u>	_(388,769)
Net receivables	\$	2,538,283	\$ 194	4, <u>956</u>	\$2,733,239

#### NOTE 5 - PROPERTY TAXES

Property taxes are levied by the County at varying rates per one hundred dollars (\$100) of assessed valuation of real estate and personal property owned and used in the County except exempt property as provided by the constitution and laws of the State of South Carolina and attach an enforceable lien when levied.

In Clarendon County, taxes are collected for county and school purposes as a single tax bill which must be paid in full by the individual taxpayer. Taxes are collected on a calendar year basis. Real and personal taxes in the County are payable without penalty on or before January 15 of each year (except taxes on motor vehicles, which are payable on a monthly basis). If taxes are not paid on or before January 15, a penalty of 3% is added thereon. If taxes are not paid on or before February 1, an additional penalty of 7% is added. If taxes are not paid on or before March 16, an additional 5% thereon is added plus all costs incurred and the property goes into execution. In September, properties on which the taxes have not been paid are advertised for public sale in a local newspaper for three consecutive weeks. The first Monday in October the property is sold. The County Treasurer is responsible for the collection of delinquent taxes and is empowered to sell so much of the defaulting taxpayer's estate - real, personal or both - as may be sufficient to satisfy the taxes. As collections are made, the delinquent tax revenue is remitted to the County Treasurer. Uncollectible property taxes are not material and have not been reported.

Property taxes at the fund level are recorded as receivables and unearned revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue.

#### NOTE 6 - NOTES RECEIVABLE AND LEASE AGREEMENTS

#### **Discretely Presented Component Units**

#### **Business Development Corporation of Clarendon County (BDC)**

The BDC had a note receivable from a local industry dated January 14, 2013. Loan amount is \$150,000 with no interest. Upon satisfying a minimum investment threshold of \$3.5 million, credit is to be given at the rate of \$2,500 for each full-time or full-time equivalent job created by borrower, measured as of December 31, 2018. As of the extension date of January 8, 2019, the company had satisfied the minimum investment threshold and created 37 full-time equivalent jobs; therefore, the note receivable was reduced to \$57,500. The Board has approved extending the maturity date until January 8, 2023. Any principal unpaid after said date will be due in full.

The BDC has a note receivable from a local industry dated September 3, 2014. Loan amount is \$50,000 with no interest. Credit will be given at the rate of \$4,166 for each full time employee hired above the current 33 employees. The entire outstanding principal balance of this note shall be due and payable in full on the maturity date which was extended to September 3, 2023.

The BDC has a note receivable from a local industry dated March 8, 2021 under an infrastructure credit agreement. The loan amount is \$70,000 with no interest. The Company must make a minimum investment of \$5.8 million and create a minimum of 75 jobs within five years of the effective date of the agreement (or March 8, 2026) to receive full credit against the repayment of the note. The Company will repay a prorated amount based upon the actual investment and jobs created.

As of year end, the BDC had entered into lease agreements with the following companies who are leasing buildings owned by the BDC:

#### Meritor Heavy Vehicle Systems, LLC

The BDC leases a building to Meritor Heavy Vehicle Systems, LLC for \$12,162.50 per month. The BDC entered into a new five year lease agreement commencing on March 1, 2014. The lease was extended for a period of 3 years commencing on April 1, 2021 and expiring March 31, 2024. Meritor also makes an annual payment in December to reimburse the BDC for the property taxes on the property. These payments are used by the BDC to pay the note payable on the property and the property taxes. This lease is classified as an operating lease. The cost of the building is \$1,800,000 and the accumulated depreciation is \$1,355,000. The future minimum lease payments are as follows:

<u>June 30</u> ,	
2022	\$ 145,950
2023	145,950
2024	109,463
Total minimum lease payments	\$ 401,363

#### NOTE 6 - NOTES RECEIVABLE AND LEASE AGREEMENTS (continued)

#### **Discretely Presented Component Units (continued)**

#### Select Laboratories-SC, LLC

The BDC leases a building to Select Laboratories-SC, LLC for \$3,711.19 per month. These payments are used by the BDC to pay the notes payable on the property. The original amount of the lease receivable was \$509,000. After the initial lease term signed on May 10, 2010 expired, and every five years thereafter, the amount of rent will be renegotiated based on the recalculation of interest on the note and mortgage entered into between the corporation and the bank (the note payable has a current maturity date of June 10, 2024). At the end of the lease, the building transfers to Select Laboratories-SC, LLC. This lease is classified as a direct financing lease. The future minimum lease payments are as follows:

<u>June 30,</u>	
2022	\$ 44,534
2023	44,534
2024	235,794
Total minimum lease payments	324,862
Less amount representing interest	(42,616)
Present value of minimum lease payment	\$ 282,246
Current \$28,548 Long-term \$253,698	

#### Agricultural Leases

Farming agreements exist with various farmers to grow hay on unimproved and unleased BDC property.

#### NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning <u>Balance</u>	Construction Completed	Additions	Retire- ments	Ending Balance
Governmental Activities Capital assets not being depreciated:					
Land	\$ 2,936,014	\$ -	\$ -	\$ -	\$ 2,936,014
Construction in progress	1,039,199	(1,033,176)	242,382		248,405
Total capital assets not being depreciated	3,975,213	_(1,033,176)	242,382		3,184,419
Capital assets being depreciated: Buildings and improvements	33,295,638	268,932	617,186		34,181,756
Infrastructure	10,414,337	764,244	935,674	-	12,114,255
Equipment	16,865,445		1,947,103	370,103	18,442,445
Total capital assets being depreciated  Less accumulated depreciation for:	60,575,420	1,033,176	_3,499,963	370,103	64,738,456
Buildings and					0.040.000
improvements	8,558,919	-	654,884	-	9,213,803
Infrastructure	5,882,112		573,546	÷	6,455,658
Equipment	12,175,283		1,203,682	282,703	13,096,262
Total accumulated depreciation	26,616,314		2,432,112	282,703	28,765,723
Total capital assets being depreciated, net	33,959,106	1,033,176	1,067,851	87,400	35,972,733
Governmental activities capital assets, net	\$ 37,934,319	\$	<u>\$ 1,310,233</u>	\$ 87,400	\$ 39,157,152

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:		
General Government	\$	1,106,407
Public Safety		1,093,003
Cultural/Recreation		101,712
Physical Environment		76,981
Transportation		42,879
Economic Environment		2,565
Court Related	_	8,565
Total depreciation expense-governmental activities	s	2 432 112

### NOTE 7 - CAPITAL ASSETS (continued)

	Beginning <u>Balance</u>	Construction Completed	Additions	Retire- ments	Ending Balance
Business-Type Activities					
Water and Sewer Capital assets not being depreciated:					
Land	\$ 153,535	\$ -	\$ -	\$ -	\$ 153,535
Construction in Progress Total capital assets not being	5,922,302	(5,922,302)	39,000		39,000
depreciated	6,075,837	(5,922,302)	39,000		<u>192,535</u>
Capital assets being depreciated:					
Buildings and improvements	13,478	_	5		13,478
Water system	8,820,047	5,922,302	191,196	16,280	14,917,265
Equipment	471,259	<u>-</u>	<u>-</u>		471,259
Total capital assets being					
depreciated	9,304,784	5,922,302	191,196	16,280	<u>15,402,002</u>
Less accumulated depreciation for:					
Buildings and improvements	2,027	-	575	-	2,602
Water system	1,431,498	-	361,096	6,617	1,785,977
Equipment Total accumulated depreciation	<u>267,368</u>	·	33,072		300,440
Total accumulated depreciation  Total capital assets being  depreciated, net		5,922,302	<u>394,743</u> _203,547)	<u>6,617</u> <u>9,663</u>	<u>2,089,019</u> <u>13,312,983</u>
Business-Type activities capital		0,022,002			10,012,000
assets, net	<u>\$ 13,679,728</u>	<u>\$</u>	<u>\$ (164,547)</u>	\$ 9,663	<u>\$ 13,505,518</u>
Weldon Auditorium	Beginning <u>Balance</u>	Construction Completed	Additions	Retire- ments	Ending Balance
Capital assets being depreciated:					
Buildings and improvements	\$ 3,438,171	\$ -	\$ -	\$ -	\$ 3,438,171
Equipment		-	6,485		6,485
Total capital assets being depreciated	3,438,171		<u>6,485</u>		3,444,656
Less accumulated depreciation for:					
Buildings and improvements	816,564	/2	85,954		902,518
Equipment		19	108		108
Total accumulated depreciation	<u>816,564</u>		86,062		902,626
Total capital assets being depreciated, net	2,621,607	-	(79,577)		2,542,030
Business-Type activities capital assets, net	\$ 2,621,607	\$	\$ (79,577)	<u>\$</u>	\$ 2,542,030
Grand Total Business-Type	\$ 16,301,336	<u>\$</u>	\$ (244,124)	\$ 9,663	\$ 16,047,548

#### NOTE 7 - CAPITAL ASSETS (continued)

#### **Component Units**

#### **Harvin Clarendon County Library**

Capital assets included in the financial statements consist of the following:

	Beginning <u>Balance</u>	Additions Ret		Retiren	Retirements		Ending Balance
Capital assets, not being depreciated:							
Land	\$ 24,000	\$		\$	_=	\$	24,000
Capital assets being depreciated:							
Building Equipment Books	451,067 401,378 157,749			43,7	- - <u>'60</u>		451,067 401,378 113,989
Total Capital Assets being depreciated	1,010,194			43,7	<u>′60</u>		966,434
Less accumulated depreciation for: Building Equipment Books	363,164 397,133 157,749		1,882 1,127 ————————————————————————————————————	(43,7	- - <u>(60)</u>	_	375,046 398,260 121,959
Total accumulated depreciated	918,046	13	3,00 <u>9</u>	(43,7	<u>′60)</u>	-	887,295
Total Capital Assets, being depreciated, net	92,148	(13	3 <u>,009)</u>			_	79,139
Total Capital Assets, net	<u>\$ 116,148</u>	<u>\$ (13</u>	3,009)	\$		\$	103,139

Depreciation expense for the year ended June 30, 2021, was \$13,009.

#### NOTE 7 - CAPITAL ASSETS (continued)

#### **Component Units**

#### **Business Development Corporation of Clarendon County (BDC)**

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Retirements	Reclassi- fications	Ending Balance
Capital assets not being					-
depreciated:					
Land restricted for I-95	¢ 004.055		•	•	004.055
Megasite	\$ 961,855	\$ -	\$ -	\$ -	\$ 961,855
Land	2,725,571	10.515	48,783	-	2,676,788
Construction WIP	59,885	19,517	-	- × *	79,402
Easement	3,291				3,291
Total capital assets not being					
depreciated	3,750,602	19,517	48,783		3,721,336
Capital assets being depreciated:					
Buildings and improvements	3,933,768	0 5	2,133,768	_	1,800,000
Signage	-	39,359	-	17,249	56,608
Infrastructure	620,026		<u> </u>	(17,249)	602,777
Total capital assets being depreciated	4,553,794	39,359	2,133,768		2,459,385
Less accumulated depreciation for:					
Buildings and improvements	1,632,844	77,781	355,628	4	1,354,997
Signage	=.	2,053	-	431	2,484
Infrastructure	102,297	20,093		(431)	121,959
Total accumulated depreciation	1,753,141	99,927	355,628		1,497,440
Total capital assets being	0.00000000	110 0111	2000		1.00
depreciated, net	2,800,653	(60,568)	1,778,140		961,945
Total capital assets, net	\$ 6,551,255	\$ (41,051)	\$ 1,826,923	\$ -	\$ 4,683,281

The BDC uses the following estimated useful lives to compute depreciation:

Building, Improvements and Infrastructure 30 years Signage 10 years

Depreciation expense for the year ended June 30, 2021, was \$99,927.

#### NOTE 8 - INTERFUND BALANCES

Individual fund interfund receivable and payable balances at June 30, 2021, were as follows:

	Interfund Receivables	Interfund Payables
Governmental Funds		A. 10-20-20-20-20-20-20-20-20-20-20-20-20-20
General Fund	\$ 144,816	\$ 33,265
Fire Department	<u>-</u>	17,816
Special Revenue Funds:		
Special Purpose Districts	1,248	
C-Program Roads	2,404	-
Law Enforcement	<u>-</u>	2,000
Debt Service Funds:		
General Obligations	28,450	125,000
Fire Obligations	1,163	
Governmental Funds	178,081	178,081
Enterprise Funds		
General Fund	812,271	
Capital Projects Fund	1,128,483	<u>-</u>
Weldon Auditorium	11.5-11.5-1	301,585
Water & Sewer Fund	-	1,639,169
Enterprise Funds	1,940,754	1,940,754
Fiduciary Funds		
General Fund	94,900	318,372
Fiduciary Fund Types:	7.11.2.7.2.	5331765
Town of Summerton	2,391	(2)
City of Manning	25,585	<u>.</u>
Town of Turbeville	1,014	-
Probate	-	3,851
Magistrates General & Civil		65,003
Clerk of Court		26,046
School Districts Debt Service	37,904	20,040
School Districts Operating	251,478	
Fiduciary Funds	413.272	413,272
	\$ 2,532,107	\$ 2,532,107

Interfund balances reflect amounts due for the last month's collections, amounts loaned for the water system purchase or other short term interfund arrangements.

Operating Transfers	rating Transfers Transfers In	
General Fund	\$ 110,568	\$ 211,840
Capital Projects	207,581	-
Fire Operating Fund	1,514,890	
Water & Sewer	<u>-</u>	20,000
Weldon Auditorium	220,750	4
Non Major Funds	4,259	1,740,640
Fiduciary Funds		85,568
	\$ 2,058,048	\$ 2,058,048

#### NOTE 9 - SHORT-TERM OBLIGATIONS

During the year ended June 30, 2021, the following transactions occurred in short-term liabilities:

	 ance at 30, 2020	Additions	Ret	irements	Balance at June 30, 2021
<b>Governmental Activities</b>					
GBAN – Series 2020B	\$ 128,800		\$	128,800	· · · · · · · · ·
GBAN - Series 2021B	4	\$ 364,070		-	\$ 364,070

In March 2021, GBAN Series 2020B was paid off utilizing proceeds from a \$750,000 GBAN (Series 2021B) to be used for facility renovations associated with a business development project located within the City of Manning.

#### NOTE 10 - LONG-TERM DEBT

#### A. Primary Government

#### **Governmental Activities**

#### **General Obligation Bonds**

\$720,000 Bond issued September 6, 2013, (Series 2013B) to fund acquisition of self contained breathing apparati for the Fire service. Due in equal annual installments of \$62,518 (principal and interest) beginning September 6, 2014 and ending September 1, 2028. Interest accrues at a rate of 3.50%.

429,688

\$3,500,000 Bond issued April 10, 2014, (Series 2014B) to fund construction of new office building for Dept. of Social Services, State Probation and Parole and County Coroner office. Due in annual installments beginning March 1, 2017, of \$105,000 and ending March 1, 2039, of \$220,000. Interest accrues at a blended rate of 3.61% and is payable semi-annually on March 1 and September 1 each year to maturity.

2,940,000

\$500,000 Bond issued October 13, 2015, (Series 2015B) to fund acquisition of fire engine. Due in annual principal and interest installments beginning October 1, 2016, of \$42,645 and ending October 13, 2030. Interest accrues at a rate of 3.25%.

359,163

\$750,000 Bond issued May 17, 2017, (Series 2017B) to fund renovations to office building for Dept. of Social Services, State Probation and Parole and County Coroner office. Due in annual installments beginning September 1, 2017, of \$36,998 and ending March 1, 2027, of \$41,601. Interest accrues at a rate of 2.35% and is payable semi-annually on March 1 and September 1 each year to maturity.

468,532

#### NOTE 10 - LONG-TERM DEBT (continued)

#### A. Primary Government (continued)

Governmental Activities (continued)

General Obligation Bonds (continued)

\$1,800,000 Bond issued August 19, 2019, (Series 2019B) to fund various capital improvement projects. Due in annual installments beginning March 1, 2021, of \$185,052 and ending March 1, 2029, of \$215,630. Interest accrues at a rate of 1.93% and is payable semi-annually on March 1 and September 1 each year to maturity.

1,614,948

\$500,000 Bond issued December 20, 2019, (Series 2019C) to acquire and equip new ambulance as well as facility improvements to fire station. Due in annual installments beginning March 1, 2021, of \$95,830 and ending March 1, 2025, of \$104,259. Interest accrues at a rate of 2.13% and is payable semi-annually on March 1 and September 1 each year to maturity.

404,170

\$289,000 Bond issued February 12, 2020, (Series 2020A) to fund semi-annual installment lease purchase obligation on Courthouse Project. Due in annual installments beginning March 1, 2021, of \$272,598 and ending March 1, 2022, of \$16,402. Interest accrues at a rate of 2.67% and is payable semi-annually on March 1 and September 1 each year to maturity.

16,402

\$287,500 Bond issued February 10, 2021, (Series 2021A) to fund semi-annual installment lease purchase obligation on Courthouse Project. Due in annual installments beginning March 1, 2022, of \$141,378 and ending March 1, 2023, of \$146,122. Interest accrues at a rate of 0.94% and is payable semi-annually on March 1 and September 1 each year to maturity.

287,500

Total General Obligations Bonds Payable

\$ 6,520,403

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#### NOTE 10 - LONG-TERM DEBT (continued)

B. Primary Government (continued)

Governmental Activities (continued)

General Obligation Bonds (continued)

The annual debt service payments for General Obligation bonds outstanding at June 30, 2021, are as follows:

#### **General Obligation Bonds**

June 30,	<u>Principal</u>	<u>Interest</u>
2022	\$ 716,325	\$ 190,069
2023	719,801	174,410
2024	589,058	158,906
2025	599,691	144,374
2026	509,103	129,582
2027 - 2031	1,836,425	455,421
2032 - 2036	910,000	239,800
2037 - 2039	640,000	51,800
	\$ 6,520,403	\$1,544,362

#### Blended Component Unit - Clarendon Facilities Corporation

In July 2015, the Clarendon Facilities Corporation (CFC) issued Installment Purchase Refunding Revenue Bonds (Series 2015) in the amount of \$5,460,000 to mature September 1, 2030, pursuant to an Installment Purchase and Use Agreement ("Agreement") between the County and the CFC. Proceeds were to be used to defease Clarendon Facilities Corp IPRB (Series 2010), originally issued in the amount of \$6,500,000 in December 2010 for the acquisition and construction of the County Administrative Complex.

In August 2020, the Clarendon Facilities Corporation (CFC) issued Installment Purchase Refunding Revenue Bonds (Series 2020) in the amount of \$7,460,000 to mature September 1, 2042, pursuant to an Installment Purchase and Use Agreement ("Agreement") between the County and the CFC. Proceeds were to be used to refund Clarendon Facilities Corp IPRB (Series 2012), originally issued in the amount of \$6,970,000 in October 2012 for the improvements and renovations to the County Courthouse.

The County will purchase the capital projects from CFC over twenty (20) years as required by the Agreements. The Agreements obligate the County to make payments to CFC in amounts calculated to be sufficient to enable CFC to pay the principal and interest on the outstanding bonds. The County's obligations under the Agreements are from year to year only and do not constitute a mandatory payment obligation of the County in any fiscal year in which funds are not appropriated by the County to pay the installment payments of the purchase price due in such fiscal year. It is anticipated that the payments will be funded by the County with the future issuance of short-term general obligation bonds or restricted Fee-in-Lieu of revenue.

#### NOTE 10 - LONG-TERM DEBT (continued)

#### A. Primary Government (continued)

Governmental Activities (continued)

#### Blended Component Unit - Clarendon Facilities Corporation (continued)

The CFC bonds are not a debt of the County; however, as CFC is blended with the operations of the County, the debt of CFC is included with the County's other obligations as required by GAAP.

June 30, 2021

\$11,425,000

The annual debt service payments for Clarendon Facilities Corporation Installment Purchase Revenue bonds outstanding at June 30, 2021, are as follows:

#### **Revenue Bonds**

<u>June 30,</u>	Principa	<u>Interest</u>
2022	\$ 470,00	00 \$ 276,459
2023	475,00	00 265,497
2024	490,00	00 253,549
2025	500,00	240,801
2026	435,00	00 228,529
2027 - 2031	2,415,00	907,956
2032 - 2036	2,570,00	00 541,442
2037 - 2041	2,850,00	00 270,345
2042 - 2043	1,220,00	
	\$11,425,00	<u>\$ 3,010,231</u>

On August 6, 2020, the Clarendon Facilities Corporation issued \$7.46 million installment purchase refunding revenue bonds (Series 2020) with an average coupon rate of 2.04 percent (with a net interest cost of 2.13 percent) to refund \$6.9 million of outstanding 2012 Series bonds with net interest cost of 3.87 percent. The CFC issued installment purchase refunding revenue bonds (Series 2020) to reduce its total debt service payments over the next 22 years by almost \$1.46 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1.1 million.

#### NOTE 10 - LONG-TERM DEBT (continued)

#### A. Primary Government (continued)

#### Governmental Activities (continued)

#### **Capital Leases**

Capital Leases	
\$190,271 – Lease/purchase agreement to finance the purchase of several motor vehicles. Due in monthly payments of \$3,323, including interest. First payment due January 1, 2017, and ending payment due December 1, 2021. The vehicles' gross cost is \$98,628 and the accumulated depreciation is \$95,340.	\$ 19,830
\$250,000 – Lease/purchase agreement to finance the purchase of several motor vehicles. Due in monthly payments of \$4,432, including interest. First payment due January 1, 2018, and ending payment due December 1, 2022. The vehicles' gross cost is \$219,528 and the accumulated depreciation is \$130,530.	78,414
\$250,000 – Lease/purchase agreement to finance the purchase of several motor vehicles. Due in monthly payments of \$4,587, including interest. First payment due January 1, 2019, and ending payment due December 1, 2023. The vehicles' gross cost is \$263,223 and the accumulated depreciation is \$103,602.	131,779
\$500,000 – Lease/purchase agreement to finance the purchase of several motor vehicles. Due in monthly payments from \$8,000, plus interest to \$9,000, plus interest. First payment due January 1, 2020, and ending payment due December 1, 2024. The vehicles' gross cost is \$586,813 and the accumulated depreciation is \$126,260.	308,558
\$450,881 – Lease/purchase agreement to finance the purchase of energy efficient lighting fixtures/systems for several facilities. Due in monthly payments from \$7,515, no interest. First payment due October 14 2020, and ending payment due September 4, 2024. The vehicles' gross cost is \$450,881 and the accumulated depreciation is \$28,180.	293,073
\$250,000 – Lease/purchase agreement to finance the purchase of heavy equipment and motor vehicle for use within Public Works department. Due in monthly payments of \$4,430, including	

interest. First payment due January 1, 2021, and ending payment due December 1, 2025. The vehicles' gross cost is \$141,566 and

226,528

the accumulated depreciation is \$5,614.

#### NOTE 10 - LONG-TERM DEBT (continued)

#### A. Primary Government (continued)

#### Governmental Activities (continued)

\$250,000 – Lease/purchase agreement to finance the purchase of several motor vehicles. Due in monthly payments of \$4,451, including interest. First payment due January 1, 2021, and ending payment due December 1, 2025. The vehicles' gross cost is \$245,205 and the accumulated depreciation is \$28,513.

227,621

**Total Capital Leases** 

\$ 1,285,803

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 2021:

Year Ending June 30,	
2022	\$ 433,436
2023	385,824
2024	332,107
2025	130,181
2026	53,183
Total Minimum Lease Payment	1,334,731
Less Amount Representing Interest	48,928
Present Value of Net Minimum Lease Payment	\$1,285,803

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### NOTE 10 - LONG-TERM DEBT (continued)

### B. Business Type Activities

#### Enterprise Revenue Bond – Weldon Auditorium

On March 14, 2019, the County issued a \$2,250,000 Enterprise Charge Limited Obligation Refunding Revenue Bond. The net proceeds (plus available sinking fund monies) were used to refund \$2.8 million balance of the \$3,250,000 Enterprise Charge Limited Obligation Bond issued May 13, 2010, originally used to finance a capital project. These securities were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments. Due in annual installments beginning July 1, 2020, of \$80,000 and ending July 1, 2039, of \$155,000. Interest accrues at 3.79% and is payable semi-annually on January 1 and July 1 each year until maturity. Revenue from County's Hospitality charge has been dedicated for required debt service.

\$ 2,170,000

The annual debt service payments for Weldon Auditorium Enterprise Charge Limited Obligation bonds outstanding at June 30, 2021, are as follows:

Revenue Bonds <u>June 30</u> ,	Principal	<u>Interest</u>
2022	\$ 80,000	\$ 80,727
2023	85,000	77,600
2024	85,000	74,379
2025	90,000	71,063
2026	95,000	67,557
2027 - 2031	520,000	281,028
2032 - 2036	625,000	172,918
2037 - 2040	590,000	45,669
	\$ 2,170,000	\$ 870,941

#### Enterprise Revenue Bonds - Water & Sewer

\$2,533,000 Bond issued April 19, 2012, (Series 2012A) to fund water system expansion. Interest only, due April 19, 2013, and April 19, 2014. Due in equal monthly installments thereafter beginning May 1, 2014, of \$8,967 and ending April 19, 2052. Interest accrues at a rate of 2.75%.

\$ 2,233,777

\$1,007,800 Bond issued April 19, 2012, (Series 2012B) to fund water system expansion. Interest only, due April 19, 2013, and April 19, 2014. Due in equal monthly installments thereafter beginning May 1, 2014, of \$3,568 and ending April 19, 2052. Interest accrues at a rate of 2.75%.

888,761

#### NOTE 10 - LONG-TERM DEBT (continued)

### B. Business Type Activities (continued)

#### Enterprise Revenue Bonds - Water & Sewer (continued)

\$1,179,000 Bond issued October 28, 2016, (Series 2016A) to fund construction of elevated water tank and accompanying well. Due in equal monthly installments thereafter beginning November 28, 2016, of \$3,502 and ending October 28, 2056. Interest accrues at a rate of 1.875%.

1,082,744

\$257,000 Bond issued October 28, 2016, (Series 2016B) to fund construction of elevated water tank and accompanying well. Due in equal monthly installments thereafter beginning November 28, 2016, of \$764 and ending October 28, 2056. Interest accrues at a rate of 1.875%.

236,026

\$2,501,000 Bond issued February 14, 2020, (Series 2020A) to fund water system expansion. Due in equal monthly installments thereafter beginning March 14, 2020, of \$7,929 and ending February 14, 2060. Interest accrues at a rate of 2.25%.

2,448,984

\$2,248,000 Bond issued February 14, 2020, (Series 2020B) to fund water system expansion. Due in equal monthly installments thereafter beginning March 14, 2020, of \$7,127 and ending February 14, 2060. Interest accrues at a rate of 2.25%.

2,201,247

Balance at June 30, 2021

\$ 9,091,539

The annual debt service payments for Water and Sewer Enterprise Revenue bonds outstanding at June 30, 2021, are as follows:

Revenue Bonds <u>June 30</u> ,	<u>Principal</u>	Interest
2022	\$ 167,754	\$ 214,530
2023	171,818	210,466
2024	175,986	206,298
2025	180,256	202,028
2026	184,630	197,654
2027 - 2031	992,656	918,764
2032 – 2036	1,119,445	791,975
2037-2041	1,262,732	648,688
2042 - 2046	1,424,699	486,721
2047 - 2051	1,607,837	303,583
2052 – 2056	1,151,622	133,048
2057 - 2060	652,104	27,424
	\$ 9,091,539	\$4,341,179

### NOTE 10 - LONG-TERM DEBT (continued)

### C. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds					
- Series 2013B	\$ 475,561	\$ -	\$ 45,873	\$ 429,688	\$ 47,479
- Series 2014B	3,060,000		120,000	2,940,000	120,000
- Series 2015B	389,161	_	29,998	359,163	30,972
- Series 2017B	540,432	72	71,900	468,532	73,600
- Series 2019A	198,482	1.	198,482	100,002	10,000
- Series 2019B	1,800,000	_	185,052	1,614,948	188,623
- Series 2019C	500,000	_	95,830	404,170	97,871
- Series 2020A	289,000	4	272,598	16,402	16,402
- Series 2021A	200,000	287,500	2,2,000	287,500	141,378
Revenue Bonds		207,000		201,000	111,010
- IPRB (Admin) Refunding	4,440,000	_	355,000	4,085,000	365,000
- IPRB (Courthouse)	6,900,000	2	6,900,000	1,000,000	550,555
- IPRB (Courthouse) Refun	-	7,460,000	120,000	7,340,000	105,000
Total Bonds	18,592,636	7,747,500	8,394,733	17,945,403	1,186,325
Other Liabilities	.010021000	71. 111000	- 5/55 1/1 55		
Compensated Absences	604,127		16,517	587,610	558,237
Closure & Maintenance	467,900	1,150	-	469,050	27,200
Capital Leases	1,229,356	500,000	443,553	1,285,803	410,638
Net Pension Liability	20,105,150	3,085,647	-	23,190,797	-
OPEB Payable	16,722,229	4,133,821	-	20,856,050	_
Total Other Liabilities	39,128,762	7,720,618	460,070	46,389,310	996,075
Governmental Activities Long Term Liabilities	57,721,398	15,468,118	8,854,803	64,334,713	2,182,400
Business Type Activities					
Revenue Bonds					
	2 250 000		90,000	2 170 000	90,000
Weldon Refunding 2019	2,250,000	-	80,000	2,170,000	80,000
Water Expansion (2012A)	2,279,154		45,377	2,233,777	46,644
Water Expansion (2012B)	906,813	-	18,052	888,761	18,557
Water Expansion (2016A)	1,104,090		21,346	1,082,744	21,754
Water Expansion (2016B)	240,677	-	4,651	236,026	4,740
Water Expansion (2020A) Water Expansion (2020B)	2,488,143 2,236,444	1	39,159 35,197	2,448,984	40,056
Total Bonds	11,505,321		243,782	2,201,247 11,261,539	<u>36,003</u> <u>247,754</u>
Other Liabilities					
Compensated Absences	10,525	700		11,225	7,792
Net Pension Liability	459,041	61,010		520,051	7,192
OPEB Payable	376,165	01,010	26,267	349,898	
Total Other Liabilities	845,731	61,710	26,267	881,174	7,792
Business Type Activities Long Term Liabilities	12,351,052	61,710	270,049	12,142,713	255,546
Total Combined	\$ 70,072,450	\$ 15,529,828	\$ 9,124,852	\$ 76,477,426	\$ 2,437,946

### NOTE 10 - LONG-TERM DEBT (continued)

### D. Discretely Presented Component Units

#### **Business Development Corporation of Clarendon County (BDC)**

Note payable to bank with monthly payments of \$3,711.19,		
including interest at 5.95% due June 10, 2024.	\$	282,246
Less current portion	-	(28,548)
MA Superior Control of the Control o	4	
Notes payable – noncurrent portion	\$_	253,698

The maturities of long-term debt are as follows:

<u>June 30</u> ,	<u>Principal</u>	<u>Interest</u>
2022	\$ 28,548	\$ 15,987
2023	30,293	14,241
2024	223,405	12,388
	\$ 282,246	\$ 42,616

#### NOTE 11 - OPERATING LEASES

The County entered into an operating lease for its judicial building. The thirty (30) year lease term began October 1, 2004, and was to end September 30, 2034. In September, 2020 said lease was amended to terminate September 30, 2035. There is a renewal option for an additional ten years with a thirty-day notice. The rental amount is \$6,400 per month for a term of ten years. The remaining rental amount is \$4,100 plus the percentage of increase or decrease in the Consumer Price Index of all urban consumers for the next five years. The lease does contain cancellation provisions and is subject to annual appropriations. The lease expense for 2020-21 is \$69,726.

The County entered into an operating lease for a 410L John Deere loader backhoe. The 60-month lease term began December 1, 2016, and ends December 1, 2021. Annual lease payments are \$9,919.

The County entered into an operating lease for a 6105M John Deere tractor mower. The 60-month lease term began August 30, 2016, and ends August 30, 2021. Monthly lease payments are \$2,429.

The County entered into an operating lease for a 670G John Deere motor grader. The 60-month lease term began October 19, 2017, and ends September 15, 2022. Monthly lease payments are \$2,147.

The County entered into an operating lease for a 650K John Deere Dozer. The 60-month lease term began September 19, 2019, and ends August 15, 2024. Monthly lease payments are \$2,119.

#### NOTE 11 - OPERATING LEASES (continued)

The County entered into an operating lease for a 670G John Deere motor grader. The 60-month lease term began November 19, 2019, and ends October 15, 2024. Monthly lease payments are \$1,871.

The County entered into an operating lease for a 620G John Deere motor grader. The 60-month lease term began December 17, 2020, and ends November 17, 2025. Monthly lease payments are \$2,857.

The future annual rental payments are as follows:

\$	187,165
	165,411
	158,969
	122,808
	91,085
	363,300
	209,100
\$ '	1,297,838
	\$ \$

#### NOTE 12 - PROVISION FOR CLOSURE COSTS

State and federal laws and regulations as governed by Solid Waste management Regulation R.61-107.258, Subpart C, Section (c) and the South Carolina Solid Waste Policy and Management Act of 1991, Section 44-96-390 require that Clarendon County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In August 1993, the GASB issued GASB-18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs, in order to reduce the diversity of acceptable accounting practices in this area. GASB-18 applies to all governmental municipal solid waste landfills irrespective of what type of accounting model is used to account for the activities of a landfill. As defined by GASB-18, the basic objective is to recognize all landfill costs by the time a landfill is closed. The costs to be identified for closure and postclosure care include (1) capital assets, (2) final cover and (3) monitoring and maintenance activities.

While Clarendon County's original landfill was closed and capped in 2002 to municipal waste, the construction demolition and land clearing debris (C&D) landfill is still open with a life expectancy of nineteen years. The county landfill's liability at June 30, 2021, is \$469,050. See Note 10.

The nature and source of landfill closure and postclosure care requirements are monitored by both federal and State of South Carolina environmental protection agencies. Levels of ground water pollutants are set by State agencies and the monitoring of these amounts have been reported to County officials to be in conformity with guidelines. The County annually obtains updated and revised estimates of total future closure and post-closure costs from its consulting engineers. The provision for closure costs reported in the financial statements as operating expense represents the portion of these estimated future outlays which

### NOTE 12 - PROVISION FOR CLOSURE COSTS (continued)

are allocable to the current year based on the amount of capacity used. The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2021. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Clarendon County has not accumulated or segregated funds to meet this reserve.

#### NOTE 13 - RETIREMENT PLANS

#### **Description of the Entity**

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Board, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at <a href="https://www.peba.sc.gov">www.peba.sc.gov</a>, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

### NOTE 13 - RETIREMENT PLANS (continued)

#### Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

In addition to the plans described above, PEBA also administers three single employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

#### Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An

### NOTE 13 - RETIREMENT PLANS (continued)

### Membership (continued)

An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

#### **Benefits**

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of the benefit terms for each system is presented below.

SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

• PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

### NOTE 13 - RETIREMENT PLANS (continued)

### Benefits (continued)

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

### **Contributions**

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

### NOTE 13 - RETIREMENT PLANS (continued)

**Contributions** (continued)

Required <u>employee</u> contribution rates<sup>1</sup> for fiscal year 2020-2021 are as follows:

SCRS	
Employee Class Two	9.00%
Employee Class Three	9.00%
PORS	
Employee Class Two	9.75%
Employee Class Three	9.75%

Required employer contribution rates are as follows:

<u>SCRS</u>	
Employer Class Two	15.41%
Employer Class Three	15.41%
Employer Incidental Death Benefit	0.15%
PORS	
Employer Class Two	17.84%
Employer Class Three	17.84%
Employer Incidental Death Benefit	0.20%
Employer Accidental Death Program	0.20%

<sup>&</sup>lt;sup>1</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The County's and Harvin Clarendon County Library's contributions to the SCRS and PORS for the last three fiscal years were are follows:

### County:

SCRS	2021	2020	2019
Employee Contributions Employer Contributions Employer Group Life Contributions	\$ 501,542 858,750 8,359	\$ 488,895 837,094 8,148	\$ 462,628 740,717 
Total	\$1,368,651	\$1,334,137	\$1,211,055
PORS Employee Contributions Employer Contributions Employer Group Life Contributions	\$ 699,885 1,280,611 <u>28,713</u>	\$ 500,528 915,836 20,534	\$ 466,281 805,349 19,129
Total	\$2,009,209	\$1,436,898	\$1,290,759

### NOTE 13 - RETIREMENT PLANS (continued)

**Contributions** (continued)

### Harvin Clarendon County Library:

SCRS	2021	2020	2019
Employee Contributions Employer Contributions Employer Group Life Contributions	\$ 27,443 44,024 458	44,903	\$ 28,018 41,112 467
Total	\$ 71,925		\$ 69,597

The County and the Library have contributed 100% of the required contributions for the current year and in each of the two preceding years.

# Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the County reported a liability of \$12,441,421 for its proportionate share of the net pension liability for SCRS and a liability of \$11,269,427 for its proportionate share of the net pension liability for PORS. Harvin Clarendon County Library reported a liability of \$711,371 for its proportionate share of the net pension liability for SCRS. The net pension liability of the defined benefit plan was determined based on the most recent actuarial valuation as of July 1, 2019, using membership as of that date projected forward to the end of the retirement plan's fiscal year, and financial information of the pension trust funds as of June 30, 2020. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined.

At the retirement plan's year end of June 30, 2020, the County's proportion was .04869 percent and .33983 percent for SCRS and PORS, respectively. The Library's proportion was .002784 percent.

For the year ended June 30, 2021, the County recognized pension expense of \$2,888,669, including \$1,277,942 for SCRS and \$1,610,727 for PORS, respectively. Harvin Clarendon County Library recognized pension expense of \$62,338. At June 30, 2021, the County and the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

### NOTE 13 - RETIREMENT PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

County:	Deferred Outflows	Deferred Inflows
SCRS	of Resources	of Resources
Differences between Expected and Actual Experience Assumption Changes Net Difference between Projected and Actual	\$ 143,558 15,243	\$ 47,046 -
Investment Earnings Deferred Amounts from Changes in Proportionate Share and Differences between Employer Contributions and Proportionate Share of Total Plan Employer		4
Contributions Direct Contributions Subsequent to the Measurement Date	2,276 867,109	89,401
Total	<u>\$ 1,943,357</u>	<u>\$ 136,447</u>
<u>PORS</u>		
Differences between Expected and Actual Experience Assumption Changes Net Difference between Projected and Actual	\$ 239,499 137,524	\$ 49,605 -
Investment Earnings Deferred Amounts from Changes in Proportionate Share and Differences between Employer Contributions and Proportionate Share of Total Plan Employer		1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -
Contributions Direct Contributions Subsequent to the	279,526	104,898
Measurement Date	1,309,324	
Total	<u>\$ 3,119,836</u>	<u>\$ 154,503</u>
Harvin Clarendon County Library:	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>SCRS</u>	,	
Differences between Expected and Actual Experience Assumption Changes Net Difference between Projected and Actual	\$ 8,208 872	\$ 2,690 -
Investment Earnings Deferred Amounts from Changes in Proportionate Share and Differences between Employer Contributions and Proportionate Share of Total Plan Employer		172,000
Contributions Investment Experience	144,018	172,999 7,619
Direct Contributions Subsequent to the Measurement Date	44,482	
Total	\$ 257,526	\$ 183,308

### NOTE 13 - RETIREMENT PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The amounts of \$867,109 for SCRS, \$1,309,324 for PORS, and \$44,482 for Harvin Clarendon County Library for SCRS reported as deferred outflows of resources related to pensions resulting from County and Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

As discussed in GASB 68, collective deferred outflows/inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and included as a net collective deferred outflow or inflow of resources related to pensions. The following schedules reflect the County's proportionate share of amortization of collective deferred outflows/(inflows) of resources related to pensions outstanding at June 30, 2020.

County		Harvin Clarendon County Library	
	SCRS	PORS	SCRS
2021	\$ 132,802	\$ 453,871	\$ (1,087)
2022	255,101	448,877	40,612
2023	318,365	443,797	(23,141)
2024	233,533	309,464	13,352
Total	\$ 939,801	\$ <u>1,656,009</u>	\$ 29,736

#### **Actuarial Assumptions and Methods**

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019 for the first use in July 1, 2021 actuarial valuation.

The June 30, 2019, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2020, using generally accepted actuarial principles.

### NOTE 13 - RETIREMENT PLANS (continued)

### **Actuarial Assumptions and Methods** (continued)

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2020.

	SCRS	PORS
Actuarial Cost Method	Entry age normal	Entry age normal
Investment rate of return <sup>1</sup>	7.25%	7.25%
Projected salary increases	3.0% - 12.5% (varies by service) <sup>1</sup>	3.5% - 9.5% (varies by service) <sup>1</sup>
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

<sup>1</sup> Includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2020, TPL are as follows.

Former Job Class	<u>Males</u>	<u>Females</u>
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

### NOTE 13 - RETIREMENT PLANS (continued)

### **Net Pension Liability**

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2020, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability(Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$51,844,187,763	\$26,292,418,682	\$25,551,769,081	50.7%
PORS	8,046,386,629	4,730,174,642	3,316,211,987	58.8%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

#### Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20 year capital market assumptions. The long-term expected rate of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

NOTE 13 - RETIREMENT PLAN (continued)

### Long-term Expected Rate of Return (continued)

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	51.0%	THE OF HOURT	
Global Public Equity <sup>1,2</sup>	35.0%	7.81%	2.73%
Private Equity <sup>2,3</sup>	9.0%	8.91%	0.80%
Equity Options Strategies <sup>1</sup>	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private) <sup>2,3</sup>	8.0%	5.55%	0.44%
Real Estate (REITs) <sup>2</sup>	1.0%	7.78%	0.08%
Infrastructure (Private) <sup>2,3</sup>	2.0%	4.88%	0.10%
Infrastructure (Public) <sup>2</sup>	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global Tactical Asset Allocation <sup>1</sup>	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans <sup>1,2</sup>	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt <sup>2,3</sup>	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income <sup>1</sup>	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Return <sup>4</sup>	100.0%	,	5.80%
Inflation for Actuarial Purposes			2.25%
			8.05%

<sup>1</sup> Portable Alpha Strategies will be capped at 12% of total assets; Hedge funds (including all hedge funds used in portable alpha implementation) capped at 20% of total assets.

### **Discount Rate**

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

<sup>&</sup>lt;sup>2</sup> The target weights to Private Equity, Private Debt, Private Infrastructure and Private Real Estate will be equal to their actual weights as of prior month end. Private Equity and Public Equity combine for 44 percent of entire portfolio. Private Debt and High Yield/Bank Loans combine for 11 percent of the entire portfolio. Private Infrastructure and Public Infrastructure combine for 3 percent of the entire portfolio. Private Real Estate and Real Estate (REITs) combine for 9 percent of entire portfolio.

<sup>&</sup>lt;sup>3</sup> RSIC staff and Consultant will notify the Commission if Private Markets Assets exceed 25% of total assets.

<sup>&</sup>lt;sup>4</sup> The expected return for each of the Portable Alpha asset classes includes the expected return attributed to the Overlay Program. For benchmarking purposes there is a 10% weight assigned to Portable Alpha Hedge Funds in the Policy Benchmark.

#### NOTE 13 - RETIREMENT PLAN (continued)

### **Sensitivity Analysis**

The following table presents the County's and Harvin Clarendon County Library's collective NPL of the participating employers calculated using the discount rate of 7.25 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
County:			
SCRS	\$15,419,604	\$12,441,421	\$ 9,954,585
PORS	\$14,918,899	\$11,269,427	\$ 8,339,237
Harvin Cla	rendon County Library:		
SCRS	\$ 881,657	\$ 711,371	\$ 569,180

#### **Additional Financial and Actuarial Information**

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the System's audited financial statements for the fiscal year ended June 30, 2020, and the accounting valuation report as of June 30, 2020. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the System's CAFR.

#### Payables to the Pension Plan

As of June 30, 2021, the County had \$287,330 in payables outstanding to the pension plans for its legally required contributions. The Library had \$6,217 in payables outstanding to the pension plan for its legally required contributions.

### NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS

#### Background

The County follows Governmental Accounting Standards Board (GASB) Statement No. 75 (implemented July 1, 2017) for other post-employment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you-go basis, but GASB 75 (previously GASB 45) requires that the County accrue the cost of retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

#### Plan Description

The County's defined benefit OPEB plan provides OPEB for all permanent full-time general and public safety employees of the County. The plan is a single-employer defined benefit OPEB plan administered by the County. Pursuant to Section 1-11-710/720 of the State Code of Laws, the County is allowed to provide OPEB benefits and establish and amend the benefit terms and financing requirements of the County. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Other postemployment benefits provided by the County include a retiree health insurance premium contribution plan that covers retirees.

Some retirees, who are referred to as "non-funded retirees," are eligible for insurance but must pay the full premium, which includes the retiree share plus the employer contribution. These retirees worked in an insurance-eligible position prior to May 2, 2008, with an employer participating in the state insurance program and include:

- Employees who retire at age 55 with at least 25 years of retirement service credit (including at least 10 years of earned service credit with an employer that participates in the state insurance program). This is commonly referred to as the "55/25 rule." These retirees must pay the full insurance premium until they reach age 60 or the date they would have had 28 years of service credit, whichever occurs first. At that time, they will be eligible for funded retiree rates. This rule applies only to SCRS participants.
- Employees who are eligible to retire and have at least five years, but fewer than 10 years, of earned SCRS service credit with a participating state insurance program employer.

### NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (continued)

 Former County Council members who served on Council for at least 12 years and were covered under the state's plan when they left the Council. It is up to the County Council to decide whether to allow former members to have this coverage.

Whether you are a funded or a non-funded retiree, the following types of service do not count toward your earned service credit requirement for insurance eligibility: non-qualified, federal, military, out-of-state employment, educational service, leave of absence, unused sick leave or service with employers that do not participate in the state insurance program. Earned service credit does not include any purchased service credit not considered earned service in the retirement plans (e.g., non-qualified service) or service accrued with an employer that does not participate in the State Health Plan. Retirees under the retiree health plan prior to July 1, 2005, will be grandfathered into the system, with their (retiree) monthly premiums paid by the County. A retiree who has elected to cover their spouse and/or eligible dependent children will continue to be responsible for paying the entire cost of the dependent's monthly insurance premium as set by the State Employee Insurance Program.

#### Employees Hired Before May 2, 2008

If you worked in an insurance-eligible position prior to May 2, 2008, with an employer participating in the state insurance program, your health insurance benefits in retirement are eligible for funding if you fall into one of these categories:

- Employees who leave employment when they are eligible to retire and have at least 10 years of earned service credit with Clarendon County.
- Employees who leave employment before they are eligible to retire and who
  have at least 20 years of earned SCRS service credit with Clarendon County.
  These employees are not eligible for insurance coverage until age 60 when
  they are eligible to receive a retirement check. Employees who qualify under
  the Police Officers Retirement System (PORS) become eligible at age 55.

#### Employees Hired on or After May 2, 2008

New retiree insurance provisions were created by Act 195 of 2008 that apply to new employees hired on or after May 2, 2008. At retirement, you must meet established insurance eligibility rules, and funding for your health insurance will be determined by calculating the number of years of earned service with an employer participating in the state insurance program.

These new funding provisions apply to SCRS and PORS participants, as follows:

a) If an employee retires with 25 or more years of earned service credit with Clarendon County, the County pays 100 percent of the employer's share of the premium. The retiree pays the retiree's share.

#### NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (continued)

- b) If an employee retires with 15 years, but fewer than 25 years of earned service credit with Clarendon County, the County pays 50 percent of the employer's share of the premium. The retiree pays the retiree's share plus the remaining 50 percent of the employer's contribution.
- c) If an employee retires with 5 years, but fewer than 15 years, of earned service credit with Clarendon County, the retiree pays the full premium. There is no County contribution.

#### Duty Death in Service/Non-Duty Death Retirement Benefits

Spouses or children who are covered as dependents under the State Health Plan must pay the full premium to continue coverage. Dental premiums are not waived; however, survivors can continue dental coverage by paying the full premium. County does not pay premiums for spouse or dependents that were covered by the employee at time of employees' death. Spouse or dependents pay premiums at survivor rate.

#### **Duty and Non-Duty Disabled Retirement Benefits**

Eligibility for health insurance is determined by the guidelines previously stated in Funded Retirees and Non-funded Retirees sections.

#### Benefits for Spouses of Eligible Retired Employees

Spouses of retired employees are eligible to receive retiree health care benefits. Retirees must pay the entire cost of the dependent's monthly insurance premium as set by the State Employee Insurance Program.

#### **Vision Coverage**

Retirees and covered dependents are eligible for the discount vision program the same as active regular full-time employees.

#### **Dental Coverage**

Retirees and covered dependents are eligible for dental benefits the same as active regular full-time employees.

Employees covered by benefit terms in the Plan as of June 30, 2020:

Inactive Plan members or beneficiaries	
currently receiving benefits	79
Active plan members	<u>287</u>
Total Plan members	<u>366</u>

The County's total OPEB liability of \$21,205,949 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2020.

### NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (continued)

### **Funding Policy**

The County established a policy to fund the "OPEB" Obligation on a pay-as-you-go basis "PAYGO" (no funding of the future obligation). The County will review the funding policy and contribution annually. No assets are accumulated in a Trust that meets the criteria in paragraph 4 of GASB Statement 75.

#### **Actuarial Methods and Assumptions**

The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method

Individual entry-age Normal

Discount rate

2.45% as of June 30, 2020

Inflation

2.25%

Salary increases

3.5% to 9.5% for PORS and 3.0% to 7.0% for SCRS,

including inflation

Demographic assumptions

Based on the experience study covering the five-year period ending June 30, 2015 as conducted for the South

Carolina Retirement Systems (SCRS)

Mortality

rates

For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and Females are used with fully generational mortality projections based on Scale AA from the year 2016. The following multipliers are applied to the base tables: 100% for male SCRS members, 111% for female SCRS members, 125% for male PORS members and 111% for female PORS members

Health care trend

6.0% decreasing to an ultimate rate of 4.0% over 15 years.

Participation rates

It was assumed that 90% of retirees who are eligible for the full County premium subsidy, 60% of retirees who are eligible for a partially funded County subsidy and 20% of retirees who are not eligible for any subsidy would choose to receive retiree health care benefits through the Plan.

### NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (continued)

### Changes in the Total OPEB Liability

Balance at June 30, 2020	\$17,098,394
Changes for the year	
Service cost	881,722
Interest on the OPEB liability	541,205
Changes of benefit terms Difference between expected and actual experience of the total OPEB liability	667,061
Changes of assumptions	2,514,306
Benefit payments	(496,739)
Net change in total OPEB liability	4,107,555
Balance at June 30, 2021	<u>\$21,205,949</u>

Changes of assumptions reflect a change in the discount rate from 3.13% as of June 30, 2019, to 2.45% as of June 30, 2020 and updates to the health care trend rates to reflect the repeal of the excise tax on high-cost employer health plans.

The following table presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

		Current Discount	
	1% Decrease	<b>Rate Assumption</b>	1% Increase
	1.45%	2.45%	3.45%
Total OPEB liability	\$ 25,076,791	\$ 21,205,949	\$ 18,139,289

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the Plan's total liability, calculated using the assumed trend rates as well as what the Plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	Current Healthcare cost		
	1% Decrease	Rate Assumption	1% Increase
Total OPEB liability	\$ 17,594,475	\$ 21,205,949	\$ 25,954,959

For the year ended June 30, 2021, the County recognized OPEB benefit of \$1,120,956.

### NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (continued)

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual		
experience	\$ 675,138	\$ 968,075
Changes in assumptions Contributions subsequent to the measurement	3,359,684	914,786
date	540,122	
Total	\$4,574,944	<u>\$ 1,882,861</u>

The County reported deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The difference between expected and actual experience and changes in assumptions are reported as deferred outflows (inflows) of resources and will be amortized over the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB Plan (active and inactive members) determined as of the beginning of the measurement period. Average remaining service lives of all employees that are provided OPEB through the OPEB Plan at the June 30, 2020, measurement date was 7.2152 years. The following schedule reflects the amortization of the County's net balance of remaining deferred outflows/(inflows) at June 30, 2021:

Year ending June 30,	Net Deferred Outflows/(Inflows)	
2022	\$ 238,151	
2023	238,151	
2024	238,151	
2025	291,722	
2026	545,351	
Thereafter	600,435	
Total	\$ 2,151,961	

### NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (continued)

### **Harvin Clarendon County Library**

#### Background

The Library implemented GASB Statement No. 75 July 1, 2017, for other postemployment benefits offered to retirees. See the background information as provided by the County above.

#### **Plan Description**

Other postemployment benefits provided by the Library include a retiree health insurance premium contribution plan that covers retirees with the same benefits provided by the County as described above.

### **Funding Policy**

The Library has elected not to pre-fund OPEB liabilities and to fund healthcare benefits on a "pay-as-you-go basis" (no funding of the Obligation). The Library will review the funding policy and contributions annually. No assets are accumulated in a Trust that meets the criteria in paragraph 4 of Statement 75.

Employees covered by benefit terms in the Plan as of June 30, 2020:

Inactive plan members or beneficiaries currently receiving benefits	2
Active plan members	_8
Total plan members	10

The Library's total OPEB liability of \$505,592 was measured as of June 30, 2021, and was determined by using the Alternative Measurement Method (AMM) valuation of an actuarial valuation as of June 30, 2021.

#### Changes in the Total OPEB Liability

Balance at June 30, 2020	\$	463,775
Changes for the year		
Service cost		8,611
Interest on the OPEB liability		11,468
Difference between expected and actual experience of the total OPEB liability (Effect of Economic/Demographic gains		
and losses)		910
		29,490
Changes in assumptions		(8,662)
Benefit payments	-	
Net change in total OPEB liability	_	41,817
Balance at June 30, 2021	\$	505,592
Covered-employee payroll	\$	282,087
Total OPEB liability as a percentage of covered-employee payroll		<u>179.23%</u>

### NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS (continued)

Harvin Clarendon County Library (continued)

Changes in the Total OPEB Liability (continued)

Changes of assumptions reflect a change in the discount rate from 2.45% as of June 30, 2020, to 1.92% as of June 30, 2021.

The following table presents the total OPEB Liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

		<b>Current Discount</b>	
	1% Decrease	Rate Assumption	1% Increase
	.92%	1.92%	2.92%
Total OPEB liability	\$ 568,476	\$ 505,592	\$ 451,918

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the Plan's total liability, calculated using the assumed trend rates as well as what the Plan's total OPEB liability should be if it were calculated using a trend rate that is one percent lower or one percent higher:

		Current Healthcare cost	
	1% Decrease	Rate Assumption	1% Increase
Total OPEB liability	\$ 454,448	\$ 505,592	\$ 563,977

In accordance with GASB 75 paragraph 43(a), deferred inflows/outflows of resources related to differences between actual and expected experience with regard to economic or demographic factors or changes in assumptions and other inputs are not used under the Alternative Measurement Method. These items are recognized in OPEB expense immediately. For the year ended June 30, 2021, the Library recognized OPEB expense of \$41,817.

#### **Methods and Assumptions**

These are detailed in the Library's separate notes to the financial statements.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

### NOTE 15 - FUND BALANCE REPORTING

The County and Library have classified their fund balances with the following hierarchy: Nonspendable, Restricted, Committed, Assigned and Unassigned according to GASB Statement 54.

The County fund balance as of June 30, 2021, was classified as follows:

Description	_	eneral <u>Fund</u>		pital <u>jects</u>	Gen County Sv	/ Debt	Fire Resc		C-Pro		G	Other overn- nental	Gov	Total /ernmental <u>Funds</u>	
Nonspendable:															
Inventory	\$	90,546	\$	-	\$	-	\$	-	\$	19	\$	-	\$	90,546	
Restricted:															
LOST Reserve	2,	769,986		-		3		-				-	- 2	2,769,986	
Local drug interdiction		-		-				-		1.9	5	76,855		576,855	
Solicitor's office		0=0				*		-		-	2	271,705		271,705	
Debt service				+	3,301	,847		-		-	-	15,493		3,417,340	
I-95 Megasite		36,072		2				-		-	-			36,072	
911 Center improvements						-		-		-	1,0	061,307		1,061,307	
Future capital projects		-	- - 1,128,483			÷.		-		-	-			1,128,483	
Committed:		-		-		-		-		1. 📆		-		-	
Assigned:															
Encumbrances		134,983				-	32,	695		-				167,678	
Fire protection		-				-	1,366,	590		-		16,553		1,383,143	
Facility improvements		-	17	6,239		-		-		-		.=		176,239	
Road improvements		-				-		-	2,248	,017		-	2	2,248,017	
Vocational school		-				-		-		-		7,721		7,721	
Tourism related efforts		-		+				-4		-	4	100,598		400,598	
Clerk of Court Title IV-D		82,344												82,344	
Clerk of Court discretion		8,521		-		-		-		1.2		-		8,521	
Archives collection		2,126		-		-		-		-		-		2,126	
Unassigned:	5,	093,850		-		-		_=					5,093,850		
Total fund balances	\$ 8,	218,428	\$ 1,30	4,722	\$ 3,301	,847	\$1,399,	285	\$ 2,248	,017	\$ 2,4	50,232	\$18	3,922,531	

### **Discretely Presented Component Units:**

The fund balances as of June 30, 2021, was classified as follows:

<u>Description</u>	Harvin Clarendon <u>County Library</u>	Business Development Commission
Non-spendable	\$ 23,396	\$ 3,200
Restricted		1,218,950
Committed:		
Capital building fund	95,000	-
Assigned	(1) (1) (1) (1) (1)	
Unassigned	<u>67,614</u>	1,147,668
Total fund balances	<u>\$ 186,010</u>	\$ 2,369,818

#### NOTE 16 - RISK MANAGEMENT

The County is exposed to various risks of loss and maintains elements of both self-insurance and purchased insurance policies divided into coverage for worker's compensation, property and casualty and employee health insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The County also pays insurance premiums to certain other commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy in accordance with insurance policy and benefit program limits. State funds accumulate assets and the State itself assumes substantially all risks for the following:

- 1) Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services) and
- 2) Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement System).

The County assumes the risk for unemployment compensation benefits by paying directly to the Employment Security Commission actual claims filed against the County.

Employees elect health coverage of either a health maintenance organization or through the State's self-insured plan. All other insurance coverages listed above are through the applicable State self-insured plan except dependent and optional life premiums which are remitted to commercial carriers.

The County has recorded insurance premium expenditures in the applicable functional expenditure categories of the unrestricted current funds. These expenditures do not include estimated claim losses and estimable premium adjustments.

The County has not reported a supplemental premium assessment expenditure, and the related liability at June 30, 2021, because the requirements of GASB Statement No. 10, which state that a liability for supplemental assessments must be reported if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2021, and that the amount of the premium is reasonably estimable, have not been satisfied.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material adverse effect on the financial position of the County.

#### NOTE 17 - CONTINGENCIES AND COMMITMENTS

#### **Grants:**

The County participates in a number of federally assisted grant programs and state funded grant programs. These programs are subject to financial compliance audits by the County's auditors and by auditors of the federal or state grantor agencies. Upon audit, should it be determined that the County has failed to comply with applicable requirements of the grants, then some or all of the grant expenditures may be disallowed and a portion of the grant expenditures may become reimbursable to the grantor.

#### **Construction Commitments:**

In October, 2018, the County entered into a contract with a builder in the amount of \$4,967,380 (reduced \$59,636 in change-orders thus far) for expansion and improvements to water system. As of June 30, 2021, the County had incurred \$4,593,519 in costs. The project is anticipated to be completed January, 2022.

In January, 2021, the County entered into a contract with a builder in the amount of \$132,092 (reduced \$30,720 in change-orders) for the improvements to various paved roadways within the County. As of June 30, 2021, the County had incurred \$90,776 in costs. The project was completed November, 2021.

In April, 2021, the County entered into a contract with a builder in the amount of \$78,817 (an additional \$53,520 in change-orders eventually added) for the construction of a floating fishing pier and boat ramp (non-motorized vessels). As of June 30, 2021, the County had incurred \$114,277 in costs. The project is anticipated to be completed December, 2021.

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### NOTE 17 - CONTINGENCIES AND COMMITMENTS (continued)

#### **Other Matters**

On January 8, 2017, the South Carolina Department of Revenue (*Agency*) entered into an agreement with Farmers Telephone Cooperative Corp. (FTC), FTC Communications, LLC and FTC Diversified Services, LLC (*Taxpayers*) exempting taxpayers from any local property tax on real and personal property located outside of a municipality. The exemption was granted pursuant to SC Code 12-37-220(B)(10), as interpreted by Agency. Additionally, the exemption shall be retroactive to tax year 2010 and all taxes paid (net) are to be refunded/returned to Taxpayers. The County has brought an action before the SC Administrative Court requesting that said agreement be found null and void. While a hearing was held in May 2019, both parties have appealed the resulting ruling. Lastly, no determination has been made by the Agency as to the specific amount(s) involved, either in terms of future ad valorem revenue or refunds owed. County Auditor and Treasurer have estimated the potential impact to be as follows within its Governmental funds:

Other Matters (continued)Governmental Fund	Annual revenue (net) tax year 2015	Total potential refund
General Fund	\$ 82,760	\$ 408,371
General County Debt	4,056	18,893
Fire Operating	18,742	83,585
Fire Debt	369	3,666
Other	1,966	11,843
Total	<u>\$ 107,893</u>	\$ 526,358

#### NOTE 18 - TAX ABATEMENT DISCLOSURES

As of June 30, 2021, the County provides tax incentives under its various Fee in Lieu of Tax Agreements (FILO). The purpose of both programs is the retention of jobs, job growth and/or capital investment. The County has entered into fee in lieu of tax agreements pursuant to the authority granted by Title 12, Chapter 44, Title 4, Chapter 29, and/or Title 4, Chapter 12 of the Code of Laws of South Carolina, 1976, as amended. Property subject to a fee in lieu of tax agreement is exempt from ad valorem property tax and is instead subject to a fee in lieu of tax equal to the product of the value of the property, an assessment ratio that is generally no lower than 6% (but may be as low as 4% for extraordinary projects that satisfy the statutory definition of an "enhanced investment"), and a millage rate that is either fixed for the life of the agreement or is adjusted every five years based on the trailing five-year average. Generally, the taxpayer must invest at least \$2.5 million within a 5-6 year period, beginning with the date the property is placed in service and ending five years after the last day of the property tax year in which the property is initially placed in service. For the fiscal year ended June 30, 2021, the County abated property taxes totaling \$6,110,426 under its various fee in lieu of tax agreements.

#### NOTE 19 - PRIOR PERIOD ADJUSTMENTS

The net position/fund balance as of June 30, 2020, was restated as follows:

Primary Government			
S. Charles C. Control and C. Control	Net Po	sition	<b>Fund Balance</b>
	Governmental Activities	Business-type Activities	GAAP Basis
Net position/fund balance as originally presented, June 30, 2020	\$ 40,371	\$ 2,700,688	\$ 16,348,609
Checks debited revenue rather than employee withholding	(11,572)		(11,572)
Unclaimed assets turned over to the State	(37,490)		(37,490)
Corrected for voided checks			
Water and sewer utility	-	4,278	
Capital projects fund	28,450	-	28,450
Fire rescue fund	_24,955		24,955
Net position/fund balance as restated, June 30, 2020	<u>\$ 44,714</u>	\$ 2,704,966	<u>\$ 16,352,952</u>

#### NOTE 20 - UNCERTAINTIES

The global COVID-19 pandemic, beginning in March 2020, has effected operations of Clarendon County. The full extent and impact of COVID-19 on the operations and cash flows is currently unknown, and depends on future developments that are uncertain and unpredictable, including duration and spread of the pandemic and any developments in the ability to contain and treat its impact.

### NOTE 21 - SUBSEQUENT EVENTS

In July 2021, the County issued \$350,000 Capital Lease (lease/purchase agreement) to purchase boom truck and dump truck for Public Works department. Due in monthly installments beginning January 1, 2022, of \$6,266 (includes interest) and ending December 1, 2026. Interest accrues at a rate of 2.44%.

The American Rescue Plan Act of 2021 (ARPA) included funding to states, counties and municipalities throughout the country via the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). The County has been allocated \$6.6 million, funded in equal amounts over two years. County Council has identified numerous projects to utilize the funds on over the next several years. All ARPA/SLFRF funding must be fully obligated by December 31, 2024, and subsequently, fully disbursed by December 31, 2026.

#### NOTE 22 - NEW ACCOUNTING PRONOUNCEMENT

In June 2018, the GASB issued Statement No. 87, Leases, which provides guidance for lease contracts for nonfinancial assets, including vehicles, heavy equipment, and buildings, but excludes nonexchange transactions, including donated assets and leases of intangible assets (such as patents and software licenses). Under the new standard, a lessee entity is required to recognize a lease liability and an intangible asset representing the lessee's right to use the leased asset. A lessor entity is required to recognize a lease receivable and a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements. The provisions of Statement No. 87 are effective for reporting periods beginning after June 15, 2021. The County is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION

# CLARENDON COUNTY SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

#### LAST 10 FISCAL YEARS ENDING JUNE 30

	<u>2021</u>	2020	2019	<u>2018</u>	2017	<u>2016</u>	<u>2015</u>	2014	2013	2012
Service Cost	\$ 881,722	\$ 739,007	\$ 740,010	\$ 903,965	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Interest	541,205	550,513	629,848	541,509	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Changes in Benefit Terms	-	-	(2,260,857)	9						
Differences Between Expected and Actual										
Experience	667,061	(3,908)	(1,624,020)	207,669	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Changes of Assumptions or Other Inputs	2,514,306	1,212,615	520,199	(1,889,754)	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Benefit Payments	(496,739)	(475,748)	(503,213)	(564,603)	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Net Change in Total OPEB Liability	4,107,555	2,022,479	(2,498,033)	(801,214)	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Total OPEB Liability - Beginning	17,098,394	15,075,915	17,573,948	18,375,162	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Total OPEB Liability - Ending	\$ 21,205,949	\$ 17,098,394	\$ 15,075,915	\$ 17,573,948	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Covered - Employee Payroll	\$ 10,470,906	\$ 9,958,111	\$ 9,655,694	\$ 9,559,233	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Total OPEB Liability as a Percentage of Covered - Employee Payroll	202.52%	171.70%	156.13%	183.84%	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *

<sup>\*</sup>N/A Not Available - This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

#### Notes to Schedule

The discount rate was updated from 3.13% to 2.45 % as of June 30, 2020.

Medical per capita costs were changed to the rates shown above based on updated premium information and census data.

The mortality table was updated from 2016 Public Retirees of SC MortalityTables for males and females.

The retirement rates were updated to reflect the rates used for "General Employees" in the South Carolina Retirement System Actuarial Valuation as of July 1, 2018.

# CLARENDON COUNTY SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE COUNTY'S CONTRIBUTIONS (OPEB)

#### LAST 10 FISCAL YEARS ENDING JUNE 30

			11.		Employer Co	ntribution Inf	ormation			
Fiscal Year	2021	2020	2019	2018	<u>2017</u>	2016	2015	<u>2014</u>	2013	2012
Contractually Determined Employer Contribution	\$ 540,122	\$ 496,739	\$ 475,748	\$ 513,099	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Actual Employer Contribution	\$ (540,122)	\$ (496,739)	\$ (475,748)	\$ (513,099)	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Covered - Employee payroll	\$ 11,768,419	\$ 10,470,906	\$ 9,958,111	\$ 9,655,694	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *
Contributions as Percent of Covered Payroll	5.65%	5.20%	4.98%	5.37%	N/A *	N/A *	N/A *	N/A *	N/A *	N/A *

<sup>\*</sup> N/A Available - This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

#### CLARENDON COUNTY

#### Schedules of Required Supplementary Information

### SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (SCRS) and (PORS)

Last 10 Fiscal Years

SCRS										
	2021	2020	2019	2018	2017	<u>2016</u>	2015	2014	2013	2012
County's proportion of the net pension iability (asset)	0.048691%	0.048676%	0.049312%	0.049605%	0.051076%	0.050338%	0.051777%	0.051777%	NA*	NA*
County's proportionate share of the net pension liability (asset)	\$12,441,421	\$11,114,808	\$11,049,215	\$11,166,883	\$10,909,758	\$ 9,546,844	\$ 8,914,283	\$ 9,286,947	NA*	NA*
County's covered-employee payroll	\$ 5,432,149	\$ 5,140,294	\$ 5,108,606	\$ 4,991,257	\$ 4,946,164	\$ 4,719,753	\$ 4,700,195	\$ 4,010,728	NA*	NA*
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	229.03%	216.23%	216.29%	223.73%	220.57%	202.27%	189.66%	231.55%	NA*	NA*
Plan fiduciary net position as a percentage of the total pension iability	50.70%	54.40%	54.10%	53.30%	52.90%	57.00%	59.90%	56.40%	NA*	NA*
PORS						*				
G	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
County's proportion of the net pension iability (asset)	0.339828%	0.329710%	0.324085%	0.332450%	0.348660%	0.344100%	0.343190%	0.343190%	NA*	NA*
County's proportionate share of the net pension liability (asset)	\$11,269,427	\$ 9,449,383	\$ 9,183,074	\$ 9,107,560	\$ 8,843,800	\$ 7,499,560	\$ 6,570,219	\$ 7,114,338	NA*	NA*
County's covered-employee payroll	\$ 5,133,611	\$ 4,782,357	\$ 4,485,815	\$ 4,476,972	\$ 4,445,013	\$ 4,262,881	\$ 4,127,257	\$ 3,341,860	NA*	NA*
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	219.52%	197.59%	204.71%	203.43%	198.96%	175.93%	159.19%	212.89%	NA*	NA*
Plan fiduciary net position as a percentage of the total pension liability	58.80%	62.70%	61.70%	60.90%	60.40%	64.60%	67.50%	63.00%	NA*	NA*
NA* - Not Available										

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Source: Audit report on the schedules of employer allocations, schedules of pension amounts by employer, and related notes of the South Carolina Retirement Systems, as administered by the SC Public Employee Benefits Authority for the year ended June 20, 2020.

# CLARENDON COUNTY SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF COUNTY CONTRIBUTIONS (SCRS) and (PORS)

#### Last 10 Fiscal Years

SCRS	20	101	20	020	 2010	 2010	 2017	2016		2015		2014		2012	2012
	20	021	20	020	<u>2019</u>	<u>2018</u>	2017	<u>2016</u>		2015		<u>2014</u>		2013	2012
Contractually required contribution	\$ 8	67,109	\$ 8	345,242	\$ 748,427	\$ 692,727	\$ 576,989	\$ 547,030	\$	514,453	\$	498,271		NA*	NA*
Contributions in relation to the contractually required contribution	\$ (8	67,109)	\$ (8	345,242)	\$ (748,427)	\$ (692,727)	\$ (576,989)	\$ (547,030)		(514,453)	_\$_	(498,271)	_	NA*	NA*
Contribution deficiency (excess)	\$		\$		\$ 	\$	\$	\$ 	\$		\$	-	\$	<u>.</u>	\$ -
County's covered-employee payroll	\$ 5,5	72,683	\$ 5,4	132,149	\$ 5,140,294	\$ 5,108,606	\$ 4,991,257	\$ 4,946,164	\$ 4	4,719,753	\$ 4	,700,195		NA*	NA*
Contributions as a percentage of covered-employee payroll		15.56%		15.56%	14.56%	13.56%	11.56%	11.06%		10.90%		10.60%		NA*	NA*
PORS															
	<u>2</u> 0	021	2	020	2019	<u>2018</u>	2017	<u>2016</u>		<u>2015</u>		2014		2013	2012
Contractually required contribution	\$ 1,3	09,324	\$ 9	936,371	\$ 824,478	\$ 728,497	\$ 637,524	\$ 610,745	\$	571,651	\$	530,004		NA*	NA*
Contributions in relation to the contractually required contribution	\$ (1,3	109,324)	\$ (9	936,371)	\$ (824,478)	\$ (728,497)	(637,524)	\$ (610,745)		(571,651)	\$	(530,004)	_	NA*	 NA*
Contribution deficiency (excess)	\$		\$		\$	\$ 	\$	\$ 	\$	- 3-	\$		\$	1 - 104	\$ -
County's covered-employee payroll	\$ 7,1	78,310	\$ 5,1	133,611	\$ 4,782,357	\$ 4,485,815	\$ 4,476,972	\$ 4,445,013	\$	4,262,881	\$ 4	4,127,257		NA*	NA*
Contributions as a percentage of covered-employee payroll		18.24%		18.24%	17.24%	16.24%	14.24%	13.74%		13.41%		12.84%		NA*	NA*
NA* - Not Available															

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Source: County quarterly retirement contribution reports.

### COMBINING AND INDIVIDUAL FUND SCHEDULES

## CLARENDON COUNTY, SOUTH CAROLINA COMBINING BALANCE SHEET DISCRETELY PRESENTED COMPONENT UNITS JUNE 30, 2021

	CLA	IARVIN ARENDON COUNTY IBRARY	DE	SUSINESS VELOPMENT RPORATION		TOTAL
ASSETS	-					
Cash	\$	172,536	\$	2,785,119	\$	2,957,655
Prepaid items		23,396		3,200		26,596
Notes and interest receivable				193,374		193,374
Capital and operating lease receivable		-		282,246		282,246
Grants and miscellaneous receivable	-	2,355		20,490		22,845
TOTAL ASSETS	\$	198,287	\$	3,284,429	\$	3,482,716
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts and payroll withholdings payable	\$	12,277	\$	5,067	\$	17,344
Unearned revenue	-	-	-	909,544		909,544
Total Liabilities	4	12,277	-	914,611		926,888
Fund Balances						
Nonspendable		23,396		3,200		26,596
Restricted		-		1,218,950		1,218,950
Committed		95,000		-		95,000
Unassigned		67,614		1,147,668		1,215,282
Total Fund Balances	-	186,010		2,369,818		2,555,828
TOTAL LIABILITIES AND FUND BALANCES	\$	198,287	\$	3,284,429	\$	3,482,716
	-				_	

# CLARENDON COUNTY, SOUTH CAROLINA COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES DISCRETELY PRESENTED COMPONENT UNITS FOR THE YEAR ENDED JUNE 30, 2021

		GOVERNME			
REVENUES	CL/	IARVIN ARENDON OUNTY BRARY	DEV	USINESS ELOPMENT RPORATION	TOTAL
REVENUES					
Federal State Local	\$	2,355 100,000 581,542	\$	10,000 533,313	\$ 2,355 110,000 1,114,855
TOTAL REVENUES		683,897		543,313	 1,227,210
EXPENDITURES					
General operations Capital outlay Debt service	-	663,274 - -		468,383 58,876 727,081	 1,131,657 58,876 727,081
TOTAL EXPENDITURES		663,274		1,254,340	1,917,614
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		20,623		(711,027)	 (690,404)
OTHER FINANCING SOURCES (USES) Sale of assets		-		2,129,000	2,129,000
TOTAL OTHER FINANCING SOURCES (USES)				2,129,000	 2,129,000
NET CHANGE IN FUND BALANCES		20,623		1,417,973	1,438,596
FUND BALANCES, BEGINNING OF YEAR	-	165,387		951,845	 1,117,232
FUND BALANCES, END OF YEAR	\$	186,010	\$	2,369,818	\$ 2,555,828

#### NONMAJOR GOVERNMENTAL FUNDS

#### SPECIAL REVENUE FUNDS

Bureau of Tourism Accommodations

To account for the County's portion of accommodations taxes.

Hospitality Tax

To account for the County's collection of hospitality taxes.

Drug Enforcement and Other Sheriff's Funds

To account for restricted revenues received by the Sheriff.

Special Purpose District

To account for ad valorem taxes collected to be used for F. E. DuBose Career Center (vocational training).

E-911

To account for fees collected by telephone companies to be used to provide emergency assistance through the nationwide 911 system.

Emergency Services
Tax District

To account for the accumulation of ad valorem taxes to pay the costs associated with provision of EMS services throughout county

Victims Advocate

To account for state assessments and surcharges on fines to be

used for victim services.

Third Circuit Drug Court

To account for restricted revenue for operation of drug court.

#### **DEBT SERVICE FUNDS**

Fire Protection

To account for the accumulation of ad valorem taxes to pay the principal, interest, and fiscal charges.

#### CLARENDON COUNTY, SOUTH CAROLINA COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2021

					Special Revenue					
		ureau of ourism	Н	ospitality		Drug forcement nd Other	Ş	Special		
	Acco	Accommodation Fund		Tax		Sheriff's		urpose		
				Fund		Fund		District		E-911
ASSETS										
Cash and cash equivalents	\$	45,758	\$	317,523	\$	578,855	\$	-	\$	1,020,422
Accounts receivable				38,759		-		-		51,658
Due from other funds		-		-		-		1,248		
Delinquent taxes receivable				-	_		-	77,709	-	-
Total Assets	\$	45,758	\$	356,282	\$	578,855	\$	78,957	\$	1,072,080
LIABILITIES, DEFERRED INFLOWS OF										
RESOURCES, AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	1,442	\$	₹ <u>-</u>	\$	-	\$	-	\$	10,773
Cash overdraft		-		-				-		-
Due to other funds		. 14.				2,000		-		
Total Liabilities		1,442		-		2,000		-	_	10,773
Deferred Inflows of Resources:										
Unavailable Revenue - Property Taxes		-		-		-	<u> </u>	71,236		
Total Deferred Inflows of Resources	-	-	_	-	-			71,236	-	-
Fund Balances:										
Restricted				<u> </u>		576,855		-		1,061,307
Assigned	-	44,316		356,282	-			7,721	_	- 1
Total Fund		44,316		356,282	_	576,855		7,721		1,061,307
Total Liabilities, Deferred Inflows of										
Resources, and Fund Balances	\$	45,758	\$	356,282	\$	578,855	\$	78,957	\$	1,072,080

#### CLARENDON COUNTY, SOUTH CAROLINA COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2021

			Speci	al Revenue			Debt Service			
		Emergency Services Fund		/ictims dvocate Fund		ird Circuit rug Court	Fire Protection			Total Nonmajor vernmental Funds
ASSETS	ď		· c		\$	272.062	•	112 220	¢.	2 240 740
Cash and cash equivalents Accounts receivable	\$		\$	11,364	Ф	273,962	\$	113,220	\$	2,349,740
Due from other funds				11,304		-		4 460		101,781
Delinquent taxes receivable		57,997						1,163 8,172		2,411 143,878
Total Assets	\$	57,997	\$	11,364	\$	273,962	\$	122,555	\$	2,597,810
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES Liabilities:										
Accounts payable	\$	4	\$	243	\$	2,257	\$	2	\$	14,715
Cash overdraft	*		*	11,121			*	-	-	11,121
Due to other funds		-		.,,				2		2,000
Total Liabilities		7.5		11,364		2,257		-		27,836
Deferred Inflows of Resources:										
Unavailable Revenue - Property Taxes		41,444		-		_		7,062		119,742
Total Deferred Inflows of Resources		41,444						7,062		119,742
Fund Balances:										
Restricted		-		9		271,705		115,493		2,025,360
Assigned	0-	16,553		4/	_					424,872
Total Fund Balances		16,553		-	_	271,705		115,493	_	2,450,232
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	•	57,997	¢	11,364	\$	273,962	\$	122,555	\$	2,597,810
resources, and rund balances	Ψ	31,331	Ψ	11,504	Ψ	210,002	Ψ	122,000	Ψ	2,007,010

# CLARENDON COUNTY, SOUTH CAROLINA COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue											
DEVENUES.	Bureau of Tourism Accommodation Fund			Hospitality Tax Fund		Drug Enforcement and Other Sheriff's Fund		Special Purpose District		E-911		
REVENUES Taxes	\$		\$	391,274	\$		\$	275,602	\$	5.		
Intergovernmental	Φ	142,273	Φ	391,274	Φ		Φ	2/5,002	Φ	316,959		
Charges for services		142,275						-		121,949		
Fines and forfeitures		- 2				113,884		2		-		
Interest		72		1,344		1,460		-		2,261		
Total Revenues		142,345	_	392,618		115,344		275,602		441,169		
EXPENDITURES												
Current:												
General government		1.4		-		÷ .		273,841		-		
Public safety						110,900		-		350,227		
Culture/Recreation		129,807		82,500								
Court related		4		-		•		-		-		
Debt service:												
Principal						1.5		3 <del>9</del> 0		-		
Interest and fees		-		-		· ·		- ·		n e		
Capital outlay		1,41				63,250		-				
Total Expenditures		129,807	_	82,500	-	174,150		273,841	-	350,227		
Excess of revenues over (under)												
expenditures	-	12,538		310,118		(58,806)	_	1,761	_	90,942		
OTHER FINANCING SOURCES (USES)												
Sale of Assets		-		-		48,125		-				
Transfers in (out)			_	(230,750)	_			16	_			
Total Other Financing Sources (Uses)				(230,750)		48,125			_			
Net change in fund balances		12,538		79,368		(10,681)		1,761		90,942		
Fund balances at beginning of year		31,778		276,914	_	587,536		5,960		970,365		
Fund balances at end of year	\$	44,316	\$	356,282	\$	576,855	\$	7,721	\$	1,061,307		

# CLARENDON COUNTY, SOUTH CAROLINA COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue						Deb	t Service		
REVENUES	Emergency Services Fund		Victims Advocate Fund		Third Circuit Drug Court		Fire Protection		Total Nonmajor Governmental Funds	
Taxes	\$	1,521,443	\$		\$		\$	80,261	\$	2,268,580
Intergovernmental	Ψ	1,021,440	Ψ	60,147	Ψ	280,000	Ψ	-	Ψ	799,379
Charges for services		_		-		-		-		121,949
Fines and forfeitures		_		40,444		-		-		154,328
Interest		_		3		1,305		189		6,634
Total Revenues		1,521,443		100,594		281,305		80,450		3,350,870
EXPENDITURES										
Current:										
General government		-		4				- A		273,841
Public safety		-		104,853						565,980
Culture/Recreation		-		-		÷		-		212,307
Court related		-		-		226,591		-		226,591
Debt service:										
Principal		-		(4)				75,870		75,870
Interest and fees		-		-		-		29,293		29,293
Capital outlay				-						63,250
Total Expenditures	_			104,853		226,591		105,163		1,447,132
Excess of revenues over (under)										
expenditures		1,521,443	_	(4,259)		54,714		(24,713)		1,903,738
OTHER FINANCING SOURCES (USES)										
Sale of Assets		-		1-	4	-		-		48,125
Transfers in (out)	1	(1,504,890)		4,259		(5,000)				(1,736,381)
Total Other Financing Sources (Uses)	_	(1,504,890)		4,259		(5,000)		- 14		(1,688,256)
Net change in fund balances		16,553				49,714		(24,713)		215,482
Fund balances at beginning of year				-		221,991		140,206		2,234,750
Fund balances at end of year	\$	16,553	\$		\$	271,705	\$	115,493	\$	2,450,232

#### CLARENDON COUNTY, SOUTH CAROLINA GENERAL FUND SCHEDULE OF REVENUES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted	i Amounts	Actual GAAP	Adjustments Budget	Actual	Variance with Final Budget Favorable	
	Original	Final	Basis	Basis	Budget Basis	(Unfavorable)	
REVENUES							
Taxes							
Real estate taxes	\$ 10,470,985	\$ 10,470,985	\$ 11,252,402	\$ -	\$ 11,252,402	\$ 781,417	
Local option sales tax	2,800,000	2,800,000	3,704,226		3,704,226	904,226	
Vehicle taxes	1,647,855	1,647,855	1,766,762		1,766,762	118,907	
Watercraft taxes	-		165,222	-	165,222	165,222	
Delinquent taxes	1,325,000	1,325,000	1,101,626	-	1,101,626	(223,374	
Local accommodations	200,000	200,000	234,273	-	234,273	34,273	
Payment in lieu of taxes	75,000	75,000	54,742	-	54,742	(20,258	
Treasurer's cost to cities	29,000	29,000	31,248	-	31,248	2,248	
Payment in lieu - motor carrier	230,000	230,000	388,316		388,316	158,316	
Total taxes	16,777,840	16,777,840	18,698,817		18,698,817	1,920,977	
Licenses and permits							
Moving permits	2,500	2,500	2,280	2	2,280	(220	
Building permits	130,000	130,000	146,849	-	146,849	16,849	
Total licenses and permits	132,500	132,500	149,129	9 <del>-</del> 6	149,129	16,629	
Charges for services							
Assessors fees	1,000	1,000	1,617	1.2	1,617	617	
Master in Equity fees	7,500	7,500	4,734		4,734	(2,766)	
Probate fees	53,000	53,000	72,581		72,581	19,581	
Planning and public service fees	8,000	8,000	12,320	-	12,320	4,320	
ROD fees and charges	176,000	176,000	289,982	~	289,982	113,982	
Coroner fees	1,000	1,000	865	-	865	(135)	
Animal control fees	750	750	1,782	-	1,782	1,032	
Landfill fees	300,000	300,000	324,293	-	324,293	24,293	
County road user fee	1,040,000	1,040,000	1,077,726	ė	1,077,726	37,726	
Municipal Law Enforcement	175,000	175,000	175,000		175,000	-	
Municipal inmate housing	10,500	10,500	5,940		5,940	(4,560)	
Total charges for services	1,772,750	1,772,750	1,966,840	-	1,966,840	194,090	
Fines and forfeitures							
Clerk of court fines and fees	115,000	115,000	117,222	rec I	117,222	2,222	
Magistrate fines and fees	190,000	190,000	206,200		206,200	16,200	
Sex offender registry fees	7,000	7,000	7,400	19 <u>4</u> 1	7,400	400	
Sheriff's fines and fees	3,200	3,200	2,159		2,159	(1,041)	
	315,200	315,200	332,981		332,981	17,781	
Investment income	12,000	12,000	9,782		9,782	(2,218)	
Miscellaneous					•		
Hangar rent	50,000	50,000	47,180		47,180	(2,820)	
Multi-County Industrial Park	85,000	85,000	69,369	2	69,369	(15,631)	
Miscellaneous revenue	210,000	176,384	186,981	<u> </u>	186,981	10,597	
Recreation Programs	72,000	72,000	43,399	12	43,399	(28,601)	
Franchise fees	125,000	125,000	109,291	-	109,291	(15,709)	
Contributions	3,500	3,500	8,177	(=)	8,177	4,677	
Non-governmental grants	-	0,000	103,553		103,553	103,553	
go	545,500	511,884	567,950		567,950	56,066	

#### CLARENDON COUNTY, SOUTH CAROLINA GENERAL FUND SCHEDULE OF REVENUES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted	d Amounts	Actual	Adjustments	Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	Favorable (Unfavorable)
Intergovernmental						
State						
Accommodations tax	32,000	32,000	32,488	3	32,488	488
Merchant's inventory tax	48,910	48,910	48,909	7	48,909	(1)
Solid waste tire fees	20,000	20,000	20,542	20	20,542	542
State aid and allocations	1,494,000	1,494,000	1,422,609		1,422,609	(71,391)
Election commission	91,250	91,250	83,766		83,766	(7,484)
Clerk/Sheriff/Probate Judge supplements	13,870	13,870	7,875		7,875	(5,995)
Palmetto Pride	10,070	10,070	4,019	r 1.34	4,019	4,019
Body worn cameras			27,105		27,105	27,105
EMS Grant in aid	112		7,858		7,858	7,858
EMS Trauma grant	5	100	11,344		11,344	11,344
Waste oil grant(s)	3	- 3	2,367	4 Z	2,367	2,367
Waste tire grant(s)		- 13	41,501	-	41,501	41,501
Solid waste grant(s)	-	-	1,050		1,050	1,050
SC DNR - Fishing Pier	-	-	116,176	_	116,176	116,176
SC PARD	-	_	Name of the last o	-		
Economic Development grant(s)	-	2	6,520 100,000		6,520	6,520
Federal	-	-	100,000		100,000	100,000
Veterans affairs	E E00	5,500	4 700		4.700	(700)
	5,500	5,500	4,798		4,798	(702)
Marshal's service - inmate housing	-	22.040	106,863	7	106,863	106,863
Dept. Interior	400,000	33,616	33,616	17.	33,616	
Title IV-D Clerk of Court	160,000	160,000	197,962	-	197,962	37,962
Title IV-D Sheriff	9,000	9,000	2,129	-	2,129	(6,871)
DSS - Revenue	55,000	55,000	32,935	-	32,935	(22,065)
USDA Coroner equipment	(=	-	33,371	· ·	33,371	33,371
Emergency management grants	-	=	74,617	•	74,617	74,617
FEMA Covid-19	19	9	2,421	•	2,421	2,421
Cares Act	-	-	72,918	-	72,918	72,918
Airport improvement program	-	-	255,030	-	255,030	255,030
Justice Assistance grants	1,929,530	1,963,146	60,949		60,949	60,949
	1,929,530	1,903,146	2,811,738		2,811,738	848,592
TOTAL REVENUES	\$ 21,485,320	\$ 21,485,320	\$ 24,537,237	\$ -	\$ 24,537,237	\$ 3,051,917

## CLARENDON COUNTY, SOUTH CAROLINA GENERAL FUND SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted	d Amounts	Actual	Adjustments	Actual	Variance with Final Budget	
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	Favorable (Unfavorable)	
General Government and Administration:							
Administration:	2	1 11.61	3 122.22	120	01-02-212	Š 10025	
Salaries and related Operations	\$ 409,830 15,500	\$ 409,830 15,500	402,705 17,215	\$ -	\$ 402,705 17,215	\$ 7,125 (1,715)	
	425,330	425,330	419,920		419,920	5,410	
County Council:							
Salaries and related	113,750	138,350	141,649	3.5	141,649	(3,299)	
Operations	8,600	8,600	4,201		4,201	4,399	
	122,350	146,950	145,850	-	145,850	1,100	
Assessor:							
Salaries and related	540,760	540,760	502,960		502,960	37,800	
Operations	73,900 614,660	73,900 614,660	55,383 558,343		55,383 558,343	18,517	
	614,000	014,000	556,545	-	556,343	56,317	
Auditor:							
Salaries and related	221,830	221,830	219,121	191	219,121	2,709	
Operations	<u>12,000</u> 233,830	<u>12,000</u> 233,830	8,776 227,897		8,776 227,897	<u>3,224</u> 5,933	
			227,007				
Treasurer:	1,200,000	445.65					
Salaries and related Operations	333,470	333,470	320,942	4.040	320,942	12,528	
Operations	93,310 426,780	93,310 426,780	81,658 402,600	1,912 1,912	83,570 404,512	9,740 22,268	
			,				
Finance:	200 000	070.000	070 000		070.000	0.000	
Salaries and related Operations	302,900 8,500	278,300 8,500	272,092 9,052		272,092 9,052	6,208 (552)	
Орогацона	311,400	286,800	281,144		281,144	5,656	
W0.5628.0000			-	-			
Human Resources: Salaries and related	183,510	183,510	178,758		178,758	4,752	
Operations	15,690	15,690	8,340		8,340	7,350	
5,5357575	199,200	199,200	187,098		187,098	12,102	
0 ( ) 1							
Grants Administration Salaries and related	120,840	120,840	119,736		119,736	1,104	
Operations	5,730	5,730	1,158	2,343	3,501	2,229	
	126,570	126,570	120,894	2,343	123,237	3,333	
Procurement							
Salaries and related	129,020	129,020	127,327		127,327	1,693	
Operations	9,750	9,750	7,296	1-1	7,296	2,454	
	138,770	138,770	134,623		134,623	4,147	
Voter Registration:							
Salaries and related	198,930	198,930	214,800		214,800	(15,870)	
Operations	87,120	87,120	100,226		100,226	(13,106)	
	286,050	286,050	315,026		315,026	(28,976)	
Information Technology:							
Salaries and related	121,930	121,930	110,549	-	110,549	11,381	
Operations	328,520	328,520	329,385	(14,977)	314,408	14,112	
	450,450	450,450	439,934	(14,977)	424,957	25,493	
Veterans Affairs:							
Salaries and related	68,060	68,060	67,127	-	67,127	933	
Operations	7,950	7,950	5,345	-	5,345	2,605	
	76,010	76,010	72,472		72,472	3,538	

## CLARENDON COUNTY, SOUTH CAROLINA GENERAL FUND SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted	Amounts	Actual GAAP	Adjustments Budget	Actual Budget	Variance with Final Budget Favorable
	Original	Final	Basis	Basis	Basis	(Unfavorable)
A				-		
Nondepartmental Expenditures:	04 400	00.000	440.570	04.040	100.001	(70.444)
Special Projects	91,480	82,980	140,579	21,812	162,391	(79,411)
Contract Security	79,000	79,000	79,272	-	79,272	(272)
Legal Assistance	20,000	20,000	63,250	3 <del>6</del> 7	63,250	(43,250)
Rent - Judicial Annex	105,000	105,000	93,726	( <del>-</del>	93,726	11,274
Workmen's compensation	154,000	154,000	159,813		159,813	(5,813)
Audit fee	41,000	41,000	47,135		47,135	(6,135)
Unemployment	5,000	5,000	12,277	-	12,277	(7,277)
Electricity	380,000	380,000	399,553		399,553	(19,553)
Contractual services	102,000	102,000	97,985		97,985	4,015
Printing and postage	100,000	100,000	85,118	-	85,118	14,882
Christmas bonus	35,000	35,000	46,342	14	46,342	(11,342)
Property and liability insurance	449,050	449,050	460,326	4	460,326	(11,276)
Drug screening	12,000	12,000	10,351		10,351	1,649
Water	45,000	45,000	36,872	12	36,872	8,128
Retirees' insurance	535,000	535,000	493,262	2	493,262	41,738
Telephone	175,000	175,000	215,945	- 2	215,945	(40,945)
Holiday compensation	71,000	71,000	76,349		76,349	(5,349)
Retirement expense	2,100	2,100	2,079	3.5	2,079	21
FICA expense	8,700	8,700	9,444	1	9,444	(744)
Police retirement			11,013		11,013	
	9,900	9,900	2000			(1,113)
Bank fees and charges	<u>47,000</u> 2,467,230	47,000 2,458,730	24,914 2,565,605	21,812	24,914 2,587,417	22,086 (128,687)
0 15						
Grant Expense:			070.040		070.040	(070.040)
Santee Cooper airport improvement	7	-	278,848	1.21	278,848	(278,848)
SC parks and recreation	-	-	8,150	-	8,150	(8,150)
Palmetto Pride	-		4,019	-	4,019	(4,019)
Non-governmental grants	9	•	80,443	•	80,443	(80,443)
SC Dept of Natural Resources	-	-	116,176	-	116,176	(116,176)
Emergency management plan(s)	-	-	53,688	-	53,688	(53,688)
EMS Grant in aid	4.0	÷	8,041	0.0	8,041	(8,041)
EMS Trauma grant	-	-	11,191	+	11,191	(11,191)
Waste oil grant(s)	-	-	2,429		2,429	(2,429)
Waste tire grant(s)	-	-	106,085	-	106,085	(106,085)
Solid waste grant(s)	-	÷	27,454	-	27,454	(27,454)
SC Law Enforcement body cameras	-	O-0.	31,369		31,369	(31,369)
Bullet proof vest			7,229	-	7,229	(7,229)
USDA Coroner equipment	(4)	CAL	44,530	CALL	44,530	(44,530)
FEMA Covid-19	_	-	1,290	-	1,290	(1,290)
Cares act related grants			73,040	3	73,040	(73,040)
Justice Assistance grant(s)	3-1		5,514	_	5,514	(5,514)
Economic Development grant(s)		_	100,000	S-1	100,000	(100,000)
		•	959,496		959,496	(959,496)
Total General Government						
and Administration	5,878,630	5,870,130	6,830,902	11,090	6,841,992	(971,862)

### CLARENDON COUNTY, SOUTH CAROLINA GENERAL FUND

### SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted	Amounts	Actual GAAP	Adjustments Budget	Actual Budget	Variance with Final Budget Favorable
	Original	Final	Basis	Basis	Basis	(Unfavorable)
Court Related:						
Clerk of Court:						
Salaries and related	195,030	195,030	187,685	•	187,685	7,345
Operations	36,620	36,620	19,268		19,268	17,352
	231,650	231,650	206,953		206,953	24,697
Magistrates:						
Salaries and related	506,960	506,960	472,881	1.2	472,881	34,079
Operations	34,730	34,730	17,699	4	17,699	17,031
	541,690	541,690	490,580		490,580	51,110
Probate Judge:						
Salaries and related	164,790	164,790	159,912	627	159,912	4,878
Operations	13,260	13,260	6,876		6,876	6,384
	178,050	178,050	166,788		166,788	11,262
Family Court:						
Salaries and related	150,710	150,710	148,818	( <u>4</u>	148,818	1,892
Operations	6,800	6,800	5,857	-	5,857	943
	157,510	157,510	154,675		154,675	2,835
Register of Deeds:						
Salaries and related	89,650	89,650	88,662	-	88,662	988
Operations	27,420	27,420	14,979		14,979	12,441
The second secon	117,070	117,070	103,641		103,641	13,429
Master in Equity:						
Salaries and related	38,280	38,280	37,215	-	37,215	1,065
Operations	10,020	10,020	8,400	_	8,400	1,620
	48,300	48,300	45,615		45,615	2,685
Title IV-D Funds - Clerk of Court:				2.5		
Salaries and related	123,220	123,220	110,059	1.0	110,059	13,161
Operations	11,500	11,500	5,559		5,559	5,941
C por a library	134,720	134,720	115,618		115,618	19,102
Circuit Court Judges:						
Allowance	750	750	559		559	191
Solicitor:					53.1.1.1.1.1	,
Allowance	169,310	169,310	169,310		169,310	
Public Defender: Allowance	125,500	134,000	134,000		134,000	
Allowalice	295,560	304,060	303,869		303,869	191
		4.740.050	4 507 700		4 507 700	405.044
Total Court Related	1,704,550	1,713,050	1,587,739		1,587,739	125,311
Public Safety:						
Sheriff:						
Salaries and related	3,532,760	3,532,760	3,481,337	-	3,481,337	51,423
Operations	864,900	864,900	959,385	(63,569)	895,816	(30,916)
	4,397,660	4,397,660	4,440,722	(63,569)	4,377,153	20,507
Emergency Preparedness:						
Salaries and related	78,270	78,270	77,739	3-7	77,739	531
Operations	12,250	12,250	7,114	4.00	7,114	5,136
A. September	90,520	90,520	84,853		84,853	5,667
Correctional Center:						
Salaries and related	1,753,350	1,753,350	1,554,187	2	1,554,187	199,163
Operations	483,850	483,850	510,858	(3,450)	507,408	(23,558)
A STATE OF THE PARTY OF THE PAR	2,237,200	2,237,200	2,065,045	(3,450)	2,061,595	175,605

#### CLARENDON COUNTY, SOUTH CAROLINA GENERAL FUND

### SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with Final Budget
	Original	Final	GAAP Basis	Budget Basis	Budget Basis	Favorable (Unfavorable)
Coroner:						
Salaries and related	106,100	106,100	101,993	-	101,993	4,107
Operations	90,800	90,800	61,690	34,311	96,001	(5,201)
	196,900	196,900	163,683	34,311	197,994	(1,094)
Communications:	000.000	802.000	840,285		840,285	52,705
Salaries and related	892,990	892,990 4,500	1,569	-	1,569	2,931
Operations	4,500 897,490	897,490	841,854		841,854	55,636
	097,490	037,430	041,004		041,004	
Total Public Safety	7,819,770	7,819,770	7,596,157	(32,708)	7,563,449	256,321
Physical Environment:						
Facilities Management:						
Salaries and related	440,060	440,060	428,056		428,056	12,004
Operations	162,030	162,030	158,966	3,600	162,566	(536)
	602,090	602,090	587,022	3,600	590,622	11,468
Solid Waste:						
Salaries and related	341,710	341,710	260,391	4.4	260,391	81,319
Operations	1,891,650	1,891,650	1,885,890	- Gov. 1	1,885,890	5,760
	2,233,360	2,233,360	2,146,281		2,146,281	87,079
County Engineer:						
Salaries and related	114,690	114,690	113,551		113,551	1,139
Operations	48,400	48,400	62,065		62,065	(13,665)
- Conditions	163,090	163,090	175,616	-	175,616	(12,526)
Public Works:						
Salaries and related	461,410	461,410	423,355	(4)	423,355	38,055
Operations	434,000	434,000	408,261		408,261	25,739
operations .	895,410	895,410	831,616	-	831,616	63,794
	J. 10.1 2.2 2	Trust Lai	23.2.2.2.2	1244		111111
Total Physical Environment	3,893,950	3,893,950	3,740,535	3,600	3,744,135	149,815
Economic Environment:						
Planning and Public Service Commission:						
Salaries and related	324,990	324,990	282,513	2.0	282,513	42,477
Operations	58,580	58,580	54,556	28,500	83,056	(24,476)
-	383,570	383,570	337,069	28,500	365,569	18,001
Development Board:						
Salaries and related	190,950	190,950	196,544	-	196,544	(5,594)
Operations	165,450	165,450	130,021		130,021	35,429
	356,400	356,400	326,565		326,565	29,835
Total Economic Environment	739,970	739,970	663,634	28,500	692,134	47,836
				-		

#### CLARENDON COUNTY, SOUTH CAROLINA GENERAL FUND SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual GAAP		Adjustments Actual Budget Budget	
	Original .	Final	Basis	Basis	Basis	Favorable (Unfavorable)
Transportation:						
Fleet Maintenance:						
Salaries and related	185,050	185,050	183,268	D-6.1	183,268	1,782
Operations	9,600	9,600	14,511		14,511	(4,911)
	194,650	194,650	197,779		197,779	(3,129)
Airport Commission:						
Operations	28,930	28,930	13,125	10,600	23,725	5,205
operations.	28,930	28,930	13,125	10,600	23,725	5,205
Total Transportation	223,580	223,580	210,904	10,600	221,504	2,076
Recreation and Culture:						
Recreation:						
Salaries and related	371,110	371,110	368,321	1.2	368,321	2,789
Operations	131,300	131,300	154,147		154,147	(22,847)
	502,410	502,410	522,468		522,468	(20,058)
County Archives:						
Salaries and related	92,250	92,250	69,832		69,832	22,418
Operations	5,160	5,160	3,779	-	3,779	1,381
a. D. secondario	97,410	97,410	73,611		73,611	23,799
Total Recreation and Culture	599,820	599,820	596,079		596,079	3,741
Miscellaneous:						
Agencies:						
Santee-Lynches Council of Government	40,630	40,630	40,122		40,122	508
Santee Wateree RTA	7,000	7,000	7,000	-	7,000	4,
Clarendon Soil and Water Conservation	32,000	32,000	32,000	4.7	32,000	
Clemson Extension	28,800	28,800	28,800		28,800	-
SC Association of Counties	8,670	8,670	8,670	-	8,670	5
Delegation allowance	14,000	14,000	14,000		14,000	-
Behavioral Services	5,000	5,000	5,000		5,000	÷
Clarendon County Library	565,000	565,000	565,000	·	565,000	2
SC DHEC	30,000	30,000	30,000	-	30,000	-
Indigent care	38,950	38,950	38,240	-	38,240	710
County Adult Education	28,000	28,000	28,000	4	28,000	1
Central Carolina Scholarship Program	20,000	20,000	20,000		20,000	-
Central Carolina Technical College	100,000	100,000	100,000	_	100,000	14
	918,050	918,050	916,832		916,832	1,218
Total Miscellaneous	918,050	918,050	916,832		916,832	1,218
Total Expenditures	\$21,778,320	\$21,778,320	\$22,142,782	\$ 21,082	\$22,163,864	\$ (385,544)
Other Financing Sources (Uses)						
Sale of Assets	\$ 190,000	\$ 190,000	\$ 113,832	\$ -	\$ 113,832	\$ (76,168)
Transfers In (Out)	103,000	103,000	(101,272)		(101,272)	(204,272)
Transition in Loud	\$ 293,000	\$ 293,000	\$ 12,560	\$ -	\$ 12,560	\$ (280,440)

#### FIDUCIARY FUNDS

AGENCY FUNDS

To account for assets held soley in a custodial capacity by

the County.

# CLARENDON COUNTY, SOUTH CAROLINA COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES ALL AGENCY FUNDS JUNE 30, 2021

	School Districts ebt Service	School Districts perations	orfeited Land	robate ludge	ter-In Juity	Mun	icipalities
ASSETS							
Cash and investments Delinquent taxes receivable Due from General Fund Due from other magistrates	\$ 4,357,582 100,419 37,904	\$ 1,422,235 251,478	\$ 1,323 - - -	\$ 4,091 - - -	\$ 25 - -	\$	28,990 -
Total assets	\$ 4,495,905	\$ 1,673,713	\$ 1,323	\$ 4,091	\$ 25	\$	28,990
LIABILITIES							
Due to trust fund holders Due to Treasurer Due to Treasurer - cash overage	\$ 4,495,905 -	\$ 1,673,713 -	\$ 1,323	\$ 240 3,851	\$ 25 -	\$	28,990
(shortage) Due to others	-	L/ <del>-</del> 1	-	6.5	1		-
Due to other magistrates		-	_				-
Total liabilities	\$ 4,495,905	\$ 1,673,713	\$ 1,323	\$ 4,091	\$ 25	\$	28,990

# CLARENDON COUNTY, SOUTH CAROLINA COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES ALL AGENCY FUNDS JUNE 30, 2021

			Mag	istrates			Clerk			
	G	eneral		Civil		Part-	of	Tax		
	Α	ccount	Ad	ccount		Time	Court	Collector		Total
ASSETS										
Cash and investments	\$	91,953	\$	3,545	\$	122	\$ 609,545	\$ 1,327,804	\$	6,395,990
Delinquent taxes receivable		-				-	-	-		1,522,654
Due from General Fund		-		-		1-1	-	-		318,372
Due from other magistrates	The state of the s	122		-			- 4			122
Total assets	\$	92,075	\$	3,545	\$	122	\$ 609,545	\$ 1,327,804	\$	8,237,138
LIABILITIES										
Due to trust fund holders	\$	30,007	\$	-	\$	- 2	\$ 576,175	\$ 1,327,804	\$	8,134,182
Due to Treasurer		61,458		3,545	7	_	26,046	 -	*	94,900
Due to Treasurer - cash overage		1000		3,773						2.,,
(shortage)		610		_		<u>-</u>	5,099	3		5,709
Due to others		<u>-</u>		-		-	2,225	-		2,225
Due to other magistrates		*		_		122	<u>-</u>			122
Total liabilities	\$	92,075	\$	3,545	\$	122	\$ 609,545	\$ 1,327,804	\$	8,237,138

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Municipalities				
Assets				
Due from General Fund Total Assets	\$ - \$ -	\$ 2,495,107 \$ 2,495,107	\$ 2,466,117 \$ 2,466,117	\$ 28,990 \$ 28,990
Liabilities				
Due to trust fund holders	\$ -	\$ 2,108,198	\$ 2,079,208	\$ 28,990
Total Liabilities	\$ -	\$ 2,108,198	\$ 2,079,208	\$ 28,990
School Districts Debt Service				
Assets				
Cash and investments	\$ 3,961,009	\$ 6,261,295	\$ 5,864,722	\$ 4,357,582
Due from General Fund	116,079	1,039,399	1,117,574	37,904
Delinquent taxes receivable	131,349		30,930	100,419
Total Assets	\$ 4,208,437	\$ 7,300,694	\$ 7,013,226	\$ 4,495,905
Liabilities				
Due to trust fund holders	\$ 4,208,437	\$ 5,735,351	\$ 5,447,883	\$ 4,495,905
Total Liabilities	\$ 4,208,437	\$ 5,735,351	\$ 5,447,883	\$ 4,495,905
School District Operations				
Assets				
Delinquent taxes receivable	\$ 1,492,211	\$ -	\$ 69,976	\$ 1,422,235
Due from General Fund	32,214	13,076,853	12,857,589	251,478
Total Assets	\$ 1,524,425	\$13,076,853	\$12,927,565	\$ 1,673,713
Liabilities				
Due to trust fund holders	\$ 1,524,425	\$62,690,161	\$62,540,873	\$ 1,673,713
Total Liabilities	\$ 1,524,425	\$62,690,161	\$62,540,873	\$ 1,673,713

	,	Balance July 1, 2020 Additions			De	ductions	Ju	Balance June 30, 2021	
Forfeited Land Commission									
Assets									
Cash and investments	\$	520	\$	803	\$	· ·	\$	1,323	
Due from General Fund		-		-		( <del>-</del>		-	
Due from others		3.0			_	-		-	
Total Assets	\$	520	\$	803	\$		\$	1,323	
Liabilities									
Due to trust fund holders	\$	520	\$	803	\$	-	\$	1,323	
Total Liabilities	\$	520	\$	803	\$	-	\$	1,323	
Probate Judge									
Assets									
Cash	\$	5,417	\$	77,582	\$	78,908	\$	4,091	
Total Assets	\$	5,417	\$	77,582	\$	78,908	\$	4,091	
Liabilities									
Due to Treasurer	\$	5,177	\$	-	\$	1,326	\$	3,851	
Due to trust fund holders		240		-		-		240	
Total Liabilities	\$	5,417	\$		\$	1,326	\$	4,091	
Master In Equity									
Assets									
Cash	\$	25	\$	34,360	\$	34,360	\$	25	
Total Assets	\$	25	\$	34,360	\$	34,360	\$	25	
Liabilities									
Due to trust fund holders	\$	25		0			\$	25	
Total Liabilities	\$	25	\$	9	\$	W.	\$	25	

	Balance July 1, 2020 Additions		Deductions			Salance une 30, 2021		
Magistrate: General Account								
Assets								
Cash	\$	71,286	\$	456,859	\$	436,192	\$	91,953
Due from other magistrates	-	122		-	_	- 100 100	_	122
Total Assets	\$	71,408	\$	456,859	\$	436,192	\$	92,075
Liabilities								
Due to Treasurer	\$	10,742	\$	61,458	\$	10,742	\$	61,458
Due to trust fund holders		58,245		30,008		58,246		30,007
Due to Treasurer - cash overage/(shortage)		2,421		610		2,421		610
Total Liabilities	\$	71,408	\$	92,076	\$	71,409	\$	92,075
Assets Cash Total Assets	\$ \$	6,360 6,360	\$	42,660 42,660	\$	45,475 45,475	\$	3,545 3,545
Liabilities	-		4	12.22.2		100000	4	2.2.2
Due to Treasurer	\$	6,360	\$	42,584	\$	45,399	\$	3,545
Total Liabilities	\$	6,360	\$	42,584	\$	45,399	\$	3,545
Magistrate: Part-time								
Assets								
Cash	\$	122	\$	33,752	\$	33,752	\$	122
Total Assets	\$	122	\$	33,752	\$	33,752	\$	122
Liabilities								
Due to other magistrates	\$	122	\$	33,752	\$	33,752	\$	122
Total Liabilities	\$	122	\$	33,752	\$	33,752	\$	122

		Balance July 1, 2020	,	Additions		eductions		Balance June 30, 2021
Clerk of Court								
Assets								
Cash	\$	501,297	\$	153,030	\$	44,782	\$	609,545
Total Assets	\$	501,297	\$	153,030	\$	44,782	\$	609,545
Liabilities								
Due to Treasurer	\$	25,480	\$	681	\$	115	\$	26,046
Due to trust fund holders		426,114		150,096		35		576,175
Due to others		3,245		37		1,057		2,225
Due to Treasurer - cash overage/(shortage)		46,458		3,307		44,666		5,099
Total Liabilities	\$	501,297	\$	154,121	\$	45,873	\$	609,545
Tax Collector								
Assets								
Cash	\$	1,189,230	\$	8,339,308	\$	8,200,734	\$	1,327,804
Total Assets	\$	1,189,230	\$	8,339,308	\$	8,200,734	\$	1,327,804
Liabilities								
Due to trust fund holders	\$	1,189,230	\$	3,021,842	\$	2,883,268	\$	1,327,804
Total Liabilities	\$	1,189,230	\$	3,021,842	\$	2,883,268	\$	1,327,804
Total All Agency Funds								
Assets								
Cash and Investments	\$	5,735,266	\$	15,399,649	\$	14,738,925	\$	6,395,990
Delinquent taxes receivable		1,623,560				100,906		1,522,654
Due from General Fund		148,293		16,611,359		16,441,280		318,372
Due from other magistrates Total Assets	\$	7,507,241	\$3	32,011,008	\$	31,281,111	\$	8,237,138
, star, rissotts	_	11000100			_	,,== .,,	_	-,,
Liabilities				and a parties of				
Due to Treasurer	\$	47,759	\$	104,723	\$	57,582	\$	94,900
Due to Treasurer - cash overage/(shortage)		48,879		3,917		47,087		5,709
Due to trust fund holders		7,407,236	7	3,736,459		73,009,513		8,134,182
Due to others		3,245		37		1,057		2,225
Due to other magistrates	-	122	-	33,752		33,752		122
Total Liabilities	<u>\$</u>	7,507,241	\$7	3,878,888	\$7	73,148,991	\$	8,237,138

### CLARENDON COUNTY, SOUTH CAROLINA UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96) FOR YEAR ENDED JUNE 30, 2021

#### FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected	14,325	392,863		407,188
Court fines and assessments remitted to State Treasurer	6,826	186,824		193,650
Total Court Fines and Assessments retained	7,499	206,039		213,538
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	8,325	9,221		17,546
Assessments retained	1,978	20,855		22,833
Total Surcharges and Assessments retained for victim services	10,303	30,076	•	40,379

#### FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year - Beginning Balance			
Victim Service Revenue:	A A S MARKET THE REPORT OF THE STATE AND A	10000 1000 PA 0000 WINNING 900 110 P 2 14 50	POSSESSES PROPERTY AND ADDRESS OF THE PARTY
Victim Service Fines Retained by City/County Treasurer		22,833	22,833
Victim Service Assessments Retained by City/County Treasurer		17,546	17,546
Victim Service Surcharges Retained by City/County Treasurer			-
Interest Earned		3	
Contributions Received		65	6.5
Grant Funds Received			
Grant from:		- 0	
General Funds Transferred to Victim Service Fund	-	4,259	4,259
Contribution Received from Victim Service Contracts:			
(1) Town of Summerton		29,197	29,197
(2) Town of Turbeville	-	30,950	30,950
(3) City of			
Total Funds Allocated to Victum Service Fund + Beginning Balance (A)	-	104,853.00	104,853.00
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	-	104,853	104,853
Operating Expenditures		-	-
Victim Service Contract(s):			
(1) Entity's Name	-	-	-
(2) Entity's Name	-	-	
Victim Service Donation(s):			
(1) Domestic Violence Shelter:		-	-
(2) Rape Crisis Center:	-	4	
(3) Other local direct crime victims service agency:	12		
Transferred to General Fund	-		-
Total Expenditures from Victim Service Fund/Program (B)		104,853	104,853
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)			
Less: Prior Year Fund Deficit Repayment		)	
		TERRESISTANCE PAR	<b>HEALTHURN</b>

#### CLARENDON COUNTY, SOUTH CAROLINA COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2021

Real and Other Personal Property Assessed Value	\$	78,724,999
Vehicles Assessed Value		13,172,823
Public Utilities and Railroads		7,940,346
Fee-in-Lieu-of Taxes		5,266,899
Other Business Personal Property		462,100
Manufacturer's Assessed Value		2,528,363
Merchants Inventory Value	-	688,290
Total Taxable Assessed Value	-	108,783,820
Debt Limit - Eight Percent (8%) of Total Taxable Assessed Value		8,702,706
Amount of Debt Applicable to Debt Limit:	6	6,520,403
LEGAL DEBT MARGIN	\$	2,182,303

### CLARENDON COUNTY MANNING, SOUTH CAROLINA STATISTICAL SECTION

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the annual financial report. The objective of the statistical section information is to provide financial statement users with additional detailed information as a context for understanding what the information in the basic financial statements, notes to the basic financial statements, required supplementary information and other supplementary data says about the County's overall financial health.

#### Five Year Summary of the General Fund

The following is a summary of the General Fund revenues and expenditures for the fiscal year ended June 30, 2017 through 2021 (audited) and the amended budget for fiscal year 2022.

(000's omitted) REVENUES	2017	2018	2019	2020	2021	2022 <u>Budget</u>
Taxes	\$ 15,898	\$ 16,206	\$ 16,912	\$ 18,368	\$ 18,699	\$ 17,619
Licenses and permits	114	108	135	139	149	138
Intergovernmental	2,711	2,559	3,657	2,216	2,811	1,921
Charges for service	1,559	1,647	1,613	1,643	1,967	2,020
Fine and forfeitures	387	324	317	281	333	310
Investment income	2	2	11	. 15	10	13
Miscellaneous	538	597	531	476	568	521
Total revenue	21,209	21,443	23,176	23,138	24,537	22,542
EXPENDITURES						
General government	5,885	5,796	6,188	5,990	6,831	6,675
Public safety	7,607	7,579	7,718	8,271	7,596	8,281
Physical environment	3,707	3,772	3,712	3,716	3,740	4,039
Transportation	204	256	180	196	211	225
Economic environment	640	623	598	646	664	784
Agencies	931	911	916	918	917	920
Culture and recreation	529	567	625	544	596	624
Court related	<u>1,515</u>	1,634	1,580	1,581	1,588	1,725
Total expenditures	21,018	21,138	21,517	21,862	22,143	23,273
Excess of revenues over/(under)						
expenditures	191	305	1,659	1,276	2,394	(731)
OTHER SOURCES (USES)						
Sale of assets	5	35	13	73	114	90
Transfers	5	(151)	78	(83)	(101)	70
Net other financing sources	10	<u>(116)</u>	91	(10)	13	160
Net change in fund balance	201	<u>189</u>	1,750	1,266	2,407	(571)
Fund balance at beginning of year	2,405	2,606	2,795	4,545	<u>5,811</u>	8,218
Fund balance at end of year	\$ 2,606	\$ 2,795*	\$ 4,545*	<u>\$ 5,811*</u>	\$ 8,218	\$ 7,647
Ending fund balance as % of total expenditures	12.4%	13.2%	21.1%	26.6%	37.1%	32.9%
* As restated						

### CLARENDON COUNTY MANNING, SOUTH CAROLINA STATISTICAL SECTION

#### Assessed Values of the County

The assessed value of all taxable property in the County for the last ten (10) years for which data is available is set forth below:

(000's omitted)							
	Real			Manu-		Fee-in-Lieu	Total Taxable
Tax Year	<b>Property</b>	Personal	SCTC	facturing	<u>Vehicles</u>	Taxes	Property*
2011	73,678	1,399	9,249	870	9,557	458	95,211
2012	73,084	1,312	9,395	1,132	10,260	3,866	99,049
2013	74,211	1,259	9,274	1,119	11,276	4,129	101,268
2014	75,097	1,325	9,920	712	11,542	4,305	102,901
2015	75,725	1,297	9,863	353	12,699	4,806	104,743
2016	71,342	1,504	9,508	179	12,585	4,752	99,870
2017	71,705	1,549	9,357	368	12,290	4,820	100,089
2018	73,336	1,647	9,367	1,088	12,157	4,979	102,574
2019	74,695	1,732	9,587	266	12,677	6,594	105,551
2020	76,849	1,876	10,469	462	13,172	5,267	108,095

Source: Clarendon County Auditor

Note that the assessed values are established by the County Assessor and the South Carolina Department of Revenue at various rates between 4 and 10.5 percent of the estimated market value.

#### **Largest Taxpayers**

The ten (10) largest taxpayers in the County, the total amount of County taxes paid with ranking and percentage of total assessed value of the taxable property of each for the fiscal year 2021 (tax year 2020) and the prior year are reflected below:

(000's omitted)	Fi	scal Yea	ar 2021 (Ta	x Year 2020) Percentage of Total	F	iscal Yea	r 2020 (Tax	Year 2019) Percentage of Total
<u>Taxpayer</u>		Total Faxes <u>Paid</u>	Rank *	Taxable Assessed <u>Value</u>		Total laxes <u>Paid</u>	Rank *	Taxable Assessed <u>Value</u>
Georgia Pacific Clarendon LP	\$	1,191	1	4.26%	\$	1,183	1	4.33%
Santee Electric Co-op, Inc.		1,015	2	2.39%		1,000	2	2.45%
Duke Energy Progress, Inc.		942	3	1.95%			-	-
Black River Electric Co-op, Inc.		334	4	0.82%		313	3	0.80%
Wal-Mart Real Estate		257	5	0.50%		159	6	0.51%
CSX Transportation, Inc.		249	6	0.62%		234	4	0.62%
Central Electric Power Co-op, Inc.		190	7	0.43%		190	5	0.44%
Meritor Heavy Vehicle Systems		134	8	0.41%		12	-	-
Starflo Corp.		134	9	0.29%		-	-	
Spectrum Southeast LLC		130	10	0.30%		107	8	0.30%
Kent International, Inc.		-	-			132	7	0.39%
ACM Investment Co., LLC		-	-	-		103	9	0.28%
Edwards Wood Products, Inc.			•			62	10	0.30%
Totals	2	4,576		<u>11.97%</u>	3	3,483		<u>10.42%</u>

Source: Clarendon County Treasurer

<sup>\*</sup> The assessed value of Merchant's Inventory (\$688,290) is not included in this table

<sup>\*</sup>Ranking based on total taxes paid and not taxable assessed value

### CLARENDON COUNTY MANNING, SOUTH CAROLINA STATISTICAL SECTION

#### **Tax Collection Record**

The following table shows all of the County's property taxes levied for governmental services as of June 30 of the year following the year in which the levy was made, and the amount of delinquent taxes collected for the fiscal years shown. Delinquent taxes include taxes levied in prior years but collected in the year shown.

(000's omitted	1)						Collection	n Rates
							<b>Current Tax</b>	Total Tax
Cianal		B. 1					Collections	Collections
Fiscal Year	Dudgatad	Budgeted	Dudantad	Current	Delineusest		VS.	VS.
Ended	Budgeted Tax	Delinquent Tax	Budgeted Total	Current Tax	Delinquent Tax	Total Tax	Budgeted Tax	Budgeted Total
June 30th	Collections	Collections	Collections	Collections	Collections	Collections	Collections	Collections
2012	12,735	1,399	14,134	11,761	1,743	13,504	92.4%	95.5%
2013	13,049	1,540	14,589	12,494	1,601	14,095	95.8%	96.6%
2014	13,238	1,300	14,538	13,209	1,667	14,876	99.8%	102.3%
2015	13,814	1,640	15,454	14,476	1,686	16,162	104.8%	104.6%
2016	14,951	1,860	16,811	14,989	1,713	16,702	100.3%	99.4%
2017	15,595	1,780	17,375	15,406	1,442	16,848	98.8%	97.0%
2018	15,949	1,800	17,749	15,759	1,463	17,222	98.8%	97.0%
2019	16,566	1,590	18,156	16,027	1,711	17,738	96.8%	97.7%
2020	17,227	1,640	18,867	17,659	1,880	19,539	102.5%	103.6%
2021	18,814	1,505	20,319	19,954	1,486	21,440	106.1%	105.5%

#### **Hospitality Fee Collections**

The following table shows the County's collection of its Hospitality fee levied on prepared foods and beverages for the last five fiscal years.

	2017	2018	<u>2019</u>	2020	<u>2021</u>
July	\$ 26,740	\$ 28,781	\$ 30,327	\$ 26,220	\$ 25,594
August	21,680	20,445	25,719	27,317	41,864
September	23,917	26,108	28,084	24,391	30,084
October	18,227	22,965	23,750	23,888	28,589
November	27,413	25,028	22,311	14,685	21,724
December	41,939	27,824	26,694	42,313	31,303
January	24,976	22,268	24,278	27,350	43,437
February	22,292	19,374	22,134	39,548	25,613
March	27,062	13,242	26,891	19,993	37,495
April	24,645	22,168	29,818	16,574	34,092
May	23,763	27,755	26,933	24,654	32,720
June	26,988	24,273	56,084	31,139	38,759
Total	\$ 309,642	<u>\$ 280,231</u>	\$ 343,023	\$ 318,072	\$ 391,274



#### APPENDIX B

#### FORMS OF:

I. BASE LEASE AND CONVEYANCE AGREEMENT
II. INSTALLMENT PURCHASE AND USE AGREEMENT
III. TRUST AGREEMENT



#### BASE LEASE AND CONVEYANCE AGREEMENT

CLARENDON COUNTY, SOUTH CAROLINA as lessor

CLARENDON FACILITIES CORPORATION as lessee

Dated: December 14, 2022

ALL RIGHTS, TITLE AND INTEREST OF CLARENDON FACILITIES CORPORATION IN THIS BASE LEASE AND CONVEYANCE AGREEMENT HAVE BEEN ASSIGNED TO REGIONS BANK, AS TRUSTEE ("TRUSTEE") UNDER THE TRUST AGREEMENT DATED OF EVEN DATE HEREWITH, AND ARE SUBJECT TO THE SECURITY INTEREST OF THE TRUSTEE.

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#### BASE LEASE AND CONVEYANCE AGREEMENT

THIS BASE LEASE AND CONVEYANCE AGREEMENT dated December 14, 2022 ("Base Lease") made and entered into by and between Clarendon County, South Carolina ("County"), a body politic and corporate and a political subdivision of the State of South Carolina ("State"), as lessor, and Clarendon Facilities Corporation, a nonprofit corporation duly organized under the laws of the State of South Carolina ("Corporation"), as lessee,

#### WITNESSETH

WHEREAS, the Corporation is authorized under the provisions of Title 33, Chapter 31, of the Code of Laws of South Carolina 1976, as amended ("South Carolina Code") to enter into this Base Lease;

WHEREAS, the County is authorized under the provisions of Title 4, Chapter 9 of the South Carolina Code to enter into this Base Lease;

WHEREAS, pursuant to the terms of this Base Lease and an Installment Purchase and Use Agreement, dated of even date herewith ("Purchase and Use Agreement"), between the Corporation and the County descrise to lease the 2022 Real Property (as defined in the Purchase and Use Agreement) as more particularly described on the attached <a href="Exhibit A">Exhibit A</a> and convey the Conveyed Improvements (as defined herein) to the Corporation so that the Corporation may (i) provide funds for the improvement, expansion, installation and equipping of the 2022 Project (as defined in the Purchase and Use Agreement) and (ii) sell and convey the 2022 Facilities (as defined in the Purchase and Use Agreement) to the County;

WHEREAS, the payments to be made under the Purchase and Use Agreement and the rights of the Corporation thereto (except for certain reserved rights as provided therein) are to be assigned to Regions Bank, as trustee ("Trustee"), pursuant to the terms of a Trust Agreement dated of even date herewith ("Trust Agreement"), between the Corporation and the Trustee, to secure and provide a source of payment for certain bonds, the proceeds of which are to be used to defray the costs of the 2022 Project and the cost related to the issuance of bonds under the Trust Agreement; and

WHEREAS, the County desires to enter into this Base Lease to achieve the foregoing purposes.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements, the County and the Corporation do hereby covenant and agree as follows:

#### ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.1. Definitions of Words and Terms. Capitalized terms not otherwise defined herein have the meanings set forth in the Trust Agreement or the Purchase and Use Agreement, as the context would allow. In addition, the following terms shall have the meanings set forth below:

"Base Lease Rent" means those items referred to as such in Section 3.4 of this Base Lease. "Base Lease Term" means the term of this Base Lease which ends on the earlier of (i) November 30, 2057, or (ii) the date on which the Series 2022 Bonds are discharged within the meaning of paragraph (d) under Section 3.19 of the Trust Agreement.

"Board of Directors" means the Board of Directors of the Corporation

"Corporation" means Clarendon Facilities Corporation, a nonprofit corporation formed under the laws of the State of South Carolina, and its successors and assigns.

"Corporation Representative" means the person or persons at the time designated to act on behalf of the Corporation in matters relating to this Base Lease, the Purchase and Use Agreement and the Trust Agreement as evidenced by a written certificate furnished to the County and the Trustee containing the

specimen signature of such person or persons and signed on behalf of the Corporation by its President or any Vice President. Such certificate may designate an alternate or alternates, each of whom shall be entitled to per

"Corporation Resolution" means the Resolution adopted by the Board of Directors on November 21, 2022, authorizing the Corporation's execution and delivery of the Base Lease, the Purchase and Use Agreement and the Trust Agreement.

"Council" means the County Council of Clarendon County, South Carolina, as the governing body of the County and any successor body.

"Counsel" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the County or the Corporation.

"County" means Clarendon County, South Carolina

"Event of Default" means (a) with respect to the Installment and Use Agreement, any Event of Default as defined in Section 8.1 of the Installment Purchase and Use Agreement, and (b) with respect to the Trust Agreement, any Event of Default as defined in Section 7.1 of the Trust Agreement.

"Ordinance" means an ordinance enacted by the Council on November 8, 2010, as amended by Ordinance No. 2022-11, enacted on November 21, 2022, and the Resolution adopted by the Council on November 14, 2022, authorizing the County's execution and delivery of the Base Lease, the Purchase and Use Agreement and approval of the Trust Agreement.

"Trust Estate" means the Trust Estate described in the Granting Clauses of the Trust Agreement

"Trustee" means Regions Bank, a banking association or corporation organized and existing under the laws of the State of Alabama, and its successor or successors and any other trustee which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Trust Agreement.

SECTION 1.2. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

The table of contents hereto and the headings and captions herein are not a part of this document

SECTION 1.3. Accounting Terms. Accounting terms used herein and not otherwise specifically defined shall have the meaning ascribed to such terms by accounting principles generally accepted in the United States as from time to time in effect.

#### ARTICLE II REPRESENTATIONS

SECTION 2.1. Representations by the County. The County represents, warrants, and covenants as follows:

- (a) The County is a body politic and corporate and a political subdivision of the State.
- (b) The conveyance of title to the Conveyed Improvements, as described on Exhibit B, and the demise and lease of the 2022 Real Property, as described on Exhibit A, by the County to the Corporation, as provided in this Base Lease, allow the Corporation to provide for the sale of the 2022 Facilities to the County pursuant to the Purchase and Use Agreement has been undertaken to enable the County to provide suitable facilities in the County.

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SECTION 3.2. Purchase of the 2022 Facilities. Pursuant to the terms of the Purchase and Use Agreement, the Corporation will convey title to the 2022 Facilities to the County, but subject to the terms of the Trust Agreement and the reservation of certain rights under this Base Lease.

SECTION 3.3. Assignments, Subleases and Mortgages. Except as contemplated by the Trust Agreement or permitted by the Purchase and Use Agreement, the Corporation may not (a) mortgage or otherwise encumber or assign its rights under this Base Lease, (b) lease, assign, transfer or otherwise dispose of its interest in the 2022 Real Property or the 2022 Facilities or any portion thereof or (c) remove, modify or alter the 2022 Real Property or the 2022 Facilities, without the consent of the County.

SECTION 3.4. Rent and Other Consideration. As and for rental hereunder and in consideration for the leasing of the 2022 Real Property to the Corporation hereunder, the Corporation agrees (a) to pay to the County an annual Base Lease Rent of \$1.00 per year and (b) to fulfill its obligations with respect to the 2022 Facilities as provided in the Purchase and Use Agreement.

SECTION 3.5. Taxes and Insurance. The County shall pay and have responsibility for all taxes on and insurance of the 2022 Real Property and the 2022 Facilities. All insurance shall provide that the proceeds shall be payable to the County, the Corporation or the Trustee as their interests may appear.

SECTION 3.6. Granting of Easements, Rights of Way, Releases and Substitutions of Property. From time to time during the term hereof and so long as there is not an existing Event of Default under ben Purchase and Use Agreement and there has not occurred an Event of Nonappropriation that has not been waived by the Corporation or the Trustee (with the prior written consent of the Bond Insurer, if any), the Corporation, at the request of the County, may execute such instruments as are necessary to provide for the granting of easements or rights of way for road construction, utilities or in such other instances as the County certifies are not inconsistent or incompatible with the continued use of the balance of the 2022 Real Property for their intended purposes. Such instruments may, provided the Bond Insurer, shall consent thereto (which consent shall not be unreasonably withheld), include a termination of this Base Lease with respect to such protino of the 2022 Real Property as is affected thereby or an acceptance or acknowledgment of the right of the grantee of any such easement or right-of-way to continue to use such property notwithstanding the exercise of any rights or remedies afforded to the Corporation hereunder or under the Purchase and Use Agreement. Any request from the County hereunder shall be accompanied by copies of any instruments proposed to be executed together with a certificate from the County to the effect that (a) the continued use of the 2022 Real Property affected thereby on impaired or hampered thereby, (b) access to 2022 Real Property for ingress and egress will be adequate for the purposes for which the 2022 Real Property is intended to be used; and (c) the value of the 2022 Real Property to the County will not be significantly diminished thereby.

The Corporation may also, with the consent of the Bond Insurer, terminate this Base Lease with respect to any portion of the 2022 Real Property deemed excessive or unneeded for the continued operation of the 2022 Facilities and the related facilities for the purposes for which they were designed or are then being used, and release its interest in such portion to the County, upon receipt by the Corporation of the following: (a) a plat showing the location of the 2022 Facilities and related facilities and the portion of the 2022 Real Property deemed excess or unneeded; (b) an amendment to Exhibit A hereto revising the description of the affected parcel of property; (c) a certificate from an engineer or architect stating that the remaining 2022 Real Property will be adequate for the continued operation of the 2022 Facilities and related facilities from the purpose for which they were designed or are then being used including a certification that there will be adequate access to the remaining 2022 Real Property for ingress and egress; and (d) a certification from the County that the portion of the 2022 Real Property being released from the provisions hereof is excess to or unneeded for the continued operation of the 2022 Facilities and related facilities for the purposes for which they were designed or are then being used.

Notwithstanding the foregoing paragraph, the Corporation may also, with the consent of the Bond Insurer, terminate this Base Lease with respect to any portion of the 2022 Real Property and release its interest in such portion to the County, if the remaining 2022 Real Property subject to this Base Lease (and

(c) Council has full power and authority to enact the Ordinance and the County has full power and authority to enter into the transactions contemplated by this Base Lease and to carry out its obligations hereunder.

- (d) Neither the execution and delivery of this Base Lease, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the County is now a party or by which the County is bound.
- (e) The County has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer, any act or thing whereby the County's interests in the 2022 Real Property and the 2022 Pacilities shall be or may be impaired, changed or encumbered in any manner whatsoever except as permitted by this Base Lease or the Purchase and Use Agreement.
- (f) The County has good, valid, and marketable title to, and is the fee owner of, the 2022 Real Property existing on the date hereof. Prior to the conveyance of the Conveyed Improvements to the Corporation pursuant to Section 3.1 hereof, any improvements on the 2022 Real Property existing on the date hereof are free and clear of all liens, encumbrances and restrictions (including, without limitation, leases) other than Permitted Encumbrances.

SECTION 2.2. Representations by the Corporation. The Corporation represents, warrants, and covenants as follows:

- (a) The Corporation is a nonprofit corporation duly incorporated under the laws of the State and has corporate power to enter into this Base Lease, the Purchase and Use Agreement and the Trust Agreement. By proper corporate action the officers of the Corporation have been duly authorized to execute and deliver this Base Lease, the Purchase and Use Agreement and the Trust Agreement.
- (b) The execution and delivery of this Base Lease, the Purchase and Use Agreement and the Trust Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or constitute a breach of or default under the Corporation's articles of incorporation or bylaws or any bond, debenture, note or other evidence of indebtedness of the Corporation, or any contract, agreement, or instrument to which the Corporation is a party or by which it is bound.
- (c) To provide funds to acquire, construct, improve, expand, install and equip the 2022 Project, and to pay certain costs of issuance related to the Series 2022 Bonds, the Corporation has entered into the Trust Agreement simultaneously with the execution hereof, pursuant to which Trust Agreement is is issuing the Series 2022 Bonds payable from and secured by the Installment Payments under the Purchase and Use Agreement.
- (d) The Board of Directors has full power and authority to adopt the Corporation Resolution and the Corporation has full power and authority to enter into the transaction contemplated by this Base Lease and to carry out its obligations hereunder.

### ARTICLE III LEASE OF THE 2022 REAL PROPERTY AND CONVEYANCE OF IMPROVEMENTS

SECTION 3.1. Transfer of Conveyed Improvements and Lease of the 2022 Real Property. The County hereby demises and leases to the Corporation and the Corporation hereby leases from the County the 2022 Real Property for the Base Lease Term for the rentals and other consideration set forth in Section 3.4 hereof and in accordance with the provisions of this Base Lease. The County hereby conveys the Conveyed Improvements to the Corporation and the Corporation hereby accepts such conveyance from the County. The parties hereto agree to amend <a href="Exhibit A">Exhibit A</a> to this Base Lease, from time to time, as the County acquires Additional Real Property, if any, which may become subject to this Base Lease.

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accompanying 2022 Facilities owned or deemed owned by the Corporation pursuant to the Installment Purchase and Use Agreement) have an insured value in excess of 100% of the outstanding principal amount of the Series 2022 Bonds, upon receip by the Corporation of the following: (a) a plat showing the location of the 2022 Facilities and related facilities and the portion of the 2022 Real Property to be released; (b) an amendment to Exhibit A hereto revising the description of the affected parcel of property; (c) a certificate from an engineer or architect stating that the remaining 2022 Real Property will be adequate for the continued operation of the 2022 Facilities and related-facilities for the purpose for which they were designed or are then being used including a certification that there will be adequate access to the remaining 2022 Real Property for ingress and egress; and (d) a certificate from the County (which may be based on information from its insurer) as to the then-current insured values of all of the 2022 Real Property (including the 2022 Real Property) and 2022 Facilities, after termination of such released portion of the 2022 Real Property contemplated hereby, will be in excess of 100% of the outstanding principal amount of the Series 2022 Bonds.

With respect to any particular item of 2022 Real Property, the County may, with the consent of the Bond Insurer, substitute another item of 2022 Real Property under the conditions set forth in Section 5.1(c) of the Purchase and Use Agreement. The County shall not be obligated to compensate the Corporation for the removal of any property or for any conveyance or grant of an easement or right-of-way under the provisions hereof and any consideration paid in connection therewith shall be turned over to the County so long as there is not an existing Event of Default under the Installment Purchase and Use Agreement and no Event of Nonappropriation has occurred that has not been waived by the Trustee. The Corporation shall have no obligation or responsibility to prepare or record any instrument authorized hereunder.

Notwithstanding the foregoing, if there is discovered any material defect in title of the 2022 Real Property or the 2022 Facilities (collectively, "Original Facilities") that would make the County's representation in the first sentence of Section 2.1(f) hereof untrue as of the date hereof, then the County shall, subject to Section 7.3 of the Purchase and Use Agreement, substitute or exchange such other property constituting an "Exchange Facility" (as defined in Section 5.1(e) of the Purchase and Use Agreement) for the Original Facilities, provided (1) the conditions of Section 5.1(c) of the Purchase and Use Agreement are otherwise satisfied, (2) the Exchange Facility is of the same type and purpose as the Original Facilities, and (3) the prior written consent of the Bond Insurer is obtained.

The County and the Corporation agree to amend Exhibit A to this Base Lease to substitute or release parcels of 2022 Real Property or portions thereof in accordance with the provisions of this Section 3.6.

#### ARTICLE IV

#### SECTION 4.1. Termination.

(a) This Base Lease shall terminate upon the completion of the Base Lease Term; provided, however, in the event the County exercises the option to purchase the 2022 Facilities as provided in Section 9.1(a) of the Purchase and Use Agreement and satisfies the conditions thereof, then this Base Lease shall be considered terminated through merger of the leasehold interest with the interest of the County and, provided further, that upon any partition of the 2022 Facilities pursuant to Section 2.4 of the Purchase and Use Agreement, this Base Lease shall be terminated with respect to any complete facility that constitutes a portion of the 2022 Real Property ("County Real Property") relating to any County Facilities and the County Real Property shall no longer be subject to this Base Lease and the Corporation shall have no interest therein. Notwithstanding the termination of the Purchase and Use Agreement as a consequence of an Event of Default or Event of Nonappropriation, the County may thereafter purchase the 2022 Facilities not previously purchased by it on payment of the applicable Purchase Option Price and the satisfaction of all other terms and conditions set forth in Section 9.1(a) of the Purchase and Use Agreement.

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(b) The Corporation agrees, upon any termination or completion of the Base Lease Term or the exercise by the County of its option to purchase as provided in Section 9.1(a) of the Purchase and Use Agreement, to quit and surrender the 2022 Real Property and that all title and interest in the 2022 Facilities and the 2022 Real Property shall vest in the County free and clear of the encumbrance of this Base Lease and any other encumbrances except Permitted Encumbrances. The Corporation agrees, upon any partition of the 2022 Facilities provided for in Section 2.4 of the Purchase and Use Agreement, to quit and surrender the County Real Property and that all title and interest in the County Facilities and the County Real Property shall vest in the County free and clear of the encumbrance of this Base Lease and any other encumbrances except Permitted Encumbrances.

If an Event of Default under the Purchase and Use Agreement occurs or if the County fails to continue the Purchase and Use Agreement for the entire term thereof for any reason, the Corporation shall have the right to possession of the portion of the 2022 Real Property ("Corporation Real Property") relating to the Corporation Facilities as the result of a partition as provided for in Section 2.4 of the Purchase and Use Agreement for the remainder of the Base Lease Term and shall have the right to sublease the Corporation Facilities or transfer its leasehold interest in the Corporation Real Property and in this Base Lease upon whatever terms and conditions it deems prudent; provided that the Corporation Facilities shall always be operated for a civic or public purpose to the extent such requirement continues to be applicable under State law and in compliance with all applicable governmental rules, regulations and orders. Both parties acknowledge that the County has an insurable interest in the Corporation Facilities but not in any additions, alterations, furnishings and fixtures provided in connection with the use of the Corporation Facilities and pay taxes under the provisions of Section 3.5 hercof Shall be limited to the 2022 Real Property and the 2022 Facilities as they existed as of the Partition Date and the Corporation shall provide the County with the 2022 Facilities as they existed as of the Partition Date and the Corporation shall provide the County dities, and shall pay all taxes relating to any additions, alterations, furnishings and fixtures located therein for the remainder of the Base Lease Term and will furnish the County with evidence thereof. In the event that the Corporation Shall provide the County with the Corporation Shall provide the County with evidence thereof. In the event that the Corporation Shall receive a payment for the transfer of its leasehold interest or total rental payments? or subleasing that are, after the payment of the Corporation's expenses in connection therewith, includin

SECTION 4.2. Default by the Corporation. The County shall not have the right to exclude the Corporation from the 2022 Real Property or the 2022 Facilities or to take possession of the 2022 Real Property or the 2022 Facilities (except pursuant to the Purchase and Use Agreement) or to terminate this Base Lease Form notwithstanding any default by the Corporation hereunder; except that if, upon exercise of the option to purchase the Corporation's entire interest in the 2022 Facilities granted to the County in Article IX of the Purchase and Use Agreement and after the payment of the purchase price specified therein and the other sums payable under the Purchase and Use Agreement, the Corporation fails to convey its interest in the 2022 Facilities to the County pursuant to said option, then the County shall have the right to terminate this Base Lease, such termination to be effective 30 days after delivery of written notice of such termination to the Corporation. However, in the event of any default by the Corporation hereunder, the County may maintain an action, if permitted in equity, for specific nerformance.

SECTION 4.3. Quiet Enjoyment. Subject to the Purchase and Use Agreement, the Corporation at all times during the term of this Base Lease shall peaceably and quietly have and enjoy the 2022 Real Property and the 2022 Facilities.

SECTION 4.4. No Merger. Except as expressly provided herein, no union of the interests of the County and the Corporation herein or in the Purchase and Use Agreement shall result in a merger of this Base Lease and the title to the 2022 Facilities. The Corporation and County confirm that the 2022 Facilities

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SECTION 6.2. Covenants Running with the 2022 Real Property. All covenants, promises, conditions and obligations herein contained or implied by law are covenants running with the 2022 Real Property and shall attach and bind and inure to the benefit of the County and the Corporation and their respective heirs, legal representatives, successors and assigns, except as otherwise provided herein.

SECTION 6.3. Binding Effect. This Base Lease shall inure to the benefit of and shall be binding upon the County, the Corporation and their respective successors and assigns. Subject to the provisions of Section 12.2 of the Trust Agreement, the provisions of this Base Lease (a) that require that consultation with Bond Insurer is, or the consent or approval of the Bond Insurer be obtained as, a pre-condition to another party taking a certain action or (b) which grant special rights, powers or obligations to the Bond Insurer shall be in effect for so long as the Policy is in effect and no Insurer Default has occurred and is continuing or in the event the Bond Insurer is owed any amounts. The Bond Insurer shall be a third-party beneficiary hereof.

SECTION 6.4. Severability. In the event any provision hereof shall be determined to be invalid or nenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

SECTION 6.5. Amendment, Changes and Modifications. This Base Lease may not be effectively amended, changed, modified, altered or terminated without the prior written consent, if and to the extent required by Article XI of the Trust Agreement, of the Truste, other than (a) as provided in Section 3.1 hereof, to reference any additional 2022 Real Property (including Additional Real Property) or (b) as provided in Section 3.6 hereof in connection with the granting of easements, releases, substitutions and additions of property; provided, that the Trustee shall be entitled to rely without independent investigation upon the certificates, opinions and other documents delivered to it pursuant to such sections. This Base Lease shall not be amended without the prior written consent of the Bond Insurer, if any, if and to the extent required by the Trust Agreement.

SECTION 6.6. Supplemental Base Leases. The County and the Corporation may, with notice to and the prior consent of the Trustee, and the Bond Insurer, if any, enter into Supplemental Base Leases from time to time to provide for the lease by the County to the Corporation of Additional Real Property and the conveyance by the County to the Corporation of Additional Facilities which will be acquired, constructed, renovated and expanded by the Corporation with the proceeds of Additional Bonds and sold to the County pursuant to the Purchase and Use Agreement, as supplemented by a Supplemental Purchase and Use Agreement. Such Supplemental Base Lease shall provide for the extension of the term of this Base Lease as necessary and for the payment of Base Lease Rent by the Corporation to the County.

SECTION 6.7 Execution in Counterparts. This Base Lease may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one and the same instrument.

SECTION 6.8. Applicable Law. This Base Lease shall be governed by and construed in accordance

SECTION 6.9. Captions. The Section and Article headings herein are for convenience only and in no way define, limit, or describe the scope or intent of any of the provisions hereof.

SECTION 6.9. Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper required by this Base Lease to be given to or filed with the County, the Corporation, the Bond Insurer, if any, or the Trustee if the same is given or filed in the manner and at the addresses specified in the Trust Agreement.

SECTION 6.10. Successors and Assigns. All covenants, promises and agreements contained in this Base Lease by or on behalf of or for the benefit of the County or the Corporation, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

[Two Signature Pages and Two Exhibits Follow]

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shall be property of the Corporation and title thereto shall remain vested in the Corporation and shall not merge into the leasehold estate of the Corporation in the 2022 Real Property subject to the provisions of this Base Lease and the Purchase and Use Agreement; except that title to a portion of the 2022 Facilities and 2022 Real Property shall revert to and be vested in the County upon an Event of Nonappropriation or Event of Default under the Purchase and Use Agreement. The Corporation shall have the power to convey undivided interests in the 2022 Facilities to the County from time to time as Installment Payments are made as contemplated by the Purchase and Use Agreement.

SECTION 4.5. Waiver of Personal Liability. All liabilities under this Base Lease on the part of the Corporation are fully corporate liabilities of the Corporation as a corporation, and, to the extent permitted by law, the County hereby releases each and every incorporator, member, director and officer of the Corporation of and from any personal or individual liability under this Base Lease, including without limitation the obligation to make payment of the Base Lease Rent. No incorporator, member, director or officer of the Corporation shall at any time or under any circumstances be individually or personally liable under this Base Lease for anything done or omitted to be done by the Corporation hereunder.

SECTION 4.6. Maintenance of Premises. Subject to the provisions of the Purchase and Use Agreement, the Corporation covenants that it will maintain or cause to be maintained the 2022 Real Property, and will not cause, permit or suffer to be caused or permitted waste thereto. At the conclusion of the term hereof, the 2022 Real Property shall be returned to the County, together with the 2022 Facilities and any other improvements thereto, in substantially the condition thereof as of the date hereof or the date the Additional Real Property is added hereto, subject to normal wear and tear. Except as contemplated under the Purchase and Use Agreement, the Corporation shall not make or consent to any other improvements, modifications or alterations to the 2022 Real Property or the 2022 Facilities or any portion thereof, or remove any part thereof without the written consent of the County. Prior to an Event of Nonappropriation that has not been waived, in the event of any damage, destruction or condemnation of any of the 2022 Real Property, the provisions of Article VII of the Purchase and Use Agreement shall be deemed to apply with respect to the 2022 Real Property in like manner as provided therein with respect to 2022 Facilities, and the net proceeds from any insurance policies, performance bonds or condemnation awards shall be applied in the same manner for the benefit of 2022 Real Property as are Net Proceeds under Section 7.2 of the Purchase and Use Agreement. After an Event of Nonappropriation that has not been waived, in the event of any damage, destruction or condemnation of any of the 2022 Real Property, the property, shall be applied as directed by the Trustee either in the manner provided in Section 7.2 of the Purchase and Use Agreement or to the retirement of any Series 2022 Bonds and the balance, if any, remaining thereafter to such use as the County may direct.

#### ARTICLE V CONTROL OF 2022 REAL PROPERTY AND 2022 FACILITIES DURING BASE LEASE TERM

SECTION 5.1. Control of 2022 Real Property and 2022 Facilities During Base Lease Term. Subject to the Purchase and Use Agreement and Section 4.6 hereof, during the Base Lease Term, the Corporation shall have complete control over the 2022 Real Property and the 2022 Facilities and their operation.

#### ARTICLE VI MISCELLANEOUS

SECTION 6.1. Civic or Public Purpose. Notwithstanding anything in this Base Lease to the contrary, during the term of this Base Lease to the extent required by law, neither the Corporation nor any assignee of the Corporation's interest hereunder nor any sublessee of the Corporation shall operate the 2022 Real Property and the 2022 Facilities for any purpose which is not a civic or public purpose and in compliance with all applicable governmental rules, regulations and orders.

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WITNESS the due execution of this Base Lease and Conveyance Agreement effective as of the date

(SEAL)	LESSOR CLARENDON COUNTY, SOUTH CAROLINA
WITNESS:	
	By:Chairman, County Council
	Attest:Clerk to County Council
STATE OF SOUTH CAROLINA ) COUNTY OF CLARENDON )	ACKNOWLEDGMENT
Ι	(notary), certify that
(name of person executing), as the	e(title) of
(	entity), personally appeared before me this day and
acknowledged the due execution of the fo	regoing instrument.
Witness my hand and official seal:	, 2022
	Notary Public for South Carolina My Commission expires:

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WITNESS the due execution of this Bas first above written.	e Lease and Conveyance Agreement effective as of the date		EXHIBIT A  LEGAL DESCRIPTION OF THE 2022 REAL PROPERTY
(SEAL)	LESSEE: CLARENDON FACILITIES CORPORATION	0	Turbeville Fire Station
	By:President/Chairman, Board of Directors  Attest: Secretary-Treasurer	0	E911/EMERGENCY OPERATIONS CENTER
(name of person executing), as the	ACKNOWLEDGMENT (notary), certify that(title) of  ty), personally appeared before me this day and		Public works/Fleet Maintenance Complex [TBU]  Law Enforcement Annex [TBU]
acknowledged the due execution of the forego	oing instrument.		
Witness my hand and official seal:	, 2022		
	Notary Public for South Carolina My Commission expires:		

A-I

### EXHIBIT B CONVEYED IMPROVEMENTS

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All existing improvements and personal property located on the 2022 Real Property.

#### INSTALLMENT PURCHASE AND USE AGREEMENT

between

#### CLARENDON FACILITIES CORPORATION

as Seller

and

#### CLARENDON COUNTY, SOUTH CAROLINA

as Buyer

\$15,265,000 Clarendon Facilities Corporation Installment Purchase Revenue Bonds Series 2022

Dated: December 14, 2022

ALL RIGHTS, TITLE AND INTEREST OF CLARENDON FACILITIES CORPORATION IN THIS INSTALLMENT PURCHASE AND USE AGREEMENT (WITH CERTAIN EXCEPTIONS) HAVE BEEN ASSIGNED TO REGIONS BANK, AS TRUSTEE ("TRUSTEE") UNDER THE TRUST AGREEMENT DATED OF EVEN DATE HEREWITH, AND ARE SUBJECT TO THE SECURITY INTEREST OF THE TRUSTEE.

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#### INSTALLMENT PURCHASE AND USE AGREEMENT

This Installment Purchase and Use Agreement dated December 14, 2022 ("Purchase and Use Agreement"), is made and entered into by and between Clarendon Facilities Corporation (together with its successors and assigns, "Corporation"), a nonprofit corporation formed under the laws of the State of South Carolina ("State"), as seller, and Clarendon County, South Carolina ("County"), a body politic and corporate and a political subdivision organized under the laws of the State, as buyer.

#### WITNESSETH

WHEREAS, the Corporation is authorized under the provisions of Title 33, Chapter 31, of the Code of Laws of South Carolina 1976, as amended ("South Carolina Code") to enter this Purchase and Use Agreement;

WHEREAS, the County is authorized under the provisions of Title 4, Chapter 9 of the South Carolina Code to enter into this Purchase and Use Agreement;

WHEREAS, the Corporation and the County have entered into a Base Lease and Conveyance Agreement dated of even date herewith ("Base Lease"), by and between the County and the Corporation, pursuant to which the County has leased the 2022 Real Property and conveyed the Conveyed Improvements as such terms are defined herein), to the Corporation so that the Corporation may provide for the improvement, expansion, installation and equipping of certain public facilities and equipment, which facilities and equipment are more particularly defined and described herein as the 2022 Project (as defined herein):

WHEREAS, to defray the costs of the 2022 Project, the Corporation will provide for the issuance of its \$15,265,000 Installment Purchase Revenue Bonds Series 2022 ("Series 2022 Bonds"), under and by the terms of a Trust Agreement dated of even date herewith ("Trust Agreement"), by and between the Corporation and Regions Bank, as trustee ("Trustee");

WHEREAS, the County has agreed to make certain payments ("Installment Payments") for the acquisition of the 2022 Facilities (as defined herein) and, pending such acquisition thereof, shall be entitled to the use and occupancy of the 2022 Facilities and certain other rights; and

WHEREAS, the rights to receive Installment Payments are being assigned by the Corporation to the Trustee under the Trust Agreement as security and the source of payment for the Series 2022 Bonds;

NOW, THEREFORE, for and in consideration of the undertaking of the Corporation to acquire, construct, improve, expand, install and equip the 2022 Project, the undertaking of the County to pay the Installment Payments hereunder, the mutual covenants and agreements of the parties, and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Corporation and the County, intending to be legally bound, do hereby agree as follows:

#### ARTICLE I DEFINITIONS

SECTION 1.1. Definitions. The following terms shall have the meanings set forth below:

"2022 Facilities" means (a) the Conveyed Improvements, (b) any fixture and future additions, modifications and substitutions to any facilities located on the 2022 Real Property, and (c) any related personal property but only to the extent such items are acquired with the proceeds of the Series 2022 Bonds. The 2022 Facilities shall also mean Additional Facilities, if any, funded with the proceeds of Additional Bonds.

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"Council" means the County Council of Clarendon County, South Carolina, as the governing body of the County and any successor body.

"County Facilities" means that portion of the 2022 Facilities allocated to the County as the result of a partition under the provisions of Section 2.4 hereof.

"Environmental Laws" means all federal, state and local laws, rules, regulations, ordinances, programs, permits, guidances, orders and consent decrees relating to health, safety and environmental matters, including, but not limited to, the Resource Conservation and Recovely Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, the Toxic Substances Control Act, as amended, the Clean Water Act, as amended, the Clean Air Act, as amended, the Clean Water Act, as amended, state and federal superfund and environmental cleanup programs and laws and U.S. Department of Transportation regulations.

"Event of Default" means the events set forth m Section 8.1 of this Purchase and Use Agreement

"Event of Nonappropriation" means the County's failure, for any reason, specifically to budget and appropriate moneys to pay, or adopt an ordinance authorizing the issuance of general obligation bonds for the purpose of paying all Installment Payments due under this Purchase and Use Agreement by September 15 of the then current Fiseal Year or the County shall have provided written notice of its intention to do the same by June 30 of the previous Fiseal Year. The existence or nonexistence of an Event of Nonappropriation shall be deemed to occur on (a) September 15 of a year in which no such budget or ordinance shall have been adopted, or (b) any earlier date on which the County gives official, specific written notice to the Corporation and the Trustee that the County will not appropriate funds that may be lawfully used in the next succeeding Fiscal Year for payment of Installment Payments; provided, however, that an Event of Nonappropriation may be waived as provided for in Section 4.7 herein.

"Facilities Component" means an entire facility including the main building or buildings and any related auxiliary buildings (and any furnishings and equipment located therein) comprising the 2022 Facilities, together with the portion of the 2022 Real Property on which such facility is located.

"Fiscal Year" means the fiscal year of the County, currently beginning on each July 1 and ending on the succeeding June 30.

"Force Majeure" means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies or terrorism; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials of any civil or military authority; insurrection; riots; landslides; earthquakes; flood; fire; storms; droughts; explosion; breakage or accidents to machinery, transmission pipes or canals; or any other cause or event not within the control of the party secking the benefit of force majeure and not due to its own negligence.

"Hazardous Material" means and includes any pollutant, contaminant, or hazardous, toxic or dangerous waste, substance or material (including without limitation petroleum products, asbestos containing materials and lead), the generation, handling, storage, transportation, disposal, treatment, release, discharge or emission of which is subject to any Environmental Law.

"Installment Payments" means the payments to be paid by the County pursuant to Sections 4.1, 4.2 and 4.4 hereof including Base Payments and Additional Payments.

"Net Proceeds" when used with respect to any proceeds from any liquidation of any part of the 2022 Facilities, means the amount remaining after deducting from the gross proceeds thereof all expenses, including, without limitation, reasonable attorney's fees and costs, incurred in the collection of such proceeds or award.

"2022 Projects" means the acquisition, construction, and equipping of certain county facilities using proceeds of the Series 2022 Bonds, all as described on <a href="Exhibit A">Exhibit A</a> hereof, as the same may be amended from time to time.

"2022 Real Property" means the respective parcels of real property on which the 2022 Facilities are located, situated in the County and described in Exhibit A hereof, as the same may be amended, modified or supplemented from time to time pursuant hereto, and upon which the 2022 Facilities are located.

"Acquisition and Construction Contracts" means any acquisition or construction contract between the County, on behalf of the Corporation, and any contractor or other person and between any contractor or subcontractor with respect to any of the 2022 Projects.

"Additional Facilities" means any facilities of the County in addition to the 2022 Facilities proposed to be acquired, improved, renovated or constructed by the Corporation with the proceeds any Additional Bonds and made subject to this Purchase and Use Agreement.

"Additional Payments" means that portion of the Installment Payments specified in Sections 4.1, 4.2 and 4.4 hereof as Additional Payments.

"Additional Projects" has the meaning assigned to that term in the recitals of this Purchase and Use Agreement.

"Additional Real Property" means any real property in addition to the 2022 Real Property that is or will become the site of Additional Facilities.

"Base Lease" means the Base Lease and Conveyance Agreement dated of even date herewith, between the County and the Corporation, as it may be amended or modified from time to time.

"Base Payments" means that portion of the Installment Payments specified in Section 4.1 hereof as

"Bond Fund" means the fund of such name established pursuant to Section 5.3 of the Trust Agreement.

"Bond Insurer" means Assured Guaranty Municipal Corp., or any successor thereto or assignee thereof.

"Bond Proceeds" means the gross proceeds received from the issuance and sale of the Series 2022 Bonds.

"Certificate of Acceptance" means the Certificate of Acceptance filed with the Trustee in accordance with Section 3.4 hereof.

"Completion Date" means the date on which the County provides a Certificate of Acceptance.

"Conveyed Improvements" means those certain improvements presently existing on the 2022 Real Property, as more particularly described in <u>Exhibit B</u> hereof, as the same may be amended to include those certain improvements existing on real property (including Additional Real Property) which becomes 2022 Real Property in the future, at the time of such amendment.

"Corporation Facilities" means that portion of the 2022 Facilities allocated to the Corporation as the result of a partition under the provisions of Section 2.4 hereof.

"Costs of Issuance Account" means the account of such name established pursuant to Section 5.2 of the Trust Aercement.

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"Partition Consultant" means a person, firm or corporation selected by the Trustee (subject to approval by the Bond Insurer), who or which is experienced in public finance and in the valuation of public facilities and is not a full-time employee of the Trustee, the Bond Insurer, the County or the Corporation.

"Partition Date" shall have the meaning given such term in Section 2.4 hereof.

"Permitted Encumbrances" means, as of any particular time, (i) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pursuant to the provisions of Sections 4.1 and 4.2, respectively, of this Purchase and Use Agreement; (ii) the Security Documents; (iii) utility, access and other casements and rights-of-way, restrictions and exceptions which does not interfere with or impair the use of the 2022 Real Property or the 2022 Facilities, including rights or privileges in the nature of easements; (iv) any financing statements filed to perfect security interests pursuant to this Purchase and Use Agreement or the Trust Agreement; and (v) the matters described on Exhibit C hereto.

"Policy" means the municipal bond insurance policy issued by the Bond Insurer, relating to the Series 2022 Bonds.

"Project Fund" means the fund of such name established pursuant to Section 5.2 of the Trust Agreement.

"Purchase Option Price" means an amount equal to the amount required to defease or otherwise discharge all Series 2022 Bonds Outstanding under the Trust Agreement plus the amount of any Additional Payments which are due or accrued hereunder at the time which any purchase option hereunder is exercised.

"Purchase Price" means the sum of all Base Payments to be made hereunder which Purchase Price may be recalculated in the event of any prepayment of Base Payments provided for in Section 9.1 hereof.

"Security Documents" means this Purchase and Use Agreement, the Base Lease, the Trust Agreement, financing statements, if any, and any other instruments or documents providing security for the Holders of the Series 2022 Bonds.

"Series 2022 Bond" or "Series 2022 Bonds" means any or all of \$15,265,000 Clarendon Facilities Corporation Installment Purchase Revenue Bonds Series 2022, dated of even date herewith, authorized by and secured under the Trust Agreement.

"State" means the State of South Carolina

"Waiver Period" means the period of time commencing on the date an Event of Nonappropriation is deemed to occur and ending on and including the date on the later of (i) the next following December 1 or the date on which the applicable Reserve Sub-Account (if any) of the Reserve Account becomes fully depleted by the Trustee pursuant to the provisions of a Section 5.5 of the Trust Agreement; provided, however, that a Reserve Sub-Account is deemed to be fully depleted when insufficient funds remain therein to make the payments required to be made to the Holders of the applicable series of Bonds on the subsequent Bond Payment Date; provided, however, that the Waiver Period shall in no event extend beyond the December 1 next following the date of the occurrence of an Event of Nonappropriation.

SECTION 1.2. Terms Defined in the Trust Agreement Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Trust Agreement or the Base Lease, unless the context clearly indicates to the contrary.

SECTION 1.3. County Representations, Warranties and Covenants. The County makes the following representations, warranties and covenants:

(a) The County is a body politic and corporate and a political subdivision of the State and has full power and legal right to enter into this Purchase and Use Agreement and the Base Lease and to perform its obligations hereunder and thereunder. The County's actions in making and performing its obligations under Page 4 of 31

- this Purchase and Use Agreement and the Base Lease have been duly authorized by all necessary governmental action and will not violate or conflict with any law or governmental rule or regulation, or any mortgage, agreement, instrument or other document by which the County or its properties are bound.
- (b) The County will take such action as is necessary to ensure that the proceeds of the Series 2022 Bonds are applied as set forth in the Trust Agreement.
- (c) The County shall be subject to the obligations, as may be set forth in the Trust Agreement, that require the County to act or forebear from acting or may otherwise be directly, according to their terms, related to the County.
- (d) There is no fact that is not disclosed in the Official Statement for the Series 2022 Bonds which will materially and adversely affect the properties, activities, operations, revenues, prospects or condition (financial or otherwise) of the County, its status as a political subdivision of the State within the meaning of Section 103(c)(1) of the Code, its ability to own and operate its property in the manner such property is currently operated or its ability to perform its obligations under this Purchase and Use Agreement and the Base Lease.
- (c) There are no proceedings pending or, to the knowledge of the County, threatened in writing against the County, except as disclosed in the Official Statement for the Series 2022 Bonds, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the properties, operations, prospects or condition (financial or otherwise) of the County, or the corporate existence or powers or ability of the County to enter into and perform its obligations under this Purchase and Use Agreement or the Base Lease.
- (f) The execution and delivery of this Purchase and Use Agreement and the Base Lease (collectively, "County Agreements"), and the consummation of the transactions provided for herein and therein, and compliance by the County with the provisions of the County Agreements:
  - are within the governmental powers and have been duly and validly authorized by all necessary governmental and other action on the part of the County; and
  - (ii) do not and will not conflict with or result in any material breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, loan agreement or other agreement or instrument, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the County (other than this Purchase and Use Agreement) or any governmental restriction to which the County is a party or by which the County, its properties or operations may be bound or with the giving of notice or the passage of time or both would constitute such a breach or default or result in the creation or imposition of any such lien, charge or encumbrance, which breach, default, lien, charge or encumbrance could materially and adversely affect the validity or the enforceability of the County Agreements or the County's ability to perform fully its obligations under the County Agreements; nor will such action result in any violation of any laws, ordinances, governmental rules or regulations or court or other governmental orders to which the County, its properties or operations are subject.
- (g) No event has occurred, and no condition exists that constitutes an Event of Default or which, upon the execution and delivery of this Purchase and Use Agreement, and/or the passage of time or giving of notice or both, would constitute an Event of Default. The County is not in violation in any material respect, and has not received notice of any claimed material violation (except such violations as do not, and shall not, have any material adverse effect on the transactions herein contemplated and the compliance by the County with the terms hereof, or the Security Documents), of any terms of any court order, statute, regulation, ordinance, agreement, or other instrument to which it is a party or by which it, its properties or its operations may be bound.
- (h) This Purchase and Use Agreement is a legal, valid and binding obligation and agreement of the County, enforceable against the County in accordance with its terms except as such enforceability may be Page 6/31
- **SECTION 1.4. Corporation Representations, Warranties and Covenants.** The Corporation makes the following representations, warranties and covenants:
- (a) The Corporation is a duly organized and validly existing nonprofit corporation created under the laws of the State, has the requisite power to carry on its present and proposed activities, and has full power, right and authority to enter into this Purchase and Use Agreement, the Trust Agreement and the Base Lease and to perform each and all of the obligations of the Corporation provided therein.
- (b) The Corporation has taken or caused to be taken all requisite corporate action to authorize the execution and delivery of, and the performance of its obligations under, this Purchase and Use Agreement, the Base Lease and the Trust Agreement and each of the Acquisition and Construction Contracts to which it is or will be a party.
- (c) By proper corporate action, the officers of the Corporation have been duly authorized to execute and deliver this Purchase and Use Agreement, the Base Lease and the Trust Agreement.
- (d) The execution and delivery by the Corporation of this Purchase and Use Agreement, the Base Lease and the Trust Agreement and the consummation by the Corporation of the transactions contemplated hereby and thereby have not and will not conflict with or constitute a breach of or default under the Corporation's articles of incorporation or bylaws or any bond, debenture, note or other evidence of indebtechess of the Corporation, or any contract, agreement, or instrument to which the Corporation is a party or by which it is bound.
- (e) Each of this Purchase and Use Agreement, the Base Lease, the Trust Agreement and Acquisition and Construction Contracts to which the Corporation is or will be a party has been or will be duly executed and delivered by the Corporation and constitutes or will constitute a legal and valid obligation of the Corporation, enforceable against the Corporation in accordance with its terms, except as enforcement may be limited by laws affecting creditors' rights generally and except as equitable remedies may be limited by judicial discretion.
- (f) Other than as disclosed in the Official Statement relating to the Series 2022 Bonds, there is no litigation pending and served on the Corporation that challenges the Corporation's authority to execute, deliver or perform its obligations under this Purchase and Use Agreement and the Corporation has disclosed any threatened litigation with respect to such matters of which the Corporation is aware.
- (g) The Corporation is in material compliance with all applicable laws, regulations and ordinances, including but not limited to those applicable to the Corporation's activities in connection with this Purchase and Use Agreement.
- (h) The Corporation is a South Carolina nonprofit, public benefit corporation, no part of the net income of which inures to the benefit of any private individual or organization.
- (i) The Corporation has the authority to issue the Series 2022 Bonds and for such purposes contemplated hereby and by the Trust Agreement, and the Corporation will enter into the Trust Agreement pursuant to which it will issue the Series 2022 Bonds payable from and secured by the Installment Payments under this Purchase and Use Agreement.
- (j) The Corporation covenants that it will not alter its Articles of Incorporation or its By-Laws in any manner without first providing the County and the Tustee an opinion of Bond Counsel that such alteration will not cause the Bonds to become subject to registration under the Securities Act of 1933.

ARTICLE II
INSTALLMENT SALE OF 2022 FACILITIES;
USE OF 2022 REAL PROPERTY AND
2022 FACILITIES AND TERM

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limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity; anything herein to the contrary notwithstanding, this Purchase and Use Agreement is subject in its entirety to the right of the County to terminate this Purchase and Use Agreement and all the terms and provisions hereof by failing to budget and appropriate moneys specifically to pay Installment Payments, as provided in Sections 2.2, 4.6 and 4.7 hereof.

- (i) The use and the operation of the 2022 Real Property and the 2022 Facilities in the manner contemplated will not conflict in any material respect with any zoning, water or air pollution or other ordinance, order, law, rule, or regulation applicable to the 2022 Real Property and the 2022 Facilities including, without limitation, Environmental Laws. The County will operate or will cause to be operated the 2022 Real Property and the 2022 Facilities including, without limitation, Environmental Laws. The County will operate or will cause to be operated efforts to cause other persons whose obligations it is to so comply by contract or pursuant to law to comply in all material respects with and materially conform to, or use its reasonable efforts to cause other persons whose obligations it is to so comply by contract or pursuant to law to comply in all material respects with and materially conform to all present and future laws, statutes, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations and every applicable governmental authority, including Environmental Laws applicable to the 2022 Real Property and the 2022 Facilities, and all covenants, restrictions and conditions now or hereafter of record which may be applicable to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the 2022 Real Property and the 2022 Facilities, including building and zoning codes and ordinances (collectively, "Legal Requirements"), provided that the County shall not be in default hereunder so long as the County promptly after receiving an actual written notice of any noncompliance, files a copy thereof with the Trustec and the County commences and uses its diligent efforts to cause compliance with such Legal Requirements, along as the failure to comply and conform does not subject the 2022 Real Property and the 2022 Facilities to any material danger of being forfeited or lost as a result thereof. The County brossesses or will possess, and the County hereb
- The County has ratified, confirmed and approved the creation, existence, governance, purposes
  and activities of the Corporation and the issuance by the Corporation of the Series 2022 Bonds.
- (k) The County has not terminated any lease, lease-purchase agreement or installment purchase agreement by nonappropriation.
- (1) The officer of the County at any time charged with the responsibility for formulating budget proposals shall include in the budget proposals for review and consideration by the Council in any Fiscal Year in which this Purchase and Use Agreement shall be in effect, provision for all Installment Payments required for such Fiscal Year under this Purchase and Use Agreement, such payments to be made from the proceeds of general obligation debt or other funds that may be lawfully used therefor (based on an opinion of Rond Counsel).
- (m) To the County's knowledge, Hazardous Materials have not at any time been generated, used, treated, recycled, stored on, or transported to or from, or released, deposited or disposed of on the 2022 Real Property, and the County shall not generate, use, treat, recycle, store thereon, or transport thereto or therefrom, or release, deposit, or dispose thereof Hazardous Materials, other than in material compliance at all times with all applicable Environmental Laws unless any such noncompliance would have a material adverse effect on the financial condition, business or operations of the County.

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SECTION 2.1. Installment Sale and Use of 2022 Facilities; Term. The Corporation hereby agrees to sell the 2022 Facilities to the County in accordance with the provisions hereof. On the date hereof, the Corporation has a valid leasehold interest in the 2022 Real Property and holds fee title to all remaining portions of the 2022 Facilities. Upon each payment of Base Payments from funds other than (i) amounts constituting Bond Proceeds (including income from the investment of such amounts) or (ii) payments made from a Reserve Sub-Account (if any) of the Reserve Account established for a series of the Bonds, title to an undivided interest in the 2022 Facilities equal to that percentage of the Purchase Price represented by such payment will transfer from the Corporation to the County without further action by either party hereto.

In conjunction therewith, the Corporation hereby conveys and grants to the County an undivided interest in the 2022 Facilities which undivided interest shall increase pro rata based on the percentage of the Purchase Price represented by each Base Payment. At the request of the County, the Corporation agrees to execute such quitclaim or special warranty deed(s) to the County indicating the undivided interest so acquired by the County.

Any prepayment of Base Payments which is used to redeem the Series 2022 Bonds will result in a recalculation of the Purchase Price to take account of such prepayment and, upon the making of such prepayment, the County shall be credited with an undivided interest in the 2022 Facilities equal to that percentage of the total Purchase Price, as adjusted, represented by the total of all Base Payments made, including the prepayment on such date.

Subject to the provisions of Article VIII hereof, the County shall have the exclusive right to occupy and use the 2022 Real Property and the 2022 Facilities during the term hereof. Subject to the provisions of Sections 2.2 and 2.3 hereof, this Purchase and Use Agreement shall be for a term beginning with the date of execution and delivery hereof and ending on November 30, 2057.

During the term hereof, the County may permit other civic or charitable organizations or agencies of the State or any political subdivision thereof to use portions of the 2022 Real Property and the 2022 Facilities subject to the following limitations: (i) no agreement may be for a term in excess of one year; (ii) the 2022 Real Property and the 2022 Facilities shall not be used in any manner that interferes with the use of such property by the County for the purposes for which it was designed or is then being used; (iii) any such agreement shall expressly terminate upon the occurrence of an Event of Default or an Event of Nonappropriation hereunder; and (iv) the County shall monitor all such use to ensure continued compliance with the provisions of the Federal Tax Certificate and Section 5.3 hereof.

**SECTION 2.2. Termination.** The term of this Purchase and Use Agreement shall terminate upon the earliest of any of the following events:

- (a) The occurrence of an Event of Nonappropriation, such occurrence to be determined in accordance with the definition of such term given in this Purchase and Use Agreement, which Event of Nonappropriation is not thereafter duly waived;
- (b) The purchase by the County of the 2022 Facilities as provided in Article IX of this Purchase and Use Agreement:
- (c) The occurrence of an Event of Default under and termination of this Purchase and Use Agreement by the Corporation or Trustee under Article VIII of this Purchase and Use Agreement; or
- (d) November 30, 2057, which date constitutes the last day of the term hereof, or such earlier date as all Installment Payments due hereunder shall be paid.

Termination of the term of this Purchase and Use Agreement shall terminate all obligations of the County under this Purchase and Use Agreement, including its obligations to pay future Installment Payments and other amounts that have not been appropriated (excluding, however, amounts payable under Section 2.3 hereof and other amounts specifically provided for herein), subject to identification as provided in Section 2.4 hereof, shall terminate the County's rights of possession under this Purchase and Use Agreement of the Corporation Facilities (except to the extent of any conveyance pursuant to Article IX of this Purchase and Use Agreement); but all other provisions of this Purchase and Use Agreement, including this Purchase and Use Agreement); but all other provisions of this rurenase and Use Agreement, including all obligations of the Corporation with respect to the Holders of the Bonds and the receipt and disbursement of funds and all rights and remedies of the Corporation specifically provided herein, shall be continuing until the Trust Agreement is discharged as provided therein. Notwithstanding the foregoing, termination of the term of this Purchase and Use Agreement shall not impair the County's rights as landlord or the Corporation's rights as tenant under the Base Lease, except as provided in the Base Lease.

SECTION 2.3. Holdover Terms. In the event the County fails to deliver possession to the Corporation of the Corporation Facilities or any part thereof pursuant to Section 2.4 hereof, the County shall be unconditionally liable for the payment of all Installment Payments, including Additional Payments, for successive six-month periods commencing on the Bond Payment Date following the last due date of Base Payments hereunder until the County delivers possession of the Corporation Facilities to the Corporation The obligations of the County under this Section 2.3 shall not in any manner constitute a pledge of the full faith, credit or taxing power of the County within the meaning of any State constitutional or statutory

SECTION 2.4. Surrender of Possession Upon Termination; Partition of Undivided Interests. Upon (a) the occurrence of an Event of Default or an Event of Nonappropriation which results in termination hereof or (b) termination of all rights of the County hereunder, and at the written direction of termination freeton (to) termination of an ingine to the county interdinder, and at the winter infection of the Trustee (subject to approval by the Bond Insurer, if applicable), the County and the Corporation shall proceed to partition the 2022 Facilities will be converted, to the extent feasible, into like percentages of title to entire Facilities Components in accordance with Exhibit D hereof and the following provisions. The date upon which the Trustee (subject to approval by the Bond Insurer, if applicable) gives such written direction shall be

<u>Division of 2022 Facilities</u>. Within a reasonable time after the Partition Date (but in no event longer than 60 days after the Partition Date), the County and the Corporation shall propose a division of 2022 Facilities, which is not binding on either the Trustee or the Bond Insurer, or, in the event the County and Facilities, which is not binding on either the Trustee or the Bond Insurer, or, in the event the County and the Corporation notify the Trustee and the Bond Insurer in writing that they are unable to agree on a proposed division or they have not proposed a division of the 2022 Facilities within the time period provided by the previous sentence, the Trustee (subject to approval by the Bond Insurer, if applicable) and the Partition Consultant, if selected, shall propose a division of the 2022 Facilities within a reasonable time after the Partition Date. In all events, the Trustee (subject to approval by the Bond Insurer, if applicable) may, in its sole discretion, select a Partition Consultant to assist, consult with and make recommendations to the Trustee (subject to approval by the Bond Insurer, if applicable) in the division of the 2022 Facilities. The Trustee (subject to approval by the Bond Insurer, if applicable) and the Partition Consultant, if selected, shall endeavor, to the extent practicable, to allocate the 2022 Facilities between the County and the Corporation; and (2) the 2022 Facilities. Components, if possible, will be assigned to each of the County and the Corporation; and (2) the 2022 Facilities. Facilities Components or portions of any of the foregoing will be assigned to each of the County by the Trustee portions of any of the foregoing will be assigned to each of the Corporation and the County by the Trustee (subject to approval by the Bond Insurer, if applicable) and the Partition Consultant, if selected, in order for such partition; in the aggregate, to best protect the interests of the Holders (subject to the provisions of this Section 2.4).

Valuation of Facilities Components and 2022 Facilities. For purposes of any partition, the 2022 Facilities will be valued based on insured values at the time of partition, although the percentage of the 2022 Facilities being purchased on an annual basis is set forth on <a href="Exhibit D">Exhibit D</a> hereof, each subject to adjustment as stated on <a href="Exhibit E">Exhibit E</a>. In allocating the 2022 Facilities to the percentage of undivided interests

Acquisition and Construction Contracts necessary or appropriate for the purchase and installation, or for any renovation, construction, installation, restoration, and reconstruction, to be performed in connection with the completion of the 2022 Projects and the County shall be the agent of the Corporation for all such purposes. The County may install machinery, equipment and other tangible personal property in the 2022 Facilities and all such machinery, equipment and other tangible personal property not acquired nor financed from Bond Proceeds will remain the sole

SECTION 3.2. Administration of Acquisition and Construction Contracts. The County shall be responsible for preparing, administering, amending and enforcing the Acquistion and Construction Contracts to be entered into with respect to the 2022 Projects and for litigating or settling all claims thereunder. The County and the Corporation, as their interests may appear, will be entitled to the benefit of all warranties, guaranties and indemnities provided under the Acquisition and Construction Contracts and by law.

SECTION 3.3. Notices and Permits. The Corporation shall cooperate with the County in order to give or cause to be given all notices and shall comply or cause compliance with all laws, ordinances, municipal rules and regulations and requirements of public authorities applying to or affecting the conduct of any work relating to the 2022 Projects. The County will defend and save the Corporation, the Trustee and their respective members, directors, officers, agents and employees harmless from all liabilities, damages or fines due to failure to comply therewith.

SECTION 3.4. Disbursements from the Project Fund. The balance of the Series 2022 Bond proceeds (net of any Underwriter's discount, original issue discount, if any, and the deposit into the Reserve Account as provided in Section 5.1 of the Trust Agreement) shall be deposited by the Trustee into the Project Fund. Thereafter, disbursements from the Project Fund shall be made for such purposes contemplated by Section 5.3 of the Trust Agreement.

SECTION 3.5. Defaults Under Acquisition and Construction Contracts. In the event of any material default by a supplier, contractor or subcontractor under any of the Acquisition and Construction material default by a supplier, contractor or subcontractor under any of the Acquisition and Construction Contracts, or in the event of a material breach of warranty with respect to any property, fixtures, materials, workmanship or performance under any Acquisition and Construction Contract, the County and the Corporation shall promptly proceed, and may do so in conjunction with others, to pursue diligently subcremedies as are available against the applicable supplier, contractor or subcontractor and/or against any surety of any bond securing the performance of the Acquisition and Construction Contracts. The Net Proceeds of any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, remaining after deduction of expenses incurred in such recovery (including without limitation, attorney's fees and costs), and after reimbursement to the County or the Corporation of any amounts theretofore paid by either of them, and not previously reimbursed, for correcting or remedying the default or because of the contraction of t default or breach of warranty which gave rise to the proceedings against the contractor or surety, shall be paid into the Project Fund if received before the Completion Date, or if received thereafter, shall be deposited as otherwise provided in Section 7.2 of this Purchase and Use Agreement or otherwise applied as provided in Section 7.3 of this Purchase and Use Agreement.

SECTION 3.6. Worker's Compensation Insurance. The County and the Corporation shall take such steas as are necessary to ensure that worker's compensation insurance is in force with respect to any Acquisition and Construction Contracts.

SECTION 3.7. Contractor's Performance and Payment Bonds. The County and the Corporation shall take such steps as are necessary to ensure that performance and payment bonds regarding contractor's performance and payment are provided in the same manner as would be applicable to any contracts of the County

in the entire 2022 Facilities to be conveyed to the County or retained by the Corporation, such insured values (at time of petition) and percentages set forth on <u>Exhibit D</u> hereof shall be used rather than the current market or other valuation of Facilities Components associated therewith.

Partial Divisions. In the event that the Trustee (subject to approval by the Bond Insurer, if applicable) and the Partition Consultant, if selected, are unable to devise a partition that results in complete Pacilities Components being assigned to the County or the Corporation, then such partition shall be made so as to provide the County's and the Corporation's respective interests to be allocated to Facilities Components in a manner consistent with other provisions of this Section 2.4. The portion of a Facilities Component which is properly allocated to the County but is not a complete Facilities Component shall be designated as a "County Partial Facilities Component." With respect to a County Partial Facilities Component, the County may (i) continue to occupy the entire Facilities Component which includes a County Partial Facilities Component if it agrees to make payments (as specified in Section 2.3) in amounts to be determined by the Trustee (subject to approval by the Bond Insurer, if applicable) and the Partition Consultant, if selected, as the proper charge for use of the Corporation's interest in such Facilities Component ("Corporation Facilities Component"); (ii) purchase the Corporation's interest in such Corporation's Partial Facilities Component"); (iii) purchase the Corporation's interest in such Corporation's Partial Facilities Component by the payment of the amount determined by the Trustee (subject to approval by the Bond Composite of the payment of the amount determined by the Huster (subject to approve to approve to pure John Insurer, if applicable) and the Partition Consultant, if selected; or (iii) code occupancy rights in the County Partial Facilities Component to the Corporation for the duration of the term of the Base Lease. In determining the purchase price if the County elects to purchase the Corporation's interest in a Corporation Partial Facilities Component, the Trustee (subject to approval by the Bond Insurer, if applicable) and the Partition Consultant, if selected, shall determine the prepayment amount that would be required under the second paragraph of Section 2.1 to result in a complete allocation of such Facilities Component to the County. In setting the payments to be made by the County if it chooses to continue to occupy the entire Facilities Component that is not less than the amount of total Base Payments allocable to such Facilities Component that would have been payable from and after the Partition Date if this Purchase and Use Agreement or the rights of the County hereunder had not been terminated.

Partition Report; Finality. The Trustee (subject to approval by the Bond Insurer, if applicable) and the Partition Consultant, if selected, shall make a report regarding the division of the 2022 Pacilities as soon as practicable after the Partition Date. In the discretion of the Trustee (subject to approval by the Bond Insurer, if applicable) the partition report shall be final and binding upon all parties.

Instruments of Conveyance. Within a reasonable time (but in no event sooner than 30 days or later than 60 days) after the partition report becomes final, the County and the Corporation shall exchange deeds or other instruments vesting title to such of the 2022 Facilities as is required to effect such partition; provided, however, that any conveyance deed or other instrument made by the Corporation shall be made in the manner and subject to the conditions set forth in Section 9.2 hereof. Immediately thereafter, the County shall deliver up or cause to be delivered up peaceable possession of the Corporation Facilities to the Corporation, together with the related portion of the 2022 Real Property, without delay, in good repair and operating condition, excepting reasonable wear and tear, provided, however, that in the event of a partial division, the terms relating to County Partial Facilities Components described above shall control. Any Facilities Component delivered to the Corporation in connection with such partition shall remain, at all times, subject to the terms of the Base Lease.

Notwithstanding anything in this Section 2.4 to the contrary, so long as there shall be Series 2022 Bonds Outstanding and no Bond Insurer Default has occurred and is continuing, the Bond Insurer shall have the right, but not the obligation, to direct all partition-related activities, as described in this Section 2.4.

## ARTICLE III

SECTION 3.1. Purchase and Installation or Construction of the 2022 Projects. The Corporation and the County acknowledge that the County will be responsible for any and all Page 10 of 31

The Net Proceeds of any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the performance and payment bonds remaining after deduction of expenses incurred in such recovery (including without limitation, attorney's fees and costs), and after reimbursement to the County and the Corporation of any amounts theretofore paid by either of them, and not previously reimbursed, for correcting or remedying the default or breach of warranty which gave rise to the proceedings against the contractor or surety, shall be paid into the Project Fund if received before the Completion Date, or if received thereafter, shall be deposited as otherwise provided in Section 7.2 of this Purchase and Use Agreement or otherwise applied as provided in Section 7.3 of this Purchase and Use Agreement.

SECTION 3.8. Contractor's General Public Liability and Property Damage Insurance. The County and the Corporation shall take such steps as are necessary to ensure that comprehensive general public and property damage liability insurance with respect to the 2022 Projects are provided in the same manner as would be applicable to any contracts of the County.

SECTION 3.9. Proceeds of Insurance Policies. The Net Proceeds of any insurance policies required by Section 3.8 hereof or any amounts recovered by way of damages, refunds, adjustments, proceeds or otherwise in connection with the foregoing, remaining after deduction of expenses incurred in such recovery (including without limitation, attorney's fees and costs), and after reimbursement to the County or the Corporation of any amounts not to exceed \$100,000 theretofore paid by the County or the Corporation and corporation to any animounis into execute 3 robovo interctions part by the County or the County or the Corporation for actions taken by the County or the Corporation to restore damaged portions of the 2022 Facilities to a condition necessary to secure the 2022 Facilities and prevent further loss shall be paid into the Project Fund before the Completion Date or, if received thereafter, shall either be deposited as provided in Section 7.2 of this Purchase and Use Agreement or otherwise applied as provided in Section 7.3 of this Purchase and Use Agreement; provided, however, such deposit shall not exceed the amount necessary to fulfill the obligations of the County under this Purchase and Use Agreement as determined by the Trustee

SECTION 3.10. No Merger of 2022 Facilities. The Corporation and County confirm that the 2022 Facilities shall be property of the Corporation and title thereto shall remain vested in the Corporation and shall not merge into the leasehold estate of the Corporation in the 2022 Real Property. Undivided interests in the 2022 Facilities shall be conveyed to the County from time to time as Base Payments are made as contemplated hereby in accordance with Section 2.1 or following termination hereof pursuant to Section 2.4 hereof

### ARTICLE IV INSTALLMENT PAYMENTS; ASSIGNMENT TO TRUSTEE

### SECTION 4.1. Installment Payments

Installment Payments to Constitute a Current Expense of County. The Corporation and the County understand and intend that the obligation of the County to pay Installment Payments hereunder shall constitute a current expense of the County and is dependent upon lawful appropriations of the proceeds of funds being made by Council to pay Installment Payments due in each fiscal year hereunder, and shall not in any way be construed to be a debt of the County in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the County, nor shall anything contained herein constitute a pledge of the general tax revenues or credit of the County.

### Payment of Base Payments

Subject to an Event of Nonappropriation as described in Section 4.7 hereof, on or before the 15th day prior to each Bond Payment Date during the period this Purchase and Use Agreement is in effect, the County shall pay to the Trustee as assignee of the Corporation of this Purchase and Page 12 of 31 Use Agreement, Base Payments exclusively from moneys specifically budgeted and appropriated for such purpose, including the proceeds of general obligation debt issued by the County for such purpose, in lawful money of the United States of America, in the amounts set forth on Exhibit E hereto; provided that nothing herein shall constitute a pledge of the general tax revenues or credit of the County. Each payment of Base Payments shall be in consideration for the conveyance of title to an undivided interest in the 2022 Facilities as and to the extent provided in Section 2.1 hereof. As further consideration for the receipt of Base Payments, the County shall be entitled to the use and occupancy of all of the 2022 Real Property and the 2022 Facilities during the applicable Fiscal Year in which such payments are or will be made.

(c) Payment of Additional Payments. The County agrees to pay, subject to the provisions of Section 4.7 hereof, the following amounts as Additional Payments together with such other sums as are provided for herein:

- (i) The amounts provided for in Sections 4.2 and 4.4 hereof to the parties referred to therein;
- (ii) Upon receipt of written notice from the Trustee pursuant to the terms of Section 5.5(c) of the Trust Agreement of a transfer from a subaccount of the Reserve Account established for a particular series of Bonds to the applicable subaccount of the Facilities Purchase Account, within the period of time specified in Section 5.5(c) of the Trust Agreement, or payment to the issuer or provider of an instrument or surety bond issued to satisfy, in whole or in part, any Reserve Requirement relating to such series of Bonds, of an amount equal to the amount so transferred from the applicable subaccount of the Reserve Account to the applicable subaccount of the Facilities Purchase Account:
- (iii) Within the period of time specified in Section 5.5(e) or 5.7(i) of the Trust Agreement, the amount of moneys necessary to re-establish a subaccount of the Reserve Account established for a particular series of Bonds at the applicable Reserve Requirement as may be required pursuant to Sections 5.5(c) and 5.7(i) of the Trust Agreement;
- (iv) All reasonable costs and expenses incurred or to be paid by the Corporation or the Trustee, as the case may be, under the terms of this Purchase and Use Agreement or the Trust Agreement, including without limitation the amounts specified in Section 4.4 hereof and amounts payable by the Corporation pursuant to or contemplated by repurchase, forward delivery or other investment agreements which are Permitted Investments under the Trust Agreement.
- (v) All amounts owed to the Bond Insurer as provided for herein or in the Trust Agreement, including without limitation all amounts owed in connection with the Policy or Reserve Policy and all amounts owed pursuant to Article XII of the Trust Agreement;
- (vi) Amounts required to pay premiums on insurance for the 2022 Real Property or the 2022 Facilities if such amounts are not paid directly by the County to the applicable insurer; and
- (vii) Amounts, if any, budgeted by the Corporation for deposit into the Repair and Replacement Fund, in accordance with Section 5.4 of the Trust Agreement.

The Corporation may, but shall be under no obligation to, advance moneys (i) to pay taxes, assessments and other governmental charges with respect to the 2022 Real Property and the 2022 Facilities, (ii) for the discharge of mechanic's and other liens relating to the 2022 Real Property and the 2022 Facilities, (iii) to obtain and maintain insurance for the 2022 Real Property and the 2022 Facilities and pay premiums therefor, and (iv) generally, to make payments and incur expenses in the event that the County fails to do so as required by this Purchase and Use Agreement or the Base Lease. As provided in Section 6.11 of the Trust Agreement, the Trustee may, but shall

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and the 2022 Facilities or any part thereof, or comply with any law, ordinance, order, rule, regulation or requirement, as long as the County shall, after prior written notice to the Corporation and the Trustee, at the County's expense, contest the same or the validity thereof in good faith, by action or inaction which shall operate to prevent the collection of the tax, lien, assessment, encumbrance, imposition or charge so contested, or the enforcement of such law, ordinance, order, rule, regulation or requirement, as the case may be, and the sale of the 2022 Facilities or any part thereof to satisfy the same or to enforce such compliance; provided further, that the County shall have given reasonable security as may be demanded by the Corporation, the Trustee, or both, to insure such payment and prevent any sale or forfeiture of the 2022 Facilities or any part thereof by reason of such nonpayment or noncompliance.

SECTION 4.3. Prepayment of Installment Payments. The County may prepay Installment Payments in whole or in part as provided in, and under the conditions prescribed underf, Sections 7.3 and 9.1 hereof, or at any time that the County so determines for the purpose of providing for the redemption of Series 2022 Bonds as provided in Section 4.1(a) of the Trust Agreement or the purchase of Series 2022 Bonds as provided in Section 4.4 of the Trust Agreement. The County shall notify the Trustee in writing of the dates on which the Series 2022 Bonds corresponding to any prepayment hereunder are to be so redeemed or purchased (as applicable) and the amount to be redeemed or purchased on each such date, all in accordance with the provisions of the Trust Agreement. The Trustee may request such reasonable information and reports as may be necessary to establish the sufficiency of the payments to be made at the time of such prepayment or purchase, respectively.

SECTION 4.4. Administrative Expenses. Subject to the provisions of Section 4.7 hereof, the County shall pay as Additional Payments (a) the periodic fees and reasonable expenses from time to time of the Trustee and any Paying Agent incurred in administering the Trust Agreement and the Bonds, (b) any expenses incurred by the Corporation, including but not limited to Administrative Fees and any other fees for legal, financial and accounting services and premiums for directors' and officers' insurance, and (c) any reasonable expenses, including reasonable attorney's fees, incurred by the Trustee to compel full and punctual performance of this Purchase and Use Agreement in accordance with the terms hereof.

SECTION 4.5. Assignment of Purchase and Use Agreement, Manner of Payment As security for and the source of payment of the Series 2022 Bonds, pursuant to the Trust Agreement, the Corporation has assigned to the Trustee all of its right, title and interest in and to this Purchase and Use Agreement, except for the right of the Corporation to receive indemnity against claims and payment of its fees and expenses pursuant to Sections 4.2, 4.4 and 5.5 hereof. The County consents and agrees to the assignment of this Purchase and Use Agreement as provided herein. The County covenants fully to perform, in timely fashion, all of its covenants, agreements and obligations under this Purchase and Use Agreement (other than payment for indemnity and fees and expenses of the Corporation) directly to the Trustee, all without set-off, defense or counterclaim by reason of any dispute which the County may have with the Corporation or the Trustee.

SECTION 4.6. Special Obligation of County. UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION, THIS PURCHASE AND USE AGREEMENT MAY BE TERMINATED AS OF THE END OF THE LAST FISCAL YEAR WHICH IS NOT AFFECTED BY SUCH EVENT OF NONAPPROPRIATION, AND THE COUNTY SHALL NOT BE OBLIGATED TO MAKE PAYMENT OF THE INSTALLMENT PAYMENTS PROVIDED FOR IN THIS PURCHASE AND USE AGREEMENT BEYOND THE END OF SUCH FISCAL YEAR (EXCEPT AS OTHERWISE PROVIDED HEREIN). If this Purchase and Use Agreement is terminated under this Section 4.6 or as provided in Section 4.7 or Section 2.2, then the County agrees to peaceful delivery of that portion of the 2022 Facilities to be retained by the Corporation or its assigns as provided in Section 2.4 hereof.

not be required to, take any such action. Any such advances shall continue to be due as Additional Payments hereunder.

- (d) Credits. The County shall be entitled to a credit against payments of Base Payments in the amount of any deposits in the Bond Fund provided for in the Trust Agreement. In addition to the credit provided in the preceding sentence, the amount payable by the County as Base Payments will be reduced by the amount of money in the applicable subaccount of the Facilities Purchase Account to be credited against those payments and representing Base Payments, including without limitation accrued interest on the Series 2022 Bonds to the extent such amounts will be used to make payments on the Series 2022 Bonds. In this connection, if applicable, when amounts remaining in a subaccount of the Reserve Account equal or exceed the remainder of the applicable Base Payments due, such amounts shall be transferred to the applicable subaccount of the Facilities Purchase Account as and when needed for payment of such Base Payments; and, pursuant to Section 5.5(f) of the Trust Agreement, when amounts remaining in a Reserve Sub-account exceed the applicable Reserve Requirement, such excess amounts shall be transferred to the applicable subaccount of the Facilities Purchase Account as and when needed for payment of such Base Payments. In no event shall the County be entitled to a credit for amounts paid under the Policy.
- (c) Continuation of Term by County. The County has no reason to believe, as of the effective date hereof, that it will not continue making Installment Payments through the entire term of this Purchase and Use Agreement, and reasonably believes that (i) it will pay the Installment Payments due or coming due hereunder to continue to use the 2022 Real Property and the 2022 Pacilities and (ii) it presently has legal authority to budget and appropriate such amounts in its annual budget, as limited by applicable law, and it presently has, and will have, adequate capacity to issue general obligation debt that does not require voter approval in amount sufficient and at times to pay Base Payments in their entirety when due. The County further represents that it presently hineds to maintain its capacity to issue general obligation debt that does not require voter approval, in amounts and at times sufficient to make Base Payments when due; provided, however, that nothing herein shall be construed to limit the County from providing funds from other sources to pay Base Payments. The representations and covenants contained herein are subject to the ability of the County to terminate this Purchase and Use Agreement and all obligations hereunder as provided in Section 4.7 hereof.

#### SECTION 4.2. Installment Payments Not Subject to Reduction, Offset or Other Credits.

- (a) The County and the Corporation intend that this Purchase and Use Agreement shall yield, net, the Base Payments specified in Section 4.1 hereof during the term of this Purchase and Use Agreement, and that all costs, expenses, liabilities and obligations of any kind and nature whatsoever including, without limitation, any ad valorem taxes or other taxes levied against holders of real or personal property, insurance premiums, utility charges and assessments and all operation, maintenance, repair and upkeep expenses relating to the 2022 Real Property and the 2022 Facilities and the use of the 2022 Real Property and the 2022 Facilities which do not constitute Base Payments, or other obligations relating to the 2022 Real Property and the 2022 Facilities which may arise or become due during the term of this Purchase and Use Agreement and which the Corporation except for this Purchase and Use Agreement or the terms of the Base Lease would ordinarily be required to pay as owner of the 2022 Real Property and the 2022 Facilities (regardless of whether the County as owner would be so required to pay) shall either be paid under the provisions of the Base Lease or be included in the Installment Payments and paid by the County as Additional Payments. The County acknowledges that, under the provisions of the Base Lease in the retained responsibility for the payment of taxes and insurance on the 2022 Real Property and the 2022 Facilities and the property associated therewith and the obligations of the County under the Base Lease are not subject to the limitations of Section 4 the percent
- (b) All payments of Additional Payments referred to in Section 4.2(a) above shall be made by the County in immediately available funds on a timely basis directly to the person or entity to which such payments are owed; provided, however, subject to the terms of the Security Documents, that the County shall not be required to pay, discharge or remove any tax, lien, or assessment, or any mechanic's, laborer's or materialman's lien or encumbrance, or any other imposition or charge against the 2022 Real Property

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THE OBLIGATIONS OF THE COUNTY TO MAKE INSTALLMENT PAYMENTS REQUIRED UNDER THIS ARTICLE IV AND OTHER SECTIONS HEREOF, AND TO PERFORM AND OBSERVE THE COVENANTS AND AGREEMENTS CONTAINED HEREID, SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS, EXCEPT AS EXPRESSLY PROVIDED UNDER THIS PURCHASE AND USE AGREEMENT. Notwithstanding any dispute involving the County and any of the Corporation, any contractor, subcontractor, or supplier of materials or labor, the Trustee or any other person, the County shall make all Installment Payments when due and shall not withhold any Installment Payments pending final resolution of such dispute, nor shall the County assert any defense or right of set-off, recoupment, or counterclaim against its obligation to make such payments required under this Purchase and Use Agreement. The County's obligation to make Installment Payments during the term of this Purchase and Use Agreement shall not be abated through accident or unforescen circumstances. The County agrees not to suspend, reduce, abrogate, diminish, postpone, modify, discontinue, withhold, or abate any portion of the payments required pursuant to this Purchase and Use Agreement by reason of any defects, malfunctions, breakdowns, or infirmities of the 2022 Real Property and the 2022 Facilities, failure of the County to occupy or to use the 2022 Facilities as contemplated in this Purchase and Use Agreement or otherwise, any change or delay in the time of availability of the 2022 Real Property and the 2022 Facilities, any defect in the title, design, operation, merchantability, fitness, or condition of the 2022 Facilities, any defect in the title, design, operation, merchantability, fitness, or condition of the 2022 Facilities, any defect in the title, design, operation, merchantability, fitness, or condition of the 2022 Facilities, any defect in the title, design, operation, merchantability, fitness, or condition of or damage to the 2022 Facilities or in the suitability of the 2022 Facilities, for the County's purposes or needs, fai

THE OBLIGATIONS OF THE COUNTY UNDER THIS PURCHASE AND USE AGREEMENT SHALL NOT CONSTITUTE A PLEDGE OF THE FULL FAITH, CREDIT OR TAXING POWER OF THE COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL OR STATUTORY PROVISION.

 ${\bf SECTION} \ \ {\bf 4.7.} \ \ {\bf Event} \ \ {\bf of} \ \ {\bf Nonappropriation}. \ \ {\bf Upon} \ \ {\bf the} \ \ {\bf occurrence} \ \ {\bf of} \ \ {\bf an} \ \ {\bf Event} \ \ {\bf of} \ \ {\bf Nonappropriation}, \ \ {\bf the} \ \ {\bf following} \ \ {\bf provisions} \ \ {\bf shall} \ \ {\bf apply}:$ 

(a) If an Event of Nonappropriation occurs and is not waived, the County shall not be deemed to be to default under this Purchase and Use Agreement and shall not be obligated to make payment of any future Installment Payments to due hereunder or any other payments provided for herein which accrue after the beginning of the Fiscal Year with respect to which there has occurred an Event of Nonappropriation; provided, however, that, subject to the limitations of Section 4.6 hereof and this Section 4.7, the County Page 16 of 31

shall continue to be liable for Installment Payments (a) accrued prior to the beginning of such Fiscal Year, and due hereunder, and (b) allocable to any period during which the County shall continue to occupy the Corporation Facilities as provided in Section 2.3 hereof.

- (b) If the County delivers official, specific written notice to the Corporation and the Trustee that it will not appropriate funds in the next succeeding Fiscal Year for payment of Installment Payments, then the Trustee shall immediately give written notice to the County and the Corporation stating that an Event of Nonappropriation has occurred; but any failure of the Trustee to give such written notice shall not prevent the Trustee from declaring an Event of Nonappropriation or from taking any remedial action which would otherwise be available to the Trustee
- (c) Subject to Article VIII hereof and the provisions of subsections (c) and (d) hereof, this Purchase and Use Agreement will be terminated pursuant to Section 2.2.
- Subject to Article VIII hereof and the provisions of subsection (d) hereof, the Corporation or the Trustee may waive any Event of Nonappropriation which is cured by the County within a reasonable time if the Waiver Period has not expired and in the Trustee's judgment such waiver is in the best interest
- Subject to Article VIII hereof and notwithstanding the provisions of subsection (c) hereof, the Trustee shall waive any Event of Nonappropriation (but only an Event of Nonappropriation which occurs pursuant to clause (a) of the second paragraph of the definition thereof) which is cured by the County's specifically budgeting and appropriating, prior to expiration of the Waiver Period, moneys (together with amounts otherwise pledged and available therefor) sufficient to pay Installment Payments coming due hereunder for such Fiscal Year that may be lawfully used to make such payment.

The County, in all events, shall cooperate with the Corporation and the Trustee in making the partition required under Section 2.4 hereof and shall vacate and deliver over to the Trustee the Corporation Facilities by the later of (a) the expiration of the Fiscal Year during which an Event of Nonappropriation occurs if such Event of Nonappropriation occurs by specific written notice thereof or the September 16 following the September 15 on which the County shall fail to enact an ordinance authorizing the issuance of general obligation bonds for the purpose of paying the Installment Payments hereunder or fail to specifically budget and appropriate monies that may be lawfully used therefor or (b) when required by the last pangraph of Section 2.4 hereof.

The Trustee shall, upon the occurrence of an Event of Nonappropriation, be entitled to all moneys then on hand and being held in all funds created under the Trust Agreement for the benefit of the Holders of the Bonds. After the expiration of the Fiscal Year during which an Event of Nonappropriation occurs, if such occurs by notice, or the September 16 following the September 15 on which the County fails to enact an ordinance authorizing the issuance of general obligation bonds for the purpose of paying the Installment Payments hereunder, or fails to specifically budget and appropriate sufficient monies that may be lawfully used therefor, the Trustee may or shall, as the case may be, proceed to exercise its remedies, liquidate its interest in this Purchase and Use Agreement or lease the 2022 Facilities as provided in Section 8.2 of this Purchase and Use Agreement, provided, however, that the 2022 Facilities shall always be operated for a civic or a Agreement, provided in Section 6.1 of the Base Lease to the extent such requirement continues to be applicable under State law. All property, funds and rights acquired by the Trustee by reason of an Event of Nonappropriation as provided herein, less any moneys due and owing to the Trustee for services performed as Trustee, shall be held by the Trustee for the benefit of the Holders of the Bonds as set forth in the Trust Agreement.

Notwithstanding anything in this Purchase and Use Agreement to the contrary, in the event that the Trustee shall receive a payment for the transfer of its interest in this Purchase and Use Agreement, or total rental payments for leasing that are, after the payment of the Corporation's

SECTION 5.2. Liens on 2022 Real Property or 2022 Facilities. The County shall not create, incur or suffer to exist any lien, charge or encumbrance on the 2022 Real Property or the 2022 Facilities or its rights under this Purchase and Use Agreement other than any Permitted

## SECTION 5.3. Representations and Covenants Regarding Tax-Exempt Status of Series 2022

- (a) Neither the Corporation nor the County shall take any action (including but not limited to any use of the 2022 Facilities) or permit any action to be taken on its behalf, or cause or permit any circumstance within its control to arise or continue, if such action or circumstance, or its expectation on the date of this Purchase and Use Agreement would cause the interest paid on the Series 2022 Bonds to be includable in the gross income of the recipients thereof for federal income tax purposes.
- (b) The County covenants to the Corporation, the Trustee and the Holders of the Series 2022 Bonds that, notwithstanding any other provision of this Purchase and Use Agreement or any other instrument, it will neither make nor cause to be made any investment or other use of the proceeds of the Series 2022 Bonds or amounts on deposit in any of the funds or accounts held under the Trust Agreement or under any other document related to the Series 2022 Bonds which would cause them to be "arbitrage bonds" under Section 148 of the Code and the regulations thereunder, and that it will comply with the requirements of such Section and regulations throughout the term of the Series 2022 Bonds.
- (c) The County shall take all actions necessary on its part to enable compliance with the rebate (c) The County shall take all actions necessary on its part to enable compliance with the repart provisions of Section 148(f) of the Code in order to preserve the federal income tax status of payments of interest with respect to the Series 2022 Bonds and or any other tax-exempt Bonds. The County shall ensure that the Corporation retains a consultant experienced in the calculation and determination of rebate payments and liability under Section 148(f) of the Code to provide the reports required under the Federal Tax Certificate.
- (d) The County will accept title to the 2022 Facilities upon the discharge of the Series 2022 Bonds and any Additional Bonds.

### SECTION 5.4. Reports and Opinions; Inspections.

- (a) The County shall permit the Corporation and the Trustee to examine, visit and inspect, at any reasonable time, the 2022 Real Property and the 2022 Facilities, and any accounts, books and records, including its receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, and to supply such reports and information as the Trustee or the Bond Insurer, if applicable, may reasonably request
- (b) The Corporation shall give the Trustee and the Bond Insurer, if applicable, prompt notice of any failure of the County to make the payments required to be made pursuant to Section 4.1(b) when due.
- SECTION 5.5. Immunity of Corporation and Trustee. In the exercise of the powers of the SECTION 5.5. Immunity of Corporation and Trustee. In the exercise of the powers of the Corporation and the Trustee and their members, directors, officers, employees and agents under the Trust Agreement or this Purchase and Use Agreement including (without limiting the foregoing) the application of moneys and the investment of funds, neither the Corporation nor the Trustee shall be accountable to the County for any action taken or omitted with respect to the 2022 Facilities or this Purchase and Use Agreement by either of them or their members, directors, officers, employees and agents in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred under this Purchase and Use Agreement. The Corporation and the Trustee and their members, officers, employees and agents shall be protected in its or their acting upon any paper or documents believed by it or them to be genuine, and it or they may conclusively rely upon the advice of counsel and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the County for any claims based on the Trust Agreement or this Purchase and Use Agreement against any member,

expenses in connection therewith, including attorneys' and other fees and expenses of the Trustee, and all other amounts which are payable hereunder (including any amounts owed the Bond Insurer), in excess of the principal amount of the Outstanding Series 2022 Bonds at the time of the Event of Nonappropriation and the interest due and to become due thereon (with amounts so received to be credited first to such interest and then to principal), then such excess shall be paid to the County by the Trustee, its assigns or its lessee.

## ARTICLE V COVENANTS OF THE COUNTY

#### SECTION 5.1. Maintenance and Operation of 2022 Real Property and the 2022 Facilities; Transfers

- (a) Subject to Sections 4.6 and 4.7 herein, the County covenants and represents that during the term of this Purchase and Use Agreement, it shall, at its own cost or expense, operate the 2022 Real Property and the 2022 Facilities in a sound and economical manner, in compliance with all present and future laws and governmental regulations applicable thereto, and maintain, preserve and keep the 2022 Real Property and the 2022 Facilities in good repair, working order and condition, and that it shall from time to time make or cause to be made all necessary and proper repairs and renewals so that at all times the operation of the 2022 Real Property and the 2022 Facilities may be properly and advantageously conducted. This covenant shall not prevent the County from discontinuing operation of the 2022 Real Property and the 2022 Facilities
- (b) Except as otherwise provided in this Section 5.1 and Section 2.1 hereof and the Base Lease, prior to payment of the Bonds in full, the County shall not sell, transfer, lease, sublease or otherwise dispose of all or any portion of the 2022 Real Property and the 2022 Facilities, or the County's interests under this Purchase and Use Agreement, except to another county, as defined under the laws of the State, which assumes in writing all obligations of the County under this Purchase and Use Agreement and shall enter into no such transaction without the written consent of the Trustee and the Bond Insurer, if applicable.
- Notwithstanding any other provision hereof to the contrary, the County may provide for the exchange of any asset comprising the 2022 Facilities, including the portion of the 2022 Real Property related thereto ("Released Facility"), for another county facility and the real estate on which such facility ("Exchange Facility") is located, or the deletion or modification of any Released Facility from the definition CEXCHAING FEATURE 7) Is tocated, or the detection or modification of any Released reactify from the definition of "2022 Facilities" hereunder, if: (i) the County provides the Trustee evidence (including but not limited to an appraisal, certificate of insurance or otherwise) of the respective insured values of the Released Facility and the Exchange Facility, if applicable; (ii) the County certifies to the Trustee that, as applicable, (A) the exchange, deletion or modification is necessary or desirable to the County and the reasons therefor (including but not limited to facilitating the sale or other disposition of the Released Facility, the conversion of its use to another purpose other than use by the County), (B) after taking into account the election, modification or exchange of the Released Facility, the insured value of the 2022 Facilities owned by or allocated to the Corporation is in excess of 100% of the outstanding principal amount of the Bonds, (C) the proposed Exchange Facility (if any) has a value equal to or greater than the proposed Released Facility, and (D) the Exchange Facility (if any) is necessary or desirable to the operations of the County and the remaining useful life of such Exchange Facility is not less than the remaining useful life of the Released Facility; (iii) the Trustee receives an opinion of Bond Counsel to the effect that the proposed exchange will reacting, (iii) the These receives an opinion of nonaccounists on the effect unda proposed exchange win notadversely affect the federal income tax treatment of interest paid to the Holders of the Series 2022 Bonds; and (iv) the Bond Insurer, consents in writing thereto. The Corporation or the County shall provide prompt notice of an exchange of an Exchange Facility for a Released Facility hereunder or the deletion or modification of a Released Facility permitted hereby, to S&P, if then rating the Bonds, and as may be required pursuant to the Disclosure Undertaking (as defined in and subject to the provisions of Section 5.10

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director, officer, employee or agent of the Corporation or the Trustee alleging personal liability on the part

To the extent permitted by law, the County shall defend the Corporation and any of its members, directors, officers, employees or agents and save them harmless against any liability, including expenses and legal or other fees, intended to be precluded by this Section 5.5 resulting from acts or omissions of the County or from acts or omissions of the Corporation or any of their members, directors, officers, employees or agents in connection with any acts taken pursuant to this Purchase and Use Agreement, except for fraud, deceit, or acts taken in bad faith or which are negligent.

### SECTION 5.6. Compliance with Laws; Consolidation or Merger

- (a) With respect to the 2022 Real Property and the 2022 Facilities and any additions, alterations, or improvements thereto, the County will at all times comply with all applicable requirements of federal and state laws and with all applicable lawful requirements of any agency, board, or commission created under the laws of the State or of any other duly constituted public authority; provided, however, that the County shall be deemed in compliance with this Section 5.6 so long as it is contesting in good faith any such requirement by appropriate legal proceedings.
- (b) Nothing in this Purchase and Use Agreement shall be construed to prevent the County from combining with one or more political subdivisions or public, corporate bodies, not parties to this Purchase and Use Agreement to form a consolidated or a merged political unit; provided that the consolidated or merged political unit enters into a written supplement hereto, joined in by the Corporation, whereunder the consolidated or merged political unit assumes payment of Installment Payments and all other obligations of the County hereunder, thereupon such consolidated or merged political unit shall replace and become the County for all purposes of this Purchase and Use Agreement.
- SECTION 5.7. Insurance and Condemnation Proceeds. The County shall not make any disposition nor direct the disposition of insurance or condemnation payments with respect to the 2022 Facilities in excess of \$250,000 without the written consent of the Trustee except as may be required by the terms of the Security Documents or of any Permitted Encumbrances existing on
- SECTION 5.8. Filing of Budget with Trustee. During the term of this Purchase and Use Agreement, the County shall file with the Trustee, within 15 days after the beginning of each Fiscal Year, a copy of the annual budget of the County for that Fiscal Year.
- SECTION 5.9. Alterations of the 2022 Real Property and the 2022 Facilities; Removals. The County, in its discretion and at its expense, may remodel or make such additions, modifications and improvements to the 2022 Real Property and the 2022 Facilities as it may deem to be desirable; provided, that no such additions, modifications or improvements shall adversely affect the structural integrity or strength of, or materially interfere with the use and operations of, the 2022 Real Property and the 2022 Facilities. Any such changes shall not become and shall not be deemed to constitute part of the 2022 Real Property and the 2022 Facilities
- In this connection, the County may remove any items of personal property constituting a part of the 2022 Facilities financed or refinanced by a source of funds other than Bond Proceeds, provided that such removal of the personal property shall not materially diminish the value of the 2022 Facilities
- In the case of any removal as provided above or any removal of County property not constituting 2022 Facilities, the County shall repair any damage resulting from such removal

SECTION 5.10. Continuing Disclosure. The County covenants to provide the information required by Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("15c2-12"), as an Obligated Person (as defined in 15c2-12) in compliance with the provisions of the Continuing Disclosure Undertaking attached hereto as <a href="Exhibit F">Exhibit F</a> ("Disclosure Undertaking"). In the event of a failure by the County or any dissemination agent appointed thereby to comply with any provisions of the Disclosure Undertaking, the rights of the Holders of the Series 2022 Bonds to enforce the provisions of the Disclosure Undertaking shall be limited solely to a right, by action in mandamus or specific performance, to compel performance of the parties' obligations under the Disclosure Undertaking.

Any failure by a party to perform in accordance with the Disclosure Undertaking shall not constitute a default on the Series 2022 Bonds or under any other document relating to the Series 2022 Bonds, and all rights and remedies shall be limited to those expressly stated in the Disclosure Undertaking.

In addition to the requirements described above, voluntarily, the County intends to file notice of the County's future issuance of any general obligation debt, regardless of the materiality or principal amount thereof, not later than 10 business days after the issuance of such debt, with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access portal.

#### SECTION 5.11. Covenants for Benefit of the Bond Insurer.

- (a) So long as there shall be Series 2022 Bonds Outstanding and no Insurer Default has occurred and (a) So long as there shall be Series 2022 Bonds Outstanding and no Insurer Default has occurred and is continuing, the County has covenanted, notwithstanding anything in this Purchase and Use Agreement to the contrary, to provide the Bond Insurer with all notices and other information it is obligated to provide (i) under the Disclosure Undertaking executed in connection with the Series 2022 Bonds and (ii) to the Holders of Series 2022 Bonds or the Trustee under the Security Documents; provided, however, the County shall be deemed in compliance with the foregoing reporting obligations if such information is filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access systems or other information repository approach by the Securities and Evelance Commission. information repository approved by the Securities and Exchange Commission
- (b) The Bond Insurer shall be provided with the following information by the Corporation, the County
  - Annual audited financial not later than April 1 following the end of the County's fiscal year (together with a certification of the County that it is not aware of any default or Event of Default under the Trust Agreement or the Outliny under the Trust Agreement or this Purchase and Use Agreement), and the County's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Bond Insurer shall reasonably request from time to time;
  - Notice of any draw upon the Reserve Account within two Business Days after knowledge thereof other than (a) withdrawals of amounts in excess of the Reserve Requirement and (b) withdrawals in connection with a refunding of Series 2022 Bonds;
  - Notice of any default known to the Trustee, the County, or the Corporation within five Business Days after knowledge thereof:
  - (iv) Prior notice of the advance refunding or redemption of any of the Series 2022 Bonds, including the principal amount, maturities and CUSIP numbers thereof;
  - (v) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
  - Notice of the commencement of any proceeding by or against the Corporation or the County commenced under the United States Bankruptey Code or any other applicable bankruptey, insolvency, receivership, rehabilitation or similar law (each, "Insolvency Proceeding");

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- (d) All policies of insurance required hereunder shall be written by the South Carolina Insurance Reserve Fund or any governmental or quasi-governmental entity that provides insurance coverage for political subdivisions (or any of their successors), or companies rated not lower than "A" by A. M. Best Company or in one of the three highest rating categories by S&P, in each case qualified to do business in the State and each policy shall provide at least 30 days prior written notice to the Corporation and the Trustee before such policy is canceled. The County may provide any part, or all, of the insurance required hereby under the terms of a policy insuring other facilities or risks or any "blanket" policy. The County covenants that it will take all action, or cause the same to be taken, which may be necessary to enable recovery under the aforesaid insurance policies.
- (e) All policies of insurance required hereby shall be open to inspection by the Corporation, the (e) All policies of insurance required hereby shall be open to inspection by the Corporation, the Trustee and the Bond Insurance described, at all reasonable times. Certificates of insurance describing such policies shall be furnished by the County to the Corporation and the Trustee when such policies are required to be obtained by this Section 6.1 and at least 10 days prior to the expiration of each of such policies. The County shall certify that it is in compliance with the provisions hereof at or prior to the execution and delivery of this Purchase and Use Agreement. If any change shall be made in such insurance as to either amount or type of coverage, a description and notice of such change shall be furnished immediately to the Corporation, the Trustee and the Bond Insurer (if applicable) by the County or it shall cause the same to be so furnished. In the event that the County fails to maintain any insurance as provided in this Section the Trustee may upon such potice to the County as its responsible under the circumstance. in this Section, the Trustee may, upon such notice to the County as is reasonable under the circumstances, procure and maintain such insurance at the expense of the County (reimbursable as provided hereinbefore), but the Trustee shall not be under an obligation to do so.
- SECTION 6.2. Self-Insurance Approval. If, at the time of execution of this Purchase and Use Agreement, the County self-insures or at any time hereafter desires to self-insure to the extent permitted by law, the entry into such self-insurance program shall require the written approval of the Corporation, the Trustee and the Bond Insurer (if applicable).

## ARTICLE VII DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

- SECTION 7.1. Damage, Destruction and Condemnation. If, during the term of this Purchase and Use Agreement, (i) the 2022 Facilities or any portion thereof shall be destroyed (in whole or in part), or be Use Agreement, (i) the 2022 Facilities or any portion thereof shall be destroyed (in whole or in part), or be damaged by fire or other casualty, or (ii) title to, or the temporary or permanent use of, the 2022 Real Property, the 2022 Facilities, or any portion thereof or the estate of the County or the Corporation in the 2022 Real Property, the 2022 Facilities, or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or (iii) a material defect in construction or installation of the 2022 Real Property, the 2022 Facilities, or any portion thereof shall become paparent, or (iv) title to or the use of all or any portion of the 2022 Real Property the 2022 Facilities shall be lost by reason of a defect in title thereto, then the County shall be obligated, subject to the option provided in Section 7.3 hereof and the provisions of Sections 4.6 and 4.7 hereof, to continue to pay the amounts specified as Installment Payments under this Purchase and Use Agreement. Purchase and Use Agreement.
- SECTION 7.2. Obligation to Repair or Replace the 2022 Real Property and the 2022 Facilities. Subject to the provisions of Section 7.3 hereof, the County, the Corporation and the Trustee shall cause the Net Proceeds of any insurance policies, performance bonds or condemnation awards made available by reason of any occurrence described in Section 7.1 hereof, to be deposited as provided in Sections 3.5, 3.7 or 3.8, as the cased may be hereof prior to the Completion Date or, after the Completion Date, in a separate trust fund designated as "Net Proceeds Fund" which the Trustee is hereby directed to establish in such event. Except as set forth in Section 7.3 hereof, all Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the 2022 Real Property or the 2022

- (vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series
- (viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to Related Documents; and
- (ix) All reports, notices and correspondence to be delivered to Holders under the terms of Related Documents.

In addition, to the extent that the Corporation or the County has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Series 2022 Bonds, all information furnished pursuant to such agreements shall also be provided to the Bond Insurer, simultaneously with the furnishing

- (c) The Bond Insurer shall have the right to receive such additional information as it may reasonably reques
- (d) The Corporation and the County will permit the Bond Insurer to discuss the affairs, finances and accounts of the Corporation and the County or any information the Bond Insurer may reasonably request regarding the security for the Series 2022 Bonds with appropriate officers of the Corporation and the County and will use commercially reasonable efforts to enable the Bond Insurer to have access to the facilities. books and records of the Corporation and the County on any business day upon reasonable prior notice
- (e) Subject to the provisions of Section 12.2 of the Trust Agreement, the provisions of this Purchase and Use Agreement (i) that require that consultation with the Bond Insurer is, or the consent or approval of the Bond Insurer be obtained as, a pre-condition to another party taking a certain action or (ii) which grant special rights, powers or obligations to the Bond Insurer shall be in effect for so long as the Policy is in effect and no Insurer Default has occurred and is continuing or the Bond Insurer is owed any amounts in connection with the Policy or the Reserve Policy. The Bond Insurer shall be a third-party beneficiary hereof.

## ARTICLE VI

#### SECTION 6.1. Types of Insurance and Coverage Requirements.

- (a) During the term hereof, the County shall maintain all-risk fire, extended coverage, vandalism, and (a) During the term nereot, the County snain maintain ani-risk three, extended coverage, wanaansin, and malicious mischief insurance on the 2022 Real Property and the 2022 Facilities with such deductible provisions as are acceptable to the Bond Insurer, if applicable. Such insurance shall (i) name the Corporation and the Trustee as loss payees or additional insureds, as their interests may appear, be maintained for the term of this Purchase and Use Agreement; and (ii) be in an amount at least equal to the replacement value of the 2022 Real Property and the 2022 Facilities.
- (b) The County shall, to the extent required by law or good business practice, maintain for the term of this Purchase and Use Agreement, general liability insurance, worker's compensation insurance, disability insurance, and any other form of insurance, covering loss resulting from injury, sickness, disability or death of employees in amounts at least equal to those carried by institutions of similar size and
- (c) The County shall maintain, for the term of this Purchase and Use Agreement, general liability insurance against loss or losses from liabilities imposed by law or assumed in any written contract and arising from the death or bodily injury of persons or damage to the property of others caused by accident or occurrence (including contractual liability endorsement), with appropriate limits for the 2022 Facilities and 2022 Real Property, excluding liability imposed upon the County by any applicable worker's compensation law. Such insurance shall name the Corporation, the County and the Trustee as loss payees or additional insureds, as their interests may appear.

Facilities, by the County upon receipt of requisitions by the Trustee signed by an authorized official of the County stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the person, firm or corporation to whom payment is due; (iii) the amount to be paid; and (iv) that each obligation mentioned therein has been properly incurred, is properly payable from the Net Proceeds held in the separate trust fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation; provided, that the Trustee is provided with an opinion of Bond Counsel to the effect that such other application of Net Proceeds will not adversely affect the tax-exempt status of the Series 2022 Bonds. In carrying out any of the provisions of this Section 7.2, the County shall have all power and authority granted under Article III of this Purchase and Use Agreement. The Trustee shall cooperate with the County in the administration of such fund and shall not unreasonably withhold its approval of requisitions required by this Section 7.2. The balance of any such Net Proceeds remaining after such repair, restoration, modification, improvement or replacement has been completed shall be applied to any lawful and authorized purpose of the County as directed in writing by the County; provided, there is delivered to the Trustee an opinion of Bond Counsel to the effect that such application of Net Proceeds will not adversely affect the tax-exempt status of the Series 2022 Bonds. Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such Net Proceeds shall be included as part of the 2022 Facilities under this Purchase and Use Agreement and the Trust Agreement.

If the Net Proceeds (plus any amounts withheld from such Net Proceeds by reason of any deductible clause) shall be insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the 2022 Real Property, the 2022 Facilities referred mountainth, improvement or tepacement on the 2022 real roperty, the 2022 real roperty, the County shall be responsible, subject to the option contained in Section 7.3 hereof, for the completion of the work and the payment of any cost in excess of the amount of the Net Proceeds. In this connection, the County agrees that, if by reason of any such insufficiency of the Net Proceeds, the County shall make any payments pursuant to the provisions of this paragraph, the County shall not be entitled to any reimbursement therefor from the Trustee or the Holders of the Bonds, nor shall the County be entitled to any diminution of any Installment Payments payable under this Purchase and Use Agreement.

SECTION 7.3. Discharge of Obligation to Repair or Replace the 2022 Real Property and the 2022 Facilities. If, as a result of the occurrence of an event described in Section 7.1 hereof, (a) any part of the 2022 Real Property or the 2022 Facilities is totally destroyed or is damaged to such an extent that the rebuilding or repairing of such part of the 2022 Facilities would be impracticable, (b) there is discovered a material defect in the construction of the 2022 Facilities or any portion thereof that renders the 2022 Real Property, the 2022 Facilities, or such portion unusable by the County for its intended purposes, (c) all or substantially all of the 2022 Real Property, the 2022 Facilities, relating to a particular building is taken by eminent domain or (d) the County is deprived of the use of any part of the 2022 Real Property or the 2022 Facilities by reason of a defect in title thereto, the County may elect to apply the Net Proceeds of applicable insurance policies, performance bonds or condemnation awards as a prepayment of Installment Payments and the discharge of its obligations with respect to Sections 7.1 and 7.2 hereof; provided, however, that there shall be delivered to the Trustee, as a condition to any such prepayment, an opinion of Bond Counsel to the effect that such prepayment would not adversely affect the tax-exempt status of the Series 2022 Bonds. Such an election may be made by written notice to the Corporation and the Trustee within 90 days of the occurrence of an event described in (a) through (d) above. Upon any such prepayment, the amount thereof shall be applied to redeem the Bonds Outstanding at the earliest practicable date pursuant to Section 4.1(b) of the Trust Agreement, the

Purchase Price shall be recalculated to take account of such prepayment, title to the affected part of the 2022 Real Property or the 2022 Facilities (if applicable) shall be deemed transferred to the County and in the event of any future partition under Section 2.4 hereof, such affected part of the 2022 Real Property or the 2022 Facilities (if applicable) shall be automatically assigned to the County. If at any time the amount to be applied as a prepayment hereunder shall exceed the redemption price of the Bonds Outstanding, the Bonds shall be redeemed, title to all the 2022 Facilities shall be transferred to the County and any amounts not required for the redemption of the Series 2022 Bonds and payment of other expenses and amounts under the Trust Agreement shall be paid to the County.

SECTION 7.4. Cooperation of the Parties. The Corporation, the County and the Trustee shall cooperate fully with each other in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Section 7.1 of this Purchase and Use Agreement, in making the Net Proceeds available in accordance with Section 7.2 or 7.3 hereof and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the 2022 Real Property, the 2022 Facilities, or any portion thereof and in the enforcement of all warranties relating to the 2022 Real Property or the 2022 Facilities. The Corporation hereby designates the County as its agent for the purpose of making collections under such policies, such amounts to be held in trust and applied in accordance herewith. In no event shall the Corporation voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding with respect to the 2022 Real Property, the 2022 Facilities or any portion thereof without the written consent of the County and the Trustee.

#### ARTICLE VIII DEFAULTS AND REMEDIES

SECTION 8.1. Events of Default. Each of the following events is hereby defined as, and declared to be and shall constitute, an "Event of Default":

- (a) failure by the County to make any payment required to be made pursuant to Section 4.1(b) hereof within five (5) days after the same is due (provided, however, that an Event of Nonappropriation shall not result in an Event of Default under this provision);
- (b) failure by the County timely to comply with the provisions of Section 2.4 hereof relating to partition and vacating of 2022 Facilities at the times required;
- (c) failure by the County to make any payment required to be made pursuant to Section 4.1(c), 4.2 or 4.4 hereof or under the provisions of the Base Lease within 10 days after the same is due;
- (d) failure by the County to observe and perform any other covenant, condition or agreement on its part to be observed or performed under this Purchase and Use Agreement for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the County by the Trustee:
- (e) if any of the representations and warranties of the County hereunder shall prove to be false or misleading in any material respect as of the date such representations and warranties were made;
- (f) the failure by the County promptly to stay or lift any execution, garnishment or attachment of such consequence as will, in the reasonable judgment of the Trustee, materially impair its ability to carry out its obligations under this Purchase and Use Agreement (provided that the County shall not be in default so long as it is diligently prosecuting a bona fide appeal from any such execution, garnishment or attachment);
- (g) if the County shall (i) apply for or consent to the appointment of a receiver, trustee, or the like of the County or of property of the County, or (ii) admit in writing the inability of the County to pay its debts generally as they become due, or (iii) make a general assignment for the benefit of creditors, or (iv) be Page 25 of 31

Notwithstanding anything in this Purchase and Use Agreement to the contrary, (1) in the event of the atermination of the County's interest in any portion of the 2022 Facilities and subsequent thereto the Trustee shall receive a payment for the transfer of its interest in this Purchase and Use Agreement or total rental payments for leasing that are, after the payment of the Corporation's expenses in connection therewith, including fees and expenses of the Trustee, and the payment in full of all amounts owed to the Bond Insurer, if applicable, in excess of the principal amount of the Outstanding Bonds at the time of the Event of Default or Event of Nonappropriation and the interest due and to become due thereon (with amounts so received to be credited first to such interest and then to principal), then such excess shall be paid to the County by the Trustee, its assigns or its lessee and (2) the Trustee shall not be permitted to sell, lease or otherwise dispose of any interest in the Corporation Facilities following an Event of Nonappropriation until the Waiver Period has expired, unless such action is expressly subject to the rights of the Corporation, Trustee or the County, as the case may be, to waive such Event of Nonappropriation.

SECTION 8.3. Limitations on Remedies. A judgment requiring a payment of money may be entered against the County by reason of an Event of Default or Event of Nonappropriation only as to the County's liabilities described in Section 10.1 of this Purchase and Use Agreement.

SECTION 8.4. Cumulative Rights. No remedy conferred upon or reserved to the Corporation or the Trustee by this Purchase and Use Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Purchase and Use Agreement or now or hereafter existing at law or in equity or by statute. No waiver by the Corporation or the Trustee of any breach by the County of any of its obligations, agreements or covenants hereunder shall be deemed a waiver of any subsequent breach, or a waiver of any other obligation, agreement or covenant, and no delay or failure by the Corporation or the Trustee to exercise any right or power shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised by the Corporation or the Trustee from time to time and as often as may be deemed expedient.

SECTION 8.5. Discontinuance of Proceedings. In case the Corporation or the Trustee shall have proceeded to enforce any right under this Purchase and Use Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Corporation or the Trustee, then and in every such case the County, the Corporation, the Bond Insurer, and the Trustee shall be restored respectively to their several positions and rights hereunder and all rights, remedies and powers of the County, the Corporation, the Bond Insurer, and the Trustee shall continue as though no such proceeding had been taken.

## ARTICLE IX CONVEYANCE OF THE 2022 FACILITIES

### SECTION 9.1. Optional Purchase of the 2022 Facilities.

(a) <u>Purchase in Full</u>. The County is hereby granted the option to terminate this Purchase and Use Agreement and to purchase the Corporation's interest in the 2022 Facilities not theretofore acquired by the County at any time upon payment by the County of the then applicable Purchase Option Price and all other amounts payable hereunder (including any amounts owed to the Bond Insurer); provided, however, that no such termination shall relieve the County from its obligation to pay Administrative Expenses as provided in Section 4.4 hereof until the Series 2022 Bonds have been fully discharged and the Trust Agreement terminated. The County shall notify the Corporation and the Trustee of its intention to exercise this option, on or before the 45th day preceding the date of such purchase or such later date as may be acceptable to the Trustee, but in no event later than the 30th day preceding the date of such purchase, and shall provide funds

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adjudicated a bankrupt or insolvent, or (v) commence a voluntary case under the United States Bankruptcy Code or file a voluntary petition seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the United States Bankruptcy Code; or

(h) if there shall have occurred an event of default under any supplemental purchase and use agreement or with respect to any Series of Additional Bonds.

The foregoing provisions of this Section 8.1 are subject to the following provision: If, by reason of Force Majeure, the County shall be unable in whole or in part to carry out any agreement on its part herein contained, other than the obligations on the part of the County contained in Articles V and VI of this Purchase and Use Agreement, the County shall not be deemed in default during the continuance of such inability. The County agrees, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the County from carrying out its agreement, provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the County.

SECTION 8.2. Remedies. Subject at all times to the rights of the County under Section 2.1 hereof as to portions of the 2022 Facilities it has so acquired and subject in all respects to the rights of the Bond Insurer as provided hereunder or under the Trust Agreement, whenever any Event of Default referred to in Section 8.1 of this Purchase and Use Agreement shall have happened and be continuing, the Corporation (with written notice promptly given to the Trustee) and the Trustee any (with the consent or at the direction of the Bond Insurer) terminate the term of this Purchase and Use Agreement and shall give notice to the County to vacate the Corporation Facilities within 30 days from the date of such notice. Whenever an Event of Nonappropriation shall be deemed to occur, the term of this Purchase and Use Agreement shall terminate pursuant to Section 2.2(a) and the County shall vacate and deliver over to the Trustee possession of the Corporation Facilities by the time specified in Section 4.7 hereof.

Subject to the terms of the Trust Agreement and the Base Lease and the rights of the Bond Insurer, the Trustee may also (i) take whatever action at law or in equity which may appear necessary or desirable to enforce its rights in and to the 2022 Real Property and the 2022 Facilities under this Purchase and Use Agreement, the Security Documents and the Trust Agreement, subject, however, to the limitations set forth herein, and (ii) exercise all the rights and remedies of a secured party under the South Carolina Uniform Commercial Code.

In addition, the Trustee may, subject to Section 12.2 of the Trust Agreement, or at the direction of the Holders of the majority in aggregate principal amount of the Outstanding Bonds shall, without any further demand or notice, and subject to the terms of the Base Lease, including without limitation, the provisions in Section 6.1 of the Base Lease which provide that the Corporation Facilities shall always be operated for a civic or public purpose to the extent such requirement continues to be applicable under State law, take one or both of the following additional remedial steps:

- (a) The Trustee may liquidate its interest in this Purchase and Use Agreement or sell or assign its interest in the Base Lease; or
- (b) The Trustee may re-enter, relet, or assign its rights to the Corporation Facilities under such terms and conditions as it deems appropriate for the benefit of the Holders of the Bonds.

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for such prepayment or such other assurance thereof as may be acceptable to the Trustee. Upon the payment of the Purchase Option Price and the other amounts payable hereunder, the Corporation shall transfer and convey all its remaining interest in the 2022 Facilities to the County in the manner provided in Section 9.2

(b) Partial Prepayment of Installment Payments and Purchase. From and after September 1, 2032, the County is also granted the option to prepay Installment Payments on the due date of any Base Payments hereunder for the purpose of having such prepayments credited towards the purchase price of the 2022 Facilities. The County shall notify the Corporation and the Trustee of its intention to exercise this option, on or before the 45th day preceding the date of such prepayment or such later date as may be acceptable to the Trustee, but in no event later than the 30th day preceding the date of such prepayment, and shall provide funds for such prepayment or such other assurance thereof as may be acceptable to the Trustee.

### SECTION 9.2. Manner of Conveyance.

- (a) Complete Conveyance. At the closing of any purchase or other conveyance of all of the 2022 Facilities pursuant to Section 9.1(a) of this Purchase and Use Agreement, or at the conclusion of the term hereof by the payment of all amounts due hereunder, the Corporation and the Trustee shall execute and deliver to the County all necessary documents assigning, transferring and conveying all interest to the 2022 Facilities by an instrument terminating the Base Lease and this Purchase and Use Agreement and quit claim or special warranty deed, as the case may be, in the form as mutually agreed to by the Trustee, the Corporation and the County, subject to the following:
  - Permitted Encumbrances, other than this Purchase and Use Agreement and the Trust Agreement;
  - (ii) all liens, encumbrances and restrictions created or suffered to exist by the Corporation and the Trustee as required or permitted by this Purchase and Use Agreement or the Trust Agreement or arising as a result of any action taken or permitted to be taken by the Corporation or the Trustee as required or permitted by this Purchase and Use Agreement or the Trust Agreement; and
  - (iii) any lien or encumbrance created by action or inaction of or consented to by the County.
- (b) <u>Partial Convevance Resulting from Partition</u>. Upon any conveyance under Section 2.4 hereof, the Corporation and the Trustee shall execute and deliver to the County all necessary documents assigning, transferring and conveying all interest in the County Facilities by an instrument terminating the Base Lease and this Purchase and Use Agreement with respect to the County Facilities and quit claim or special warranty deed, as the case may be, in the form as mutually agreed to by the Trustee, the Corporation and the County, subject to the following:
  - Permitted Encumbrances, other than this Purchase and Use Agreement and the Trust Agreement;
  - (ii) all liens, encumbrances and restrictions created or suffered to exist by the Corporation and the Trustee as required or permitted by this Purchase and Use Agreement or the Trust Agreement or arising as a result of any action taken or permitted to be taken by the Corporation or the Truste as required or permitted by this Purchase and Use Agreement or the Trust Agreement; and
  - iii) any lien or encumbrance created by action or inaction of or consented to by the County

Neither the Trustee nor the Corporation shall be responsible for the recordation of any deed or other instrument for such purposes.

(c) <u>Partial Conveyance Resulting from Prepayment</u>. Any conveyance resulting from a partial payment under Section 9.1(b) hereof shall be made in the manner as all other conveyances with respect prepayment under Section 9.1(b) hereof s to payments on each Bond Payment Date.

## ARTICLE X MISCELLANEOUS

SECTION 10.1. Limitation of Liability of the Corporation and the County. Notwithstanding any other provision of this Purchase and Use Agreement, in the event of any default by either the Corporation or the County hereunder or under the Trust Agreement, any liability of the Corporation or the County shall be enforceable only out of its respective interest in the Base Lease and under this Purchase and Use Agreement and the moneys to be paid by the County through the later of the end of the Fiscal Year as to which Base Payments have been appropriated for or the conclusion of any holdover term as provided in Section 2.3 hereof, and there shall be no recourse for any claim based on this Purchase and Use Agreement, Section 2.3 hereof, and there shall be no recourse for any claim based on this Purchase and Use Agreement, the Trust Agreement or the Bonds, against any other property of the Corporation or the County or against any officer or employee, past, present or future, of the Corporation or the County or any successor body as such, either directly or through the Corporation or the County or any successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, and the liability of the Corporation and the County shall be limited to its interests in the Base Lease and interests under this Purchase and Use Agreement and the moneys to be paid by the County hereunder through the later of the end of the Fiscal Year as to which Base Payments have been appropriated therefor or the conclusion of any holdover term as provided in Section 2.3 hereof, and the lien of any judgment shall be restricted thereto, and there shall be no other recourse by the County against the Corporation or the Corporation against the County or any of the property now or hereafter owned by it or either of them.

SECTION 10.2. Surrender of Possession Upon Termination. Upon termination hereof or upon termination of all rights of the County hereunder, either by reason of an Event of Default or an Event of Nonappropriation, the County covenants that it will deliver up or cause to be delivered up peaceable possession of such of the 2022 Facilities as are determined under Section 2.4 hereof to be Corporation Facilities together with the related portion of the 2022 Real Property without delay, upon demand made by the Corporation or the Trustee, in good repair and operating condition, excepting reasonable wear and tear and damage, injury or destruction by fire or other casualty which, under the terms hereof, shall not have been repaired, reconstructed or replaced.

SECTION 10.3. Notices. Notices hereunder shall be given to the addresses shown below or to such other address as shall be filed in writing with the parties hereto as follows

Clarendon County, South Carolina ATTN: County Administrator 411 Sunset Drive Manning, South Carolina 29102

(with a copy, which does not constitute notice, to)

Michael E. Kozlarek, Esq. King Kozlarek Law LLC Post Office Box 565 Greenville, South Carolina 29602-0565 ph: 864.527.5941 fax: 864.670.5246

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- (c) To add to the covenants and agreements of the County herein contained, or to surrender any right or power herein reserved to or conferred upon the County; or
- (d) To increase the Base Payments hereunder to enable the County to proceed to acquire and install additional assets in addition to the 2022 Facilities or modify the Base Payments hereunder in connection with the issuance of Additional Bonds under the Trust Agreement or the redemption, refunding or defeasance of a series of Bonds; or
  - (e) To reflect a change in applicable law; or
  - (f) To make any amendments required by S&P as a condition to rating the Series 2022 Bonds.

The County and the Corporation may, with notice to but without the prior consent of the Trustee, and without the consent of the Holder of any Bond, but only with the consent of the Bond Insurer enter into any amendments hereto at any time and from time to time (i) to add additional property (including Additional amendments nerclo at any time and from time to time (1) to add additional property (including Additional Real Property to the description of the 2022 Real Property described in <u>Exhibit A</u> hereto, consistent with amendments made pursuant to Section 3.1 of the Base Lease, (ii) under the conditions specified in Section 5.1(c) hereof, to add, delete or modify 2022 Real Property in connection with a release or substitution (as applicable) of other 2022 Real Property, (iii) to release property from the description of the 2022 Real Property described in <u>Exhibit A</u> hereto, consistent with a termination of the Base Lease pursuant to Section 3.6 of the Base Lease, or (iv) to revise the description of Permitted Encumbrances specified in <u>Exhibit C</u> hereto in connection with any of the foregoing amendments.

Notwithstanding anything herein to be the contrary, the parties hereto may execute such amendment or supplement to this Purchase and Use Agreement as may be necessary or desirable (with the advice of Bond Counsel) to correct the legal description of the 2022 Real Property or Permitted Encumbrances applicable thereto in connection with such an amendment to the Base Lease and cause such supplement or a short form and summary thereof to be recorded in appropriate official records.

All other amendments must be approved, if and to the extent required by the Trust Agreement, by the Trustee, the Bond Insurer and the Holders of the Bonds.

SECTION 10.7. Successors and Assigns. All covenants, promises and agreements contained in this Purchase and Use Agreement by or on behalf of or for the benefit of the County or the Corporation, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not

SECTION 10.8. Applicable Law. This Purchase and Use Agreement shall be governed by, and interpreted under, the laws of the State.

SECTION 10.9. Recordation. At the option of the Corporation this Purchase and Use Agreement or a short form and summary hereof may be recorded in appropriate official records.

[TWO SIGNATURE PAGES AND SEVEN EXHIBITS FOLLOW [REMAINDER OF PAGE INTENTIONALLY BLANK]

Clarendon Facilities Corporation Attention: President c/o Land Parker Welch LLC Post Office Box 138 Manning, South Carolina 29102

(with a copy to the County, which does not constitute notice, as described above)

If to the Trustee: Regions Bank Attention: Corporate Trust Services 1180 West Peachtree Street Suite 1200 Atlanta, Georgia 30309

If to the Bond Insurer:

If to the Corporation:

Assured Guaranty Municipal Corp. Attention: Managing Director, Municipal Surveillance

1633 Broadway

New York, New York 10019 Telephone: 212.974.0100 Email: munidisclosure@agltd.com Re: Policy No. 222439-N

Duplicate copies of each notice, request, complaint, demand or other instrument or document given Duplicate Copies of each induce, request, complaint, demand or other instrument of working the comportation or the County to one or more of the others also shall be given to the others. The foregoing parties may designate, by notice given hereunder, any further or different addresses to which any subsequent notice, request, complaint, demand or other instrument or document shall be sent.

SECTION 10.4. Assignments. Except as expressly provided in the Trust Agreement, this Purchase and Use Agreement may not be assigned by either of the parties hereto without the written consent of the there party hereto and the written consent of the Truste and the Bond Insurer, if applicable. Except as provided in Section 8.2 hereof and the provisions of Articles VI and VII of the Trust Agreement, the Trustee shall not be permitted to further assign its interest in this Purchase and Use Agreement. Any assignment in contravention hereof shall be void.

SECTION 10.5. Severability. In case any provision of this Purchase and Use Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, by any court or administrative body of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision here. and this Purchase and Use Agreement shall be construed as if such provision had never been contained

SECTION 10.6. Amendments. The County and the Corporation may, with the prior consent of the Trustee, but without the consent of the Holder of any Bond, enter into any amendments hereto at any time for any of the following purposes:

- (a) To cure any ambiguity, defect or omission herein or in any amendment hereto; or
- (b) To grant to or confer upon the Corporation any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon it, including pledging additional fee in lieu of tax, or similar, agreements to secure the Bonds; or

WITNESS the due execution of this Installment Purchase and Use Agreement effective as of the date

(SEAL)	SELLER: CLARENDON FACILITIES CORPORATION
	By: President/Chairman, Board of Directors
	Attest:Secretary
STATE OF SOUTH CAROLINA )	·
COUNTY OF CLARENDON	ACKNOWLEDGMENT )
I	(notary), certify that
(name of person executing), as the	(title) of
(entity	), personally appeared before me this day and
acknowledged the due execution of the foreg	going instrument.
Witness my hand and official seal: December	er .2022
•	
	Notary Public for South Carolina
acknowledged the due execution of the foregoest Witness my hand and official seal: December	er, 2022

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first above written.	tailment Purchase and Use Agreement effective as of the date	<u>EXHIBIT A</u> LEGAL DESCRIPTION OF THE 2022 REAL PROP	PERTY
(SEAL)	BUYER CLARENDON COUNTY, SOUTH CAROLINA	Turbeville Fire Station	
WITNESS:	By:	All that certain piece, parcel or lot of land, situated in the Clarendon, State of South Carolina, containing 3.00 acres an particularly shown on that certain plat prepared by F. Davis M December 10, 2021; said plat having been recorded March 2. Office of the Register of Deeds for Clarendon County in Pl at Page 10 and incorporated herein by referenced pursuant t 5-250 of the Code of Laws for South Carolina (1976, as ame	nd being more Mitchum dated 4, 2022 in the lat Book 1240 to Section 30-
STATE OF SOUTH CAROLINA ) COUNTY OF CLARENDON	Clerk to County Council  ACKNOWLEDGMENT )  (notary), certify that	This being a portion of the same property conveyed to T Baptist Orphanage of South Carolina, Inc. a/k/a Free Will B by deed of D.R. Coker dated January 14, 1956 and recorde 1956 in the Office of the Register of Deeds for Clarendon C Book C16 at Page 146; also by deed from Dannie R. Coker d 25, 1948 and recorded November 1, 1948 in Book D8 at Page deed from Mary I, Turbeville dated September 25, 1939 September 25, 1939 in Book B8 at Page 511.	Saptist Church d February 2, ounty in Deed dated October e 320; also by
	e(title) of	Portion of Tax Map Parcel number: 316-16-04-010-00	
	ity), personally appeared before me this day and		
acknowledged the due execution of the fo	oregoing instrument.	E911/EMERGENCY OPERATIONS CENTER	
Witness my hand and official seal: December, 2022		П	
	Notary Public for South Carolina My Commission expires:	PUBLIC WORKS/FLEET MAINTENANCE COMPLEX [TBU]  LAW ENFORCEMENT ANNEX [TBU]	
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## EXHIBIT B CONVEYED IMPROVEMENTS

All existing improvements and personal property located on the 2022 Real Property.

## EXHIBIT C PERMITTED ENCUMBRANCES

Any mortgages, liens, financing statements, security interests, easements, leases, restrictive covenants, agreements, options, claims, clouds, encroachments, rights, taxes, assessments, mechanics' or materialmen's liens (inchoate or perfected), and other encumbrances of any nature whatsoever, of record.

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### EXHIBIT D VALUATION OF 2022 FACILITIES

E911 EMERGENCY OPERATIONS FACILITY
ASSIGNED VALUE AS OF DATE OF EXECUTION AND DELIVERY OF AGREEMENT:
\$7.211,010.02
(49.157309% of Aggregate)

	% Purchase of F Operations Fac			% Purchase of E Operations Fac	
Date	Incremental	Aggregate	Date	Incremental	Aggregate
3/1/2023	0.28641%	0.28641%	9/1/2035	1.56666%	25.30164%
9/1/2023	1.13112%	1.41753%	3/1/2036	0.39367%	25.69531%
3/1/2024	0.66029%	2.07782%	9/1/2036	1.59575%	27.29106%
9/1/2024	1.33346%	3.41128%	3/1/2037	0.36963%	27.66069%
3/1/2025	0.64346%	4.05474%	9/1/2037	1.61979%	29.28048%
9/1/2025	1.34548%	5.40022%	3/1/2038	0.34462%	29.62510%
3/1/2026	0.62591%	6.02613%	9/1/2038	1.64287%	31.26798%
9/1/2026	1.36639%	7.39252%	3/1/2039	0.31866%	31.58664%
3/1/2027	0.60740%	7.99992%	9/1/2039	1.67461%	33.26124%
9/1/2027	1.38635%	9.38627%	3/1/2040	0.28985%	33.55109%
3/1/2028	0.58793%	9.97420%	9/1/2040	1.69388%	35.24497%
9/1/2028	1.40534%	11.37954%	3/1/2041	0.26001%	35.50498%
3/1/2029	0.56749%	11.94703%	9/1/2041	1.73136%	37.23633%
9/1/2029	1.42337%	13.37040%	3/1/2042	0.22874%	37.46508%
3/1/2030	0.54609%	13.91650%	9/1/2042	1.75779%	39.22287%
9/1/2030	1.44044%	15.35694%	3/1/2043	0.19625%	39.41912%
3/1/2031	0.52373%	15.88067%	9/1/2043	1.79262%	41.21174%
9/1/2031	1.46617%	17.34684%	3/1/2044	0.16033%	41.37207%
3/1/2032	0.50017%	17.84701%	9/1/2044	1.82401%	43.19609%
9/1/2032	1.49069%	19.33770%	3/1/2045	0.12290%	43.31899%
3/1/2033	0.47541%	19.81311%	9/1/2045	1.86351%	45.18250%
9/1/2033	1.51401%	21.32712%	3/1/2046	0.08374%	45.26624%
3/1/2034	0.44945%	21.77657%	9/1/2046	1.90128%	47.16752%
9/1/2034	1.53613%	23.31270%	3/1/2047	0.04284%	47.21036%
3/1/2035	0.42228%	23.73498%	9/1/2047	1.94694%	49.15730%

 $\frac{Turbeville-Area Fire Station}{Assigned \ Value \ As \ of \ Date \ of \ Execution \ and \ Delivery \ of \ Agreement:}{\$1,545,216.43}$ (10.53371% of Aggregate)

	% Purchase of Turbeville-Area Fire Station Purchased				% Purchase of Turk Station Pu	
Date	Incremental	Aggregate	Date	Incremental	Aggregate	
3/1/2023	0.06137%	0.06137%	9/1/2035	0.33571%	5.42178%	
9/1/2023	0.24238%	0.30376%	3/1/2036	0.08436%	5.50614%	
3/1/2024	0.14149%	0.44525%	9/1/2036	0.34195%	5.84808%	
9/1/2024	0.28574%	0.73099%	3/1/2037	0.07921%	5.92729%	
3/1/2025	0.13788%	0.86887%	9/1/2037	0.34710%	6.27439%	
9/1/2025	0.28832%	1.15719%	3/1/2038	0.07385%	6.34824%	
3/1/2026	0.13412%	1.29131%	9/1/2038	0.35204%	6.70028%	
9/1/2026	0.29280%	1.58411%	3/1/2039	0.06828%	6.76856%	
3/1/2027	0.13016%	1.71427%	9/1/2039	0.35884%	7.12741%	
9/1/2027	0.29707%	2.01134%	3/1/2040	0.06211%	7.18952%	
3/1/2028	0.12598%	2.13733%	9/1/2040	0.36297%	7.55249%	
9/1/2028	0.30114%	2.43847%	3/1/2041	0.05572%	7.60821%	
3/1/2029	0.12161%	2.56008%	9/1/2041	0.37101%	7.97921%	
9/1/2029	0.30501%	2.86509%	3/1/2042	0.04902%	8.02823%	
3/1/2030	0.11702%	2.98211%	9/1/2042	0.37667%	8.40490%	
9/1/2030	0.30867%	3.29077%	3/1/2043	0.04205%	8.44695%	
3/1/2031	0.11223%	3.40300%	9/1/2043	0.38413%	8.83109%	
9/1/2031	0.31418%	3.71718%	3/1/2044	0.03436%	8.86544%	
3/1/2032	0.10718%	3.82436%	9/1/2044	0.39086%	9.25630%	
9/1/2032	0.31943%	4.14379%	3/1/2045	0.02634%	9.28264%	
3/1/2033	0.10187%	4.24567%	9/1/2045	0.39932%	9.68196%	
9/1/2033	0.32443%	4.57010%	3/1/2046	0.01794%	9.69991%	
3/1/2034	0.09631%	4.66641%	9/1/2046	0.40742%	10.10733%	
9/1/2034	0.32917%	4.99558%	3/1/2047	0.00918%	10.11651%	
3/1/2035	0.09049%	5.08607%	9/1/2047	0.41720%	10.53371%	

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PUBLIC WORKS/FLEET MAINTENANCE FACILITY

Assigned Value As of Date of Execution and Delivery of Agreement: \$4,738,663.72 (32.30337% of Aggregate)

% Purchase of Public Works/Fleet
Maintenance Facility Purchased
Incremental Aggregate
0.18821% 0.18821%
0.74331% 0.93152% % Purchase of Public Works/Fleet Maintenance Facility Purchased Incremental Aggregate 1.02952% 16.62679% 0.25870% 16.88549% <u>Date</u> 3/1/2023 9/1/2023 <u>Date</u> 9/1/2035 3/1/2036 3/1/2024 0.43391% 1.36543% 9/1/2036 1.04864% 17.93412% 9/1/2024 9/1/2024 3/1/2025 9/1/2025 0.87627% 0.42285% 0.88417% 2.24170% 2.66454% 3.54871% 3/1/2037 9/1/2037 3/1/2038 0.24290% 1.06444% 0.22647% 18.17702% 19.24146% 19.46793% 3/1/2026 9/1/2026 3/1/2027 1.07960% 0.20940% 1.10046% 0.19047% 20.54753% 20.75693% 21.85739% 22.04786% 0.41131% 3.96003% 9/1/2038 4.85794% 5.25709% 6.16812% 0.89792% 0.39915% 3/1/2039 9/1/2039 9/1/2027 0.91103% 3/1/2040 1.11312% 0.17086% 1.13775% 3/1/2028 0.38635% 6.55447% 9/1/2040 23.16098% 9/1/2028 9/1/2028 3/1/2029 0.92351% 0.37292% 7.47798% 7.85091% 3/1/2041 9/1/2041 23.33184% 24.46959% 9/1/2029 0.93536% 8.78626% 3/1/2042 0.15032% 24.61991% 3/1/2030 9/1/2030 3/1/2031 0.35886% 0.94658% 0.34417% 9.14513% 10.09170% 10.43587% 9/1/2042 9/1/2042 3/1/2043 9/1/2043 1.15512% 0.12897% 1.17800% 25.77503% 25.90399% 27.08200% 27.18736% 28.38600% 28.46676% 29.69136% 9/1/2031 0.96348% 11.39935% 3/1/2044 0.10536% 0.32869% 0.97960% 0.31241% 1.19864% 0.08076% 1.22460% 3/1/2032 9/1/2032 11.72804% 12.70763% 9/1/2044 3/1/2045 3/1/2033 13.02005% 9/1/2045 9/1/2033 3/1/2034 9/1/2034 0.31241% 0.99492% 0.29535% 1.00946% 0.27750% 29.74638% 30.99580% 31.02395% 14.01497% 3/1/2046 0.05503% 14.31032% 15.31977% 9/1/2046 3/1/2047 1.24942% 0.02815% 3/1/2035 1.27942% 15.59727% 9/1/2047 32.30337%

LAW ENFORCEMENT ANNEX

Assigned Value As of Date of Execution and Delivery of Agreement: \$1,174,364.49

(8.00562% of Aggregate)

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	% Purchase of La Annex Pu			% Purchase of La Annex Pu	
Date	Incremental	Aggregate	Date	Incremental	Aggregate
3/1/2023	0.04664%	0.04664%	9/1/2035	0.25514%	4.12055%
9/1/2023	0.18421%	0.23085%	3/1/2036	0.06411%	4.18466%
3/1/2024	0.10753%	0.33839%	9/1/2036	0.25988%	4.44454%
9/1/2024	0.21716%	0.55555%	3/1/2037	0.06020%	4.50474%
3/1/2025	0.10479%	0.66034%	9/1/2037	0.26379%	4.76854%
9/1/2025	0.21912%	0.87946%	3/1/2038	0.05612%	4.82466%
3/1/2026	0.10193%	0.98140%	9/1/2038	0.26755%	5.09221%
9/1/2026	0.22253%	1.20393%	3/1/2039	0.05190%	5.14411%
3/1/2027	0.09892%	1.30284%	9/1/2039	0.27272%	5.41683%
9/1/2027	0.22578%	1.52862%	3/1/2040	0.04720%	5.46403%
3/1/2028	0.09575%	1.62437%	9/1/2040	0.27586%	5.73989%
9/1/2028	0.22887%	1.85324%	3/1/2041	0.04234%	5.78224%
3/1/2029	0.09242%	1.94566%	9/1/2041	0.28196%	6.06420%
9/1/2029	0.23181%	2.17747%	3/1/2042	0.03725%	6.10146%
3/1/2030	0.08894%	2.26640%	9/1/2042	0.28627%	6.38772%
9/1/2030	0.23459%	2.50099%	3/1/2043	0.03196%	6.41969%
3/1/2031	0.08529%	2.58628%	9/1/2043	0.29194%	6.71163%
9/1/2031	0.23878%	2.82506%	3/1/2044	0.02611%	6.73774%
3/1/2032	0.08146%	2.90651%	9/1/2044	0.29705%	7.03479%
9/1/2032	0.24277%	3.14928%	3/1/2045	0.02002%	7.05481%
3/1/2033	0.07742%	3.22671%	9/1/2045	0.30349%	7.35829%
9/1/2033	0.24657%	3.47327%	3/1/2046	0.01364%	7.37193%
3/1/2034	0.07320%	3.54647%	9/1/2046	0.30964%	7.68157%
9/1/2034	0.25017%	3.79664%	3/1/2047	0.00698%	7.68855%
3/1/2035	0.06877%	3 865/11%	9/1/2047	0.21707%	8.0056294

#### PERCENTAGES PURCHASED FROM BASE PAYMENTS

Payment	% of Facilities		Payment	% of Facilities	
Date	Incremental	Aggregate	Date	Incremental	Aggregate
3/1/2023	0.58263%	0.58263%	9/1/2035	3.18704%	51.47076%
9/1/2023	2.30103%	2.88366%	3/1/2036	0.80084%	52.27160%
3/1/2024	1.34322%	4.22688%	9/1/2036	3.24621%	55.51781%
9/1/2024	2.71263%	6.93951%	3/1/2037	0.75193%	56.26974%
3/1/2025	1.30899%	8.24850%	9/1/2037	3.29512%	59.56486%
9/1/2025	2.73709%	10.98559%	3/1/2038	0.70107%	60.26592%
3/1/2026	1.27328%	12.25887%	9/1/2038	3.34207%	63.60800%
9/1/2026	2.77964%	15.03850%	3/1/2039	0.64824%	64.25624%
3/1/2027	1.23562%	16.27413%	9/1/2039	3.40663%	67.66287%
9/1/2027	2.82023%	19.09436%	3/1/2040	0.58963%	68.25250%
3/1/2028	1.19601%	20.29037%	9/1/2040	3.44583%	71.69833%
9/1/2028	2.85887%	23.14923%	3/1/2041	0.52894%	72.22727%
3/1/2029	1.15444%	24.30367%	9/1/2041	3.52208%	75.74934%
9/1/2029	2.89555%	27.19922%	3/1/2042	0.46533%	76.21467%
3/1/2030	1.11091%	28.31013%	9/1/2042	3.57585%	79.79052%
9/1/2030	2.93027%	31.24040%	3/1/2043	0.39923%	80.18976%
3/1/2031	1.06543%	32.30583%	9/1/2043	3.64669%	83.83645%
9/1/2031	2.98260%	35.28843%	3/1/2044	0.32616%	84.16261%
3/1/2032	1.01750%	36.30592%	9/1/2044	3.71057%	87.87318%
9/1/2032	3.03249%	39.33841%	3/1/2045	0.25002%	88.12319%
3/1/2033	0.96712%	40.30553%	9/1/2045	3.79092%	91.91412%
9/1/2033	3.07993%	43.38546%	3/1/2046	0.17034%	92.08446%
9/1/2034	3.12492%	47.42469%	9/1/2046	3.86776%	95.95222%
3/1/2035	0.85904%	48.28372%	3/1/2047	0.08715%	96.03937%
			0/1/2047	2.0000287	100 000000/

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## $\frac{\text{EXHIBIT F}}{\text{FORM OF CONTINUING DISCLOSURE UNDERTAKING}}$

### CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking ("Undertaking") is executed and delivered by Clarendon County, South Carolina ("County"), pursuant to Securities and Exchange Commission Rule 15:2-12 ("Rule") and in connection with the issuance of \$15,265,000 Clarendon Facilities Corporation Installment Purchase Revenue Bonds Series 2022 ("Bonds"). The Bonds are issued under the following conditions:

- 1. The County and Clarendon Facilities Corporation ("Corporation") have entered into a Base Lease and Conveyance Agreement, dated of even date with the Bonds' delivery pursuant to which the County is leasing the 2022 Real Property to the Corporation so that the Corporation may provide for (i) the acquisition of certain real property and the construction on the real property of public facilities and (ii) the acquisition, construction, and equipping of certain existing public facilities.
- 2. To provide funds to acquire, construct, improve, expand, install, and equip the 2022 Projects, the Corporation has provided for the issuance of the Bonds, dated, and delivered of even date with this Undertaking, under and by the terms of a Trust Agreement, dated of even date with the Bonds' delivery, by and between the Corporation and Regions Bank, as trustee.
- This Undertaking is being executed and delivered by the County for the benefit of the holders and Beneficial Owners of the Bonds and to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

In connection with the issuance of the Bonds, the County represents, covenants, and agrees as follows:

SECTION 1. Definitions. The following capitalized terms have the following meanings:

"Accounting Principles" means generally accepted accounting principles as applicable to governmental entities from time to time by the Governmental Accounting Standards Board.

"Annual Information Report" means any Annual Information Report provided by the County pursuant to, and as described in, Sections 2 and 3 of this Undertaking.

"Beneficial Owner" means any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding any Bonds through nominees, depositories or other intermediaries).

"Business Day" has the meaning assigned to such term in the Resolution.

"EMMA" means the Electronic Municipal Market Access system for municipal securities disclosure of the MSRB. Until otherwise designated by the MSRB or SEC, filings with the MSRB are to be made through the EMMA website currently located at <a href="http://emma.msrb.org">http://emma.msrb.org</a>.

"Listed Events" means any of the events listed in Section 4(a) of this Undertaking.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

EXHIBIT E

RASE PAYMENTS SCHEDULE

Payment Date	Payment Amour
3/1/2023	\$148,912
9/1/2023	588,106
3/1/2024	343,306
9/1/2024	693,306
3/1/2025	334,556
9/1/2025	699,556
3/1/2026	325,431
9/1/2026	710,431
3/1/2027	315,806
9/1/2027	720,806
3/1/2028	305,681
9/1/2028	730,681
3/1/2029	295,056
9/1/2029	740,056
3/1/2030	283,931
9/1/2030	748,931
3/1/2031	272,306
9/1/2031	762,306
3/1/2032	260,056
9/1/2032	775,056
3/1/2033	247,181
9/1/2033	787,181
3/1/2035	219,556
9/1/2035	814,556
3/1/2036	204,681
9/1/2036	829,681
3/1/2037	192,181
9/1/2037	842,181
3/1/2038	179,181
9/1/2038	854,181
3/1/2039	165,681
9/1/2039	870,681
3/1/2040	150,700
9/1/2040	880,700
3/1/2041	135,188
9/1/2041	900,188
3/1/2042	118,931
9/1/2042	913,931
3/1/2043	102,038
9/1/2043	932,038
3/1/2044	83,363
9/1/2044	948,363
3/1/2045	63,900
9/1/2045	968,900
3/1/2046	43,538
9/1/2046	988,538
3/1/2046	988,338 22,275
9/1/2047	1,012,275
9/1/204/	1,012,2/5

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"Official Statement" means the final Official Statement relating to the issuance of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"State" means the State of South Carolina.

"Underwriter" means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

Capitalized terms not otherwise defined herein have the meanings set forth in the Official Statement.

**SECTION 2. Provision of Annual Information Reports.** For so long as shall be required by the Rule:

- (a) The County shall provide or cause to be provided not later than February 1 following the close of its fiscal year, commencing with the report for the fiscal year ended June 30, 2022, to the MSRB in electronic format, as prescribed by the MSRB (currently through EMMA) and accompanied by identifying information as prescribed by the MSRB, an Annual Information Report which is consistent with the requirements of Section 3 of this Undertaking. The Annual Information Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information according to applicable MSRB and SEC requirements; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Information Report and later than the date required above for the filing of the Annual Information Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 4(b).
- (b) If the County is unable to provide to the MSRB an Annual Information Report by the date required in Section 2(a), it shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Schedule I. If any of the audited financial statements required to be included in the Annual Information Report are not available by the time the Annual Information Report is required to be filed pursuant to Section 2(a), the Annual Information Report shall contain unaudited financial statements and the audited financial statements shall be filed with the MSRB in the same manner as the Annual Information Report when they become available.

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

(a) The audited financial statements of the County for the prior fiscal year, prepared according to Accounting Principles, and which shall be accompanied by an audit report, if available at the time of submission of the Annual Information Report to EMMA pursuant to Section 2(a) above, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with Accounting Principles.

- (b) If Accounting Principles have changed since the last Annual Information Report was submitted pursuant to this certificate and if such changes are material to the County, a narrative explanation describing the impact of such changes on the County.
  - (c) The County's budget for the then-current fiscal year.
- (d) To the extent such items are not included in the financial statements referred to in Section 2 above, an update of the tables (but not the narrative portion) included in the Official Statement under
  - "DEBT STRUCTURE Outstanding General Obligation Indebtedness":
  - "CERTAIN FISCAL MATTERS Tax Collection Record";
  - "CERTAIN FISCAL MATTERS Assessed Values of the County": (iii)
  - (iv) "CERTAIN FISCAL MATTERS - Ten Largest Taxpayers"; and
  - Computation of the legal debt margin for general obligation bonds as set forth (v) in the Official Statement under the heading "DEBT STRUCTURE - Legal Debt Limit of the County".

The County may modify the presentation of any part of the annual information required by this section if such changes are immaterial to an understanding of the substantive nature of the data provided. The County may further omit or modify any part of the annual information required by this section if the operations to which it relates have been discontinued or materially changed, in which case the County will include an explanation to that effect as part of the annual information for the year in which such event first occurs.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the County is an "obligated person" (as defined by the Rule), which have been filed according to the Rule and other rules of the Securities Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by

#### SECTION 4. Reporting of Significant Events. For so long as shall be required by the Rule:

- (a) The County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds (each a "Listed Event"), within 10 Business Days from that occurrence, and file a notice of such occurrence with the MSRB:
  - 1. Principal and interest payment delinquencies;
  - 2. Non-payment related defaults, if material;
  - 3. Unscheduled draws on the debt service reserves reflecting financial difficulties;
  - 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
  - 5. Substitution of credit or liquidity providers, or their failure to perform;
  - 6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Undertaking, the County may amend this Undertaking, and any provision of this Undertaking may be waived, provided

- (a) If the amendment or waiver relates to the provisions of Sections 2(a), 3 or 4(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of owners, or (ii) does not in the opinion of nationally recognized bond counsel, materially impair the interests of the owners or Beneficial Owners.
- (d) In the event of any amendment or waiver of a provision of this Undertaking, the County shall describe such amendment in the next Annual Information Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of Accounting Principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the Accounting Principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 4, and (ii) the Annual Information Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new Accounting Principles and those prepared on the basis of the former accounting principles.
- SECTION 7. Additional Information. Nothing in this Undertaking shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Information Report or notice required to be filed pursuant to this Undertaking, in addition to that which is required by this Undertaking. If the County chooses to include any information in any Annual Information Report or notice in addition to that which is specifically required by this Undertaking, the County shall have no obligation under this Undertaking to update such information or include it in any future Annual Information Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 8. Default. This Undertaking shall be solely for the benefit of the owners and Beneficial Owners from time to time of the Bonds. The exclusive remedy for any breach of the Undertaking by the County shall be limited, to the extent permitted by law, to a right of owners and Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the County of its obligations under the Undertaking. Any individual owner or Beneficial Owner may institute and maintain, or cause to

notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

- 7. Modifications to rights of bondholders, if material;
- 8. Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent on the occurrence of an event);

  - $10.\ Release, substitution\ or\ sale\ of\ property\ securing\ repayment\ of\ the\ Bonds,\ if\ material;$
  - 11. Rating changes:
  - 12. Bankruptcy, insolvency, receivership, or similar event of the County

(For the purposes of the events identified in item no. 12, a listed event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan for reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);

- 13. The consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such actions or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if
- 14. Appointment of a successor or additional trustee or registrar/paying agent, or a change in the name of a registrar/paying agent, if material;
- 15. Incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect bondholders, if material; or
- 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties.

(For purposes of the events identified in items no. 15 and 16, the term "financial obligation" is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been otherwise provided to the MSSB consistent with the Rule. In complying with items no. 15 and 16, the County intends to apply the guidance provided by the Rule or other applicable federal securities law, including, for example, SEC Release No. 3-48-8886 (August 20, 2018) and any future guidance provided by the SEC or its staff.).

(b) The County shall give, or cause to be given, voluntary notice of the issuance of any County general obligation debt, which is not subject to a voter-approved referendum, regardless of the materiality or principal amount thereof, within 10 Business Days after the issuance of that debt and file a notice of such occurrence with the MSRB.

SECTION 5. Termination of Reporting Obligation. With respect to the Bonds, the County's obligations under this Undertaking shall terminate on the defeasance, prior redemption, or payment in full of all the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Section 4.

be instituted and maintained, such proceedings to require the County to provide or cause to be provided a pertinent filing if such filing is due and has not been made. Any such proceedings to require the County to perform any other obligation under the Undertaking (including any proceedings that contest the sufficiency of any pertinent filing) shall be instituted and maintained only by a trustee or registrar/paying agent appointed by the owners or Beneficial Owners of not less than 25 percent in principal amount of the Bonds.

SECTION 9. Beneficiaries. This Undertaking shall inure solely to the benefit of the County, the Underwriter and owners and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

SECTION 10. Dissemination Agent. The County may, from time to time, appoint a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and the County may, from time to time, discharge the Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not a designated Dissemination Agent, the County shall be the Dissemination Agent.

SECTION 11. Severability. In case any section or provision of this Undertaking, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be illegal or invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section provision, covenant, stipulation, obligation, agreement, act or action, or part hereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 12. State-Mandated Continuing Disclosure. In addition to any other requirements in this Undertaking, the County agrees (to the extent applicable), pursuant to Section 11-1-85 of the Code of Laws of South Carolina, as amended, to file with the MSRB (a) the County's annual independent audit within 30 days of receipt and (b) event-specific information within 30 days of an event adversely affecting more than five percent of the County's revenue or tax base. The County expects that, in meeting the requirements of Sections 3 and 4 of this Undertaking, the County will also meet the requirements of this Section 12; however, to the extent the County is required to file certain information according to the referenced State law, which the County is not required to file according to the Rule or other provision of this Undertaking, the County intends to provide that information to the MSRB.

SECTION 13. Governing Law. This Undertaking shall be deemed to be an agreement made under the Rule and the laws of the State and for all purposes shall be governed by and construed according to the Rule and the laws of the State (without regard to the conflicts of law provisions thereof).

IN WITNESS WHEREOF, the County has caused this Undertaking to be executed by its duly authorized representative, all as of the date first above written.

### CLARENDON COUNTY, SOUTH CAROLINA

Chairman,	County Council	

Date: December 14, 2022

## $\frac{\text{SCHEDULE I}}{\text{NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD}}$ OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Name of Bond Issue: CLARENDON FACILITIES CORPORATION \$15,265,000 INSTALLMENT PURCHASE REVENUE BONDS SERIES 2022

December 7, 2022 December 14, 2022 Date of Official Statement: Date of Issuance:

CUSIPs:

180374 CE8 180374 CG3 180374 CH1 180374 CH1 180374 CH7 180374 CK4 180374 CL2 180374 CM8 180374 CM8 180374 CP3 180374 CP3 180374 CR9 180374 CS7 180374 CS7

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the referenced Bonds as required by Section 3 of the Continuing Disclosure Undertaking dated December 14, 2022. The County anticipates that the Annual Report will be filed on or before \_\_\_\_\_

CLARENDON COUNTY, SOUTH CAROLINA

Chief Financial Officer Date:

F-8

### TRUST AGREEMENT

between

### CLARENDON FACILITIES CORPORATION

and

REGIONS BANK, as Trustee

\$15,265,000 Clarendon Facilities Corporation Installment Purchase Revenue Bonds Series 2022

Dated: December 14, 2022

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#### TRUST AGREEMENT

This TRUST AGREEMENT dated December 14, 2022 ("Trust Agreement"), is made by and between CLARENDON FACILITIES CORPORATION, a nonprofit corporation organized and existing under the laws of the State of South Carolina ("Corporation"), and REGIONS BANK, a state banking corporation organized and existing under the laws of the State of Alabama, with a corporate trust office located in Atlanta, Georgia, as trustee ("Trustee").

#### WITNESSETH

WHEREAS, the Corporation is authorized under the provisions of Title 33, Chapter 31, of the Code of Laws of South Carolina 1976, as amended ("South Carolina Code") to enter into this Trust Agreement;

WHEREAS, the County has heretofore entered a Base Lease and Conveyance Agreement dated of even date herewith ("Base Lease") with the Corporation, pursuant to which the County has leased certain real property, which includes the 2022 Real Property, as more particularly described in the Base Lease ("2022 Real Property"), and has conveyed the existing facilities located thereon (collectively, "Conveyed Improvements"), as more fully described in the Base Lease, to the Corporation;

WHEREAS, the Corporation has heretofore entered an Installment Purchase and Use Agreement dated of even date herewith ("Purchase and Use Agreement") with the County, pursuant to which the County will purchase the 2022 Facilities (as defined in the Purchase and Use Agreement) from the Corporation under the provisions of the Purchase and Use Agreement and the County will be entitled to occupy the 2022 Facilities pending completion of the payment therefor;

WHEREAS, to provide funds to pay the costs of acquiring, constructing, improving, expanding, installing, and equipping the 2022 Projects, the Corporation will issue its not exceeding \$15,265,000 Installment Purchase Revenue Bonds Series 2022 Bonds ("Series 2022 Bonds"), pursuant to the terms of this Trust Agreement;

WHEREAS, the Corporation desires to enter into this Trust Agreement to prescribe the terms and conditions of the Series 2022 Bonds and the security therefor and to provide for the issuance of one or more series of additional bonds ("Additional Bonds," together with the Series 2022 Bonds, "Bonds") to be secured under the terms hereof on a parity with the Series 2022 Bonds, and the Corporation and the Trustee are each authorized to execute and deliver this Trust Agreement and to do or cause to be done all acts provided or required to be performed on their respective parts;

WHEREAS, the Bonds are and will be secured by this Trust Agreement, and the Corporation and the Trust Agreement and to do or cause to be done all acts provided or required to be performed on their respective parts;

WHEREAS, the source of payment and security for the Bonds, the rights (except for certain reserved rights described) of the Corporation under the Purchase and Use Agreement and certain of the payments to be made by the County under the Purchase and Use Agreement are being assigned, among other things, to the Trustee hereunder:

WHEREAS, payment of the scheduled principal and interest on the Series 2022 Bonds will be guaranteed by a municipal bond insurance policy ("Insurance Policy") issued by Assured Guaranty Municipal Corp., or any successor thereto or assignee thereof ("Bond Insurer"); and

WHEREAS, the Trustee has accepted the trusts created by this Trust Agreement, and in evidence thereof has joined in the execution hereof.

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and future Holders of the Bonds executed and delivered under and secured by this Trust Agreement; for the enforcement of the payment of Base Payments by the County when payable, according to the true intent and meaning thereof and of this Trust Agreement; and to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Trust Agreement, in each case, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other Bond by reason of series designation, number, date of the Bond or of authorization, sale, execution, delivery or maturity thereof, or otherwise, so that each of the Bonds has the same right, lien and privilege under this Trust Agreement as all other Bonds and shall be secured equally and ratably hereby, it being intended that the lien and security of this Trust Agreement shall take effect from the date hereof, without regard to the date of the actual execution, delivery, sale or disposition of the Bonds as though upon that date all of the Bonds were actually executed, sold and delivered to purchasers for value; provided, however, that the amounts on deposit in the subaccounts, if any, of the Facilities Purchase Account and Reserve Account established for a particular series of Bonds shall be available solely for the benefit of such series (and for no other series) of Bonds; and provided, further, that:

- (i) if the principal of the Bonds and premium, if any, and the interest due or to become due with respect thereto shall be well and truly paid, at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the Outstanding Bonds of a particular Series has been paid and discharged in accordance with Article IX hereof; and
- (ii) if all of the covenants, agreements, obligations, terms and conditions of the Corporation under this Trust Agreement have been kept, performed and observed and there has been paid to the Trustee, as such and as the Paying Agent (as defined herein), all sums of money due or to become due to it in accordance with the terms and provisions hereof, then, this Trust Agreement and the rights assigned hereby shall cease, determine and be void with respect to the Bonds, except as provided in Section 9.2 hereof with respect to the survival of certain provisions hereof; otherwise, this Trust Agreement shall be and remain in full force and effect.

It is declared that all Bonds executed and delivered hereunder and secured hereby are to be executed, authenticated and delivered, and that all property assigned hereby is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Trust Agreement. The Corporation and the Trustee have each agreed and covenanted, and agree and covenant with each and all Holders, as follows:

#### ARTICLE I DEFINITIONS

SECTION 1.1 Definitions. Terms used herein without other definition have the meanings provided therefore in the Purchase and Use Agreement unless the context or use clearly indicates another meaning or intent. In addition, the following words and terms have the meanings set forth below unless the context or use clearly indicates another meaning or intent:

"2022 Facilities" shall have the meaning set forth in the Purchase and Use Agreement.

"2022 Real Property" shall have the meaning set forth in the Recitals hereof.

"2022 Reserve Requirement" means, as of the date of delivery of the Series 2022 Bonds, \$1,036,612.50.

"Account" means any account in the Project Fund or Bond Fund or any account described in or created by the Trustee pursuant to Article V.

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that to secure the payment of the principal of, premium, if any, and interest on the Bonds, to secure the performance and observance of all the covenants, agreements, obligations and conditions contained therein and herein; and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be executed, delivered, held, secured and enforced; and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Holders thereof, and for other good and valuable consideration, the receipt of which is acknowledged, the Corporation has executed and delivered this Trust Agreement and absolutely assigns hereby and grants a security interest herein to the Trustee, and to its successors in trust, and its and their assigns all of the following described collateral, whether presently owned or subsequently acquired by the Corporation ("Trust Estate"):

#### GRANTING CLAUSE FIRST

All right, title and interest of the Corporation in and to the Revenues (as defined herein), including, without limitation, all Installment Payments (as defined in the Purchase and Use Agreement) and other amounts receivable by or on behalf of the Corporation under the Purchase and Use Agreement; subject to certain reserved rights described in Sections 4.2, 4.4, 4.5 and 5.5 of the Purchase and Use Agreement, as described and referenced in Section 4.5 thereof ("Reserved Rights").

#### GRANTING CLAUSE SECOND

All of the Corporation's right, title, and interest in and to the 2022 Facilities, the Purchase and Use Agreement (except for the Reserved Rights), the Base Lease and the property rights evidenced thereby in the 2022 Real Property, including all the right, title, and interest of the Corporation in and to (a) all of the rents, issues, profits, revenues, income, receipts, moneys, royalties, rights, and benefits of and from the 2022 Real Property, and from and in connection with the Corporation's ownership of the 2022 Facilities, including, without limiting the generality of the foregoing, rents and revenues under any and all leases of the 2022 Real Property or the 2022 Facilities or any agreement for the operation or management of the 2022 Real Property or the 2022 Facilities, and (b) all leases of all or part of the 2022 Facilities hereafter made, executed, or delivered, whether oral or written, together with any and all renewals, extensions, and modifications thereof and any guarantees of the lessees' obligations thereof and any and all tenant contracts, rental agreements, franchise agreements, management contracts, construction contracts, and contracts, and permits now or hereafter affecting the 2022 Facilities, the 2022 Real Property or any part thereof.

#### GRANTING CLAUSE THIRD

All of the Corporation's rights with respect to any insurance or condemnation proceeds with respect to the 2022 Facilities or any portion thereof and the proceeds of any other collateral granted hereunder or assigned hereby as security for the Bonds.

#### GRANTING CLAUSE FOURTH

All moneys and investments in the funds and accounts created pursuant to this Trust Agreement (except such funds or accounts as may be created by the Trustee exclusively for the payment of arbitrage rebate related to the Bonds) and all income thereon.

TO HAVE AND TO HOLD unto the Trustee and its successors in that trust and its and their assigns forever:

BUT IN TRUST, NEVERTHELESS, and subject to the provisions of this Trust Agreement and the Purchase and Use Agreement for the equal and proportionate benefit, security and protection of all present

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"Additional Bonds" means any bonds issued pursuant to this Trust Agreement after the issuance of the Series 2022 Bonds and secured by the Trust Estate on a parity with the Series 2022 Bonds under the terms of this Trust Agreement.

"Additional Facilities" means any facilities of the County proposed to be acquired, constructed or improved by the Corporation and made subject to the Purchase and Use Agreement and the Base Lease.

"Additional Payments" means Additional Payments as defined in the Purchase and Use Agreement.

"Additional Real Property" means any real property in addition to the 2022 Real Property that is or will become the site of Additional Facilities.

"Authorized Financial Representative" means such person designated by the County as the agent of the Corporation who is authorized to provide directions with respect to the investment or reinvestment of amounts held by the Trustee or Custodian, as applicable, in funds and accounts established under this Trust Agreement, which designation shall be evidenced by a written certificate or letter signed by the Chairman of County Council or the County Administrator delivered to the Trustee or Custodian, as applicable, and may be revoked, rescinded or replaced by a similar certificate or letter at any time.

"Base Lease" means the Base Lease and Conveyance Agreement dated of even date herewith, between the County and the Corporation, as it may be amended and modified from time to time.

"Base Payments" means the Base Payments as defined in the Purchase and Use Agreement

"Beneficial Owner" means any purchaser who acquires a beneficial ownership interest in Bonds held by the Securities Depository. In determining any Beneficial Owner, the County, the Corporation, the Trustee and the Paying Agent may rely exclusively upon written representations made by and information given to the County, the Corporation, the Trustee and the Paying Agent, as the case may be, by the Securities Depository or its Participants with respect to any Bond held by the Securities Depository or its Participants in which a beneficial ownership interest is claimed.

"Bond" or "Bonds" means the Series 2022 Bonds and any Additional Bonds issued and secured under the terms hereof

"Bond Counsel" means a firm of nationally recognized bond counsel experienced in matters of taxenumpt finance as shall be acceptable to the Trustee, and for the Series 2022 Bonds means King Kozlarek Law LLC.

"Bond Fund" means the Bond Fund established pursuant to Section 5.5 hereof.

"Bond Insurer" means Assured Guaranty Municipal Corp., or any successor thereto or assignee thereof.

"Bond Insurer Default" means (A) Bond Insurer has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) Bond Insurer shall: (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant

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approval for the rehabilitation, liquidation, conservation or dissolution of Bond Insurer (including without limitation under the New York Insurance Law).

"Bond Payment Date" means March 1 and September 1 of each year, commencing March 1, 2023.

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

"Business Day" means any day of the week other than Saturday, Sunday or a day which shall be in the State or the state in which the principal office of the Trustee is located a legal holiday or a day on which banking corporations are authorized or obligated by law or executive order to close or a day on which the New York Stock Exchange is closed.

"Closing Date" means December 14, 2022

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor internal revenue laws of the United States enacted by the Congress of the United States in replacement thereof. References to the Code and sections of the Code include relevant applicable regulations, temporary regulations and proposed regulations thereunder and any successor provisions to those sections, regulations, temporary regulations or proposed regulations.

"Corporation" or "Issuer" means Clarendon Facilities Corporation, a nonprofit corporation formed under the laws of the State, and its successors and assigns.

"Corporation Representative" means the person or persons at the time designated to act on behalf of the Corporation in matters relating to the Base Lease, the Purchase and Use Agreement and this Trust Agreement as evidenced by a written certificate furnished to the County and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its President or any Vice President. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Corporation Representative.

"Counsel" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the County or the Corporation.

"County" means Clarendon County, South Carolina

"County Council" means the County Council of Clarendon County, South Carolina, as the governing body of the County and any successor body.

"County Representative" means the person or persons at the time designated to act on behalf of the County in matters relating to the Base Lease, the Purchase and Use Agreement or this Trust Agreement as evidenced by a written certificate furnished to the Corporation and the Trustee containing the specimen signature of such person or persons and signed on behalf of the County by the County Council Chairman or County Administrator. Such certificate may designate an alternate or alternates each of whom shall be entitled to perform all duties of the County Representative.

"Custodian" shall have the meaning set forth in Section 5.2 hereof.

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- (ix) Obligations of, or obligations fully guaranteed by, any state of the United States of America or any political subdivision thereof which obligations, at all times, are rated by S&P and Moody's in the highest rating categories (without regard to any refinement or graduation of rating category by numerical modifier or otherwise) and without regard to credit enhancement assigned by such rating agencies to obligations of that nature.
- (x) The Local Government Investment Pool managed by the Treasurer of the State of South
- (xi) A demand deposit account which is Federal Deposit Insurance Corporation insured up to \$250,000 and collateralized at 105% for balances over the Federal Deposit Insurance Corporation insurance amount in assets as defined in subsection (ix) above.
  - (xi) Any other investment approved in writing by Bond Insurer.

"Event of Default" means an Event of Default under Section 7.1 hereof.

"Event of Nonappropriation" means Event of Nonappropriation as defined in the Purchase and Use Agreement.

"Extraordinary Services" and "Extraordinary Expenses" means all services rendered and all reasonable expenses properly incurred by the Trustee under this Trust Agreement, other than Ordinary Services and Ordinary Expenses.

"Facilities Purchase Account" means the account of such name within the Bond Fund established pursuant to Section 5.5 hereof.

"Federal Tax Certificate" means the Federal Tax Certificate dated the date of the delivery of the Series 2022 Bonds of the County and the Corporation.

"Fiscal Year" means the Fiscal Year of the County as defined in the Purchase and Use Agreement

"Fund" means the Bond Fund or Project Fund or any fund described in or created by the Trustee pursuant to Article V.

"Holder" or "Holder of a Bond" or "Bondholder" means the Person in whose name a Bond is registered on the Register.

"Initial Bonds" means the Series 2022 Bonds or any Additional Bonds initially issued under the Book-Entry System as provided in Section 3.18 hereof.

"Installment Payments" means the amounts required to be paid to the Corporation by the County pursuant to Sections 4.1, 4.2 and 4.4 of the Purchase and Use Agreement.

"Insurance Policy" means the Municipal Bond Insurance Policy No. 222439-N issued by Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2022 Bonds when due.

"Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2022 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to

"Defeasance Obligations" means (a) cash, or (b) Eligible Investments that are United States Treasury Obligations State and Local Government Series; United States Treasury bills, notes, bonds, or zero coupon treasury bonds all as traded on the open market; Direct obligations of the U.S. Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; pre-refunded municipal obligations; obligations of the following agencies which are backed by the full faith and credit of the United States; (i) U.S. Export-Import Bank-direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration: Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration: Participation certificates; (v) U.S. Maritime Administration: Guaranteed Title XI financing; (vi) U.S. Department of Housing and Urban Development: Project Notes; Local Authority Bonds; New Communities Debenture-U.S. government guaranteed debentures; (vii) U.S. Public Housing notes and bonds-U.S. government guaranteed debentures; (vii) U.S. Public Housing notes and bonds-U.S. government guaranteed benefit of any of the foregoing.

"Eligible Investments" means, to the extent permitted by applicable law:

- (i) Certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- (ii) Investments in any of the following obligations provided such obligations are backed by the full faith and credit of the United States (a) direct obligations or fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States, (b) debentures of the Federal Housing Administration, (c) guaranteed mortgage-backed bonds of the Government National Mortgage Association, (d) certificates of beneficial interest of the Farmers Home Administration, (c) obligations of the Federal Financing Bank or (f) project notes and local authority bonds of the Department of Housing and Urban Development.
- (iii) Investments in (a) senior obligations of the Federal Home Loan Bank System, (b) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (c) mortgage-backed securities and senior debt obligations (excluding stripped mortgage securities that are valued greater than par on the portion of unpaid principal) of the Federal National Mortgage Association or (d) senior debt obligations of the Student Loan Marketing Association.
- (iv) Repurchase agreements with primary dealers and/or banks rated, at all times, AA and AA2 or better by S&P and Moody's (each as defined below), respectively, collateralized with the obligations described in (i) or (ii) above, held by a third party custodian, at the levels set forth in Section 5.7.
- (v) S.E.C. registered money market mutual funds conforming to Rule 2a-7 of the Investment Company Act of 1940 that invest primarily in direct obligations issued by the U.S. Treasury and repurchase agreements backed by those obligations, including funds for which the Trustee or an affiliate of the Trustee acts as an advisor, and rated in the highest category by S&P and Moody's.
- (vi) Certificates of deposit of any bank (including the Trustee), trust company or savings and loan ascointion whose short term obligations are rated, at all times, A-1 or better by S&P and P-1 by Moody's, provided that such certificates of deposit are fully secured by the obligations described in (i) or (ii) above, at the levels set forth in Section 5.7, the Trustee has a perfected first security interest in the obligations securing the certificates and the Trustee holds (or has the option to appoint a bank, trust company or savings and loan association as its agent to hold) the obligations securing the certificates.
- (vii) Certificates of deposit of any bank (including the Trustee), trust company or savings and loan association which certificates are fully insured by the Federal Deposit Insurance Corporation.
  - (viii) Commercial paper rated, at all times, P-1 or better by Moody's and A-1+ by S&P.

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announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as Bond Insurer, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to Bond Insurer shall be computed on the basis of the actual number of days clapsed in a year of 360 days.

"Moody's" means Moody's Investors Service Inc., or its successors or assigns.

"Ordinary Services" and "Ordinary Expenses" means those services normally rendered, and those expenses normally incurred, by a trustee, registrar or paying agent under instruments similar to this Trust Agreement

"Outstanding," when used with reference to the Bonds, means, as of the applicable date, all the Bonds which have been executed and delivered, or which are being delivered by the Trustee under this Trust Agreement, except:

- (i) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment or redemption on or prior to that date;
- (ii) Bonds, or the portions thereof, for the payment, redemption, or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee pursuant to the provisions of this Trust Agreement on or prior to that date for that purpose (whether upon or prior to the maturity date of those Bonds);
- (iii) Bonds or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of this Trust Agreement; and
- (iv) Bonds in lieu of which others have been executed and delivered under Section 3.12 of this Trust Agreement.

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

"Paying Agent" means the Trustee acting in that capacity.

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

"Principal Office" used with respect to the Trustee in its capacity as Trustee or Paying Agent, means the principal office of the Trustee, located in Atlanta, Georgia, at which the Trustee conducts corporate trust business.

"Project Fund" means the Project Fund established pursuant to Section 5.2 hereof.

"Purchase and Use Agreement" means the Installment Purchase and Use Agreement dated of even date herewith, between the Corporation, as seller, and the County, as buyer, as the same may be amended or supplemented from time to time.

"Purchase Option Price" means Purchase Option Price as defined in the Purchase and Use Agreement.

"Record Date" means either a Regular Record Date or a Special Record Date as the case may be.

"Register" means the books kept and maintained by the Trustee for registration and transfer of Bonds pursuant to Section 3.13 hereof.

"Regular Record Date" means, with respect to any Bond, the fifteenth day next preceding a Bond Payment Date applicable to such Bond.

"Reserve Account" means the account of such name within the Bond Fund established pursuant to Section 5.5 hereof

"Reserve Policy" means the Municipal Bond Debt Service Reserve Insurance Policy No. 222439-R issued by Bond Insurer to satisfy the 2022 Reserve Requirement, in lieu of cash-funding the 2022 Reserve Account. The Reserve Policy shall constitute a Reserve Surery as defined and used here.

"Reserve Requirement" means, with respect to the Series 2022 Bonds, the 2022 Reserve Requirement, and, with respect to a series of Additional Bonds, such reserve requirement set forth in the Supplemental Aereement authorizing the issuance of such series of Additional Bonds.

"Reserve Surety" has the meaning set forth in Section 5.6 hereof.

"Revenues" means, with respect to the Bonds, (i) the Installment Payments under the Purchase and Use Agreement, (ii) all other moneys received or to be received by the Trustee under the Purchase and Use Agreement from the lease, sale or other disposition of the 2022 Facilities, (iii) any monies and investments in the Bond Fund (including the Facilities Purchase Account and the Reserve Account), and (iv) all income and profit from the investment of the foregoing moneys.

"S&P" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, or its successors or assigns.

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

"Securities Depository Nominee" means, with respect to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name the Initial Bonds shall be registered on the Register during the time such Initial Bonds are held under a Book-Entry System through such Securities Depository.

"Security Documents" shall mean the resolution, trust agreement, indenture, ordinance, loan agreement, lease agreement, bond, note, certificate and/or any additional or supplemental document executed in connection with the Series 2022 Bonds.

"Special Record Date" means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest on that Bond pursuant to Section 3.5 hereof.

"State" means the State of South Carolina.

"Supplemental Agreement" means any agreement supplemental to this Trust Agreement entered into between the Corporation and the Trustee in accordance with Article VIII hereof.

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## ARTICLE II RECITALS AND REPRESENTATIONS

SECTION 2.1 Base Lease and Purchase and Use Agreement. The Corporation and the County have entered into (i) the Base Lease, under which the County has leased its interest in the 2022 Real Property and has conveyed its interest in the Conveyed Improvements owned by it to the Corporation and (ii) the Purchase and Use Agreement, under which the County has arranged with the Corporation for the sale to and use and occupancy by the County, of the 2022 Facilities.

SECTION 2.2 Installment Payments. Under the Purchase and Use Agreement, the County is obligated to pay to the Corporation or its assigns during the term thereof Installment Payments for the purchase of the 2022 Facilities, subject to the occurrence of an Event of Nonappropriation as set forth in Section 4.7 of the Purchase and Use Agreement, and subject to the County's right to exercise its purchase option as set forth in Section 9.1 of the Purchase and Use Agreement.

### SECTION 2.3 Assignment and Conveyance.

(a) For the purpose of securing the payment of the Series 2022 Bonds, the Corporation has assigned, and granted a security interest in, the Trust Estate to the Trustee under the granting clauses hereto. The Corporation hereby represents and confirms that it has full legal power and authority to assign the Trust Estate as enumerated in the granting clauses hereto and that no assignment thereof has been made except to the Trustee. Notwithstanding anything in this Trust Agreement to the contrary, the Corporation shall be required to take any action required of it pursuant to the Purchase and Use Agreement, the Base Leas and any other contracts or agreements for which the Corporation's rights thereunder have been assigned to the Trustee as part of the Trust Estate, unless the Trustee is acting on behalf of the Corporation pursuant to such assignment.

(b) The Corporation and the Trustee intend for this Trust Agreement to be a security agreement within the meaning of the Uniform Commercial Code as adopted by the State ("UCC"). The intent of the Corporation is to provide to the Trustee, to the fullest extent that the Trust Estate now on hereafter may be subject to a security interest under the UCC, the security interest in the Trust Estate including all presently-owned, or after-acquired property constituting all or a portion of the Trust Estate. The Corporation hereby agrees to prepare and file all initial financing statements necessary to perfect this security interest or other statutory liens held by the Trustee. The Trustee shall advise the Corporation to prepare and file any continuations thereof. The Trustee shall not be responsible for filing or for the sufficiency or accuracy of any financing statements initially filed to perfect security interests granted under this Trust Agreement. The Trustee shall file continuation statements with respect to each UCC financing statement relating to the Trust Estate filed by Bond Counsel at the time of the issuance of the Bonds; provided that a copy of the filed initial financing statement is timely delivered to the Trustee. In addition, unless the Trustee shall have been notified in writing by the Corporation or Bond Counsel that any such initial filing or discription of collateral was or has become defective, the Trustee shall be fully protected in (a) relying on such initial filing any continuation statements in the same filing offices as the initial filings were made. The Corporation shall be responsible for customary fees charged by the Trustee for preparation and filing of continuation statements and for the reasonable costs incurred by the Trust Estate in which a security interest is not perfected by the filing of a financing statement, the Corporation and filing of all continuation statements hereunder. With respect to any of the Trust Estate in which a security interest is not perfected by the filing of a f

"Trust Agreement" means this Trust Agreement by and between the Corporation and the Trustee, as the same may be supplemented or amended by any Supplemental Agreement.

"Trust Estate" means the Trust Estate described in the Granting Clauses hereto

"Trustee" means Regions Bank, a state banking association chartered under the laws of the State of Alabama, and its successor or successors and any other trustee which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Trust Agreement.

"Underwriter" means, with respect to the Series 2022 Bonds, Stifel, Nicolaus & Company, Inc.

"Value" or "value," with respect to any Eligible Investments for the Facilities Purchase Account or the Reserve Account, calculated under this Trust Agreement shall be determined as of any date of calculation are follows:

- (a) the bid price published by a nationally recognized pricing service as selected by the Trustee in its
- (b) as to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest; and
- (c) as to any investment not specified above: the value thereof established by prior agreement among the Corporation, the County, the Trustee and Bond Insurer.

SECTION 1.2 Interpretation. Any reference to a section or provision of the Constitution of the State, or to a section, provision or chapter of the Code of Laws of South Carolina 1976, as amended, or to any statute of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or supersedding from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this paragraph, if it constitutes in any way an impairment of the rights or obligations of the County, the Corporation, the Holders, or the Trustee under this Trust Agreement, the Bonds, the Base Lease, the Purchase and Use Agreement or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay principal, premium, if any, or interest on the Bonds in the amount and manner, at the times, and from the sources provided in this Trust Agreement, except as permitted herein.

Unless the context indicates otherwise, words implying the singular number include the plural number, and vice versa. The terms "hereof," "hereby," "herein," "hereto," "hereunder," "hereinafter" and similar terms refer to this Trust Agreement; and the term "hereafter" means after, and the term "heretofore" means before the date of this Trust Agreement. Words of any gender generally include the correlative words of the other gender, unless the sense indicates otherwise.

References to sections, articles or exhibits, unless otherwise indicated, are to sections and articles of or exhibits to this Trust Agreement.

SECTION 1.3 Captions and Headings. The captions and headings in this Trust Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

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(c) The Corporation and the Trustee intend for this Trust Agreement to be a collateral assignment of all rents, leases, issues and profits created by, or arising out of any right, title or interest of the Corporation in the Trust Estate, including without limitation, all leases, rents, issues, and profits arising out of the Base Lease, the Purchase and Use Agreement, and any future lease or leases now or hereinafter entered into by the Corporation.

SECTION 2.4 Powers and Trusts Granted. All acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and entering into of this Trust Agreement have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly empowered to execute and enter into this Trust Agreement.

SECTION 2.5 Other Security Documents. The Corporation shall cause this Trust Agreement (or an assignment agreement of the Corporation in favor of the Trustee, in lieu hereof) and any financing statements relating hereto, to be filed, in such manner and at such places as may be required by law fully to protect the security of the Holders of the Bonds and the right, title and interest of the Trustee in and to the 2022 Facilities and the Trust Estate created by this Trust Agreement or any part thereof. The Corporation will cause the Base Lease, the Purchase and Use Agreement and any related instruments or documents, to be recorded and filed in the manner and in the places which may be required by law to preserve and protect fully the security of the Holders and the rights of the Trustee hereunder. The Corporation shall execute or cause to be executed any and all further instruments necessary for such protection of the interests of the Holders of the Bonds and to perfect and preserve the Trust Estate created by this Trust Agreement or any part thereof until the principal of and interest of the Bonds issued hereunder shall have been paid. The Trustee shall execute or join in the execution of any such further or additional instrument and file or join in the filing thereof at such time or times and in such place or places as may be requested by the Corporation in writing to perfect and reserve the Trust Estate created by this Trust Agreement or any part thereof until the Bonds shall have been paid or discharged in the manner hereinafter provided.

SECTION 2.6 Contract Documents. The rights assigned under Granting Clause Third hereof include all of the Corporation's right and title to modify, alter, or amend the contracts that are subject to the operation of Granting Clause Third ("Contract Documents"), to terminate the Contract Documents, and to waive or release the performance or observance of any obligation or condition of the Contract Documents. Notwithstanding such assignment, so long as there is no Event of Default, the Corporation shall have the right to modify, alter, or amend the Contract Documents without the approval of the Trustee if the County certifies that as a result of such modification, alteration or amendment, either (i) the costs of the 2022 Projects will not increase by more than 15%, or (ii) that if there is such an increase in the costs of the 2022 Projects, the County has deposited in the Project Fund the amount required to provide for such increase. The Corporation covenants that it will not assign its interest in the Contract Documents to any person or entity other than the Trustee. The Corporation shall allow the Trustee, upon reasonable notice, access to the Contract Documents in a manner and at a place and time convenient to the Trustee and the Corporation. The Trustee shall not assume any responsibilities, obligations or liabilities under the terms of any Contract Document. No action taken by the Trustee under this Section 2.6 shall require consent by the Bondholders. The Trustee shall consent to such proposed modification, alteration or amendment of the Contract Documents if the County makes the certifications required by this Section 2.6 in writing to the Trustee, and the County causes an opinion of Bond Counsel to be delivered to the Trustee to the effect that such proposed modification, alteration or amendment of the Contract Documents will not (a) materially adversely affect the aggregate value of the 2022 Facilities or (b) materially adversely affect the interests of the Bondholders in any other way. The Trustee shall h

ARTICLE III
AUTHORIZATION AND TERMS OF BONDS

#### SECTION 3.1 Principal Amount of Bonds; Designation of Bonds; Conditions to Delivery

- (a) Pursuant to the provisions of this Trust Agreement, there are hereby authorized to be issued several series of bonds of the Corporation. Upon the execution and delivery hereof, there is hereby authorized this series of bonds in the principal amount of \$15,265,000 designated "Clarendon Facilities Corporation Installment Purchase Revenue Bonds Series 2022" with such further and other designation as may be necessary to identify such series.
- (b) Upon the execution and delivery of this Trust Agreement, and satisfaction of the conditions established by this Trust Agreement and the Purchase and Use Agreement for delivery of the Series 2022 Bonds, the Corporation shall execute, and the Trustee shall authenticate and deliver, the Series 2022 Bonds to, or to the order of, the Underwriter.
- (c) Before the Trustee authenticates any of the Series 2022 Bonds, the Trustee shall have received a request and authorization from the County and the Corporation, signed on their behalf by a County Representative and the Corporation Representative, respectively, to authenticate the Series 2022 Bonds upon payment to the Trustee of the amount specified therein, which amount shall be deposited as provided in Section 5.1 hereof. Executed copies of the following shall be submitted with the request:
  - (i) the Base Lease
  - (ii) the Purchase and Use Agreement;
  - (iii) this Trust Agreement;
  - (iv) the Federal Tax Certificate;
  - (v) the Insurance Policy; and
  - (vi) the Reserve Policy.
- (d) THE BONDS AND THE INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, SHALL BE AN OBLIGATION OF THE CORPORATION, AND SHALL BE SECURED BY AND PAYABLE FROM THE TRUST ESTATE. THE BONDS DO NOT AND SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE AN INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY. THE BONDS AND THE INTEREST THEREON ARE PAYABLE FROM AND SECURED BY THE TRUST ESTATE AS DESCRIBED IN AND SUBJECT TO LIMITATIONS SET FORTH IN THIS TRUST AGREEMENT FOR THE EQUAL AND RATABLE BENEFIT OF THE HOLDERS, FROM TIME TO TIME, OF THE BONDS
- SECTION 3.2 Purposes. The Series 2022 Bonds are authorized for the principal purposes of providing funds to (i) acquiring, constructing, improving, expanding, installing and equipping the 2022 Projects, (ii) fund the 2022 Reserve Account in an amount equal to, or otherwise satisfying, the 2022 Reserve Recquirement, and (iii) pay certain costs and expenses relating to the issuance of the Series 2022 Bonds including the premium for the Insurance Policy applicable thereto.
- SECTION 3.3 Maturity Schedule; Date; Interest Rates. The Series 2022 Bonds shall mature on September 1 in the years and principal amounts set forth below and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) payable on each Bond Payment Date, at the rates set forth

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received or to be received by the Holders of the Series 2022 Bonds or any Additional Bonds issued as obligations the interest on which is not includable in the gross income of the holders thereof, then Outstanding. No Additional Bonds may be issued hereunder if at the time there is an Event of Default or an Event of Nonappropriation.

(d) Other Provisions Relating to Additional Bonds. The details of any Additional Bonds, including any Reserve Requirement relating thereto and the payment provisions thereof, shall be specified in the Supplemental Agreement hereto providing for the issuance thereof. Such Supplemental Agreement shall include provisions establishing the separate accounts and subaccounts of the Bond Fund and other funds and accounts for such series of Additional Bonds.

### SECTION 3.5 Payment of Principal and Interest.

- (a) Each of the Series 2022 Bonds shall be authenticated, as provided in Section 3.10 hereof, on such date as it shall be delivered and shall bear interest from the date of this Trust Agreement. Additional Bonds shall be authenticated and bear interest as provided in the Supplemental Agreement prescribing the terms and conditions thereof.
- (b) Subject to the provisions of Section 3.18 hereof, the principal of and premium, if any, on the Bonds shall be paid in immediately available funds by check or draft drawn upon the Trustee to the Holders thereof upon presentation and surrender thereof when due at the designated corporate trust office of the Trustee; provided, that in the event that the Bonds are not held under a Book-Entry System, any Holder in an aggregate principal amount of not less than \$1,000,000 may, by prior written instructions fled by the Trustee prior to the close of business on the applicable Record Date (which instructions shall remain in effect until revoked by subsequent written instructions), request that principal and premium payments be made by wire transfer or other means acceptable to the Trustee to an account in the continental United States. Subject to the provisions of Section 3.18 hereof, the interest on the Bonds shall be paid by check or draft drawn upon the Trustee and mailed to the Holders in whose names the Bonds are registered on the Record Date; provided, that in the event that the Bonds are not held under a Book-Entry System, any Holder in an aggregate principal amount of not less than \$1,000,000 may, by prior written instructions filed by the Trustee prior to the close of business on the applicable Record Date (which instructions shall remain in effect until revoked by subsequent written instructions), request that interest payments for any period be made by wire transfer or other means acceptable to the Trustee to an account in the continental United
- (c) Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Bond Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Owner of such Bond on the relevant Regular Record Date by virtue of having been such Owner. The Trustee may elect to make payment of any Defaulted Interest to the persons in whose names such Bonds (or their respective predecessor Bonds) are registered at the close of business on a Special Record Date (as defined below) for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Trustee shall (i) determine the amount of Defaulted Interest proposed to be paid on each such Bond and the date of the proposed payment ("Special Payment Date"), (ii) fix a date ("Special Record Date"), which shall not be more than 15 nor less than 10 days prior to the date of the Special Payment Date, and (iii) cause notice of the Special Payment Date, and (iii) cause notice of the Special Payment Date of such Defaulted Interest and the Special Record Date therefor to be mailed first class, postage prepaid, to each Owner not less than five days prior to such Special Record Date at his address as it appears on the Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names such Bonds (or their respective predecessor Bonds) are registered on such Special Record Date.

\$4,085,000 Serial Bonds

DUE	PRINCIPAL	INTEREST
SEPTEMBER 1	AMOUNT	RATE
2023	\$240,000	4.000%
2024	350,000	5.000%
2025	365,000	5.000%
2026	385,000	5.000%
2027	405,000	5.000%
2028	425,000	5.000%
2029	445,000	5.000%
2030	465,000	5.000%
2031	490,000	5.000%
2032	515.000	5.000%

\$1,700,000, 5.000% Term Bond, Due September 1, 2035 \$1,950,000, 4.000% Term Bond, Due September 1, 2038 \$2,995,000, 4.250% Term Bond, Due September 1, 2042 \$4,535,000, 4.500% Term Bond, Due September 1, 2047

#### SECTION 3.4 Provisions Relating to Additional Bonds; Conditions for Issuance.

- (a) <u>Authorization for Additional Bonds</u>. Additional Bonds may be issued hereunder and secured by the Trust Estate on a parity with the Series 2022 Bonds under the conditions set forth herein.
- (b) <u>Purposes for Additional Bonds</u>, Additional Bonds may be issued for the purposes of providing funds (i) to refund any of the Series 2022 Bonds or any Additional Bonds theretofore issued, and (ii) for the purpose of paying the cost of Additional Facilities (each, as defined in the Base Lease).
- (c) Conditions to the Issuance of All Additional Bonds. Prior to issuing any Additional Bonds, there shall have been executed and delivered (i) a Supplemental Agreement authorizing such Additional Bonds and prescribing the terms and details thereof and the purposes for the issuance of such Additional Bonds (ii) an amendment or supplement to the Purchase and Use Agreement modifying the existing schedule of Installment Payments the treenuder or otherwise providing for Installment Payments the recruder varieties to provide for the payment of the Additional Bonds, extending the term of the Purchase and Use Agreement, if needed, to the final maturity of such Additional Bonds, and making any changes required to make Additional Real Property subject thereto; and (iii) an amendment or supplement to the Base Lease extending the term thereof by the same amount of time as any extension to the term of the Purchase and Use Agreement, and making any changes required to make Additional Real Property subject thereto; and (iv) the prior written consent, which shall not be unreasonably withheld, conditioned, or delayed, of the Trustee and Bond Insurer shall not be required with respect to Additional Bonds issued for the purpose of refunding all outstanding Bonds or Additional Bonds issued thereafter. There shall also be provided to the Trustee certified copies of resolutions adopted by the Board of Directors of the Corporation and ordinances enacted, or resolutions adopted, by the County Council authorizing the issuance of the Additional Bonds and the execution and delivery of the documents to which each is a party. No Additional Bonds shall be issued hereunder unless the Trustee receives an opinion of Bond Counsel to the effect that the issuance of such Additional Bonds, the modifications to the Trust Agreement the Purchase and Use Agreement and the Base Lease and the application of the proceeds of the Additional Bonds as envisioned thereby are authorized and permitted under this Trust Agreement and shall not adversely affect t

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SECTION 3.6 Denomination; Numbering. The Series 2022 Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof. The Series 2022 Bonds shall be numbered by the Trustee consecutively from 1 upward, preceded by the letter "R." Additional Bonds shall be in such denominations and be numbered in the manner provided in the Supplemental Agreement providing therefor.

SECTION 3.7 Paying Agent. As long as there is any Outstanding Bond under this Trust Agreement, the Corporation shall cause the Trustee to serve as Paying Agent therefor. Notices and demands to or upon the Trustee and the Corporation in respect of the Bonds may be served, at the designated corporate trust office of the Trustee. The Bonds shall be presented for registration of transfers and exchanges in accordance with the provisions of this Trust Agreement at the designated corporate trust office of the Trustee.

SECTION 3.8 Form of Bonds. The Series 2022 Bonds, together with the certificate of authentication and assignment to appear thereon, shall respectively be in substantially the form attached hereto as  $\underline{\text{Exhibit}}$   $\underline{\text{A}}$  with necessary and appropriate variations, omissions and insertions as permitted or required by this Trust Agreement. Additional Bonds shall be in such form as is provided in the Supplemental Agreement pursuant to which such Additional Bonds are issued.

SECTION 3.9 Execution of Bonds. The Bonds shall be executed in the name of and on behalf of the Corporation by the President, Vice-President, Chair of the Board of Directors of the Corporation, or by such other officer or board member, as may be designated by the Board of Directors of the Corporation, and the same shall be attested by such officer as may be designated by the Board of Directors of the Corporation. Such officers may employ facsimiles of their signatures. In case any officer whose signature or facsimile signatures shall appear on the Bonds shall cease to be such officer before the delivery of any Bond such signatures or such facsimiles shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office.

SECTION 3.10 Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication duly executed by the Trustee shall be entitled to any right or benefit under this Trust Agreement. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Trust Agreement. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by any authorized signatory of the Trustee.

SECTION 3.11 Medium of Payment. The Bonds shall be payable with respect to principal, interest and premium, if any, in lawful money of the United States of America.

SECTION 3.12 Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Corporation may execute and the Trustee may authenticate a new Bond of like date, maturily and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Corporation and to the Trustee evidence of such loss, theft or destruction satisfactory to the Corporation and the Trustee together with indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the Corporation may pay the same. The Corporation and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses in this connection.

### SECTION 3.13 Transfer and Registration; Persons Treated as Owners.

(a) As long as there shall be any Outstanding Bond, the Trustee shall keep books on behalf of the Corporation at its designated corporate trust office, for the registration and transfer of Bonds, which books constitute the Register. The transfer of each Bond may be registered only upon the Register kept by the Trustee for that purpose by the Holder thereof in person or by his duly authorized agent upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the Holder or his duly authorized agent. Upon the registration of transfer of any Bond, the Trustee will authoritate and deliver, subject to the provisions of Section 3.15 hereof, in the name of the transferee, a new Bond or Bonds of the same series, maturity, interest rate and aggregate principal amount as the surrendered Bond.

(b) The Corporation and the Trustee may deem and treat the person in whose name any Bond shall be registered upon the Register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or, upon his order, shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Corporation nor the Trustee shall be affected by any notice to the contrary.

SECTION 3.14 Interchangeability of Bonds. Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Holder or his duly authorized agent, may, at the option of the Holder and upon payment by such Holder of any charges made pursuant to Section 3.15 hereof, be exchanged for an equal aggregate principal amount of Bonds of the same series and maturity in any other authorized denomination.

SECTION 3.15 Regulations With Respect to Exchanges and Transfer. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Corporation shall execute, and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Trust Agreement. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Corporation. All Bonds so destruction evidencing such destruction shall be furnished Outstanding Bonds for any purposes of this Trust Agreement. There shall be no charge to the Holder for such exchange or transfer of Bonds except that the Trustee may make a charge sufficient to reimburse itself for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Corporation nor the Trustee shall be required to issue, exchange or transfer (i) any Bond during the 15 days immediately preceding any Bond Payment Date, (ii) any Bond during a period beginning at the opening of business 15 days immediately preceding any selection of Bonds to be redeemed and ending at the close of business on the date of the mailing of notice of such redemption or (iii) any Bonds called for redemption in whole or in part.

SECTION 3.16 Cancellation and Destruction of Mutilated, Paid or Surrendered Bonds. Upon the surrender of mutilated Bonds pursuant to Section 3.12 hereof or Bonds paid or surrendered, the same shall be cancelled and destroyed and shall not be reissued, and a counterpart of the certificate evidencing such destruction shall be furnished by the Trustee to the Corporation. All Bonds so destroyed shall thereafter no longer be considered Outstanding Bonds for any purposes of this Trust Agreement.

SECTION 3.17 Payments Due on Days Other Than a Business Day. In any case where the Bond Payment Date or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of principal of, premium, if any, or interest on the Bonds need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the Bond Payment Date or the date fixed for redemption, and no interest shall accrue for the period after such date.

SECTION 3.18 Book-Entry System. Notwithstanding anything to the contrary herein, so long as any series of the Initial Bonds are being held under a Book-Entry System pursuant to this Section 3.18, transfers of beneficial ownership of such Initial Bonds will be effected pursuant to rules and procedures established by the Securities Depository. The Initial Bonds shall be initially issued under a Book-Entry System and shall be held thereunder except as provided in this Section 3.18. The Initial Bonds shall be initially issued

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Trustee, as the case may be, shall establish a record date for such consent or other action and give the Securities Depositer, notice of such record date not less than 15 days in advance of such record date to the extent possible.

SECTION 3.19 Additional Covenants of Corporation. The Corporation will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest evidenced by or paid on the Series 2022 Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, the Corporation will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly on having knowledge thereof. The Corporation acknowledges that the continued exclusion of interest evidenced by or paid on the Series 2022 Bonds from a Holder's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code. To that end, the Corporation covenants that it will comply with the Federal Tax Certificate.

The Corporation acknowledges that the Series 2022 Bonds are being issued by the Corporation, acting on behalf of the County, within the meaning of Revenue Ruling 63-20, 1963-1 C.B. 24 ("Revenue Ruling 63-20 and Treasury Regulation Section 1.103-1(b), and covenants to comply with all provisions of Revenue Procedure 82-6, 1982-1 C.B. 476 ("Revenue Procedure 82-26"). The Corporation therefore represents, warrants and covenants as follows:

- (a) The Corporation is organized under the general nonprofit laws of the State as a nonprofit organization, the articles of incorporation of the Corporation provide that the Corporation is not organized for profit, and the Corporation's income does not inure to any private person. The activities and purposes of the Corporation are those permitted under the general nonprofit corporation laws of the State, the Corporation will engage only in activities and for purposes that are permitted under the general nonprofit laws of the State and the 2022 Facilities are located entirely within the geographic boundaries of the County.
- (b) The articles of incorporation of the Corporation provide that income of the Corporation will not inure to any private person. In fact, income of the Corporation does not inure to any private person, and upon dissolution of the Corporation, the Corporation's remaining assets shall be distributed to the County, exclusively for public purposes or, only to the extent that the County refuses to accept some or all of the same, for one or more exempt purposes set forth in Section 501(c)(3) of the Code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. The Corporation shall not amend or modify its articles of incorporation or bylaws to modify any of its stated purposes or activities, or with respect to any other provision, unless the Corporation has filed with the Trustee and the County an opinion of Bond Counsel to the effect that such amendment or modification shall have no adverse effect on the exclusion of interest on the Series 2022 Bonds from gross income for federal income tax purposes.
- (c) The County presently has or, prior to a termination (if any) of the Purchase and Use Agreement pursuant to Section 2.2 thereof which gives rise to a partition of the 2022 Facilities pursuant to Section 2.4 thereof, shall have exclusive beneficial possession and use of the 2022 Facilities, including any improvements and additions thereto, equivalent to at least 95% of the fair rental value of the 2022 Facilities for the term of the Series 2022 Bonds, including any other obligations issued by the Corporation either to make improvements to the 2022 Facilities or to refund a prior issue of the Corporation's obligations related to the 2022 Facilities.
- (d) The County presently has or shall obtain fully unencumbered fee simple title, subject to Permitted Encumbrances, to the 2022 Facilities no later than such time as the Series 2022 Bonds are discharged as provided in this Trust Agreement. For purposes of this paragraph and the definition of "Base Lease Term" as such term is defined in the Base Lease, the Series 2022 Bonds will be discharged when (i) cash is available at the place of payment on the date that the Series 2022 Bonds are due (whether at maturity or upon prior call for redemption) and (ii) interest ceases to accrue on the Series 2022 Bonds. Upon discharge

in the form of a separate, authenticated, fully registered Bond for each series and maturity in a principal amount equal to the amount of such maturity, and shall be registered on the Register in the name of the Securities Depository Nominee. So long as the Book-Entry System is in effect but subject to Section 14.1 hereof, the Securities Depository Nominee will be recognized as the Holder of the Initial Bonds for the purposes of (i) paying the principal of, premium, if any, or interest on the Initial Bonds, (ii) selecting the Initial Bonds or portions thereof to be redeemed, (iii) giving any notice permitted or required to be given to Holders under this Trust Agreement, (iv) registering the transfer of Initial Bonds, and (v) requesting any consent or other action to be taken by the Holders, and for all other purposes whatsoever, and neither the Trustee nor the Corporation shall be affected by any notice to the contrary. Neither the Trustee nor the Corporation shall have any responsibility or obligation to any Participant, any beneficial owner of Initial Bonds or any other person claiming a beneficial ownership interest in the Initial Bonds under or through the Securities Depository or any Participant, or any other person which is not shown on the Register as being a Holder of Initial Bonds with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant, (ii) the payment to the Securities Depository, any Participant or any other person the Initial Bonds (iii) any notice which is permitted or required to be given to Holders under this Trust Agreement, (iv) the selection by the Securities Depository or any Participant or any other person to receive payment in the event of a partial redemption of the Initial Bonds or (v) any other action taken by the Securities Depository or any Bolder of the Initial Bonds only of vany other action taken by the Securities Depository or the Securities Depository Nominee, as the case may be, and all such payments shall be valid and effectual

In the event that the Corporation determines that it is in the best interest of the Corporation not to continue the Book-Entry System or that the interest of the beneficial owners of the Initial Bonds may be adversely affected if the Book-Entry System is continued, then the Corporation shall notify the Securities Depository and the Trustee of such determination and the Securities Depository shall immediately notify the Participants of the availability, through the Securities Depository, of physical Initial Bonds. In such event, the Corporation shall execute and the Trustee shall authenticate, register and deliver physical Initial Bonds as requested by the Securities Depository or any Participant or beneficial owner of Initial Bonds registered in the name of Securities Depository Nominee. The Securities Depository may determine to discontinue providing its services as such with respect to the Initial Bonds at nyt time by giving notice to the Corporation and the Trustee and discharging its responsibilities with respect thereto under applicable laws or the Corporation may determine that the Securities Depository is incapable of discharging its duties as such and may so notify the Securities Depository or (ii) deliver physical Initial Bonds in the manner described above; provided, however, that the discontinuation of the Book-Entry System of registration and transfer with respect to the Initial Bonds or the replacement of the Securities Depository or any successor depository on file or otherwise approved by the Securities and Exchange Commission.

Notwithstanding any other provision of this Trust Agreement to the contrary, so long as the Bonds are registered in the name of Cede & Co., as Securities Depository Nominee, all payments with respect to the principal of, premium, if any, and interest on the Bonds and all notices with respect to the Bonds shall be made and given, respectively, to The Depository Trust Company, New York, ("DTC"), as provided in the Blanket Letter of Representations of the Corporation dated November 15, 2010.

In connection with any notice or other communication to be provided to the Holders by the Corporation or the Trustee with respect to any consent or other action to be taken by the Holders, the Corporation or the

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of the Series 2022 Bonds, the Corporation shall convey to the County such fee simple title and exclusive possession and use of the 2022 Facilities (to the extent the County does not already have such title, possession and use), including any additions thereto, without demand or further action on its part. In this regard, all leases, management contracts and similar encumbrances, if any, relating to the 2022 Facilities shall terminate upon discharge of the Series 2022 Bonds.

- (e) While the Purchase and Use Agreement is in effect, the County has the right at any time to obtain unencumbered fee title and exclusive possession of the 2022 Facilities (including any additions thereto) by (1) placing into escrow an amount that will be sufficient to defease the Series 2022 Bonds in accordance with Section 9.1 hereof and (2) paying reasonable costs incident to the defeasance (which may be evidenced by the County exercising its rights under Section 9.1(a) of the Purchase and Use Agreement). If the County exercises such right, the Corporation must immediately cancel all encumbrances on the 2022 Facilities, including leases and management contracts, except as may be otherwise permitted by Revenue Procedure 82-26.
- (f) While the Purchase and Use Agreement is in effect, in the event the Corporation defaults in its payments under the Series 2022 Bonds, the County has the exclusive option to purchase the 2022 Facilities (and any additions thereto) for the aggregate amount of the Outstanding Series 2022 Bonds and accrude interest to the date of default. The County must, if at all, exercise its option not more than 90 days from the date it is notified by the Corporation (or the Trustee on behalf of the Corporation) of such default and, if elected, must have 90 days from the date of exercise of such option to purchase the 2022 Facilities.
- (g) All of the original and investment proceeds of the Series 2022 Bonds will be used to provide funds sufficient to acquire, construct, improve, expand, install and equip the 2022 Projects and to satisfy the 2022 Reserve Requirement.

For purposes of this paragraph, "original proceeds" are amounts (after payment of all expenses of issuing the respective series of Bonds) received at any time as a result of the sale of a series of Bonds and "investment proceeds" are amounts (net of administrative costs) that result from the investment of any proceeds of such series of Bonds.

- (h) The County Council enacted an ordinance on November 8, 2010, as amended by Ordinance No. 2022-11, enacted on November 21, 2022, approving the purposes and activities of the Corporation, and stating that the County will accept tidle to the 2022 Facilities (to the extent the County does not already have such title), including any additions or improvements thereto, no later than such time as the Series 2022 Bonds are discharged, and adopted a subsequent resolution on November 14, 2022, approving the issuance of the Series 2022 Bonds by the Corporation for the purposes of acquiring, constructing, improving, expanding, installing and equipping the 2022 Projects.
- (i) The proceeds of fire or other casualty insurance policies received in connection with the damage or destruction of a portion of the 2022 Facilities refinanced with the proceeds of the Series 2022 Bonds, including any improvements, will be used, subject to the provisions of Section 4.1(b) of this Trust Agreement regarding special optional redemption of the Series 2022 Bonds, to rebuild the 2022 Facilities or to redeem the Series 2022 Bonds or, if all of the Series 2022 Bonds have been paid or defeased under this Trust Agreement, will be remitted to the County.
- (j) A reasonable estimate of the fair market value of the 2022 Facilities as of the latest maturity date of the Series 2022 Bonds is equal to at least 20% of the original costs of the 2022 Facilities.
- (k) A reasonable estimate of the remaining useful life of the 2022 Facilities as of the latest maturity date of the Series 2022 Bonds is equal to at least 20% of the original useful life of the 2022 Facilities.

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(1) The Corporation intends to apply to the Internal Revenue Service for a determination that it is exempt from federal income taxation under Section 115 of the Code and also an exempt organization within the meaning of Section 501(c)(3) of the Code and not a private foundation under Section 509(a) of the Code.

(m) In the event of any division of the 2022 Facilities pursuant to Section 2.4 of the Purchase and Use Agreement, the Corporation agrees that, unless (i) it obtains an opinion of Bond Counsel to the effect that such action is unnecessary to preserve the exclusion from gross income of interest on any Series 2022 Bonds, or (ii) the Corporation or the Trustee is directed by the owners of a majority of the beneficial ownership interests of the Series 2022 Bonds, it will timely undertake to satisfy the requirements of the Code and the Treasury Regulations relating to a change in use of the 2022 Facilities and the 2022 Real Property. Regulations governing such remedial action are now contained in Section 1.141-12 of the Treasury Regulations.

#### ARTICLE IV REDEMPTION OF BONDS

#### SECTION 4.1 Redemption of Bonds

(a) Optional Redemption of Series 2022 Bonds. In the event the County exercises its option pursuant to Section 9.1 of the Purchase and Use Agreement to purchase the Corporation's interest in the 2022 Facilities and pay the amount required to defease and redeem the Series 2022 Bonds or to prepay Bese Payments or in the event the County makes a voluntary prepayment under Section 4.3 of the Purchase and Use Agreement, the Series 2022 Bonds maturing on or after September 1, 2033, may be redeemed in whole or in part at any time after September 1, 2032.

The Series 2022 Bonds shall be redeemed in accordance with this paragraph (a) only by written notice from the County or the Corporation to the Trustee of the redemption of the Series 2022 Bonds and directing the Trustee to give notice thereof to the Holders in accordance with Section 4.2 hereof. Such notice shall specify the redemption date on which the Series 2022 Bonds are to be redeemed and shall be given to the Trustee at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. Prior to the giving of notice by the Trustee to the Holders as provided in Section 4.2 hereof, there shall be deposited with the Trustee funds which, in addition to any other moneys available therefor and held by the Trustee, will be sufficient to redeem at the redemption price thereof all of the redeemable Series 2022 Bonds for which notice of redemption has been given; provided that the Trustee may accept such other assurance from the County or the Corporation as it deems appropriate as to the availability of such funds or may condition any such notice on the receipt of funds at or prior to the date set for redemption.

(b) Special Optional Redemption of Series 2022 Bonds. In the event the County elects to prepay Installment Payments pursuant to the provisions of Section 4.3 of the Purchase and Use Agreement, the Series 2022 Bonds shall be subject to redemption in whole or in part on any date (as selected by the Trustee at the direction of the Corporation), at a price equal to 100% of the principal amount of the Series 2022 Bonds so redeemed, without premium, plus accrued interest to the date of redemption. Series 2022 Bonds shall be redeemed pursuant to this paragraph (b) in accordance with the procedure set forth in the last paragraph (a) above and Section 4.2 hereof.

(c) Mandatory Principal Redemption of Series 2022 Bonds. The Series 2022 Bonds maturing on September 1, 2035, 2038, 2042 and 2047, are subject to mandatory principal redemption, prior to maturity, on September 1 in each of the years shown below, at a redemption price equal to the par amount thereof (to the extent not previously redeemed), plus accrued interest to the redemption date:

Term Bonds Maturing September 1, 2035

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and that failing such deposit no redemption shall take place. The notice of the call for redemption of Bonds shall identify (i) the series of Bonds to be redeemed; (iii) the CUSIR number or numbers of the Bonds to be redeemed; (iii) the numbers assigned to such Bonds, and in the case of Bonds called in part only, the amounts being redeemed; (iv) the date of the notice; (v) the redemption date; (vi) the redemption price; (vii) the address of the Trustee where such Bonds are to be presented, with the name and telephone number of a contact person, if available; (viii) the issue date of the Bonds; and (ix) the maturity date of the Bonds being redeemed. Notice shall be given by the Trustee by first class mail, postage prepaid, at least 30 dayst, but not more than 60 days, prior to the date fixed for redemption to the Holder of each Bond subject to redemption at the Holder's address shown on the Register on the 15th day preceding that mailing; provided such notice shall be given by facsimile or certified or registered mail, return receipt requested to each person who holds Bonds in the aggregate principal amount of not less than \$100,000; and provided further such notice shall be given by certified or registered mail, return receipt requested to each person who holds Bonds in the aggregate principal amount of not less than \$100,000; and provided further such notice shall be given by certified or registered mail, return receipt requested, or (at the expense of the recipient thereof) by overnight delivery service deposited in the mail or with such delivery service not later than 35 days prior to the date fixed for such redemption and repurchase to the Trustee to The Depository Trust Company, 55 Water Street, New York, New York 10041, in all such cases with expense of such notice to be borne by the Corporation.

Failure to receive any notice by mailing or otherwise or any defect in such notice regarding any Bond, however, shall not affect the validity of the proceedings for the redemption of any other Bond.

SECTION 4.3 Payment of Redeemed Bonds. Notice having been mailed, the Bonds called for redemption shall become due and payable on the redemption date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price plus interest accrued to the redemption date.

If money for the redemption of all of the Bonds to be redeemed is held by the Trustee on the redemption date so as to be available therefor on that date, and if notice of redemption has been deposited in the mail as aforesaid, then from and after the redemption date those Bonds called for redemption shall no longer be entitled to payment of any sum other than the redemption price.

In the event Bonds which have been called for redemption are not presented to the Trustee for redemption on or prior to the 30th day following the redemption date, the Trustee shall notify the registered Holder thereof by faesimile or certified or registered mail, return receipt requested, that such Bonds have been called and that the Trustee is holding funds for the payment of the redemption price thereof pending presentation by such Holder.

All moneys deposited in the Bond Fund and held by the Trustee for the redemption of particular Bonds shall be held in trust for the account of the Holders thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds.

## ARTICLE V PROVISIONS AS TO FUNDS AND PAYMENTS

SECTION 5.1 Deposit of Money. To provide for the Series 2022 Bonds and assure the 2022 Facilities will be available for purchase and occupancy by the County, on the Closing Date, the Underwriter shall transmit to the Trustee the net aggregate purchase price of the Series 2022 Bonds of \$15,201,069.63, which reflects the par amount of the Series 2022 Bonds (\$15,265,000), plus net original issue premium (\$385,067.85), less underwriter's discount (\$305,300.00), less the premium of the Insurance Policy paid by the Underwriter to Bond Insurer (\$102,233.72), and less the premium of the Reserve Policy paid by the Underwriter to Bond Insurer (\$41,464.50).

The Trustee shall deposit or disburse the amounts as follows:

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Year	Amount
2033	\$540,000
2034	565,000
2035‡	595,000

Final Maturity

Term Bonds Maturing September 1, 2038		
Year	Amount	
2036	\$625,000	
2037	650,000	
2038‡	675,000	

Final Maturity

#### Term Bonds Maturing September 1, 2042

Year	Amount
2039	\$705,000
2040	730,000
2041	765,000
2042‡	795,000

Final Maturity

#### Term Bonds Maturing September 1, 2047

Torin Donas Ma	turing Deptermeer
Year	Amount
2043	\$830,000
2044	865,000
2045	905,000
2046	945,000
2047‡	990,000

Final Maturity

- (d) <u>Partial Redemption of Series 2022 Bonds</u>. If less than all of the Series 2022 Bonds are called for redemption, the Series 2022 Bonds to be redeemed will be selected in the manner that the Corporation shall determine as set forth in a certificate of the Corporation filed with the Trustee. If less than all Series 2022 Bonds of any one maturity are called for redemption, the Trustee shall select the applicable Series 2022 Bonds to be redeemed by lot, each \$5,000 portion of the principal being counted as one Series 2022 Bond for this purpose; provided, however, that so long as the only registered owner of the Series 2022 Bond is Cede & Co., such selection shall be made by DTC.
- (e) <u>Redemption of Additional Bonds</u>. Provisions relating to the circumstances upon which Bonds, other than the Series 2022 Bonds, may be redeemed shall be as set forth in the Supplemental Agreement providing for the issuance thereof.

SECTION 4.2 Notice of Redemption. Notice of redemption of the Bonds may only be given if funds for such redemption are irrevocably deposited with the Trustee prior to rendering notice of redemption to the Bondholders, or in the alternative, the notice given by the Trustee to Bondholders expressly states that such redemption is conditioned upon the deposit of funds sufficient for the redemption by the Corporation

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- (a) because of the Reserve Policy, \$0.00 shall be deposited in the 2022 Reserve Account; and
- (b) \$14,669,254.66 shall be deposited in the Project Account of the Project Fund for payment of the(i) Base Lease Rent from the Corporation to the County; and (ii) costs of the 2022 Projects, all in accordance with the provisions of this Section. The Trustee, as applicable, shall cause to be kept and maintained adequate records pertaining to the Project Fund and all investments and disbursements of moneys in the Project Fund; and
- (c) \$531,814.97 shall be deposited in the Costs of Issuance Account of the Project Fund and used to pay costs of issuance of the Series 2022 Bonds in accordance with a requisition substantially in the form set forth in Exhibit B-2 signed by a Corporation Representative and a County Representative.
- SECTION 5.2 Creation of Project Fund. There is hereby created as a separate account in the custody of the Trustee or other financial institution designated by the Corporation ("Custodian") a trust fund designated "Project Fund." Within the Project Fund, there shall be a Project Account for each series of Bonds issued under this Trust Agreement, as well as a Costs of Issuance Account. Pending disbursement pursuant to this Trust Agreement, the proceeds of the sale of each series of Bonds deposited in the corresponding Project Account, together with any other moneys and Eligible Investments held to the credit of the Project Fund, shall be held as security for the payment of the respective series of Bonds.

### SECTION 5.3 Disbursements from and Records of Project Fund.

- (a) Moneys in the Project Fund shall be disbursed in accordance with the provisions of this Section. The Trustee or Custodian, as applicable, shall cause to be kept and maintained adequate records pertaining to the Project Fund and all investments and disbursements of moneys in the Project Fund.
- (b) All disbursements from the Project Fund shall be made by the Trustee or Custodian, as applicable, upon the receipt of a requisition in substantially the form set forth in Exhibit B-1 hereto signed by a Corporation Representative and a County Representative: The remainder of the money in the Project Fund shall be utilized to pay costs of completion of the 2022 Projects. If money remains in the Series 2022 Project Account following receipt by the Trustee of a Certificate of Acceptance with respect to the 2022 Projects, prior to deposit in accordance with Section 5.4 hereof. The Trustee or Custodian, as applicable, shall be entitled to rely on each requisition as conclusive evidence of the County's compliance with the procedure described herein.
- (c) All disbursements from the Costs of Issuance Account are expected to be made on the Closing Date by the Trustee upon the receipt of a requisition in substantially the form set forth in Exhibit B-2 hereto signed by a Corporation Representative and a County Representative. Any moneys remaining in the Costs of Issuance Account on December 31, 2022, shall be transferred by the Trustee to the 2022 Facilities Purchase Sub-Account without need for any further direction from the Corporation.
- (d) Upon the substantial completion of the 2022 Projects, the Corporation shall submit to the Trustee or Custodian, as applicable, a final requisition for the 2022 Projects in substantially the form set forth in Exhibit C ("Certificate of Acceptance") hereto signed by a Corporation Representative and a County Representative in the total amount remaining owing for costs of the 2022 Projects, including all applicable retainages. Upon the receip of the final requisition, the Trustee or Custodian, as applicable, shall promptly disburse the amounts requested therein. As used in this paragraph, "substantial completion" of the 2022 Project mean completion such that a certificate of occupancy has been, or could be, issued notwithstanding the fact that certain minor items of work remain to be done.
- SECTION 5.4 Completion of 2022 Projects. As soon as practicable after the filing with the Trustee or Custodian, as applicable, of the Certificate of Acceptance referred to in Section 5.3(c) hereof with respect to the 2022 Projects, the Trustee or Custodian, as applicable, shall remove any balance then

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remaining in the Project Fund (other than the amounts required to be retained by the Trustee or Custodian, as applicable, as described in the said certificate), and the Project Fund shall be closed. Any amounts so removed shall (a) be transferred to the 2022 Fealities Purchase Sub-Account and be credited against the payment of the next installment or installments of Base Payments allocable to the Series 2022 Bonds under the Purchase and Use Agreement or (b) be applied at the written direction of the Corporation Representative for any purpose permitted by applicable law for which the Trustee has received an opinion of Bond Counsel.

SECTION 5.5 Creation of Bond Fund, Facilities Purchase Account and Reserve Account; Creation of Other Funds and Accounts.

- (a) There is hereby created as a separate account in the custody of the Trustee a trust fund to be designated "Bond Fund." Within the Bond Fund there shall be a Facilities Purchase Account and a Reserve Account. The Trustee, on receipt of Base Payments from the County under the terms of the Purchase and Use Agreement, shall deposit in the Bond Fund (and credited, as required by this Trust Agreement or the Purchase and Use Agreement, or appropriate Accounts and subaccounts therein), amounts sufficient to pay the principal and premium, if any, of and interest on the Series 2022 Bonds. If it is determined that there shall be a Reserve Requirement on a series of Bonds, then (i) a separate subaccount shall be created in the Reserve Account of the Bond Fund to provide for any Reserve Requirement with respect to such Additional Bonds with the intent being that the Series 2022 Bonds and any Additional Bonds shall only be payable from the subaccount of the Reserve Account established with respect to such series of Bonds upon the issuance thereof and (ii) a separate subaccount shall be created in the Facilities Purchase Account for purposes of making payment on each series of Bonds with the intent being that the Series 2022 Bonds and any Additional Bonds shall only be payable from the subaccounts of the Facilities Purchase Account established with respect to such series of Bonds upon the issuance thereof.
- (b) The Bond Fund (and the Accounts and subaccounts therein) and the moneys and Eligible Investments therein shall be used solely and exclusively for the payment of principal of, premium, if any, and interest on the Bonds as the same become due, except as otherwise provided in this Trust Agreement.
- (c) The Trustee shall set aside from moneys in the Bond Fund amounts sufficient to make timely payments of the principal of, premium, if any, and interest on the Bonds.
- (d) Amounts due with respect to a particular series of Bonds, except as provided in the remainder of this Section 5.5, shall be payable as they become due in the following order, (i) first, from amounts in the applicable subaccount of the Facilities Purchase Account; (ii) second, from other Revenues to the extent available; (iii) third, from the moneys or Reserve Surety available from the applicable subaccount of the Reserve Account; and (iv) fourth, from any other source lawfully available to the Trustee, including without limitation, proceeds from the leasing of the 2022 Facilities in accordance with the terms of the Purchase and Use Agreement and Base Lease.
- (c) If, at the close of business on the third Business Day prior to any Bond Payment Date with respect to a particular series of Bonds, the amount in the applicable subaccount of the Facilities Purchase Account is less than the amount due and payable with respect to such series of Bonds on such Bond Payment Date, the Trustee shall promptly transfer from the applicable subaccount of the Reserve Account to the applicable subaccount of the Facilities Purchase Account an amount sufficient to make up such deficiency, provided that if there is a Reserve Surety in effect, then to the extent the money, if any, in the applicable subaccount of the Reserve Account is not sufficient to make up such deficiency, then the Trustee shall make a claim against the Reserve Surety (defined herein). In the event of any such transfer, the Trustee shall provide written notice to the County and the Corporation of the amount and date of that transfer. Upon receipt of such notice, the County shall be obligated to pay to the Trustee, for deposit into the applicable subaccount of the Reserve Account, from any source of legally available and appropriated funds as an Additional Payment, an amount equal to such transfer in 12 equal monthly installments in the Fiscal Year immediately

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- (f) The Trustee shall receive (i) an opinion of Bond Counsel that such Reserve Surety complies with the conditions of this Section 5.6 and (ii) an executed original of such Reserve Surety prior to the acceptance thereof by the Trustee.
- (g) If the issuer of a Reserve Surety on deposit in the applicable subaccount of the Reserve Account shall cease to meet the rating requirement therefor, the Corporation and the County shall: (i) in the month immediately following the non-qualification of the Reserve Surety, replace such Reserve Surety with one that satisfies such rating requirement or (ii) beginning in the month immediately following the non-qualification of the Reserve Surety, make 12 deposits (each deposit being equal to 1/12 of the amount of the Reserve Requirement for the applicable Bonds) to the applicable subaccount of the Reserve Account as Additional Payments.
- (h) If the Corporation or the County provides a Reserve Surety after the deposit of moneys to the applicable subaccount of the Reserve Account, any amounts in the applicable subaccount of the Reserve Account in excess of the applicable Reserve Requirement shall be transferred to the Facilities Purchase Account.
- (i) With respect to the Series 2022 Bonds, Bond Insurer has issued its Reserve Policy subject to the terms contained in Section 12.3 hereof.

### SECTION 5.7 Investments

- (a) Moneys in the Project Fund and the Bond Fund shall be invested and reinvested by the Trustee or Custodian, as applicable, in Eligible Investments at the written direction of the Authorized Financial Representative. Any investments of moneys held to the credit of the Project Fund and the Bond Fund shall mature, be redeemable at the option of the owner or holder, or, in the case of a forward delivery agreement, repurchase agreement or similar contract, be available thereunder, not later than the respective dates when the money held to the credit of the Project Fund and the Bond Fund is required for the purpose intended. The Trustee may rely upon any such written direction of the Authorized Financial Representative as to legality and suitability of any directed investment, the qualification of any directed investment as a Permitted Investment thereunder, and as to the satisfaction of the requirements of the preceding sentence. In the absence of written direction from the Authorized Financial Representative, the Trustee shall hold finds as cash, uninvested.
- (b) Subject to any written direction from the Authorized Financial Representative, from time to time, the Trustee or Custodian, as applicable, may sell investments and reinvest the proceeds therefrom in Eligible Investments maturing or redeemable or available as required hereunder. The Trustee or Custodian, as applicable, may enter into transactions for the purchase or sale of Eligible Investments with itself or any bank, trust company or savings and loan association affiliated with the Trustee or Custodian, as applicable. The Trustee or Custodian, as applicable, shall sell or redeem Eligible Investments credited to the Bond Fund at the times required for the purpose of paying amounts due with respect to the Bonds payable therefrom when due as aforesaid, and shall do so without necessity for any order. An investment made from moneys credited to an Account or Fund shall constitute part of that Account and Fund, and each Account and Fund shall constitute part of that Account and Fund, and each kneed to the constitute part of the Account and Fund, and each kneed to the constitute part of the Account and Fund, and each kneed to the constitute part of the Account and Fund, and each kneed to the constitute part of the Account and Fund, and each kneed to the constitute part of the Account and Fund, and each kneed to the constitute part of the Account and Fund, and each kneed to the constitute part of the Account and Fund, and each kneed to the Constitute part of the Account and Fund, and each kneed to the Constitute part of the Account and Fund, and each kneed to the Constitute part of the Account and Fund, and each kneed to the Constitute part of the Account and Fund, and each kneed to the Constitute part of the Account and Fund, and each kneed to the Constitute Part of the Account and Fund, and each kneed to the Constitute Part of the Account and Fund, and Each Account and Fund and Each E
- (c) Investment income from investment of amounts on deposit in the Project Fund shall be retained therein and applied as other moneys in the Project Fund.
- (d) Investment income from investment of a particular subaccount of the Facilities Purchase Account shall be retained in such subaccount and credited against the amount of the applicable Base Payments to be paid by the County on the next succeeding Bond Payment Date.

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following the Fiscal Year in which such transfer is made; provided, that if the Reserve Requirement for a particular series of Bonds is met in whole or in part by a Reserve Surety, payments required hereby shall be applied first to the reinstatement of the Reserve Surety and then for deposit into the applicable subaccount of the Reserve Account.

- (f) Monies in a subaccount of the Reserve Account established for a particular series of Bonds shall be used solely: (i) to the extent necessary to make up deficiencies in the applicable subaccount of the Facilities Purchase Account, as provided in subsection (e) above; and (ii) if all Base Payments with respect to such series of Bonds are then current, to be credited against the last remaining required installments of Base Payments and for that purpose any remaining amounts in such subaccount of the Reserve Account shall be transferred as Base Payments to the applicable subaccount of the Facilities Purchase Account by the Trustee on or before the Bond Payment Date occurring on September 1, 2047, or the final Bond Payment Date specified in a Supplemental Agreement (with respect to the series of Additional Bonds authorized thereby).
- (g) Notwithstanding anything herein to the contrary, the Trustee shall be entitled to create such other funds and accounts as may be necessary or desirable in connection with the administration of its duties hereunder, including but not limited to such funds and accounts as may be established for the deposit of moneys related to the payment of arbitrage rebate in connection with the Bonds.

#### SECTION 5.6 Reserve Surety.

- (a) In lieu of the deposit of moneys into a subaccount of the Reserve Account established for a particular series of Bonds, the Corporation, with the prior consent of any insurer of the applicable series of Bonds, may provide a Reserve Surety in an amount, which together with moneys on deposit in the Reserve Account equals the Reserve Requirement applicable to each series of Bonds.
- (b) Any Reserve Surety shall be payable (upon the giving of notice as required thereunder) on any date on which moneys may be required to be withdrawn from the Reserve Account and applied to the payment of the principal of or interest on any Bonds and such payments cannot be made from other amounts credited to the Facilities Purchase Account. The Trustee shall maintain records as to the amount available at the end of each calendar quarter under any Reserve Surety.
- (c) The provider of any Reserve Surety shall be either (i) an insurer which has issued a policy of bond insurance with respect to the Bonds for which the Reserve Surety is to be used; (ii) an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of, premium, if any, and interest on municipal bond issues result in such issues being rated in one of the three highest rating categories by  $S\&P_t$ , or its successors; or (iii) a bank or trust company which is rated not lower than the third highest rating category by  $S\&P_t$ , or its successors, and whose letter of credit shall be rated in the highest category of either such rating agency.
- (d) Any Reserve Surety obtained for a particular series of Bonds, other than a letter of credit, must extend through the final maturity of the related series of Bonds and must be unconditional and irrevocable. Any Reserve Surety which is a letter of credit must provide for notice and the right to draw on such letter of credit for deposit to the applicable subaccount of the Reserve Account prior to the termination thereof.
- (e) If a disbursement is made pursuant to a Reserve Surety provided pursuant to this section, the Corporation shall be obligated either to reinstate the maximum limit of such Reserve Surety or to deposit into the applicable subaccount of the Reserve Account funds in the amount of the disbursement made under such Reserve Surety or a combination of such alternatives, as shall provide that the amount credited equals the Reserve Requirement for the related series of Bonds in the manner and at the times required under Section 5.5(c) hereof.

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- (e) Investment income from investment of a particular subaccount of the Reserve Account shall be retained in such subaccount to the extent that the value (as determined in the manner prescribed in paragraph (h) below) of amounts on deposit in such subaccount therein is less than the Reserve Requirement with respect to the applicable series of the Bonds, and any excess over such Reserve Requirement shall be transferred from such subaccount on or prior to each Bond Payment Date for credit against the applicable Base Payments to be paid by the County.
- (f) The Trustee shall report to the County at least five days prior to each date on which a Base Payment is due and payable the amount of investment income credited or transferred to the particular subaccount of the Facilities Purchase Account of the Bond Fund and available to make payments due on the next Bond Payment Date, and the amount of the applicable Base Payment payable by the County on that date shall be reduced by such amount.
- (g) The Trustee shall not be liable for any loss resulting from the making or disposition of any investment in Eligible Investments pursuant to the provisions of this Section provided it acts in good faith and without gross negligence in making such investment, and any such losses shall be charged to the Fund and Account with respect to which such investment is made.
- (h) The value of the obligations in which money in a Fund or Account has been invested shall be computed at market value or the amortized cost thereof, whichever is lower, except that in the case of the Reserve Account the value shall be computed at the lower of cost or fair market value. The Trustee shall value the investments in the Reserve Account and each subaccount therein on each February 1 and August 1 during the term of the Purchase and Use Agreement.
- (i) In the event, as of a date of valuation, investments in the Reserve Account or any subaccount therein plus the value of any Reserve Surety credited thereto are determined to be less than the Reserve Requirement applicable thereto, the Corporation shall notify the County with a demand that it restores the Account or subaccount from any source of legally available and appropriated funds as an Additional Payment to the applicable Reserve Requirement in 12 equal monthly installments in the Fiscal Year immediately following the Fiscal Year in which such valuation is made.
- SECTION 5.8 Moneys to be Held in Trust. All moneys required or permitted to be deposited with or paid to the Trustee under any provisions of this Trust Agreement or the Purchase and Use Agreement, and any investments thereof, shall be held by the Trustee in trust. Except for moneys held by the Trustee pursuant to Section 5.9 hereof, all moneys described in the preceding sentence held by the Trustee shall be subject to the lien of this Trust Agreement while so held.
- SECTION 5.9 Nonpresentment of Bonds. If any Bond is not presented for payment when its principal becomes due in whole or in part, or a check or draft for interest is uncashed, if moneys sufficient to pay the principal then due on that Bond or such check or draft shall have been made available to the Trustee for the benefit of its Holder, all liability of the Corporation or the County to that Holder for the payment of the principal then due or of the check or draft thereupon shall cease and be discharged completely. Thereupon, it shall be the duty of the Trustee to hold those moneys, without liability for interest thereon, for the exclusive benefit of the Holder, who shall be restricted thereafter exclusively to those moneys for any claim of whatever nature on its part under this Trust Agreement or on, or with respect to, that principal then due or of such check or draft.

Subject to applicable law, any such moneys which shall be so held by the Trustee, and which remain unclaimed by the Holder of a Bond not presented for payment or check or draft not cashed for a period of five years after the due date thereof, shall be paid to the County free of any trust or lien. Thereafter, the Holder of such Bond shall look only to the County for payment and then only to the amounts so received

by the County without any interest thereon, and the Trustee shall not have any responsibility with respect to those moneys

SECTION 5.10 Repayment to County from Bond Fund. Except as provided in Section 5.9 hereof, any amounts remaining in the Bond Fund in excess of the amounts necessary to effect the payment and discharge of the Bonds (i) after all of the Outstanding Bonds shall be deemed paid and discharged under the provisions of this Trust Agreement, and (ii) after payment of all fees, charges and expenses of the Trustee and of all other amounts required to be paid under this Trust Agreement and the Purchase and Use Agreement, shall be paid to the County.

SECTION 5.11 Rebate Fund. There is required to be established under the Federal Tax Certificate under the circumstances specified therein a Rebate Fund to be held by the Trustee. The Rebate Fund shall be held by the Trustee and administered in accordance with the terms hereof and of the Federal Tax Certificate. Deposits into the Rebate Fund shall be made in accordance with the Federal Tax Certificate with notice thereof in writing to the Trustee, such notice signed by a County Representative. Any tax certificate entered into with respect to a series of Additional Bonds may provide for the establishment of a separate subaccount in the Rebate Fund for that series of Additional Bonds.

SECTION 5.12 Office of the Comptroller of Currency; Waiver. All accounts and funds maintained or held pursuant to this Trust Agreement shall be continuously secured in the manner provided by the regulations of the Office of the Comptroller of the Currency as from time to time in effect. The Corporation acknowledges that regulations of the Office of the Comptroller of the Currency grant the Corporation acknowledges that regulations of the office of the Comptroller of the Currency grant the Corporation the right to receive brokerage confirmations of security transactions as they occur. The Corporation specifiedly waives such right to notification to the extent permitted by law and acknowledges that, to the extent it directs the investment of funds held by the Trustee, it will receive periodic transaction statements that will detail all investment transactions.

## ARTICLE VI

#### SECTION 6.1 Trustee's Acceptance and Responsibilities.

- (a) The Trustee accepts the trusts imposed upon it by this Trust Agreement, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article VI, to all of which the parties hereto and the Holders agree.
- (b) It is expressly understood and agreed that this Trust Agreement is being executed by the Trustee not in its corporate and individual capacity but solely as trustee hereunder in the exercise of the power and authority conferred and vested in it as such Trustee. It is further understood and agreed that neither the Trustee nor any past, present or future director, officer, employee, agent, controlling person or nominee of the Trustee shall be personally liable for any breach of any representation or warranty of the trust incorporated herein or in any other agreement or obligation contemplated hereby and nothing herein or therein contained shall be construed as creating any liability of the Trustee in its corporate and individual capacity or as creating any liability of any past, present or future director, officer, employee, agent, controlling person or nominee of the Trustee to make any payment or to perform any agreement or undertaking contained herein or therein.
- (c) Prior to the occurrence of an Event of Default of which the Trustee has been notified or deemed to have been notified as provided in paragraph (f) of Section 6.2 hereof, and after the cure or waiver of all defaults or Events of Default which may have occurred,

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- (a) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees (but shall be answerable therefor only in accordance with the standard specified above), (ii) shall be entitled to the advice of counsel concerning all matters of trusts or powers hereof and duties hereunder, and (iii) may pay reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof
- (b) Except as may be required of it in its capacity as assignee of the Corporation under the Purchase and Use Agreement or as specifically provided for elsewhere herein, the Trustee shall not be responsible for:
- (i) any recital in this Trust Agreement or the Bonds or any information in any offering memorandum of other disclosure material.
- (ii) the validity, priority, perfection, recording, rerecording, filing or refiling of this Trust Agreement or any Supplemental Agreement (or any assignment agreement related hereto or thereto) the Purchase and Use Agreement or the Base Lease, or any financing statement with respect to the Trust Estate,
  - (iii) any instrument or document of further assurance or collateral assignment,
  - (iv) the initial filing of financing statements
  - (v) insurance of any of the 2022 Facilities or collection of insurance moneys,
- (vi) the validity of the execution by the Corporation of this Trust Agreement, any Supplemental Agreement or instruments or documents of further assurance,
- (vii) the sufficiency of the security for the Bonds executed and delivered hereunder or intended to be secured hereby,
  - (viii) the value of or title to the 2022 Facilities, or
- (ix) the maintenance of the security hereof, except that, in the event that the Trustee enters into possession of a part or all of the 2022 Facilities pursuant to any provision of the Purchase and Use Agreement or any other instrument or document collateral thereto, the Trustee shall use due diligence in preserving that property.

The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, agreements or obligations on the part of the Corporation or the County under the Purchase and Use Agreement except as set forth hereinafter; but the Trustee may require of the Corporation or the County full information and advice as to the observance or performance of those covenants, agreements and obligations.

- (e) Except with respect to the disbursement of amounts deposited with or received by it under the provisions of this Trust Agreement, the Trustee shall not be accountable for the application by the County or any other Person of the proceeds of the Bonds.
- (d) The Trustee shall be protected and shall incur no liability, in the absence of bad faith on its part, in acting or proceeding, or in not acting or not proceeding upon any notice, request, consent, direction, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. The Trustee is under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instruments. Any action taken by the Trustee pursuant to this Trust Agreement upon the request or

- (i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in this Trust Agreement, and no duties or obligations, shall be implied to the Trustee;
- (ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the procedural requirements of this Trust Agreement; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the procedural requirements of this Trust Agreement.
- (d) After the occurrence of an Event of Default of which the Trustee has knowledge or is deemed to have knowledge, the Trustee shall exercise those rights and powers vested in it by this Trust Agreement and shall use the same degree of care and skill in their exercise, as a prudent corporate trustee would exercise or use under the circumstances in the conduct of its own affairs.
- (e) No provision of this Trust Agreement shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that
- (i) this subsection shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subsection (c)(i) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subsection (c)(ii) of this Section;
- (ii) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts;
- (iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement;
- (iv) no provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it;
- (v) the Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Corporation or the County) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice; and
- (vi) the Trustee has no responsibility to monitor compliance by the Corporation or the County of obligations and covenants under the Base Lease and Purchase and Use Agreement.
- (f) Every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 6.1. Whenever the Trustee acts in its capacity as Trustee with respect to any document or agreement relating the Bonds, the provisions of this Section 6.1 shall apply to all such action.

SECTION 6.2 Certain Rights and Obligations of the Trustee. Except as otherwise provided in

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authority or consent of any Person who is the Holder of any Bond at the time of making, the request or giving the authority or consent, shall be conclusive and binding upon all future Holders of the same Bond and of Bonds executed and delivered in exchange therefor or in place therefor.

- (e) As to the existence or nonexistence of any fact for which the Corporation or the County may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to rely upon a certificate signed on behalf of the Corporation by a Corporation Representative or the County by a County Representative as sufficient evidence of the facts recited therein. Prior to the occurrence of a default or Event of Default of which the Trustee has been notified or is deemed to have notice as provided in paragraph (f) of this Section, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; provided, that the Trustee in its discretion may require and obtain any further evidence which it deems to be necessary or advisable; and, provided further, that the Trustee shall not be bound to secure any further evidence.
- (f) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default with respect to the Bonds, except Events of Default described in Section 7.1(a) hereof, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the County or the Holders of at least 10% of the aggregate principal amount of Outstanding Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default, except as noted aboves.
- (g) At any reasonable time, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives may inspect and copy fully all books, papers and records of the Corporation pertaining to the 2022 Facilities, and may make any memoranda from and in regard thereto as the Trustee may desire.
- (h) The Trustee shall not be required to give any bond or surety with respect to execution of these trusts and powers or otherwise in respect of the premises.
- (i) Notwithstanding anything contained elsewhere in this Trust Agreement, the Trustee may demand any showings, certificates, reports, opinions, appraisals and other information, and corporate action and evidence thereof, in addition to those required by the terms hereof, as a condition to the authentication and delivery of any Bonds or the taking of any action whatsoever within the purview of this Trust Agreement, if the Trustee deems it to be desirable for the purpose of establishing the right of any Person to the taking of any other action by the Trustee; provided, that the Trustee shall not be required to make that demand.
- (j) The Trustee shall be under no obligation to take any action hereunder pursuant to Section 6.4 or Article VII hereof (with the exception of any action required to be taken under Section 7.2 hereof). The Trustee may require that an indemnity bond satisfactory to it be furnished to the Trustee by the Holders for the reimbursement of all expenses which it may incur and to protect it against all liability by reason of any action so taken pursuant to Section 6.4 or Article VII hereof, except liability which is adjudicated to have resulted from its gross negligence or willful default. The Trustee may take action without such indemnity, and in that case, all of the Trustee's expenses pursuant to Section 6.3 hereof with respect to the Bonds will be reimbursable as provided in the Purchase and Use Agreement.
- (k) Unless otherwise provided herein, all moneys received by the Trustee under this Trust Agreement shall be held in trust for the purposes for which such moneys were received, until such moneys are used, applied or invested as provided herein, provided, that those moneys need not be segregated from other moneys, except to the extent required by this Trust Agreement or by law. The Trustee shall not have any liability for interest on any moneys received hereunder, except to the extent expressly provided herein or agreed with the Corporation.

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- (I) Any opinions, certificates and other instruments and documents for which provision is made in this Trust Agreement, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its action taken hereunder.
- (m) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty of the Trustee, and the Trustee shall be answerable only for its own negligence or willful misconduct
- SECTION 6.3 Fees, Charges and Expenses of Trustee. The Trustee acknowledges receipt of payment in full from the proceeds of the Series 2022 Bonds for its initial fees for its Ordinary Services rendered hereunder and for all advances, counsel fees and other Ordinary Expenses reasonably and necessarily paid or incurred, or to be paid or incurred, by it in connection with the provision of Ordinary Services to the date hereof. The Trustee shall be entitled to the payment of its annual charges upon invoice to the Corporation (which pursuant to the Purchase and Use Agreement shall be payable by the County). In the event that it should become necessary to perform Extraordinary Services including any such Extraordinary Services relating to a default or post-default situation, with respect to the Bonds, the Trustee's then-current fee schedule, and to reimbursement for reasonable and necessary Extraordinary Expenses incurred in connection therewith.

Without creating a default or an Event of Default, however, the County may contest in good faith the nessity for any Extraordinary Service and Extraordinary Expense and the reasonableness of any fee, charge or expense.

The Trustee, in that or its other capacities, shall not be entitled to compensation or reimbursement for Extraordinary Services or Extraordinary Expenses occasioned by its negligence or willful misconduct.

Any amounts payable under this Section 6.3 are payable upon demand and shall bear interest from the date of demand therefor at the prime rate quoted from time to time by the banking association serving as Trustee.

SECTION 6.4 Intervention by Trustee. The Trustee may and, at the direction of the Holders of at least 50% of the aggregate principal amount of the Outstanding Bonds, shall intervene in any judicial proceeding to which the Corporation or the County is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Holders of the Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it by the Holders in accordance with Sections 6.1 and 6.2 hereof before it takes action hereunder.

#### SECTION 6.5 Successor Trustee. Anything herein to the contrary notwithstanding

(a) Any corporation or association that (i) is a trust company or a bank having the powers of a trust company, (ii) is duly authorized to exercise trust powers and in good standing under the laws of the State and, if applicable, the United States, (iii) is subject to examination by federal or State authorities, and (iv) has a reported capital and surplus of not less than \$75,000,000; and (i) into which the Trustee may be converted or merged, (ii) with which the Trustee or any successor to it may be consolidated, or (iii) to thich the Trustee may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, just facto, is the successor Trustee hereunder and shall be vested with all of the title to the whole property or Trust Estate hereunder.

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any other provision of this Trust Agreement to the contrary, no resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee hereunder.

- (b) Every successor Trustee appointed pursuant to this Section shall (i) be a trust company or bank having the powers of a trust company, (ii) be in good standing within the State and, if applicable, the United States, (iii) be duly authorized to exercise trust powers within the State and, if applicable, the United States, (iv) have a reported capital and surplus of not less than \$75,000,000, and (v) be willing to accept the trusteeship under the terms and conditions of this Trust Agreement.
- (c) Every successor Trustee appointed hereunder shall execute and acknowledge, and shall deliver to its predecessor and to the Corporation and the County an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the trusts, properties, remedies, powers, rights, duties, obligations, discretion, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of its predecessor. Upon the written request of its successor, the Corporation or the County, the predecessor Trustee (i) shall execute and deliver any instrument or document transferring to its successor all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests, and liens of the predecessor Trustee hereunder, and (ii) shall take any other action necessary to duly assign, transfer and deliver to its successor all property (including without limitation, all securities and noneys) held by it as Trustee. Should any instrument or document in writing from the Corporation be requested by any successor Trustee for vesting and the conveying more fully and certainly in and to that successor the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens vested or conveyed hereby in or to the predecessor Trustee, the Corporation shall execute, acknowledge and deliver that instrument or document.
- (d) In the event of a change in the Trustee, the predecessor Trustee shall cease to be custodian of any moneys which it may hold pursuant to this Trust Agreement and shall cease to act as Paying Agent for the Bonds, the successor Trustee shall become custodian of such moneys and the Paying Agent.
- (e) Upon the appointment of a successor Trustee and completion by the predecessor Trustee of the actions required of it under (c) above, the predecessor Trustee shall not be liable for any acts of its successor.
- SECTION 6.9 Dealing in Bonds. The Trustee and its affiliates, and any directors, officers, employees or agents thereof, in good faith, may become the owner of any Bond or Bonds with the same rights which they would have hereunder if the Trustee did not serve in that capacity.

SECTION 6.10 Representations, Agreements and Covenants of Trustee. The Trustee hereby

- (a) It is a state banking association duly organized, validly existing and in good standing under the laws of the United States of America and duly authorized to exercise corporate trust powers in the State, it has an unimpaired reported capital and surplus of not less than 975,000,000. The Trustee covenants that it will take such action, if any, as is necessary to remain in good standing and duly authorized to exercise corporate trust powers in the State, and that it will maintain unimpaired reported capital and surplus of not less than \$75,000,000.
- (b) It is duly authorized to execute and deliver this Trust Agreement and to perform its obligations hereunder in the manner and to the extent set forth in this Trust Agreement; and
- (c) All actions required on its part to be performed for authentication of the Bonds and the execution and delivery of this Trust Agreement have been or will be taken duly and effectively.

(b) Any such corporation or association that becomes a successor Trustee by virtue of the foregoing shall be vested further, as was its predecessor, with each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Trust Agreement to be exercised by, vested in or conveyed to the Trustee, without the execution or filing of any instrument or document or any further act on the part of any of the

SECTION 6.6 Resignation by Trustee. The Trustee may resign at any time from the trusts created hereby by giving written notice of the resignation to the County and the Corporation and by mailing written notice of the resignation to the Holders as their names and addresses appear on the Register at the close of business 15 days prior to the mailing. The resignation shall take effect upon the appointment of a successor Trustee and its acceptance of its duties as set forth in Section 6.8 hereof.

#### SECTION 6.7 Removal of Trustee

- (a) The Holders of not less than a majority of the aggregate principal amount of the Outstanding Bonds may, on execution of a signed instrument or document or concurrent instruments or documents in writing, delivered to the Trustee, with copies thereof mailed to the County and the Corporation, remove the Trustee for course.
- (b) For so long as no Event of Default has occurred and is continuing, the Corporation at the written direction of the County may remove the Trustee upon 30 days' written notice.
- (c) The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Corporation, the County or the Holders of not less than 50% in aggregate principal amount of the Outstanding Bonds.
- (d) At the request of the County, so long as no default exists under the Purchase and Use Agreement and Devent of Nonappropriation has occurred, the Corporation may appoint a successor Trustee as provided in Section 6.8 hereof.

#### SECTION 6.8 Appointment of Successor Trustee.

(a) If (i) the Trustee shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (ii) the Trustee shall be taken under the control of any public officer or officers, or (iii) a receiver shall be appointed for the Trustee by a court, then a successor Trustee shall be appointed by the Corporation (with the agreement of the County if there is no Event of Default and no Event of Nonappropriation under the Purchase and Use Agreement); provided, that if a successor Trustee is not so appointed within ten days after (a) a notice of resignation or any instrument or document of removal is received by the Corporation as provided in Sections 6.6 and 6.7 hereof, respectively, or (b) the Trustee disdisolved, taken under control, becomes otherwise incapable of acting or a receiver is appointed, in each case, as provided above, then, so long as the Corporation shall not have appointed a successor Trustee, the Holders of a majority in aggregate principal amount of the Outstanding Bonds not paid or provided for may designate a successor Trustee by an instrument or document or concurrent instruments or documents in writing signed by or on behalf of those Holders. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 60 days of the occurrence of any event listed in Section, 8(a)(i)-(iii), the Holder of any Outstanding Bond hereunder or any retriring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Notwithstanding

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The Trustee will observe and perform faithfully at all times all covenants, agreements, authority, acroiss, undertakings, stipulations, provisions, duties and obligations to be observed or performed by the Trustee hereunder, the Bonds and under any other instrument or document providing security for the Bonds; provided, nevertheless, that the Trustee shall not be responsible or liable for the performance of or observation of any covenants respecting the maintenance of federal tax exemption of interest with respect to the Series 2022 Bonds in the absence of specific direction in writing from the County or the Corporation and shall not be responsible for ascertaining the requirements of federal tax law with respect thereto.

SECTION 6.11 Right of Trustee to Pay Taxes and Other Charges. Reference is made to the Purchase and Use Agreement whereby the Corporation is authorized to advance moneys (i) to pay taxes, assessments and other governmental charges with respect to the 2022 Facilities, (ii) for the discharge of mechanic's and other liens relating to the 2022 Facilities, (iii) to obtain and maintain insurance for the 2022 Facilities and pay premiums therefor, and (iv) generally, to make payments and incur expenses in the event that the County fails to do so as required by such Purchase and Use Agreement or the Base Lease. The Trustee may make those advances but shall not be required to do so (and may require indemnification) pursuant to Sections 6.1(e)(iv) and 6.2 hereof, but without prejudice to any rights of the Trustee as assignee of the Corporation against the County for failure of the County to do so.

SECTION 6.12 Additional Covenants and Agreements of the Trustee. In addition to any other covenants and agreements of the Trustee in this Trust Agreement, the Trustee further covenants and agrees for the benefit of the Holders as follows:

- (a) Register. At reasonable times and under reasonable regulations established by the Trustee, the Register for the Bonds may be inspected and copied by the Corporation, the County or Holders of 50% or more in principal amount of the Outstanding Bonds, or a designated representative therefor.
- (b) Rights and Enforcement of Base Lease and Purchase and Use Agreement. The Trustee may enforce, in its name, all rights of the Corporation under the Base Lease and the Purchase and Use Agreement for and on behalf of the Holders. The Trustee covenants and agrees to perform all obligations and duties imposed on it by assignment hereunder, and to enforce, subject to Sections 6.1 and 6.2 hereof, all covenants, agreements and obligations of the County under and pursuant to the Base Lease and the Purchase and Use Agreement. The Trustee will do all things and take all actions on its part necessary to comply with covenants, agreements, obligations duties and responsibilities on its part to be observed or performed under the Base Lease and the Purchase and Use Agreement, and will take all actions within its authority to keep the Base Lease and the Purchase and Use Agreement in effect in accordance with the terms thereof. The Trustee's obligations under this paragraph are subject to the provisions of the last paragraph of Section 7.3 hereof.

## ARTICLE VII DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND HOLDERS

SECTION 7.1 Defaults; Events of Default. The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default hereunder:

- (a) Payment of the principal or interest due on any Bond shall not be made when and as such payment shall become due and payable;
- (b) The occurrence and continuance of an Event of Default as defined in Section 8.1 of the Purchase and Use Agreement:

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- (c) Any material breach by the Corporation of any representation or warranty made in this Trust Agreement or default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Corporation in this Trust Agreement or in the Bonds contained;
- (d) The issuance of an order of relief by the Bankruptcy Court of the United States District Court having valid jurisdiction, granting the Corporation relief under federal bankruptcy law, or the issuance by any other court having valid jurisdiction of an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Corporation or any substantial part of its property, affairs, or assets, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or
- (e) The consent by the Corporation to the institution of proceedings in bankruptcy against it, or to the institution of any proceeding against it under any federal or state insolvency laws, or to the filing of any petition, application, or complaint seeking the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Corporation or of any substantial part of its property, affairs, or assets.

SECTION 7.2 Notice of Default. In the event the Trustee becomes aware of the occurrence of any of the events described in Section 7.1 above with respect to the Purchase and Use Agreement, the Trustee shall give written notice of the Event of Default, by registered or certified mail, to the County, Bond Insurer, and the Corporation, within 10 days after the Trustee has knowledge of the Event of Default. If an Event of Default occurs of which the Trustee has notice pursuant to this Trust Agreement, the Trustee shall give written notice thereof, within 30 days after the Trustee's receipt of notice of its occurrence, to the Holders of all Outstanding Bonds as shown by the Register at the close of business 15 days prior to the mailing of that notice.

#### SECTION 7.3 Remedies; Rights of Holders.

- (a) General. Upon the occurrence and continuance of an Event of Default, the Trustee may, subject to Section 12.2 hereof and to the rights of the Bond Insurer provided hereunder (including the rights under Section 12.2 to direct the Trustee in the exercise of renderies as the deemed holder of all of the Bonds), pursue any available remedy to enforce the payment of any amounts due with respect to the Bonds or the observance and performance of any other covenant, agreement or obligation under this Trust Agreement, the Purchase and Use Agreement (including but not limited to the right to re-enter and relet the Corporation Facilities as provided in Section 8.2 of the Purchase and Use Agreement) pertaining thereto or any other instrument providing security, directly or indirectly, for the Bonds. On the occurrence and continuance of an Event of Default, and subject to Section 12.2 hereof and at the request of the Bond Insurer (or, if applicable as a result of a Bond Insurer Default, the Holders of at least 50% of the aggregate principal amount of the Outstanding Bonds, the Trustee (subject to the provisions of Sections 6.1 and 6.2 hereof), shall exercise one or more rights and powers conferred by this Section as the Trustee, upon advice of counsel, deems most expedient in the interests of the Holders of such Bonds.
- (b) Acceleration. Subject to Section 12.2 hereof, upon the occurrence of an Event of Default, and at any time thereafter while such Event of Default continues, then the Trustee in its own name and as trustee of an express trust, no behalf and for the benefit and protection of the Holders of all Outstanding Bonds, may proceed with the consent or at the direction of the Bond Insurer (or, if applicable as a result of a Bond Insurer Default, the Holders of at least 50% of the aggregate principal amount of the Outstanding Bonds), shall proceed, to declare the principal of all Outstanding Bonds, except as noted below, together with all accrued and unpaid interest thereon, if not already due, to be due and payable immediately, and upon any such declaration the same shall become and be due and payable immediately, anything contained in this Trust Agreement or any Supplemental Agreement or in any of the Bonds to the contrary notwithstanding. This provision is also subject, however, to the condition that, if at any time after the principal of the Bonds,

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is empowered to enforce each remedy, right and power granted to the Corporation under the Purchase and Use Agreement (except for those rights specifically reserved to the Corporation) and the Base Lease. In exercising any remedy, right or power under the Purchase and Use Agreement, the Base Lease or this Trust Agreement, the Trustee shall take any action which would best serve the interests of the Holders in the judgment of the Trustee, applying the standards described in Sections 6.1 and 6.2 hereof.

SECTION 7.4 Right of Holders to Direct Proceedings. Anything to the contrary in this Trust Agreement notwithstanding, but subject to Section 12.2 hereof and the rights of the Bond Insurer, the Holders of at least a majority in aggregate principal amount of the Outstanding Bonds shall have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Trust Agreement or any other proceedings hereunder, provided, that (i) any direction shall be in accordance with the provisions of law and of this Trust Agreement, (ii) the Trustee shall be indemnified as provided in Sections 6.1 and 6.2 hereof, and (iii) the Trustee may take any other action which it deems to be propose and which is not inconsistent with the direction.

### SECTION 7.5 Application of Moneys

(a) Unless the principal of all Outstanding Bonds shall have become or have been declared due and payable any funds received by the Trustee hereunder, shall be applied as follows (provided, however, that amounts on deposit in a subaccount of the Facilities Purchase Account or the Reserve Account established for the benefit of a particular series of Bonds shall be available solely with respect to such Bonds):

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

Second: To the payment to the Persons entitled thereto of the unpaid principal amounts or redemption premium, if any, of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the principal amounts or redemption premium, if any, due on such date, to the Persons entitled thereto, without any discrimination or preference;

Third: If, when there is not an Event of Default, the Trustee is required to expend funds to defend itself in a lawsuit which arises under a cause of action attacking the legality of the Bonds; the inclusion of interest earned on the Bonds in the gross income for federal income tax purposes of a Bondholder; or the status of the Corporation as issuer, then, in such event the Trustee shall be entitled to a call on the funds for the same kinds of expenses as are described as costs and expenses of collection as described in (b) below; and

Fourth: Not in limitation of its subrogation rights, to the payment of any amounts due and owing to Bond Insurer.

(b) If the principal of all Outstanding Bonds shall have become or have been declared due and payable, any funds received by the Trustee hereunder, after payment of costs and expenses of collection, shall be applied ratably according to the amounts due respectively for principal and interest to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal or interest, of any installment, of any Bond, to the Persons entitled thereto; provided, however, that amounts on deposit in a subaccount of the Facilities Purchase Account or the Reserve Account established for the benefit of a particular series of Bonds shall be available solely with respect to such Bonds. For purposes hereof, "costs and expenses of collection" shall include such expenses as are necessary for the Trustee to

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together with the accrued and unpaid interest thereon and other moneys secured hereby, have been so declared due and payable and before any further action has been taken (other than the making of the above declaration), the principal amount of all Bonds which have matured either according to the maturity date or dates otherwise specified therein (except as a result of such declaration) and all arrears of interest upon all Bonds, except interest accrued but not yet due on said Bonds, have been paid or caused to be paid, and all other Events of Default, if any, which have occurred have been remedied, cured or secured, then the Bond Insurer (or if applicable, the Holders of 50% in principal amount of the Outstanding Bonds), by notice in writing delivered to the Trustee and the Corporation, may waive such Event of Default and its consequences and rescind and annul such declaration. No waiver or rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power related to such subsequent default.

- (c) Other Remedies. In case any one or more of the Events of Default shall happen and be continuing, thus tubject to the provisions of Sections 7.7 and 12.2 hereof, the Holder of any Outstanding Bond or the Trustee may, for the equal benefit and protection of all Holders of the Bonds similarly situated:
- (i) by mandamus or other suit, action or proceedings at law or in the equity, enforce such Bondholder's right against the Corporation and require and compel the Corporation to perform and carry out its duties and obligations under this Trust Agreement or enforce any such remedies against the County pursuant to the Purchase and Use Agreement, and require and compel the Corporation to perform and carry out its covenants and agreements with the Bondholders;
- (ii) by action or suit in equity require the Corporation to account as if such Corporation were the trustee of an express trust;
- (iii) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders;
  - (iv) bring suit upon the Bonds;
- (v) take such other action with respect to the Trust Estate, including obtaining the appointment of a receiver, as it may deem appropriate and apply any funds resulting therefrom as if such funds were Revenues; or
- (vi) avail itself of any other remedy, whether at law or in equity, as it may determine to be appropriate.
- (d) <u>Remedies Under Uniform Commercial Code</u>. The Trustee may exercise any rights, powers, or remedies it may have as a secured party under the Uniform Commercial Code of the State, or other similar laws in effect.
- (e) No Remedy Exclusive, Effect of Delay and Waiver. No remedy conferred upon or reserved to the Trustee or to the Holders by this Trust Agreement is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or otherwise to the Trustee or to the Holders now or hereafter existing. No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default shall impair that remedy, right or power or shall be construed to be a waiver of any default or Event of Default or acquiescence therein. For expression, and therefore the properties of the p
- (f) Remedies Under Purchase and Use Agreement and Base Lease. As the assignee of all right, title and interest of the Corporation in and to the Purchase and Use Agreement and the Base Lease, the Trustee

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fulfill its obligation of due diligence to protect the interests of the Bondholders in the Trust Estate which expenses may include the Trustee's reasonable expenses and fees for its duties administering this Trust Agreement while the Bonds are in default, its normal fees and expenses resulting from managing any of the property forming part of the Trust Estate, expenses of counsel to represent the Trustee, expenses of consultants employed by the Trustee, and direct expenses of the Trustee to include the costs of preparing and mailing notices to Bondholders and other parties.

- (c) If the principal of all Outstanding Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all Outstanding Bonds shall later become due or be declared due and payable, moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.
- (d) Whenever moneys are to be applied pursuant to the provisions of this Section, those moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of moneys available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Trustee shall direct the application of those moneys, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the moneys are available therefor. The Trustee shall give notice of the deposit with it of any moneys and of the fixing of that date, all consistent with the requirements of Section 3.5 hereof for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of a Bond to the Holder thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.
- (e) Whenever all Bonds and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Trustee and amounts due and owing to Bond Insurer have been paid, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the County or as a court of competent jurisdiction may direct.

SECTION 7.6 Remedies Vested in Trustee. All rights of action (including without limitation, the right to file proofs of claims) under this Trust Agreement or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Holders as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Holders of the Outstanding Bonds subject to the provisions of this Trust Aereement.

SECTION 7.7 Rights and Remedies of Holders. A Holder of a Bond shall not have any right to institute any suit, action or proceeding for the enforcement of this Trust Agreement, for the execution of any trust hereof, or for the exercise of any other remedy hereunder, unless (a) there has occurred and is continuing an Event of Default of which the Trustee has been notified or is deemed to have notice as provided in Section 6.2(f) hereof; and (b) subject to Section 12.2, the Holders of at least 50% in aggregate principal amount of the Outstanding Bonds shall have (i) made written request to the Trustee and (ii) afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name, and (iii) offered indemnity to the Trustee as provided in Sections 6.1 and 6.2 hereof; and the Trustee failed or refused to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name, and (iii) offered indemnity to the Trustee as provided in Sections 6.1 and 6.2 hereof; and the Trustee failed or refused to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name.

No Holder of a Bond shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of this Trust Agreement by its action, or to enforce, except in the manner provided herein, any remedy, right or power hereunder. Any suit, action or proceeding shall be instituted, had and maintained

in the manner provided herein for the benefit of the Holders of all Outstanding Bonds. Nothing in this Trust Agreement shall affect or impair, however, the right of any Holder to enforce the payment of the principal and interest due on any Bond owned by that Holder at and after the due date thereof, at the place, from the sources and in the manner expressed in the Bond.

SECTION 7.8 Termination of Proceedings. In case the Trustee shall have proceeded to enforce any remedy, right or power under this Trust Agreement in any suit, action or proceedings, and the suit, action or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Corporation, the Bond Insurer and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as if no suit, action or proceedings had been taken.

SECTION 7.9 Waivers of Events of Default. Except as hereinafter provided, and subject to Section 12.2 hereof, the Trustee may, and upon the written request of the Bond Insurer (or, if applicable, the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding) shall, waive any Event of Default hereunder and its consequences. The Trustee shall not waive, however, any Event of Default described in Section 7.1(a) hereof unless at the time of such waiver payments of all amounts then due and payable with respect to the Bonds have been made to provision has been made therefor. In the case of waiver, or in case any suit, action or proceeding taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Trustee, the Bond Insurer and the Holders shall be restored to their former positions and rights hereunder, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

#### ARTICLE VIII SUPPLEMENTAL AGREEMENTS

SECTION 8.1 Supplemental Agreements Generally. The Corporation and the Trustee may enter into Supplemental Agreements, as provided in this Article and pursuant to the other provisions therefor in this Trust Agreement. So long as any of the Series 2022 Bonds remain Outstanding, any rating agency rating the Series 2022 Bonds must receive notice of each Supplemental Agreement and a copy thereof at least 15 Business Days in advance of its execution. The Trustee shall not be required to execute any amendment affecting its obligations, duties, or standard of care.

SECTION 8.2 Supplemental Agreements Not Requiring Consent of Holders. Without the consent of, or notice to, any of the Holders but subject to Section 11.3 hereof, the Corporation and the Trustee may enter into Supplemental Agreements which shall not, in the opinion of the Trustee, be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) To cure any ambiguity, inconsistency or formal defect or omission in this Trust Agreement;
- (b) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;
  - (c) To assign additional revenues under this Trust Agreement;
- (d) To accept additional security and instruments and documents of further assurance with respect to the 2022 Facilities;
- (e) To add to the covenants, agreements and obligations under this Trust Agreement, other covenants, agreements and obligations to be observed for the protection of the Holders;

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notice of the proposed execution and delivery of the Supplemental Agreement to be mailed by first class mail, postage prepaid, to all Holders of Outstanding Bonds at their addresses as they appear on the Register at the close of business on the 15th day preceding that mailing.

The Trustee shall not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice required by this Section. Any failure of that nature shall not affect the validity of the Supplemental Agreement when there has been consent thereto as provided in this Section. The notice shall set forth briefly the nature of the proposed Supplemental Agreement and shall state that copies thereof are on file at the principal trust office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period described by the Trustee of not less than 60 days but not exceeding one year, following the mailing of the notice, an instrument or document (which instrument or document shall refer to the proposed Supplemental Agreement in the form described in the notice), by which the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds consent to the execution of such Supplemental Agreement, the Trustee shall execute and deliver the Supplemental Agreement in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto.

Any consent shall be binding upon the Holders of the Bonds, regardless of whether that Holder shall have consented thereto. A consent may be revoked, however, by a written revocation of such consent signed by the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds and received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Agreement. At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the Trustee shall make and file with the County a written statement that the Holders of the required percentage of Bonds shave filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Outstanding Bonds shall have consented to the Supplemental Agreement, as provided in this Section, no Holder shall have any right (a) to object to (i) the execution or delivery of the Supplemental Agreement, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee from that execution or delivery or from taking any action pursuant to the provisions thereof.

SECTION 8.4 Consent of County. Anything contained herein to the contrary notwithstanding, and so long as the County is not in default under the Purchase and Use Agreement, a Supplemental Agreement executed and delivered in accordance with this Article VIII which affects any rights or obligations of the County shall not become effective unless and until the County shall have consented in writing to the execution and delivery of that Supplemental Agreement. The Trustee shall cause notice of the proposed execution and delivery of any Supplemental Agreement and a copy of the proposed Supplemental Agreement to be mailed to the County, as provided in Section 14.3 hereof, (i) at least 30 days (unless waived by the County) before the date of the proposed execution and delivery of a Supplemental Agreement.

SECTION 8.5 Authorization to Trustee; Effect of Supplemental Agreement. The Trustee is authorized to join with the Corporation in the execution and delivery of any Supplemental Agreement in accordance with this Article and to make the further agreements and stipulations which may be contained therein with the following effect:

(a) That Supplemental Agreement shall form a part of this Trust Agreement;

(f) To evidence any succession to the Trustee and the assumption by its successor of the covenants, agreements and obligations of the Trustee under this Trust Agreement and the Bonds;

- (g) To permit the use of a Book-Entry System to identify the owner of a proportionate interest in the payments under the Purchase and Use Agreement, whether that proportionate interest was formerly, or could be, evidenced by a tangible security.
  - (h) To permit the Trustee to comply with any obligations imposed upon it by law;
  - (i) To specify further the duties and responsibilities of the Trustee;
  - (j) To achieve compliance of this Trust Agreement with any applicable federal securities or tax law;
- (k) To make amendments to the provisions hereof relating to matters under the Code, if, in the opinion of nationally recognized bond counsel selected by the Corporation and approved by the Trustee, those amendments would not cause the interest on the Bonds to become includable in the gross incomes of the recipients thereof for federal income tax purposes;
  - (l) To make provision of the issuance of Additional Bonds as provided for herein;
- (m) To permit any other amendment which is not to the prejudice of the Trustee (in the judgment of the Trustee) or the Holders; or
  - (n) To reflect a change in applicable law.

The provisions of paragraphs (h), (j) and (m) above shall not be deemed to constitute a waiver by the Trustee or any Holder of any right which it may have to contest the application of any change in law to this Trust Agreement or the Bonds.

SECTION 8.3 Supplemental Agreements Requiring Consent of Holders. Exclusive of Supplemental Agreements to which reference is made in Section 8.2 hereof and subject to the terms, provisions and limitations contained in this Section and Section 12.2 hereof, and not otherwise, with the consent of the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds at such time, evidenced as provided in this Trust Agreement, the Corporation and the Trustee may execute and deliver Supplemental Agreements adding any provisions to, changing in any manner or eliminating any of the provisions of this Trust Agreement or any Supplemental Agreement or restricting in any manner the rights of the Holders. Nothing in this Section or Section 8.2 hereof shall, however, be construed as permitting:

(a) without the consent of the Holder of each Bond so affected and Bond Insurer, (i) an extension of the maturity of the principal of or the interest on any Bond, or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or

(b) without the consent of the Holders of all Outstanding Bonds and Bond Insurer, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Agreement; provided, however, that the establishment of an escrow for the defeasance of a portion of the Bonds shall not be deemed to constitute the creation of a privilege or priority for the benefit of the Bonds to be defeased.

If the Corporation shall request that the Trustee execute and deliver any Supplemental Agreement for any of the purposes of this Section, upon (i) being satisfactorily indemnified with respect to its expenses and liability in connection therewith, and (ii) if required by Section 8.4 hereof, receipt of the County's consent to the proposed execution and delivery of the Supplemental Agreement, the Trustee shall cause

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- (b) All terms and conditions contained in that Supplemental Agreement as to any provision authorized to contained therein shall be deemed to be a part of the terms and conditions of this Trust Agreement for any and all purposes;
- (c) This Trust Agreement shall be deemed to be modified and amended in accordance with the Supplemental Agreement; and
- (d) The respective rights, duties and obligations under this Trust Agreement of the Corporation, the Trustee and all Holders of Outstanding Bonds shall be determined, exercised and enforced hereunder in a manner which is subject in all respects to those modifications and amendments made by the Supplemental Agreement.

Express reference to any executed and delivered Supplemental Agreement may be made in the text of any Bonds executed and delivered thereafter, if that reference is deemed necessary or desirable by the Trustee or the Corporation. The Trustee shall not be required to execute a Supplemental Agreement containing provisions adverse to the Trustee.

SECTION 8.6 Opinion of Counsel. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that (i) any proposed Supplemental Agreement complies with the provisions of this Trust Agreement, and (ii) it is proper for the Trustee to join in the execution of that Supplemental Agreement under the provisions of this Article. The Trustee may accept an opinion of Bond Counsel or counsel for the Corporation or the County for such purposes. Prior to taking any action hereunder, the Trustee shall be entitled to assurance as to the payment of the fees and expenses of any counsel providing such opinion.

SECTION 8.7 Modification by Unanimous Consent. Notwithstanding anything contained elsewhere in this Trust Agreement, the rights and obligations of the Trustee and of the Holders of the Bonds, and the terms and provisions of the Bonds and this Trust Agreement or any Supplemental Agreement, may be modified or altered in any respect with the consent of (i) the Trustee, (ii) the Holders of all of the Outstanding Bonds, (iii) Bond Insurer, and (iv) if required by Section 8.4 hereof, the County.

#### ARTICLE IX DEFEASANCE

### SECTION 9.1 Defeasance

(a) When principal or redemption price (as the case may be) of, and interest on, any Bonds issued hereunder has been paid, or provision shall have been made for payment of the same, together with the compensation of the Trustee and all other sums payable hereunder and under the Purchase and Use Agreement by the Corporation and the County, the right, title and interest of the Trustee with respect to the Trust Estate shall thereupon cease and the Trustee shall release this Trust Agreement and shall execute such documents to evidence such releases as may be reasonably required by the Corporation and shall turn over to the Corporation or to such person, body or authority as may be entitled to receive the same all balances then held by it hereunder; provided, however, that the County shall in all events remain liable under the Purchase and Use Agreement (subject to Section 4.7 thereof) until all amounts due and owing thereunder have been paid.

(b) Provision for the payment of the Bonds shall be deemed to have been made when the Trustee holds, in an irrevocable deposit, under the provisions hereof (i) eash in an amount sufficient to make all payments specified above with respect to all of such Bonds, or (ii) Defeasance Obligations maturing on or before the date or dates when the payments specified above shall become due, the principal amount of which and the interest thereon, when due, is or will be, in the aggregate, sufficient without reinvestment to make all

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payments specified above with respect to such Bonds, or (iii) any combination of such cash and such Defeasance Obligations the amounts of which and interest thereon, when due, are or will be, in the aggregate, sufficient without reinvestment to make all payments specified above on such Bonds; provided that, to the extent such deposit does not consist solely of cash, which will be held uninvested, the Trustee shall have received a report of an independent accountant or firm of accountants verifying that the computations of the amount available from Defeasance Obligations when added to any cash available shall be sufficient to meet the requirements hereof. Any escrow agreement entered into hereunder shall provide that (i) any substitution of securities shall require a verification report provided by an independent certified public accountant, (ii) the Corporation will not exercise any optional redemption of Bonds secured by such escrow agreement or any other redemption other than mandatory sinking fund redemptions unless the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (iii) the Corporation shall not amend the secrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Trustee.

- (c) Neither the obligations nor the moneys deposited with the Trustee pursuant to this Section shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal or redemption price of, and interest on, said Bonds.
- (d) Whenever moneys or obligations shall be deposited with the Trustee for the payment or redemption of Bonds more than 60 days prior to the date that such Bonds are to mature or be redeemed, the Trustee shall mail a notice stating that such moneys or obligations have been deposited and identifying the Bonds for the payment of which such moneys or obligations are being held, to the Holders of Bonds for the payment of which such moneys or obligations are being held.
- (e) Prior to any defeasance becoming effective under this Trust Agreement, there shall have been delivered to the Trustee an opinion of Bond Counsel, satisfactory to the Trustee, to the effect that interest on the Bonds being paid by such defeasance will not become subject to federal income taxation by reason of such defeasance.

SECTION 9.2 Survival of Certain Provisions. Notwithstanding the foregoing, any provisions of this Trust Agreement which relate to the maturity of Bonds, interest payments and dates thereof, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, the holding of moneys in trust, and payments to the County from the Bond Fund pertaining to the Purchase and Use Agreement and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee and the Holders, notwithstanding, the release and discharge of this Trust Agreement. The provisions of this Article shall survive the release, discharge and satisfaction of this Trust Agreement.

#### ARTICLE X RESERVED

## ARTICLE XI AMENDMENTS TO BASE LEASE AND PURCHASE AND USE AGREEMENT

#### SECTION 11.1 Amendments Not Requiring Consent of Holders.

(a) Without the consent of or notice to the Holders, the Trustee, as trustee and as lessor by assignment, may consent to any amendment, change or modification of the Base Lease and the Purchase and Use Agreement (i) permitted by the provisions of the Base Lease, the Purchase and Use Agreement or this Trust Agreement, (ii) which cures any ambiguity, inconsistency or formal defect or omission in the Base Lease or the Purchase and Use Agreement, (iii) in connection with an amendment or to effect any purpose for

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SECTION 12.2 Requirements of Bond Insurer Regarding the Insurance Policy. To the extent no Bond Insurer Default exists, and the Insurance Policy otherwise remains in full force and effect:

(a) Notice and Other Information to be given to Bond Insurer. The County will provide Bond Insurer with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Undertaking and (ii) to the holders of Series 2022 Bonds or the Trustee under the Security Documents.

The notice address of Bond Insurer is: Assured Guaranty Municipal Corp., 1633 Broadway, New York, NY 10019, Attention: Managing Director – Municipal Surveillance, Re: Policy No. 222439-N, Telephone: (212) 974-0100, Email: munidisclosure@agltd.com.

- (b) <u>Defeasance</u>. The investments in the defeasance escrow relating to the Series 2022 Bonds shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by Bond Insurer.
- At least 3 (three) Business Days prior to any defeasance with respect to the Series 2022 Bonds, the Corporation shall deliver to Bond Insurer draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Series 2022 Bonds, a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to Bond Insurer and shall be in form and substance satisfactory to Bond Insurer. In addition, the escrow agreement shall provide that:
- i. Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Series 2022 Bonds is excludable) from gross income of the holders of the Series 2022 Bonds of the interest on the Series 2022 Bonds for federal income tax purposes and the prior written consent of Bond Insurer, which consent will not be unreasonably withhold.
- ii. The Corporation will not exercise any prior optional redemption of Series 2022 Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to Bond Insurer a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.
- iii. The Corporation shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of Bond Insurer.

### (c) Trustee and Paying Agent

i. Bond Insurer shall receive prior written notice of any name change of the Trustee or, if applicable, the Paying Agent, for the Series 2022 Bonds or the resignation or removal of the Trustee or, if applicable, the Paying Agent. Any Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by Bond Insurer in writing.

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which there could be an amendment of this Trust Agreement pursuant to Section 8.2 hereof, (iv) in connection with the issuance of Additional Bonds as provided for herein, or (v) in connection with any other change therein which, in the judgment of the Trustee, relying on an opinion of counsel as provided in Section 11.3 herein, is not to the prejudice of the Trustee or the Holders.

(b) No such consent or notice to the Holders shall be required with respect to any amendment to add to the description of the 2022 Real Property any subsequently acquired property that becomes a part thereof or to delete property from the description thereof consistent with the provisions of the Purchase and Use Agreement and the Base Lease.

SECTION 11.2 Amendments Requiring Consent of Holders. Except for the amendments, changes or modification contemplated in Section 11.1 hereof and subject to Section 12.2 hereof, the Trustee shall not consent to:

- (a) Any amendment, change or modification of the Purchase and Use Agreement which would change the amount or time as of which Base Payments are required to be paid without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt of the writer consent thereto of the Holders of all of the Outstanding Bonds; provided that this requirement shall not apply to amendments that modify Installment Payments under the Purchase and Use Agreement to provide for Additional Bonds hereunder; or
- (b) Any amendment, change or modification of the Purchase and Use Agreement without the giving of notice as provided in this section of the proposed amendment, change or modification and the receipt of the written consent thereto of the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds.

The consent of the Holders shall be obtained as provided in Section 8.3 hereof with respect to Supplemental Agreements. If the County shall request at any time the consent of the Trustee to any proposed amendment, change or modification of the Purchase and Use Agreement contemplated in subsections (a) or (b), upon being indemnified satisfactorily with respect to expenses and liability, the Trustee shall cause notice of the proposed amendment, change or modification to be provided in the manner which is required by Section 8.3 hereof with respect to notice of Supplemental Agreements. The notice shall set forth briefly the nature of the proposed amendment, change or modification and shall state that the copies of the instrument or document embodying it are on file at the designated corporate trust office of the Trustee for inspection by all Holders.

SECTION 11.3 Opinion of Counsel. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that (i) any proposed amendment, change, or modification of or supplement to the Base Lease and the Purchase and Use Agreement complies with the provisions of this Trust Agreement, and (ii) it is proper for the Trustee to consent to the proposed amendment, change, or modification of or supplement to the Base Lease and the Purchase and Use Agreement under the provisions of this Article. The Trustee may accept an opinion of Bond Counsel or counsel for the Corporation or the County for such purposes. Prior to taking any action hereunder, the Trustee shall be entitled to assurance as to the payment of the fees and expenses of any counsel providing such opinion.

## ARTICLE XII INSURANCE POLICY, RESERVE POLICY AND INSURER

SECTION 12.1 Construction of Article XII with Remainder of Trust Agreement. Except with respect to Sections 2.2 and 3.1 of this Trust Agreement, notwithstanding any term to the contrary set forth in this Trust Agreement, the terms of this Article XII control.

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- No removal, resignation or termination of the Trustee or, if applicable, the Paying Agent shall take effect until a successor, meeting the requirements above or acceptable to Bond Insurer, shall be qualified and appointed.
- (d) Amendments, Supplements and Consents. Bond Insurer's prior written consent is required for all amendments and supplements to the Security Documents, with the exceptions noted below. The Corporation shall send copies of any such amendments or supplements to Bond Insurer and the rating agencies which have assigned a rating to the Series 2022 Bonds.
- i. Consent of Bond Insurer. Any amendments or supplements to the Security Documents shall require the prior written consent of Bond Insurer with the exception of amendments or supplements:
  - (a) To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or
  - (b) To grant or confer upon the holders of the Series 2022 Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Series 2022 Bonds, or
  - (c) To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Security Documents other conditions, limitations and restrictions thereafter to be observed, or
  - (d) To add to the covenants and agreements of the Corporation in the Security Documents other covenants and agreements thereafter to be observed by the Corporation or to surrender any right or power therein reserved to or conferred upon the Corporation.
  - (e) To issue additional parity debt in accordance with the requirements set forth in the Security Documents (unless otherwise specified herein).
- ii. Consent of Bond Insurer in Addition to Bondholder Consent. Whenever any Security Document requires the consent of holders of Series 2022 Bonds, Bond Insurer's consent shall also be required. In addition, any amendment, supplement, modification to, or waiver of, any of the Security Documents that adversely affects the rights or interests of Bond Insurer shall be subject to the prior written consent of Bond Insurer.
- iii. Insolvency. Any reorganization or liquidation plan with respect to the County must be acceptable to Bond Insurer. The Trustee and each owner of the Series 2022 Bonds hereby appoint Bond Insurer as their agent and attorney-in-fact with respect to the Series 2022 Bonds and agree that Bond Insurer may at any time during the continuation of any proceeding by or against the Corporation or the County under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each owner of the Series 2022 Bonds delegate and assign to Bond Insurer, to the fullest extent permitted by law, the rights of the Trustee and each owner of the Series 2022 Bonds with respect to the Series 2022 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

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- iv. Control by Bond Insurer Upon Default. Anything in the Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Series 2022 Bonds or the Trustee or Paying Agent for the benefit of the holders of the Series 2022 Bonds under any Security Document. No default or event of default may be waived without Bond Insurer's writtee consent.
- v. Bond Insurer as Owner. Upon the occurrence and continuance of a default or an event of default, Bond Insurer shall be deemed to be the sole owner of the Series 2022 Bonds for all purposes under the Security Documents, including, without limitations, for purposes of exercising remedies and approving amendments.
- vi. Consent of Bond Insurer for Acceleration. Bond Insurer's prior written consent is required as a condition precedent to and in all instances of acceleration.
- vii. Grace Period for Payment Defaults. No grace period shall be permitted for payment defaults on the Series 2022 Bonds. No grace period for a covenant default shall exceed 30 days without the prior written consent of Bond Insurer.
- viii. Special Provisions for Insurer Default. If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs d(i)-(v) above to the contrary, (1) if at any time prior to or following an Insurer Default, Bond Insurer has made payment under the Policy, to the extent of such payment Bond Insurer shall be treated like any other holder of the Series 2022 Bonds for all purposes, including giving of consents, and (2) if Bond Insurer has not made any payment under the Policy, Bond Insurer shall have no further consent rights until the particular Insurer Default is no longer continuing or Bond Insurer makes a payment under the Policy, in which event, the foregoing clause (1) shall control.

#### (e) Reserved.

(f) Bond Insurer as Third-Party Beneficiary. Bond Insurer is recognized as and shall be deemed to be a third-party beneficiary of the Security Documents and may enforce the provisions of the Security Documents as if it were a party thereto.

#### (g) Payment Procedure Under the Policy.

In the event that principal and/or interest due on the Series 2022 Bonds shall be paid by Bond Insurer pursuant to the Policy, the Series 2022 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Corporation, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Corporation to the registered owners shall continue to exist and shall run to the benefit of Bond Insurer, and Bond Insurer shall be subrogated to the rights of such registered owners.

In the event that on the second  $(2^{nd})$  business day prior to any payment date on the Series 2022 Bonds, the Paying Agent or Trustee has not received sufficient moneys to pay all principal of and interest on the Series 2022 Bonds due on such payment date, the Paying Agent or Trustee shall immediately notify Bond Insurer or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent or Trustee shall so notify Bond Insurer or its designee.

In addition, if the Paying Agent or Trustee has notice that any holder of the Series 2022 Bonds has been required to disgorge payments of principal of or interest on the Series 2022 Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference.

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the Security Documents and the Series 2022 Bonds; and

- ii. They will accordingly pay to Bond Insurer the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Series 2022 Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Series 2022 Bonds to holders, and will otherwise treat Bond Insurer as the owner of such rights to the amount of such principal and interest.
- (h) <u>Additional Payments</u>. The County agrees unconditionally that it will pay or reimburse Bond Insurer on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that Bond Insurer may pay or incur, including, but not limited to, fees and expenses of Bond Insurer's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Security Documents ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of Bond Insurer spent in connection with the actions described in the preceding sentence. The County agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to Bond Insurer until the date Bond Insurer is paid in full.

Notwithstanding anything herein to the contrary, the County agrees to pay to Bond Insurer (i) a sum equal to the total of all amounts paid by Bond Insurer under the Policy ("Bond Insurer Policy Payments"); and (ii) interest on such Bond Insurer Policy Payments from the date paid by Bond Insurer until payment thereof in full by the County, payable to Bond Insurer at the Late Payment Rate per annum (collectively, 'Bond Insurer Reimbursement Amounts') compounded semi-annually. Notwithstanding anything to the contrary, including without limitation the post default application of revenue provisions, Bond Insurer Reimbursement Amounts shall be, and the County hereby covenants and agrees that the Bond Insurer Reimbursement Amounts are, payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Series 2022 Bonds on a parity with debt service due on the Series 2022 Bonds.

- (i) <u>Reserve Account for the Series 2022 Bonds</u>. The prior written consent of Bond Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Account for the Series 2022 Bonds, if any. Amounts on deposit in the Reserve Account for the Series 2022 Bonds shall be applied solely to the payment of debt service due on the Series 2022 Bonds.
- (j) Exercise of Rights by Bond Insurer. The rights granted to Bond Insurer under the Security Documents to request, consent to or direct any action are rights granted to Bond Insurer in consideration of its issuance of the Policy. Any exercise by Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Series 2022 Bonds and such action does not evidence any position of Bond Insurer, affirmative or negative, as to whether the consent of the holders of the Series 2022 Bonds or any other person is required in addition to the consent of Bond Insurer.
- (k) Bond Insurer shall be entitled to pay principal or interest on the Series 2022 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Corporation (as such terms are defined in the Policy) and any amounts due on the Series 2022 Bonds as a result of acceleration of the maturity thereof in accordance with the Security Documents, whether or not Bond Insurer has received a claim upon the Policy.

to such holder within the meaning of any applicable bankruptcy law, then the Paying Agent or Trustee shall notify Bond Insurer or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of Bond Insurer.

The Paying Agent or Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Series 2022 Bonds as follows:

- i. If there is a deficiency in amounts required to pay interest and/or principal on the Series 2022 Bonds, the Paying Agent or Trustee shall (i) execute and deliver to Bond Insurer, in form satisfactory to Bond Insurer, an instrument appointing Bond Insurer as a gent and attorney-in-fact for such holders of the Series 2022 Bonds in any legal proceeding related to the payment and assignment to Bond Insurer of the claims for interest on the Series 2022 Bonds, (ii) receive as designee of the respective holders (and not a Paying Agent) in accordance with the tenor of the Policy payment from Bond Insurer with respect to the claims for interest so assigned, (iii) segregate all such payments in a separate account ("Bond Insurer Policy Payment Account") to only be used to make scheduled payments of principal of and interest on the Series 2022 Bonds, and (iv) disburse the same to such respective holders; and
- ii. If there is a deficiency in amounts required to pay principal of the Series 2022 Bonds, the Paying Agent or Trustee shall (i) execute and deliver to Bond Insurer, in form satisfactory to Bond Insurer, an instrument appointing Bond Insurer as agent and attorney-in-fact for such holder of the Series 2022 Bonds in any legal proceeding related to the payment of such principal and an assignment to Bond Insurer of the Series 2022 Bonds surrendered to Bond Insurer, (ii) receive as designee of the respective holders and not as Paying Agent) in accordance with the tenor of the Policy payment therefore from Bond Insurer, (iii) segregate all such payments in the Bond Insurer Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Series 2022 Bonds, and (iv) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on Series 2022 Bonds paid by Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2022 Bonds registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2022 Bonds to Bond Insurer, registered in the name directed by Bond Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2022 Bond shall have no effect on the amount of principal or interest payable by the Corporation on any Series 2022 Bond or the subrogation or assignment rights of Bond Insurer.

Payments with respect to claims for interest on and principal of Series 2022 Bonds disbursed by the Paying Agent or Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the Corporation with respect to such Series 2020 Bonds, and Bond Insurer shall become the owner of such unpaid Series 2020 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise. The Security Documents shall not be discharged or terminated unless all amounts due or to become due to Bond Insurer have been paid in full or duly provided for.

Irrespective of whether any such assignment is executed and delivered, the Corporation, the County, and the Paying Agent and Trustee agree for the benefit of Bond Insurer that:

i. They recognize that to the extent Bond Insurer makes payments directly or indirectly (e.g., by paying through the Paying Agent or Trustee), on account of principal of or interest on the Series 2022 Bonds, Bond Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Corporation, with interest thereon, as provided and solely from the sources stated in

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- (1) So long as the Series 2022 Bonds are outstanding or any amounts are due and payable to Bond Insurer, the County shall not sell, Iease, transfer, encumber or otherwise dispose of the 2022 Facilities or any material portion thereof, except upon obtaining the prior written consent of Bond Insurer.
- (m) No contract shall be entered into or any action taken by which the rights of Bond Insurer or security for or source of payment of the Series 2022 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of Bond Insurer.
- (n) If an event of default occurs under any agreement pursuant to which any Obligation of the Corporation has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Series 2022 Bonds or Bond Insurer, as Bond Insurer may determine in its sole discretion, then an event of default shall be deemed to have occurred under this Trust Agreement and the related Security Documents for which Bond Insurer or the Trustee, at the direction of Bond Insurer, shall be entitle to exercise all available remedies under the Security Documents, at law and in equity. For purposes of the foregoing subparagraph, "Obligation" shall mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Series 2022 Bonds.

### SECTION 12.3 Requirements of Bond Insurer Regarding the Reserve Policy.

(a) The Corporation shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by Bond Insurer and shall pay interest thereon from the date of payment by Bond Insurer at the Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) the then applicable highest rate of interest on the Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days clapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly. Prime Rate shall be the publicy announced prime or base lending rate of such national bank as Bond Insurer shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by Bond Insurer, with the same force and effect as if the Corporation had specifically designated such extra sums to be so applied and Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to Bond Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Bonds (subject only to the priority of payment provisions set forth under this Trust Agreement).

All cash and investments in the debt service reserve fund established for the Bonds ("Reserve Fund") shall be transferred to the debt service fund for payment of debt service on Bonds before any drawing may be made on the Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash ("Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash nts. Draws on all Credit Facilities (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw

- (b) If the Corporation shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) hereof, Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Trust Agreement other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds
- (c) This Trust Agreement shall not be discharged until all Policy Costs owing to Bond Insurer shall have been paid in full. The Corporation's obligation to pay such amounts shall expressly survive payment in full of the Bonds.
- (d) Policy Costs due and owing shall be included in debt service requirements for purposes of determining whether Bond Insurer will consent to the issuance of Additional Bonds as described in Section 3.4 of this Trust Agreement.
- (e) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subparagraph (a) hereof and to provide notice to Bond Insurer in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the Corporation with the Trustee to the debt service fund for the Bonds more often than semi-annually, the Trustee shall be instructed to give notice to Bond Insurer of any failure of the Corporation to make timely payment in full of such deposits within two business days of the date due.

## ARTICLE XIII MEETINGS OF HOLDERS

SECTION 13.1 Purpose of Meetings. A meeting of Holders of the Bonds may be called at any time and from time to time pursuant to the provisions of this Article XIII, to take any action (i) authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Bonds of that Series, (ii) under any provision of this Trust Agreement, or (iii) authorized or permitted by law.

hereof, in which case the Corporation or the Holders calling the meeting, as the case may be, shall appoint a temporary chair in like manner. A permanent chair and a permanent secretary of the meeting shall be vote of the Holders of a majority in principal amount of the Bonds represented at the meeting

The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at the meeting, any representatives of the Trustee, any representatives of the Corporation, and any representatives of the County, and their respective counsel.

SECTION 13.5 Miscellaneous. Nothing contained in this Article XIII shall be deemed or construed to authorize or permit any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders under any of the provisions of this Trust Agreement or of the Bonds by reason of any call of a meeting of Holders or any rights conferred expressly or impliedly hereunder to make a call.

## ARTICLE XIV MISCELLANEOUS

SECTION 14.1 Limitation of Rights. With the exception of rights conferred expressly in this Trust Agreement, nothing expressed or mentioned in or to be implied from the Base Lease, the Purchase and Use Agreement or the Bonds is intended or shall be construed to give to any Person and the parties hereto, Bond Insurer, and the Holders of the Bonds any legal or equitable right, remedy, power or claim under or with respect to this Trust Agreement or any covenants, agreements, conditions and provisions contained herein. This Trust Agreement and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties hereto, Bond Insurer, and the Holders of the Bonds as provided herein. The Trustee and Bond Insurer are each a third-party beneficiary of this Trust Agreement.

SECTION 14.2 Severability. In case any section or provision of this Trust Agreement, or any covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Trust Agreement, or any application thereof, is held to be illegal or invalid for any reason, or is inoperable at any time, that illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Trust Agreement or any other covenant, agreement, signetion, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Trust Agreement, all of which shall be construed and enforced at the time as if the illegal; invalid or inoperable portion were not contained therein

Any illegality, invalidity or inoperability shall not affect any legal, valid and operable section, provision, covenant, agreement, stipulation, obligation, act, acting, part or application, all of which shall be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent permitted by law from time to time.

SECTION 14.3 Notices. Except as provided in Section 7.2 hereof, it shall be sufficient service or giving of any notice, request, complaint, demand or other instrument or document, if it is mailed by first class mail, postage prepaid. Notices to the Corporation, the County, Bond Insurer, and the Trustee shall be addressed as follows

If to the County: Clarendon County, South Carolina ATTN: County Administrator 411 Sunset Drive Manning, South Carolina 29102

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SECTION 13.2 Call of Meetings. The Trustee may call at any time a meeting of Holders of the Bonds pursuant to Section 13.1 hereof to be held at any reasonable time and place the Trustee shall determine. Notice of such meeting, setting forth the time, place and generally the subject thereof, shall be mailed by first class mail, postage prepaid, not fewer than 15 nor more than 90 days prior to the date of the meeting to the Holders at their addresses as they appear on the Register on the 15th day preceding such mailing, which 15th day preceding the mailing shall be the record date for the meeting.

At any time the Holders of at least 50% in aggregate principal amount of the Outstanding Bonds of a Series shall have requested the Trustee to call a meeting of Holders of Bonds of that Series, by written request setting forth the purpose of the meeting, if the Trustee shall not call such meeting, within 20 days after receipt of the request, then the Corporation or, if it does not do so, the Holders of Bonds of that Series in the amount above specified may determine the time and the place of the meeting and may call the meeting to take any action authorized in Section 13.1 hereof, by mailing notice thereof as provided above, such meeting to be noticed not more than 30 days after receipt of request of the Holders of Bonds of that Series.

Any meetings of Holders of Bonds of a Series shall be valid without notice, if the Holders of all Outstanding Bonds of that Series are present in person or by proxy, or if notice is waived before or after the meeting by the Holders of all Outstanding Bonds of that Series who were not so present at the meeting, and if the Corporation, the County and the Trustee are either present by duly authorized representatives or have waived notice, before or after the meeting.

SECTION 13.3 Voting. To be entitled to vote at any meeting of Holders of the Bonds, a Person shall (i) be a Holder of one or more Outstanding Bonds as of the record date for the meeting as determined above, or (ii) be a person appointed by an instrument or document in writing as proxy by a Person who is such a Holder of Bonds as of the record date for the meeting of one or more Outstanding Bonds. Each Holder or proxy shall be entitled to one vote for each \$5,000 principal amount of Bonds held or represented by it.

The vote upon any resolution submitted to any meeting of Holders shall be by written ballots on which shall be subscribed the signatures of the Holders or their representatives by proxy and the identifying numbers of the Bonds held or represented by them.

The provisions hereof may be modified with respect to any particular Series of Bonds to provide that any insurer, surety, guarantor or provider of any credit facility that applies to such Series of Bonds or a portion thereof may act in the place and stead of the Holders with respect to consents or action at any meeting of the Holders.

SECTION 13.4 Meetings. Notwithstanding any other provision of this Trust Agreement, the Trustee may make any reasonable regulations which it may deem to be advisable for meetings of Holders, with regard to:

- (a) proof of the holding of Bonds and of the appointment of proxies,
- (b) the appointment and duties of inspectors of votes,
- (c) recordation of the proceedings of those meetings,
- (d) the execution, submission and examination of proxies and other evidence of the right to vote, and
- (e) any other matters concerning the conduct, adjournment or reconvening of meetings which it may

The Trustee shall appoint a temporary chair of the meeting by an instrument or document in writing, unless the meeting shall have been called by the Corporation or by the Holders, as provided in Section 13.2

(with a copy, which does not constitute notice, to)

Michael F. Kozlarek, Est King Kozlarek Law LLC Post Office Box 565 Greenville, South Carolina 29602-0565 ph: 864.527.5941 fax: 864.670.5246

If to the Corporation: Clarendon Facilities Corporation Attention: President c/o Land, Parker & Welch, PA Post Office Box 138 Manning, South Carolina 29102

(with copy to the County, which does not constitute notice, as described above)

If to the Trustee: Regions Bank Attention: Corporate Trust Services 1180 West Peachtree Street Suite 1200 Atlanta, Georgia 30309

If to Bond Insurer, to the address specified in Section 12.2(a) hereof.

Duplicate copies of each notice, request, complaint, demand or other instrument or document given hereunder by the Corporation, the Trustee, Bond Insurer, or the County to one or more of the others also shall be given to the others. The foregoing parties may designate, by notice given hereunder, any further or different addresses to which any subsequent notice, request, complaint, demand or other instrument or document shall be sent.

In connection with any notice mailed pursuant to the provisions of this Trust Agreement, a certificate of the Trustee, the Corporation, the County or the Holders of the Bonds, whichever or whoever mailed that notice, that the notice was so mailed shall be conclusive evidence of the proper mailing of the notice.

SECTION 14.4 Suspension of Mail. If because of the suspension of delivery of first class mail or, for any other reason, the Trustee shall be unable to mail by the required class of mail any notice required to be mailed by the provisions of this Trust Agreement, the Trustee shall give such notice in such other manner as in the judgment of the Trustee shall most effectively approximate mailing thereof, and the giving of that notice in that manner for all purposes of the Purchase and Use Agreement shall be deemed to be in compliance with the requirement for the mailing thereof. Except as otherwise provided herein, the mailing of any notice shall be deemed complete upon deposit of that notice in the mail and the giving of any notice by any other means of feligivery shall be deemed complete upon received for the notice by the delivery exprise. by any other means of delivery shall be deemed complete upon receipt of the notice by the delivery service.

SECTION 14.5 Payments Due on Saturdays, Sundays and Holidays. If any Bond Payment Date or date of maturity of the principal of any Bonds is a Saturday, Sunday or a day on which the Trustee is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed, then payment of interest or principal need not be made by the Trustee on that date, and that payment may be made on the next succeeding Business Day on which the Trustee is open for business with

the same force and effect as if that payment were made on the Bond Payment Date or date of maturity and no interest shall accrue for the period after that date.

SECTION 14.6 Instruments of Holders. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, required under this Trust Agreement to be executed by any Holder may be in any number of concurrent writings of similar tenor and may be executed by that Holder in person or by an agent or attorney appointed in writing. Proof of (i) the execution of any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, (ii) the execution of any writing appointing any agent or attorney, and (iii) the ownership of Bonds, shall be sufficient for any of the purposes of this Trust Agreement, if made in the following manner, and if so made, shall be conclusive in favor of the Trustee with regard to any action taken thereunder, namely:

- (a) The fact and date of the execution by any person of any writing may be proved by the certificate of any officer in any jurisdiction, who has power by law to take acknowledgments within that jurisdiction, that the person signing the writing acknowledged that execution before that officer, or by affidavit of any witness to that execution; and
  - (b) The fact of ownership of Bonds shall be proved by the Register

Nothing contained herein shall be construed to limit the Trustee to the foregoing proof, and the Trustee may accept any other evidence of the matters stated therein which it deems to be sufficient. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, of the Holder of any Bond shall bind every future Holder of the same Bond, with respect to anything done or suffered to be done by the Corporation or the Trustee pursuant to that writing.

SECTION 14.7 Priority of this Trust Agreement. This Trust Agreement and the lien created hereby shall be superior to any other liens which may be placed upon the Revenues or any Funds (or Accounts therein) created pursuant hereto.

SECTION 14.8 Extent of Covenants; No Personal Liability. All covenants, stipulations, obligations and agreements of the Trustee contained in this Trust Agreement are and shall be deemed to be covenants, stipulations, obligations and agreements of the Trustee as such to the full extent authorized by law. No covenant, stipulation, obligation or agreement of the Trustee contained in this Trust Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of the Trustee contained in this Trust Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Trustee or the Corporation in other than that person's official capacity. No official executing the Bonds, this Trust Agreement or any amendment or supplement hereto or thereto, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reasons of the insures association have for the design of the supplement hereto or thereto. of the issuance or execution hereof or thereof.

SECTION 14.9 Continuing Disclosure. The County has covenanted in the Purchase and Use Agreement to provide information under Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("15c2-12"), as an Obligated Person (as defined in 15c2-12).

SECTION 14.10 Binding Effect. This Trust Agreement shall inure to the benefit of and shall be binding upon the Corporation and upon the Trustee, and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 14.11 Counterparts. This Trust Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and

PAGE 57 OF 59

IN WITNESS WHEREOF, the Corporation has caused this Trust Agreement to be executed and delivered for it and in its name and on its behalf by its duly authorized representatives, and the Trustee has caused this Trust Agreement to be executed and delivered for it and in its name and on its behalf by its duly authorized officer effective as of the day and year first above written.

### CLARENDON FACILITIES CORPORATION

(SEAL) ATTEST:	Chair, Board of Directors	
Secretary-Treasurer, Board of Directors	<del></del>	
	REGIONS BANK, as Trustee	
	By:Senior Vice-President	

SECTION 14.12 Governing Law. This Trust Agreement and any Bonds shall be deemed to be tracts made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State.

SECTION 14.13 Limitation of Liability of Corporation. All payments to be made by the Corporation or obligations of the Corporation hereunder are payable solely from the Trust Estate and revenues derived therefrom.

SECTION 14.14 Indemnification of Trustee. The Trustee shall be under no obligation to institute any suit or to take any remedial proceeding (including, but not limited to, the appointment of a receiver or any said to take any Netherlan proceeding (inclining out on time deep in appointment or the received in the acceleration of the maturity date of any or all Bonds) under this Trust Agreement or the Purchase and Use Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. The Trustee nevertheless may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Corporation, at the request of the Trustee, shall reimburse the Trustee from the revenues of the Corporation derived from funds available under the Purchase and Use Agreement for all costs, expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith.

[ONE SIGNATURE PAGE AND FOUR EXHIBITS FOLLOW [REMAINDER OF PAGE INTENTIONALLY BLANK]

EXHIBIT A

UNLESS THIS IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST
COMPANY, NEW YORK, NEW YORK ("DTC"), TO LARENDON FACILITIES CORPORATION OR ITS AGENT
FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT AND ANY CERTIFICATE. ISSUED IS
REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN
AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH
OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, ANY TRANSFER,
PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL
INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Registered No. R-\_

UNITED STATES OF AMERICA SOUTH CAROLINA CLARENDON FACILITIES CORPORATION INSTALLMENT PURCHASE REVENUE BONDS SERIES 2022

Interest Rate Maturity Date Dated Date CUSIP September 1, 2047 П. 2022 П% П

Registered Owner: CEDE & CO.

[] AND 00/DOLLARS Principal Amount:

Clarendon Facilities Corporation ("Corporation"), a nonprofit corporation organized and existing under the laws of the State of South Carolina ("State"), for value received hereby acknowledges itself obligated to, and promises to pay, the Registered Owner identified above, or registered assigns, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, on the Maturity Date set forth above, and to pay interest on the unpaid balance of said sum from the most recent March 1 or September 1 to which interest has been paid or for which due provision has been made or, if no interest has been paid, from the Dated Date set forth above, at the rate of interest per annum set forth above (calculated on the basis of a 360-day year of twelve 30-day months) payable on March 1 and September 1 (cach, "Bond Payment Date") of each year commencing March 1, 2023, until the Corporation's obligation with respect to payment of the principal amount is discharged.

Assured Guaranty Municipal Corp., New York, NY ("Bond Insurer") has delivered its municipal bond insurance policy numbered 222439-N ("Policy") with respect to the scheduled payments due of principal of and interest on this Bond to Regions Bank, Atlanta, Georgia, or its successor, as trustee for the Bonds ("Trustee"). The Policy is on file and available for inspection at the principal office of the Trustee and a copy of the Policy may be obtained from Bond Insurer or the Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions of the Policy. By its purchase of the Bond, under the Policy Shall be made in accordance with the provisions of the Policy. By its purchase of the Bond, the Registered Owner of this Bond acknowledges and consents (i) to the subrogation and all other rights of Bond Insurer as more fully set forth in the Policy and (ii) the upon the occurrence and continuance of a default or an event of default under the Trust Agreement (defined below) or this Bond, Bond Insurer shall be deemed to be the sole owner of the Series 2022 Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Series 2022 Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Trust Agreement, at low or in county. at law or in equity



Interest is payable to the person in whose name this Bond is registered at the close of business on the 15th day next preceding each Bond Payment Date, except that interest not duly paid or provided for when due shall be payable to the person in whose name this Bond is registered at the close of business on a special record date to be fixed for the payment of defaulted interest. Such defaulted interest shall be payable to the Holder in whose name such Bond is registered at the close of business on a special record date for the payment of such defaulted interest stabilished by notice mailed to the Holders of the Bonds not less than five days prior to such special record date to Holders thereof at the address as it appears on the bond register not less than 10 days preceding such special record date. If the Trustee registers the transfer of this fond subsequent to the mailing of such notice and on or before the special record date, any such notice of payment of defaulted interest shall be binding upon the transferee and a copy of the notice of payment of defaulted interest shall be delivered by the Trustee to the transferee along with the bond or bonds.

Principal of and interest on this Bond are payable in lawful money of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts. Payments of interest will be made by check or draft drawn upon Trustee and mailed to the person entitled thereto. Principal, when due, shall be paid upon surrender of this Bond at the designated corporate trust office of the Trustee in Atlanta, Georgia. At the written request addressed to the Trustee of the Holder of Bonds in the aggregate principal amount of at least \$1,000,000, interest and redemptions of principal shall be paid by wire transfer to the account within the continental United States filed not later than the Record Date with the Trustee for such purpose.

The Bonds and the interest thereon and redemption premium, if any, shall be an obligation of the Corporation, and shall be secured by and payable from the Trust Estate (as defined in the hereafter defined Trust Agreement). The Bonds do not and shall not be deemed to constitute or create an indebtedness, liability or obligation of Clarendon County, South Carolina ("County") within the meaning of any State constitutional provision or statutory limitation or a pledge of the faith and credit of the County. The Bonds and the interest thereon are payable from and secured by the Trust Estate as described in and subject to limitations set forth in the Trust Agreement for the equal and ratable benefit of the Holders, from time to time, of the Bonds.

This bond is one of a series of Bonds of the Corporation limited in aggregate original face amount to \$15,265,000 and designated as Clarendon Facilities Corporation Installment Purchase Revenue Bonds, Series 2022 ("Bonds"), issued under a Trust Agreement, dated December 14, 2022 ("Trust Agreement"), between the Corporation and the Trustee, to provide funds to finance the costs of acquiring, construing, crenovating and installing facilities to be sold by the Corporation to the Country pursuant to an Installment Purchase and Use Agreement dated December 14, 2022 ("Purchase and Use Agreement"), all by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and statutes of the State of South Carolina, and pursuant to a resolution duly adopted by the Board of Directors of the Corporation. The County Council has also enacted ordinances and adopted a resolution approving the Corporation and the issuance of the Bonds by the Corporation. The County has also acquired and leased the real property on which the 2022 Facilities are or will be located to the Corporation under the terms of a Base Lease and Conveyance Agreement dated December 14, 2022 ("Base Lease").

Pursuant to the Trust Agreement the Corporation has granted to the Trustee for the benefit of the owners of the Bonds, a security interest in the Trust Estate which includes the Revenues (as defined in the Trust Agreement) consisting of the Installment Payments (as defined in the Trust Agreement) payable by the County under the Purchase and Use Agreement, any other sums arising under the Purchase and Use Agreement, amounts on deposit from time to time in the funds and accounts created pursuant to the Trust

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or to institute an action to enforce the covenants thereof, or to take any action with respect to a default hereof, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Trust Agreement.

Upon the occurrence of certain Events of Default (as defined in the Trust Agreement), all Bonds may be declared immediately due and payable and thereupon shall become and be immediately due and payable as provided in the Trust Agreement.

The Bonds are issuable only in fully registered form. Subject to the limitations provided for in the Trust Agreement, this Bond may be exchanged for a like aggregate principal amount payable at maturity of Bonds of the same maturity in authorized denominations.

The Bonds are transferable by the Registered Owner thereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided for in the Trust Agreement and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of the same maturity and in authorized denominations for the same aggregate principal amount payable at maturity will be issued to the transferee in exchange. The Trustee may require a Registered Owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Trust Agreement in connection with the exchange or transfer. The Trustee need not exchange or register the transfer of a Bond which has been selected for redemption and need not exchange or register the transfer of any Bond for a period of 15 days before a selection of Bonds to be redeemed or before any March 1 or September 1. The Corporation, the County, the Trustee and any paying agent may treat the Registered Owner of this Bond as the absolute owner for the purposes of receiving payment as herein provided and for all other purposes and none of them shall be affected by any notice to the contrary.

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

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due form, time and manner as required by law.

Agreement and the investment income therefrom. As further security for the Bonds, the Trust Agreement provides a 2022 Reserve Sub-Account in the Reserve Account of the Bond Fund (as such terms are defined in the Trust Agreement). The Trust Agreement further provides that the Corporation may issue additional bonds secured on a parity with the Bonds by the Trust Estate under the terms and conditions and to the extent described in the Trust Agreement. The County's obligation to pay Installment Payments under the Purchase and Use Agreement is subject to annual appropriations and the obligation may be terminated at the end of any fiscal year of the County by an Event of Nonappropriation (as defined in the Purchase and Use Agreement). UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION, THE COUNTY MAY TERMINATE THE PURCHASE AND USE AGREEMENT AS OF THE END OF THE FISCAL YEAR DURING WHICH SUCH EVENT OF NONAPPROPRIATION OCCURS, AND THE COUNTY SHALL NOT BE OBLIGATED TO MAKE PAYMENT OF THE INSTALLMENT PAYMENTS BEYOND THE END OF SUCH FISCAL YEAR.

Counterparts or copies of the Trust Agreement, the Purchase and Use Agreement, the Base Lease and the other documents referred to herein are on file at the corporate trust office of the Trustee in Atlanta, Georgia, and reference is hereby made thereto and to the documents referred to therein for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the Corporation, the County, the Trustee and the Registered Owners of the Bonds under such documents, the security for the Bonds and the conditions under which additional bonds may be issued thereunder to all of which the Registered Owner hereof, by acceptance of this Bond, assents. The Bonds are subject to redemption prior to maturity as provided in the Trust Agreement, as described in the following lettered paragraphs:

(a) In the event the County exercises its option pursuant to the Purchase and Use Agreement to prepay Base Payments, the Bonds maturing on and after September 1, 2033, will be redeemed in whole on any date or in part on any date, after September 1, 2032, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the redemption date.

(b) In the event the County elects to prepay Installment Payments pursuant to Section 4.3 of the Purchase and Use Agreement, the Bonds shall be subject to redemption in whole or in part on any date (as selected by the Trustee at the direction of the Corporation), at a price equal to 100% of the principal amount of the Bonds so redeemed, without premium, plus accrued interest to the date of redemption.

(c) This Bond is subject to mandatory sinking fund redemption, at a redemption price equal to the principal amount to be redeemed plus accrued interest, if any, to the redemption date, without premium on September 1 in the years and amounts as follows:

Year Amount \$

Notice of redemption shall be given by the Trustee by first class mail, postage prepaid, to the Registered Owners of the Bonds to be redeemed at their addresses appearing on the Register maintained by the Trustee, said mailing to be not less than 30 days, but not more than 60 days, prior to the redemption date. Failure of the Trustee to give any notice of redemption or any defects in such notice shall not affect the validity of the redemption of any other Bonds.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Trust Agreement

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IN WITNESS WHEREOF, the Corporation has caused this Bond to be executed and attested by the manual signatures of its duly authorized officers, and this Bond to be authenticated by the manual signature of an authorized representative of the Trustee, without which authentication this Bond shall not be valid nor entitled to the benefits of the Trust Agreement.

	CLARENDON FACILITIES CORPORATION
	By: President
Attest:Secretary	
TRUSTEE'S AUTHE	NTICATION CERTIFICATE
The undersigned Trustee certifies that this Bo	and is one of the Bonds described in the Trust Agreement.
Date of Authentication: December 14, 2022	
	REGIONS BANK, as Trustee

Authorized Signatory

EXHIBIT B-1

#### [FORM OF DIRECTION TO MAKE DISBURSEMENT]

	DIRECTION TO MAKE DISBURSEMENT
	Requisition No.
	ions Bank ınta, Georgia
	Re: \$15,265,000 Clarendon Facilities Corporation Installment Purchase Revenue Bonds, Series 2022
Cor Agr and	As Trustee under the Trust Agreement dated December 14, 2022, between you and Clarendon Facilities poration ("Trust Agreement"), and in accordance with the provisions of Section 5.3 of the Trust eement, you are hereby directed to disburse from the Project Fund the sum of \$[] payable to the persons in the amounts and at the addresses set forth in the invoices attached hereto, said sums being the ounts due for or attributable to the items described therein.
	In this connection, I further certify to you as follows:
Proj of a	A. The amounts to be paid hereunder (i) are due and payable, (ii) represent costs of the 2022 cets in the amount of \$\frac{5}{2}\$. (iii) are funds remaining in the Project Account following receipt Certificate of Acceptance by the Trustee with respect to the 2022 Projects; and (iv) have not been the iect of any previous requisition from the Project Fund.
	B. All representations and warranties of Clarendon County, South Carolina ("County") in the chase and Use Agreement are true and correct in all material respects as of the date hereof.
	<ul> <li>The County is not in default in any material respects under any provisions of the Purchase Use Agreement.</li> </ul>
	Dated this day of, 2022.
CL	ARENDON COUNTY, SOUTH CAROLINA CLARENDON FACILITIES CORPORATION
Ву:	
	County Representative Corporation Representative
	[END FORM]
	R.I
	<b></b>

EXHIBIT C

## [FORM OF FINAL REQUISITION]

## DIRECTION TO MAKE FINAL DISBURSEMENT FOR THE 2022 PROJECTS AND CERTIFICATE OF ACCEPTANCE

Requisition No.

Regions Bank

Atlanta, Georgia

Re: \$15,265,000 Clarendon Facilities Corporation Installment Purchase Revenue Bonds, Series

As Trustee under the Trust Agreement dated December 14, 2022, between you and Clarendon Facilities Corporation ("Trust Agreement"), and in accordance with the provisions of Section 5.3 of the Trust Agreement, you are hereby directed to disburse from the Project Fund as the case may be, the total sum of \$\; \] payable to the persons and in the amounts and at the addresses set forth in the invoices attached hereto, said sums being the amounts due for or attributable to the items described therein. Said sum represents the final requisition from said Project Fund.

In this connection, I further certify to you as follows:

- The amounts to be paid hereunder (i) are due and payable, (ii) are for the costs of the 2022 Projects, and (iii) have not been the subject of any previous requisition from the Project Fund.
- B. All representations and warranties of Clarendon County, South Carolina ("County") in the Purchase and Use Agreement are true and correct in all material respects as of the date hereof.
- The County is not in default in any material respects under any provisions of the Purchase and Use Agreement.
- D. The 2022 Projects are free and clear of all liens and encumbrances for labor or materials furnished by the Corporation and all contractors, subcontractors and materialmen retained by the County and all contractors, subcontractors and materialmen performing work on the 2022 Projects have been, or upon receipt by the County of the payment of the final requisition request will be, paid in full, except for those the Corporation is contesting in good faith and with due diligence as permitted under the Purchase and Use Agreement.

We further certify to you that the 2022 Projects have been substantially completed in accordance with all Acquisition or Construction Contracts (as defined in the Purchase and Use Agreement) and the terms and conditions of the Purchase and Use Agreement, and that the 2022 Projects as completed comply with all applicable governmental regulations.

Dated thisday of,	2022.
CLARENDON COUNTY, SOUTH CAROLINA	CLARENDON FACILITIES CORPORATION
By:	By:
County Representative	Corporation Representative

[END FORM OF FINAL REOUISITION]

EXHIBIT B-2

## [FORM OF REQUISITION] DIRECTION TO MAKE DISBURSEMENT – COSTS OF ISSUANCE

Requisition No.

Regions Bank Atlanta, Georgia

Re: \$15,265,000 Clarendon Facilities Corporation Installment Purchase Revenue Bonds, Series

As Trustee under the Trust Agreement dated December 14, 2022, between you and Clarendon Facilities Corporation ("Trust Agreement"), and in accordance with the provisions of Section 5.3 of the Trust Agreement, you are hereby directed to disburse from the proceeds the Series 2022 Bonds the sum of \$\sigma\gegin{array}{c} 1 \text{payable to the persons and in the amounts and at the addresses set forth in the invoices attached hereto, said sums being the amounts due for or attributable to the items described therein.

In this connection, I further certify to you as follows:

- A. The amounts to be paid hereunder (i) are due and payable, (ii) represent costs of issuance, and (iii) have not been the subject of any previous requisition from the Project Fund.
- All representations and warranties of Clarendon County, South Carolina ("County") in the Purchase and Use Agreement are true and correct in all material respects as of the date hereof.

C. The County is not in default in any material respects under any provisions of the Purchas and Use Agreement.		
Dated thisday of, 2	2022.	
CLARENDON COUNTY, SOUTH CAROLINA	CLARENDON FACILITIES CORPORATION	
Ву:	By:	
County Representative	Corporation Representative	

[END FORM OF REQUISITION]

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## APPENDIX C

# FORM OF BOND COUNSEL'S OPINION



## [King Kozlarek Law Letterhead]

December 14, 2022

Clarendon Facilities Corporation Manning, South Carolina Clarendon County, South Carolina Manning, South Carolina

\$15,265,000 CLARENDON FACILITIES CORPORATION INSTALLMENT PURCHASE REVENUE BONDS SERIES 2022

Ladies and Gentlemen:

King Kozlarek Law LLC ("King Kozlarek Law") has acted as bond counsel in connection with the issuance by Clarendon Facilities Corporation, a South Carolina ("State") nonprofit corporation ("Corporation"), of its \$15,265,000 Installment Purchase Revenue Bonds Series 2022 ("Series 2022 Bonds").

The Series 2022 Bonds are in fully registered form, dated December 14, 2022, numbered from R-1 upward, in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount of the Series 2022 Bonds maturing in each year, bear interest from their date payable thereafter on September 1 and March 1 of each year, commencing March 1, 2023, and mature on September 1 in each of the years and in the principal amounts as stated in the Official Statement, dated December 7, 2022 ("Official Statement").

The Series 2022 Bonds are issued under and pursuant to a Trust Agreement, dated December 14, 2022, between the Issuer and Regions Bank, as trustee ("Trust Agreement"). Each capitalized term used, but not defined in this Letter, has the meaning provided for that term in the Trust Agreement. Pursuant to the Trust Agreement, the Issuer has assigned to the Trustee and granted a security interest in the Trust Estate, which includes, among other things, all right, title and interest of the Issuer in and to the Revenues (with certain exceptions), all of the Issuer's right, title and interest in and to the 2022 Facilities, the Installment Purchase and Use Agreement, between the Issuer and Clarendon County, South Carolina ("County"), dated December 14, 2022 ("Purchase and Use Agreement") (except certain reserved rights), the Base Lease and Conveyance Agreement, between the Issuer and the County, dated December 14, 2022 ("Base Lease"), and the property rights evidenced by the Base Lease in the 2022 Real Property, certain contract rights, proceeds of insurance and condemnation awards from casualty or takings and all moneys and investments held in certain of the funds and accounts created under the Trust Agreement. The Trust Agreement, Base Lease, Purchase and Use Agreement are collectively "Transaction Documents."

The Issuer is issuing the Series 2022 Bonds for purpose of: (i) acquiring, constructing, improving, expanding, installing and equipping the 2022 Projects, (ii) paying the premium due in connection with a debt service reserve fund surety policy provided by Insurer (as defined in the Official Statement) in connection with the Series 2022 Bonds, (iii) paying the premium due in connection with the municipal bond insurance policy issued by Insurer in connection with the Series 2022 Bonds, and (iv) paying costs of issuance of the Series 2022 Bonds.

The obligations of the County under the Purchase and Use Agreement do not constitute a pledge of the full faith, credit, or taxing power of the County within the meaning of any constitutional or statutory limitation. The County is not a party to the Trust Agreement or the Series 2022 Bonds.

The Trustee has no obligation or liability under the Series 2022 Bonds or the Trust Agreement for the payment of principal of and interest on the Series 2022 Bonds, except from amounts on deposit with the Trustee for those purposes pursuant to the Trust Agreement.

In connection with the issuance of the Series 2022 Bonds, King Kozlarek Law has examined a certified copy of the record of proceedings, the Transaction Documents and other proofs submitted to King Kozlarek Law, including the Constitution and State law. As to questions of fact material to the opinions below, King Kozlarek Law has relied on the record of

proceedings, the Transaction Documents, and other certifications of public officials furnished to King Kozlarek Law without undertaking to verify the same by independent investigation.

In rendering the opinions expressed below, King Kozlarek Law does not purport to be experts in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the federal laws of the United States of America and the laws of the State, and the opinions are limited to the federal laws of the United States of America and the laws of the State.

Based on the stated examination and assumptions, and subject to the qualifications and limitations set out below, King Kozlarek Law is of the opinion, under existing law:

- 1. The proceedings are regular and in due form of law, and the Series 2022 Bonds have been duly authorized, executed, delivered, and constitute valid, special obligations of the Issuer payable solely from, and secured equally and ratably by a pledge of, the Trust Estate.
- 2. The Base Lease and Purchase and Use Agreement have each been duly authorized, executed, delivered, are in full force and effect, and each constitute a valid and binding obligation of the County and the Issuer each enforceable according to its terms, provided, however, that the obligation of the County to pay an Installment Payment under the Purchase and Use Agreement is subject to and dependent on the County Council annually budgeting and appropriating moneys to pay each Installment Payment.
- 3. The Trust Agreement has been duly authorized, executed, and delivered by the Issuer (assuming due authorization, execution, and delivery by the Trustee) is in full force and effect and constitutes a valid and legally binding obligation of the Issuer enforceable against the Issuer according to its terms.
- 4. The County has approved the issuance of the Series 2022 Bonds by the ordinance enacted by the County Council on November 8, 2010, as amended by Ordinance No. 2022-11, enacted by the County Council on November 21, 2022 ("Bond Ordinance"), and a Resolution of the County Council, adopted on November 14, 2022, each relating to the Series 2022 Bonds.
  - 5. The Reserve Policy constitutes a "reserve surety" as described in Section 5.6 of the Trust Agreement.
- 6. Under existing statutes, rulings and court decisions, and under applicable regulations, interest on the Series 2022 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for tax years beginning after December 31, 2021, interest on the Series 2022 Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer and the County comply with all requirements of the Internal Revenue Code of 1986, as amended ("Code"), that must be satisfied subsequent to the issuance of the Series 2022 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The County and the Issuer have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2022 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2022 Bonds.
- 7. The Series 2022 Bonds and the interest thereon are exempt from all State, county, municipal and school district all other taxes and assessments, direct or indirect, general, or special, whether imposed for the purpose of general revenue or otherwise, except, inheritance, estate, or other transfer taxes, provided that the interest thereon may be includable for certain franchise fees or taxes. Furthermore, it should be noted that South Carolina Code Annotated section 12-11-20 imposes on every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank which includes interest paid on the Series 2022 Bonds.

The rights of the registered owner of the Series 2022 Bonds and the enforceability of the Series 2022 Bonds, Base Lease, Purchase and Use Agreement, and Trust Agreement may be subject to judicial discretion, the valid exercise of the sovereign police powers of the State and the constitutional powers of the United States of America, and valid bankruptcy, insolvency,

reorganization, moratorium, and other similar laws affecting creditors' rights generally, as well as other equitable principles.

King Kozlarek Law expresses no opinion regarding the accuracy, adequacy, or completeness of the Official Statement. Further, except as set forth above, King Kozlarek Law expresses no opinion in connection with the issuance and sale of the Series 2022 Bonds. The opinions expressed above are rendered solely for your benefit in connection with the issuance of the Series 2022 Bonds. These opinions may neither be relied on by you for any other purpose nor be furnished to, used, circulated, quoted, or relied on by any other person or entity for any other purpose, without King Kozlarek Law's prior written consent in each instance. King Kozlarek Law disclaims any obligation to update the opinions expressed above for events occurring or coming to King Kozlarek Law's attention after the date of this Letter.

Very truly yours,

KING KOZLAREK LAW LLC



### Appendix D

## FORM OF CONTINUING DISCLOSURE UNDERTAKING



#### CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking ("Undertaking") is executed and delivered by Clarendon County, South Carolina ("County"), pursuant to Securities and Exchange Commission Rule 15c2-12 ("Rule") and in connection with the issuance of \$15,265,000 Clarendon Facilities Corporation Installment Purchase Revenue Bonds Series 2022 ("Bonds"). The Bonds are issued under the following conditions:

- 1. The County and Clarendon Facilities Corporation ("Corporation") have entered into a Base Lease and Conveyance Agreement, dated of even date with the Bonds' delivery pursuant to which the County is leasing the 2022 Real Property to the Corporation so that the Corporation may provide for (i) the acquisition of certain real property and the construction on the real property of public facilities and (ii) the acquisition, construction, and equipping of certain existing public facilities.
- 2. To provide funds to acquire, construct, improve, expand, install, and equip the 2022 Projects, the Corporation has provided for the issuance of the Bonds, dated, and delivered of even date with this Undertaking, under and by the terms of a Trust Agreement, dated of even date with the Bonds' delivery, by and between the Corporation and Regions Bank, as trustee.
- 3. This Undertaking is being executed and delivered by the County for the benefit of the holders and Beneficial Owners of the Series 2022 Bonds and to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

In connection with the issuance of the Bonds, the County represents, covenants, and agrees as follows:

**SECTION 1. Definitions.** The following capitalized terms have the following meanings:

"Accounting Principles" means generally accepted accounting principles as applicable to governmental entities from time to time by the Governmental Accounting Standards Board.

"Annual Information Report" means any Annual Information Report provided by the County pursuant to, and as described in, Sections 2 and 3 of this Undertaking.

"Beneficial Owner" means any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding any Bonds through nominees, depositories or other intermediaries).

"Business Day" has the meaning assigned to such term in the Resolution.

"EMMA" means the Electronic Municipal Market Access system for municipal securities disclosure of the MSRB. Until otherwise designated by the MSRB or SEC, filings with the MSRB are to be made through the EMMA website currently located at <a href="http://emma.msrb.org">http://emma.msrb.org</a>.

"Listed Events" means any of the events listed in Section 4(a) of this Undertaking.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

"Official Statement" means the final Official Statement relating to the issuance of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"State" means the State of South Carolina.

"Underwriter" means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

Capitalized terms not otherwise defined herein have the meanings set forth in the Official Statement.

#### **SECTION 2. Provision of Annual Information Reports.** For so long as shall be required by the Rule:

- (a) The County shall provide or cause to be provided not later than February 1 following the close of its fiscal year, commencing with the report for the fiscal year ended June 30, 2022, to the MSRB in electronic format, as prescribed by the MSRB (currently through EMMA) and accompanied by identifying information as prescribed by the MSRB, an Annual Information Report which is consistent with the requirements of Section 3 of this Undertaking. The Annual Information Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information according to applicable MSRB and SEC requirements; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Information Report and later than the date required above for the filing of the Annual Information Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 4(b).
- (b) If the County is unable to provide to the MSRB an Annual Information Report by the date required in Section 2(a), it shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Schedule I. If any of the audited financial statements required to be included in the Annual Information Report are not available by the time the Annual Information Report is required to be filed pursuant to Section 2(a), the Annual Information Report shall contain unaudited financial statements and the audited financial statements shall be filed with the MSRB in the same manner as the Annual Information Report when they become available.
- **SECTION 3. Content of Annual Information Reports.** The County's Annual Information Report shall contain or include by reference the following:
- (a) The audited financial statements of the County for the prior fiscal year, prepared according to Accounting Principles, and which shall be accompanied by an audit report, if available at the time of submission of the Annual Information Report to EMMA pursuant to Section 2(a) above, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with Accounting Principles.
- (b) If Accounting Principles have changed since the last Annual Information Report was submitted pursuant to this certificate and if such changes are material to the County, a narrative explanation describing the impact of such changes on the County.
  - (c) The County's budget for the then-current fiscal year.
- (d) To the extent such items are not included in the financial statements referred to in Section 2 above, an update of the tables (but not the narrative portion) included in the Official Statement under the headings:
  - (i) "DEBT STRUCTURE Outstanding General Obligation Indebtedness";
  - (ii) "CERTAIN FISCAL MATTERS Tax Collection Record";
  - (iii) "CERTAIN FISCAL MATTERS Assessed Values of the County";
  - (iv) "CERTAIN FISCAL MATTERS Ten Largest Taxpayers"; and
  - (v) Computation of the legal debt margin for general obligation bonds as set forth in the Official Statement under the heading "DEBT STRUCTURE - Legal Debt Limit of the County".

The County may modify the presentation of any part of the annual information required by this section if such changes are immaterial to an understanding of the substantive nature of the data provided. The County may further omit or modify any part of the annual information required by this section if the operations to which it relates have been discontinued or materially changed, in which case the County will include an explanation to that effect as part of the annual information for the year in which such event first occurs.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the County is an "obligated person" (as defined by the Rule), which have been filed according to the Rule and other rules of the Securities Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference.

#### **SECTION 4. Reporting of Significant Events.** For so long as shall be required by the Rule:

- (a) The County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds (each a "Listed Event"), within 10 Business Days from that occurrence, and file a notice of such occurrence with the MSRB:
  - 1. Principal and interest payment delinquencies;
  - 2. Non-payment related defaults, if material;
  - 3. Unscheduled draws on the debt service reserves reflecting financial difficulties;
  - 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
  - 5. Substitution of credit or liquidity providers, or their failure to perform;
  - 6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
    - 7. Modifications to rights of bondholders, if material;
  - 8. Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent on the occurrence of an event);
    - 9. Defeasances;
    - 10. Release, substitution or sale of property securing repayment of the Bonds, if material;
    - 11. Rating changes;
    - 12. Bankruptcy, insolvency, receivership, or similar event of the County
      - (For the purposes of the events identified in item no. 12, a listed event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);
  - 13. The consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such actions or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
  - 14. Appointment of a successor or additional trustee or registrar/paying agent, or a change in the name of a registrar/paying agent, if material;
  - 15. Incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect bondholders, if material; or
  - 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties.

(For purposes of the events identified in items no. 15 and 16, the term "financial obligation" is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with items no. 15 and 16, the County intends to apply the guidance provided by the Rule or other applicable federal securities law, including, for example, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.).

- (b) The County shall give, or cause to be given, voluntary notice of the issuance of any County general obligation debt, which is not subject to a voter-approved referendum, regardless of the materiality or principal amount thereof, within 10 Business Days after the issuance of that debt and file a notice of such occurrence with the MSRB.
- **SECTION 5. Termination of Reporting Obligation.** With respect to the Bonds, the County's obligations under this Undertaking shall terminate on the defeasance, prior redemption, or payment in full of all the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Section 4.
- **SECTION 6. Amendment; Waiver.** Notwithstanding any other provision of this Undertaking, the County may amend this Undertaking, and any provision of this Undertaking may be waived, provided that the following conditions are satisfied:
- (a) If the amendment or waiver relates to the provisions of Sections 2(a), 3 or 4(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of owners, or (ii) does not in the opinion of nationally recognized bond counsel, materially impair the interests of the owners or Beneficial Owners.
- (d) In the event of any amendment or waiver of a provision of this Undertaking, the County shall describe such amendment in the next Annual Information Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of Accounting Principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the Accounting Principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 4, and (ii) the Annual Information Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new Accounting Principles and those prepared on the basis of the former accounting principles.
- **SECTION 7. Additional Information.** Nothing in this Undertaking shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Information Report or notice required to be filed pursuant to this Undertaking, in addition to that which is required by this Undertaking. If the County chooses to include any information in any Annual Information Report or notice in addition to that which is specifically required by this Undertaking, the County shall have no obligation under this Undertaking to update such information or include it in any future Annual Information Report or notice of occurrence of a Listed Event or any other event required to be reported.

**SECTION 8. Default.** This Undertaking shall be solely for the benefit of the owners and Beneficial Owners from time to time of the Bonds. The exclusive remedy for any breach of the Undertaking by the County shall be limited, to the extent permitted by law, to a right of owners and Beneficial Owners to institute and maintain, or to cause to be instituted and

maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the County of its obligations under the Undertaking. Any individual owner or Beneficial Owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require the County to provide or cause to be provided a pertinent filing if such filing is due and has not been made. Any such proceedings to require the County to perform any other obligation under the Undertaking (including any proceedings that contest the sufficiency of any pertinent filing) shall be instituted and maintained only by a trustee or registrar/paying agent appointed by the owners or Beneficial Owners of not less than 25 percent in principal amount of the Bonds.

**SECTION 9. Beneficiaries.** This Undertaking shall inure solely to the benefit of the County, the Underwriter and owners and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

**SECTION 10. Dissemination Agent.** The County may, from time to time, appoint a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and the County may, from time to time, discharge the Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not a designated Dissemination Agent, the County shall be the Dissemination Agent.

SECTION 11. Severability. In case any section or provision of this Undertaking, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be illegal or invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section provision, covenant, stipulation, obligation, agreement, act or action, or part hereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 12. State-Mandated Continuing Disclosure. In addition to any other requirements in this Undertaking, the County agrees (to the extent applicable), pursuant to Section 11-1-85 of the Code of Laws of South Carolina, as amended, to file with the MSRB (a) the County's annual independent audit within 30 days of receipt and (b) event-specific information within 30 days of an event adversely affecting more than five percent of the County's revenue or tax base. The County expects that, in meeting the requirements of Sections 3 and 4 of this Undertaking, the County will also meet the requirements of this Section 12; however, to the extent the County is required to file certain information according to the referenced State law, which the County is not required to file according to the Rule or other provision of this Undertaking, the County intends to provide that information to the MSRB.

**SECTION 13. Governing Law.** This Undertaking shall be deemed to be an agreement made under the Rule and the laws of the State and for all purposes shall be governed by and construed according to the Rule and the laws of the State (without regard to the conflicts of law provisions thereof).

**IN WITNESS WHEREOF**, the County has caused this Undertaking to be executed by its duly authorized representative, all as of the date first above written.

	CLARENDON COUNTY, SOUTH CAROLINA
	Chairman, County Council
Date: December 14, 2022	

### SCHEDULE I

## NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF

### FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	CLARENDON FACILITIES CORPORATION
Name of Bond Issue:	\$15,265,000 Installment Purchase Revenue Bonds Series 2022
Date of Official Statement:	December 7, 2022
Date of Issuance:	December 14, 2022
CUSIPs:	
180374 CE8	
180374 CF5	
180374 CG3	
180374 CH1	
180374 CJ7	
180374 CK4	
180374 CL2	
180374 CM0	
180374 CN8	
180374 CP3	
180374 CQ1	
180374 CR9	
180374 CS7	
180374 CT5	
required by Section 3 of the C	N that the County has not provided an Annual Report with respect to the referenced Bonds as Continuing Disclosure Undertaking dated December 14, 2022. The County anticipates that the on or before  CLARENDON COUNTY, SOUTH CAROLINA
Date:	Chief Financial Officer

#### APPENDIX E

## SPECIMEN MUNICIPAL BOND INSURANCE POLICY





# MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: \$ in aggregate principal amount of Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receive payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which been recovered from such Owner pursuant

Page 2 of 2 Policy No. -N

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatspever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.



A subsidiary of Assured Guaranty Municipal Holdings Inc. 1633 Broadway, New York, N.Y. 10019 (212) 974-0100

Form 500NY (5/90)