

In the opinion of Bond Counsel, assuming compliance by the County and the Issuer (as such terms are defined herein) with certain covenants, interest on the Series 2024 Bonds (as defined herein) is excludable from gross income for federal income tax purposes under existing laws, regulations, rulings and judicial decisions. Interest on the Series 2024 Bonds is not an item of specific preference in computing the federal individual alternative minimum tax. Interest on the Series 2024 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. The Series 2024 Bonds and the interest thereon will also be exempt from all State of South Carolina ("State"), county, municipal, school district, and other taxes or assessments imposed within the State, except estate, transfer taxes and certain franchise taxes. The opinion contains greater detail, and is subject to exceptions, as noted in "TAX MATTERS" herein.

**\$61,620,000**  
**SCAGO PUBLIC FACILITIES CORPORATION FOR GEORGETOWN COUNTY**  
**Installment Purchase Revenue Bonds**  
**(Georgetown County Project) Series 2024**

**Dated: Delivery Date**

**Due: June 1, as shown on the inside cover**

The Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024 (the "Series 2024 Bonds") are being issued by SCAGO Public Facilities Corporation for Georgetown County (the "Issuer") for the purpose of providing funds (i) to defray the costs of acquiring, constructing and equipping a new detention center and related facilities (the "2024 Projects"), and (ii) to pay the costs of issuing the Series 2024 Bonds. See "PLAN OF FINANCE" herein.

Interest on the Series 2024 Bonds is payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2024. All Series 2024 Bonds bear interest from the date of their issuance (the "Delivery Date"). See "THE SERIES 2024 BONDS—Description" herein.

The Series 2024 Bonds are subject to optional and special optional redemption prior to maturity as described herein. See "THE SERIES 2024 BONDS—Redemption" herein.

The Series 2024 Bonds are obligations of the Issuer secured by and payable from the Issuer's rights in certain amounts, payments, property, agreements and funds (as more particularly defined herein, the "Trust Estate") under a Trust Agreement, dated the Delivery Date, between the Issuer and Regions Bank, as trustee (the "Trust Agreement"). The Trust Estate consists primarily of the Issuer's right, title and interest in the Revenues (as defined herein), including without limitation Installment Payments (as defined herein), which includes (a) Base Payments (as defined herein) payable by Georgetown County, South Carolina (the "County") 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 2024 Bonds then due and payable, and (b) Additional Payments (as defined herein) and other amounts receivable by the Issuer under the Installment Purchase and Use Agreement, dated the Delivery Date (the "Purchase and Use Agreement"), between the Issuer and the County, subject to the Reserved Rights (as defined herein).

The Series 2024 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, credit or taxing power of the County. The Series 2024 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 2024 Bonds.

The obligations of the County to pay Installment Payments under the Purchase and Use Agreement are a current expense of the County and are dependent upon lawful appropriations of funds being made by the County Council of the County from any legally available source, including but not limited to general fund monies and proceeds of general obligation debt ("Available Sources"), 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 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. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS" herein.

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 Issuer and the County deem this Preliminary Official Statement to be final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"), except for information which may be omitted pursuant to the Rule.

The Series 2024 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice and are subject to the approving opinion of Burr & Forman LLP, Columbia, South Carolina, Bond Counsel. Burr & Forman LLP, Columbia, South Carolina, is also acting as Disclosure Counsel to the Issuer and the County. Certain legal matters will be passed on for the Issuer by its counsel, Burr & Forman LLP, Columbia, South Carolina, for the County by its counsel, John J. Watson, County Attorney, and for the Underwriter by its counsel, Pope Flynn, LLC, Columbia, South Carolina. Compass Municipal Advisors, LLC, Columbia, South Carolina, serves as financial advisor to the Issuer and the County. The Series 2024 Bonds in definitive form are expected to be delivered through the facilities of The Depository Trust Company, New York, New York, on or about February 28, 2024.

**J.P.Morgan**

**MATURITY SCHEDULE**

**\$61,620,000**  
**SCAGO Public Facilities Corporation for Georgetown County**  
**Installment Purchase Revenue Bonds**  
**(Georgetown County Project)**  
**Series 2024**

<u>Maturity</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> <sup>1</sup>
2024	\$2,575,000	5.000%	3.330%	100.417	80586AAR2
2025	530,000	5.000	3.250	102.135	80586AAS0
2026	560,000	5.000	3.040	104.242	80586AAT8
2027	590,000	5.000	2.890	106.512	80586AAU5
2028	625,000	5.000	2.840	108.601	80586AAV3
2029	655,000	5.000	2.820	110.580	80586AAW1
2030	2,870,000	5.000	2.840	112.300	80586AAX9
2031	3,015,000	5.000	2.880	113.792	80586AAY7
2032	3,165,000	5.000	2.930	115.081	80586AAZ4
2033	3,320,000	5.000	2.980 <sup>C</sup>	114.686	80586ABA8
2034	3,490,000	5.000	3.020 <sup>C</sup>	114.371	80586ABB6
2035	3,660,000	5.000	3.110 <sup>C</sup>	113.667	80586ABC4
2036	3,845,000	5.000	3.180 <sup>C</sup>	113.122	80586ABD2
2037	4,035,000	5.000	3.290 <sup>C</sup>	112.273	80586ABE0
2038	4,240,000	5.000	3.400 <sup>C</sup>	111.431	80586ABF7
2039	4,450,000	5.000	3.480 <sup>C</sup>	110.823	80586ABG5
2040	4,675,000	5.000	3.570 <sup>C</sup>	110.144	80586ABH3
2041	4,905,000	4.000	4.040	99.501	80586ABJ9
2042	5,105,000	4.000	4.060	99.226	80586ABK6
2043	5,310,000	4.000	4.090	98.803	80586ABL4

<sup>C</sup> Yield to call date of June 1, 2032 at par.

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## REGARDING USE OF THIS OFFICIAL STATEMENT

For purposes of compliance with Securities and Exchange Commission (“SEC”) Rule 15c2-12 (“Rule 15c2-12”), this document, including its Appendices, as all of the same may be supplemented or corrected by the Issuer or the County, from time to time (“Official Statement”), may be treated as an Official Statement with respect to the Series 2024 Bonds that is deemed final as of its date (or of any supplement or correction) by the Issuer and the County.

This Official Statement constitutes a “Final Official Statement” of the Issuer and the County with respect to the Series 2024 Bonds, as that term is defined in Rule 15c2-12. Any 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, J.P. MORGAN SECURITIES LLC (THE “UNDERWRITER”), MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation in connection with this offering other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person, in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Issuer and the County and from other sources that are deemed to be reliable.

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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.

Any statements in this Official Statement involving matters of opinion or estimates, where 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 “anticipate,” “plan,” “expect,” “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.

THE SERIES 2024 BONDS AND THE TRUST AGREEMENT WILL NOT BE REGISTERED OR QUALIFIED WITH THE SEC UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2024 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2024 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 2024 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.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2024 Bonds shall under any circumstance create any implication that there has been any change in the affairs of the Issuer or the County since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

REFERENCES TO WEB SITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK 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 FOR PURPOSES OF, AND AS THAT TERM IS DEFINED IN, RULE 15C2-12.

**PARTICIPANTS IN FINANCING**

*Issuer*

**SCAGO PUBLIC FACILITIES CORPORATION  
FOR GEORGETOWN COUNTY**

Post Office Box 7391  
Columbia, South Carolina 29202  
Attention: President

*County*

**GEORGETOWN COUNTY,  
SOUTH CAROLINA**

Post Office Box 421270  
Georgetown, South Carolina 29442-1270  
Telephone: (843) 545-3069

*Bond, Issuer and Disclosure Counsel*

**BURR & FORMAN LLP**  
1221 Main Street, Suite 1800  
Columbia, South Carolina 29201  
Telephone: (803) 799-9800

*Financial Advisor*

**COMPASS MUNICIPAL ADVISORS, LLC**  
1219 Assembly Street, Suite 202  
Columbia, South Carolina 29201  
Telephone: (803) 733-1504

*Underwriter*

**J.P. MORGAN SECURITIES LLC**  
200 Regency Parkway, 4<sup>th</sup> Floor  
Cary, North Carolina 27518  
Telephone: (919) 278-1638

*Underwriter's Counsel*

**POPE FLYNN, LLC**  
1411 Gervais Street, Suite 300  
Columbia, South Carolina 29201  
Telephone: (803) 354-4900

*County Attorney*

**JOHN J. WATSON**  
Post Office Box 421270  
Georgetown, South Carolina 29442-1270  
Telephone: (843) 545-3066

*Trustee*

**REGIONS BANK**  
1180 West Peachtree Street, Suite 1200  
Atlanta, Georgia 30309  
Telephone: (404) 581-3726

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## OFFICIAL STATEMENT

of

### SCAGO PUBLIC FACILITIES CORPORATION FOR GEORGETOWN COUNTY

relating to its

**\$61,620,000**

### **SCAGO Public Facilities Corporation for Georgetown County Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024**

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## INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the inside cover page, and the Appendices hereto, is to furnish certain information in connection with the sale by SCAGO Public Facilities Corporation for Georgetown County of \$61,620,000 in aggregate principal amount of its Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024 (the “Series 2024 Bonds”). Definitions of certain terms used in this Official Statement and not otherwise defined herein are set forth in the forms of the hereinafter defined Base Lease, Purchase and Use Agreement and Trust Agreement in Appendix B hereto.

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, which includes the cover page, the inside cover page, and the Appendices hereto, and the documents summarized or described herein. Potential investors should fully review the entire Official Statement. The offering of the Series 2024 Bonds to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement, including the Appendices hereto.

### **The Issuer**

SCAGO Public Facilities Corporation for Georgetown County (the “Issuer”) is a nonprofit corporation organized and existing under the laws of the State of South Carolina (the “State”). For more information, see “**THE ISSUER**” herein.

### **The County**

Georgetown County, South Carolina (the “County”) is a body politic and corporate and a political subdivision of the State, and is in the southeastern region of the State. For more information, see “**THE COUNTY**” herein.

### **The Trustee**

Regions Bank, as trustee (the “Trustee”), will act as trustee and as paying agent for the Series 2024 Bonds under the Trust Agreement, dated the delivery date of the Series 2024 Bonds (the “Delivery Date”), between the Issuer and the Trustee (the “Trust Agreement”).

### **Purpose of the Series 2024 Bonds**

The Issuer is issuing the Series 2024 Bonds for the purpose of providing funds (i) to defray the costs of acquiring, constructing and equipping a new detention center and related facilities (the “2024 Projects”), and (ii) to pay the costs of issuing the Series 2024 Bonds. For more information, see “**PLAN OF FINANCE**” herein.

## **Security and Sources of Payment for the Series 2024 Bonds**

The Series 2024 Bonds are obligations of the Issuer, issued pursuant to the Trust Agreement and the Resolution (as defined herein).

Pursuant to the Base Lease and Conveyance Agreement dated the Delivery Date (the “Base Lease”) between the Issuer and the County, the County will lease to the Issuer the 2024 Real Property, and will convey the Conveyed Improvements (defined herein), to the Issuer, and the Issuer will pay to the County Base Lease Rent as set forth in the Base Lease.

Pursuant to the Purchase and Use Agreement the County will purchase the 2024 Facilities (which are defined to mean the 2024 Projects and the Conveyed Improvements and other improvements constructed on the 2024 Real Property) from the Issuer, and will agree 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 2024 Bonds, and (b) Additional Payments due under the Purchase and Use Agreement.

**The obligations of the County to pay Installment Payments under the Purchase and Use Agreement are a current expense of the County and are dependent upon lawful appropriations of funds being made by the County Council of the County from any legally available source, including but not limited to general fund monies and proceeds of general obligation debt (“Available Sources”) 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 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.**

To secure its obligations under the Series 2024 Bonds, the Issuer is entering into the Trust Agreement, pursuant to which the Issuer is assigning to the Trustee, and granting a security interest in (a) all of its right, title and interest in and to the Revenues, including, without limitation, all Installment Payments and other amounts receivable by or on behalf of the Issuer under the Purchase and Use Agreement (except for certain amounts and rights reserved to the Issuer (“Reserved Rights”)), (b) all of its right, title and interest in and to the 2024 Facilities, the Purchase and Use Agreement (except for the Reserved Rights), the Base Lease and the property rights evidenced thereby in the 2024 Real Property (including all of its right, title and interest in and to (1) all of the rents, issues, profits, revenues, income, receipts, moneys, royalties, rights and benefits of and from the 2024 Real Property, and from and in connection with the Issuer’s ownership of the 2024 Facilities, and (2) all leases of all or part of the 2024 Facilities and the 2024 Real Property, any guarantees of lessees’ obligations thereof and any and all tenant contracts, rental agreements, franchise agreements, management contracts, construction contracts, and other contracts, licenses and permits affecting the 2024 Facilities, the 2024 Real Property or any part thereof), (c) all of its rights with respect to any contracts for the construction or acquisition of the 2024 Projects, including without limitation the Acquisition and Construction Contracts (as defined in Appendix B), any insurance or condemnation proceeds with respect to the 2024 Facilities, the 2024 Real Property or any portion thereof, and the proceeds of any other collateral granted or assigned under the Trust Agreement or as security for the Series 2024 Bonds, and (d) all moneys and investments in the funds and accounts created under the Trust Agreement, except funds and accounts created for the payment of arbitrage rebate, and all income thereon (collectively, the “Trust Estate”).

The Series 2024 Bonds will be equally and ratably secured on a parity basis with any Additional Bonds of the Issuer hereafter issued, except as to the subaccounts held within the Facilities Purchase Account and the Reserve Account (if any), which will only secure the series of Bonds (as defined herein) for which they were created.

The Series 2024 Bonds and any Additional Bonds of the Issuer hereafter issued on a parity basis with the Series 2024 Bonds are collectively referred to as the “Bonds” in this Official Statement.

For more information, see “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS**” herein.

## Description of the Series 2024 Bonds

**Redemption.** The Series 2024 Bonds are subject to optional redemption and special optional redemption prior to maturity. The Series 2024 Bonds maturing on or after June 1, 2033, are subject to optional redemption, in whole or in part at any time after June 1, 2032, at par and on the terms described in this Official Statement, in the event of optional prepayment of the Installment Payments payable under the Purchase and Use Agreement by the County.

The Series 2024 Bonds are subject to special optional redemption, in whole or in part on any date (as selected by the Trustee at the direction of the Issuer), as described in this Official Statement, in the event the County elects to prepay Base Payments pursuant to the provisions of the Purchase and Use Agreement relating to damage, destruction, condemnation or a defect in title relating to all or a portion of the 2024 Facilities.

For more information, see “**THE SERIES 2024 BONDS—Redemption**” herein. The Series 2024 Bonds are not subject to any other redemption prior to their maturity.

**Purchase of the Series 2024 Bonds.** The Trust Agreement permits the Trustee, at the direction of the County, to attempt to purchase Series 2024 Bonds prior to their maturity date (or earlier redemption date, if applicable) from amounts provided by the County or other available amounts under the Trust Agreement provided that all regularly scheduled payments on the Series 2024 Bonds then due and payable have first been satisfied. However, nothing in the Trust Agreement requires any Holder to tender its Series 2024 Bonds for purchase or redemption prior to the stated maturity date thereof or redemption date described under “**—Redemption**” above.

**Denominations.** The Series 2024 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

**Book-Entry Bonds.** The Series 2024 Bonds will be issued as a fully registered bond in the denomination of one bond per aggregate principal amount of the stated maturity thereof, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, an automated depository for securities and clearing house for securities transactions, which will act as securities depository for the Series 2024 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2024 Bonds purchased. Purchases of beneficial interests in the Series 2024 Bonds will be made in book-entry form (without certificates), in authorized denominations, and, under certain circumstances as more fully described in this Official Statement, such beneficial interests are exchangeable for one or more fully registered bonds of like principal amount and maturity in authorized denominations. For more information, see “**THE SERIES 2024 BONDS—Book-Entry System**” herein.

**Payments.** So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2024 Bonds, payments of the principal of, premium, if any, and interest on the Series 2024 Bonds will be made directly to Cede & Co., which will remit such payments to the DTC participants, which will in turn remit such payments to the Beneficial Owners (as defined herein) of the Series 2024 Bonds.

For more information regarding the Series 2024 Bonds, see “**THE SERIES 2024 BONDS**” herein.

## Tax Exemption

In the opinion of Bond Counsel, assuming compliance by the County and the Issuer (as such terms are defined herein) with certain covenants, interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes under existing laws, regulations, rulings and judicial decisions. Interest on the Series 2024 Bonds is not an item of tax preference item in computing the federal individual alternative minimum tax. Interest on the Series 2024 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. The Series 2024 Bonds and the interest thereon will also be exempt from all State, county, municipal, school district and other taxes or assessments imposed within the State, except estate, transfer taxes and certain franchise taxes. The opinion contains greater detail, and is subject to exceptions, as noted in “**TAX MATTERS**” herein.

## **Professionals Involved in the Offering**

Compass Municipal Advisors, LLC, Columbia, South Carolina, serves as Financial Advisor to the Issuer and the County. Certain legal matters pertaining to the Issuer and its authorization and issuance of the Series 2024 Bonds are subject to the approving opinion of Burr & Forman LLP, Columbia, South Carolina (“Bond Counsel”). Copies of such opinion will be available at the time of delivery of the Series 2024 Bonds, and the proposed form of such opinion is attached hereto as Appendix C. Burr & Forman LLP, Columbia, South Carolina, is also acting as Disclosure Counsel to the Issuer and the County. Certain legal matters will be passed on for the Issuer by its counsel, Burr & Forman LLP, Columbia, South Carolina; for the County by its counsel, John J. Watson, County Attorney; and for the Underwriter by its counsel, Pope Flynn, LLC, Columbia, South Carolina. See “**LEGAL MATTERS—Opinions of Counsel**” herein.

## **Legal Authority**

The Series 2024 Bonds are being issued and secured pursuant to the authority granted by the laws of the State and under the provisions of a resolution adopted by the Board of Directors of the Issuer (the “Issuer Board”) on February 1, 2024 (the “Resolution”) and the Trust Agreement. For more information, see “**THE ISSUER**” herein.

## **Offering and Delivery of the Series 2024 Bonds**

The Series 2024 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice. The Series 2024 Bonds in definitive form are expected to be delivered through the facilities of DTC, on or about the Delivery Date.

## **Continuing Disclosure**

The Issuer has determined that no financial or operating data concerning the Issuer is material to any decision to purchase, hold, or sell the Series 2024 Bonds, and the Issuer will not provide any such information. The County has undertaken all responsibilities for any continuing disclosure to beneficial owners of the Series 2024 Bonds as described below, and the Issuer will have no liability to the Beneficial Owners of the Series 2024 Bonds or any other person with respect to such disclosures.

The County will covenant in the Purchase and Use Agreement to execute and deliver prior to closing, and to thereafter comply with the terms of, a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) in substantially the form appearing as Appendix D to this Official Statement. In the Continuing Disclosure Certificate, the County will agree for the benefit of the Underwriter and the Beneficial Owners of the Series 2024 Bonds, to provide certain financial information and operating data relating to the County (the “Annual Report”) by not later than February 1 following the end of each fiscal year of the County, commencing with the fiscal year ending June 30, 2024, 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 Continuing Disclosure Certificate attached as Appendix D hereto. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). For more information, see “**MISCELLANEOUS—Continuing Disclosure**” herein.

## **Investment Considerations**

**General.** In analyzing the Series 2024 Bonds and the security and sources of payment therefor and in order to make an informed investment decision, potential investors should carefully consider the following investment considerations prior to making a decision to purchase the Series 2024 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 2024 Bonds. Additional investment considerations relating to the purchase of the Series 2024 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.*** The debt service on the Series 2024 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 the proceeds of general obligation bonds (or other amounts that may lawfully be used therefor) that are specifically budgeted and appropriated annually for that purpose. The County may terminate the Purchase and Use Agreement annually without any penalty.

Each Base Payment made by the County will cause title to an undivided interest in the 2024 Facilities, equal to that percentage of the Purchase Price (as defined in Appendix B) represented by such payment, to transfer from the Issuer to the County. The Purchase and Use Agreement provides that upon its termination, either by reason of default or nonappropriation, entire components of the 2024 Facilities will be partitioned between the Issuer and the County based upon their respective percentages of undivided interests in the 2024 Facilities. The determination of which particular components of the 2024 Facilities will remain with the Issuer and which components will be transferred to the County will be proposed by the County and the Issuer, and in the event the County and the Issuer cannot agree on a proposed division, such division shall be proposed by the Trustee and a Partition Consultant (as defined in Appendix B), which may be selected by the Trustee with the advice of counsel to assist, consult with, and make recommendations to the Trustee concerning the division of the 2024 Facilities. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS**” herein.

The decision to budget and appropriate general obligation bonds (or other amounts that may lawfully be used therefor) to make Installment Payments will be made on the basis of various factors, including the continuing need of the County for that portion of the 2024 Facilities in which an undivided interest has not transferred to the County.

***Construction Risk.*** The County believes that the proceeds of the Series 2024 Bonds will be sufficient to complete the 2024 Projects. See “**PLAN OF FINANCE**” herein. Although the County has estimates of the cost of the 2024 Projects, there are no construction contracts and various circumstances could result in costs that exceed the current estimates. The Purchase and Use Agreement provides that the County will take such action as may be necessary to ensure that the 2024 Projects are completed, furnished and occupied by the County and, in the event the amounts available from the proceeds of the Series 2024 Bonds are insufficient for such purpose, the County will use its best efforts to take one or more of the following steps: (i) cooperate with the Issuer to make such modifications or changes in the 2024 Projects as will allow the cost thereof to be funded within the amount available from such Series 2024 Bond proceeds; (ii) make arrangements with the Issuer for the sale of Additional Bonds (as defined in Appendix B hereto); or (iii) provide for the payment of such costs from other sources legally available to the County. The Purchase and Use Agreement does not require the County to expend any of its own funds for the completion of the 2024 Projects, and the Issuer has no source of funds for the completion of the 2024 Projects other than the proceeds of the Series 2024 Bonds or any Additional Bonds issued under the Trust Agreement. In addition, no assurance can be given that any such Additional Bonds could or would be sold, as events or other legislative amendments or changes to credit market conditions could prevent the sale of such Additional Bonds. The Purchase and Use Agreement provides that, subject to the right of nonappropriation contained therein, the County’s obligation to make Installment Payments thereunder will be absolute and unconditional, regardless of whether the Issuer is able to complete the 2024 Projects.

***Continuing Need for Decreasing Interest in the 2024 Facilities.*** As the County makes Installment Payments over the term of the Series 2024 Bonds, its undivided interest in the 2024 Facilities will increase and the Issuer’s undivided interest in the 2024 Facilities will decrease. As a result, the County’s need for the portion of the 2024 Facilities retained by the Issuer may potentially diminish as the Issuer’s undivided interest in the 2024 Facilities decreases. Moreover, as Installment Payments are made, the County’s proportionate undivided interest in the 2024 Facilities will increase at a relatively faster rate than the outstanding principal amount of the Series 2024 Bonds will be reduced. In the later years of the term of the Series 2024 Bonds, the unpaid principal amount of the Series 2024 Bonds might exceed the fair market value of the Issuer’s undivided interest in the 2024 Facilities. In the event the Purchase and Use Agreement is terminated and the 2024 Facilities are partitioned between the Issuer and the County, the Purchase and Use Agreement directs that the Trustee or a Partition Consultant (if any) selected by the Trustee will direct the partition proceedings. See “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS – Purchase and Use Agreement**” herein.

***Ability to Issue Future General Obligation Debt.*** The ability of the County to issue its general obligation debt during the term of the Series 2024 Bonds to provide funds to make a portion of the Installment Payments under the

Purchase and Use Agreement will depend upon, 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 stated 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 a portion of the Installment Payments when due. However, all amounts paid by the County under the Purchase and Use Agreement may be derived from lawfully appropriated funds being made from Available Sources.

Even if the County has the authority to issue general obligation debt without voter approval, the proceedings authorizing such debt may be subject to repeal by initiative from the voters. The law provides that within 60 days after the enactment by the County Council of an ordinance authorizing the issuance of general obligation indebtedness, except in the case of bond issues approved by referendum or notes issued in anticipation of taxes, at least 15% of the qualified electors of the County may file a petition with the Clerk of the County Council requesting that the ordinance be repealed. If the County Council fails to repeal the ordinance for which such a petition has been presented, the adoption or repeal of the ordinance must be submitted to the electors of the County not less than thirty days nor more than one year from the date the County Council takes its final vote thereon. The results of any such referendum are binding on the County Council. If the County publishes a notice of adoption of such an ordinance then, unless five qualified voters give notice of their intent to seek a referendum within 20 days of such publication, the ordinance is not subject to initiative and referendum. To date, there are no reported cases in the State in which an ordinance authorizing the issuance of general obligation debt has been repealed by virtue of the initiative and referendum provisions.

***Remedies Upon Nonappropriation.*** The Issuer has not granted any lien on or security interest in the 2024 Real Property or the 2024 Facilities to secure the Series 2024 Bonds. In the event the County terminates the Purchase and Use Agreement, the Series 2024 Bonds will be payable from such moneys, if any, as may be held or made available by the Trustee from the leasing until the expiration of the Base Lease (June 1, 2053) of the portions of the 2024 Real Property and the 2024 Facilities that remain with the Issuer after the partitioning described above is accomplished. The Base Lease, as required by State law, requires the 2024 Real Property and the 2024 Facilities to always be operated for a civic or public purpose. This restriction as to the use of the 2024 Real Property and the 2024 Facilities will limit the potential tenants to which the 2024 Real Property and the 2024 Facilities could be leased and could reduce the revenues, if any, from leasing the 2024 Real Property and the 2020 Facilities. The 2024 Real Property and the 2024 Facilities are designed to be used solely for specific, public purposes. There can be no assurance of the value of the 2024 Real Property and the 2024 Facilities for any use other than their intended purposes in the event of termination of the Purchase and Use Agreement or that the Trustee will be able to lease any 2024 Real Property and the 2024 Facilities in such event. Thus, in the event of termination of the Purchase and Use Agreement, the revenues from leasing the 2024 Real Property and the 2024 Facilities, if any, may be substantially less than the amount of remaining debt service on the Series 2024 Bonds.

***Cybersecurity.*** The County, like other large public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Cybersecurity incidents could result from unintentional events, deliberate attacks by unauthorized entities, or individuals attempting to gain access to the County's information technology systems to misappropriate assets or information and/or to cause operational disruption and damage. As such, the County faces multiple cybersecurity threats including, but not limited to: ransomware, malware, phishing attempts, and other attacks on technical systems or end user devices.

On January 22, 2021, the County experienced a significant infrastructure breach in the form of a ransomware attack (the "2021 Attack"). In response, the County promptly shut down its computer systems, isolated the attack, and initiated the process of eliminating the threat. The breach affected various electronic systems within the County, including emails, internet access, and electronic files. At the time of the incident, the County had cyberattack insurance in place, which covered a substantial portion of the associated costs.

The County collaborated closely with cybersecurity experts to address the issues and assess the extent of the information that may have been compromised during the attack. Fortunately, it was determined that no citizen information had been exposed or accessed during the breach.

To reduce and mitigate the risk of business operations impact and/or damage from cybersecurity incidents, the County has invested in multiple forms of cybersecurity and operational safeguards to support, maintain, and prioritize securing critical infrastructure and data systems, manage risk, and improve cybersecurity event detection and remediation. As a result of the 2021 Attack, the County Council approved immediate equipment upgrades and enhanced security measures, which had originally been planned for implementation over the next few years.

### **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words “expects,” “budgets,” “forecasts,” “projects,” “intends,” “plans,” “anticipates,” “estimates,” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended (the “Securities Act”), and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Issuer and the County each disclaims any obligation or undertaking to release publicly any updates or revisions of any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

This Official Statement and the Appendices hereto contain brief descriptions or forms (as the case may be) of, among other matters, the Issuer, the County, the Series 2024 Bonds, the 2024 Real Property, the 2024 Facilities (including the 2024 Projects), the Trust Agreement, the Purchase and Use Agreement, the Base Lease, the Continuing Disclosure Certificate, and the security and sources of payment for the Series 2024 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, contracts, and other documents are intended as summaries only and are qualified in their entirety by reference to the forms thereof included in the Appendices hereto. Copies of such contracts (to the extent different from those attached hereto) and other documents and information are available, upon request and upon payment to the Trustee of a charge for copying, mailing, and handling, from the Trustee at the address set forth in this Official Statement. During the period of the offering of the Series 2024 Bonds, copies of such documents (to the extent different from those attached hereto) are available, upon request and upon payment to the Underwriter of a charge for copying, mailing, and handling, from the Underwriter at the address set forth in this Official Statement.

The Series 2024 Bonds and their underlying obligations have not been registered under the Securities Act, and the Trust Agreement has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer, the County, or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such information or representations should not be relied upon as having been authorized by the Issuer, the County or the Underwriter. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer or the County. The information set forth herein has been obtained by the Issuer and the County from sources that are believed to be reliable but is not guaranteed as to accuracy or completeness by the Underwriter. The Issuer has not provided information regarding the County and does not certify as to the accuracy or sufficiency of the disclosure practices of, or content of the information provided by the County and is not responsible for the information provided by the County. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, the County, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

## THE ISSUER

### Organization and Corporate Powers

The Issuer was incorporated as a nonprofit corporation on October 15, 2007, pursuant to the provisions of the Nonprofit Corporation Act of 1994 (the “Nonprofit Corporation Act”), codified at Title 33, Chapter 31 of the Code of Laws of South Carolina 1976, as amended (the “South Carolina Code”). The Articles of Incorporation and Bylaws of the Issuer provide that the Issuer has been organized exclusively for public and charitable purposes, specifically:

(a) to acquire or lease real and/or 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) to 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) to finance or refinance the costs of acquiring, constructing, and installing such projects by the issuance and sale from time to time by the Issuer of its installment purchase revenue bonds in one or more series, or such other financing means as may be deemed necessary and desirable by the Issuer in accordance with applicable law;

(d) to convey to the County title and exclusive possession and use of the applicable projects, including any additions to such projects, upon terms agreed upon between the Issuer and the County;

(e) to carry on or engage in any other activities which the Issuer may deem necessary, proper or convenient in connection with the purposes hereinabove stated; provided, however, that the Issuer must at all times be operated as a nonprofit corporation as provided in the Nonprofit Corporation Act; and

(f) to exercise all the rights, privileges, powers, and immunities available to nonprofit corporations under the laws of the State.

The Issuer currently has outstanding its \$28,015,000 Installment Purchase Refunding Revenue Bonds (Georgetown County Project) Series 2019 (the “2019 Bonds”). The principal of and interest on the 2019 Bonds are payable solely from revenue sources pledged for the repayment of the obligations and are *not* general obligations of the County. The following table sets forth for the fiscal years shown the debt service obligations on the 2019 Bonds:

Year(s) Ending <u>June 30</u>	Aggregate Debt <u>Service</u>
2024	\$3,665,796
2025	3,665,047
2026	3,665,247
2027	3,665,748
2028	3,665,970

The Articles of Incorporation of the Issuer provide that, upon the dissolution of the Issuer, the remaining assets of the Issuer will be distributed, for one or more exempt purposes within the meaning of Section 501(c)(3) of the Code to the federal government, or a state or local government for a public purpose.

## Governing Body

The Bylaws of the Issuer provide that the members of the Board of Directors of the Issuer (the “Issuer Board”) will be appointed by the Board of Directors (the “SCAGO Board”) of the South Carolina Association of Governmental Organizations (“SCAGO”) at the annual meeting of the SCAGO Board or at such time or times as the SCAGO Board determines in the following manner:

(a) Three members of the Issuer Board shall be appointed by the SCAGO Board, provided each such member so appointed: (1) may not be an officer or employee of the County or a member of the County Council; and (2) must serve until his or her successor is qualified and appointed by the SCAGO Board;

(b) Two members of the Issuer Board shall be ex officio and non-voting and shall consist of the County Administrator and the County Finance Director, unless compelling reasons justify an alternate appointment methodology. Each such member so appointed shall serve for the duration of his or her respective term of incumbency as County Administrator or County Finance Director and until a successor is appointed; and

(c) Two members of the Issuer Board shall consist of individuals who reside in the geographic area of the County, unless compelling reasons justify an alternate appointment methodology. Each such member so appointed shall serve for the duration of his or her residency in the geographic area of the County and until a successor is appointed.

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 members of the Issuer; provided however, in no event will the Issuer Board consist of less than five directors or more than ten directors. However, in all events, less than 50% of the members of the Issuer Board shall be representatives of or controlled by the County (within the meaning of Treasury Regulation Section 1.512(b)-1(l)(4)(i)(b)).

The current members of the Issuer Board are set forth below:

<u>Name and Office Held</u>	<u>Principal Occupation</u>
John K. Gardner, President	Chief Financial Officer
Sel Hemingway, Vice President	Retired County Administrator
Karis Langston, Secretary/Treasurer*	County Finance Director
Angela Christian*	County Administrator
John B. Heron	Retired Chief Financial Officer
Vervatine Reid	Retired Principal
William H. Saunders	Chief Financial Officer

\*non-voting ex officio member

No stipulation, obligation or agreement contained in any instrument related to the issuance of the Series 2024 Bonds will be deemed to be a stipulation, obligation or agreement of any officer, director, agent or employee of the Issuer in his individual capacity, and no such officer, director, agent or employee will be personally liable on the Series 2024 Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

## Legal Authority

The Series 2024 Bonds are being issued and secured by the Issuer pursuant to the Nonprofit Corporation Act, the Resolution and the Trust Agreement.

## South Carolina Association of Governmental Organizations

SCAGO is a nonprofit corporation organized and existing under the Nonprofit Corporation Act and has received a determination letter from the Internal Revenue Service indicating that it is an organization exempt from federal income taxation pursuant to the Internal Revenue Code of 1986, as amended (the “Code”).

The management and control of SCAGO is vested in the SCAGO Board. The SCAGO Board consists of seven to nine individuals, three of whom are appointed by South Carolina Association of School Business Officials (“SCASBO”), three of whom are appointed by South Carolina Association of School Administrators (“SCASA”), and up to three of whom are appointed by a majority vote of the directors appointed by SCASBO and SCASA.

SCAGO is organized exclusively for charitable, scientific, and public purposes and for the promotion of the welfare of the people of the United States of America and the people of the State, by assisting school districts and political subdivisions (including counties, municipalities and special purpose districts) with the acquisition, operation, sale or leasing of property, by financing expenses, by making loans to such school districts and political subdivisions for such purposes or by acquiring obligations, and by making available funds for such purposes by selling and issuing its bonds, notes and other evidences of indebtedness, including, without limitation, lease-purchase agreements between SCAGO and one or more school districts or political subdivisions and participation interests therein.

### **Tax Status**

The Issuer is exempt from federal income taxation as an organization described in Section 501(c)(3) of the Code.

## **THE SERIES 2024 BONDS**

### **Description**

The Series 2024 Bonds will be dated the Delivery Date and will bear interest at the rates per annum set forth on the inside cover page of this Official Statement, computed on the basis of a 360-day year consisting of twelve 30-day months, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2024 (each a “Bond Payment Date”) and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement, unless earlier called for redemption.

Each of the Series 2024 Bonds will bear interest from the later of the Delivery Date or the date to which interest has been paid immediately preceding the authentication date thereof, unless the authentication date thereof is a Bond Payment Date, in which event each such Series 2024 Bond will bear interest from the earlier of such authentication date or the date to which interest has been paid or, in the event no interest has been paid, from the Delivery Date.

The Series 2024 Bonds are issuable only as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. Purchases of beneficial ownership interests in the Series 2024 Bonds will be made in book-entry form, and purchasers will not receive certificates representing interests in the Series 2024 Bonds so purchased. If the book-entry system is discontinued, the Series 2024 Bonds will be delivered as described in the Trust Agreement, and Beneficial Owners (as defined herein) will become the registered owners of the Series 2024 Bonds. See “**THE SERIES 2024 BONDS—Book-Entry System**” herein.

### **Redemption**

**Optional Redemption.** In the event the County exercises its option pursuant to the Purchase and Use Agreement to purchase the Issuer’s interest in the 2024 Facilities and pay the amounts required to defease and redeem the Series 2024 Bonds or to prepay Base Payments, or in the event the County makes a voluntary prepayment under the Purchase and Use Agreement, the Series 2024 Bonds maturing on or after June 1, 2033, are subject to redemption in whole or in part on any date on or after June 1, 2032, by the Issuer at a redemption price equal to the principal amount of the Series 2024 Bonds to be redeemed plus accrued interest to the redemption date.

**Special Optional Redemption.** In the event the County elects to prepay Base Payments using Net Proceeds (as defined in Appendix B hereto) 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 2024 Facilities is totally destroyed or is damaged to such an extent that the rebuilding or repairing of such part of the 2024 Facilities would be impracticable, (b) there is discovered a material defect in the construction of the 2024 Facilities or any portion thereof that renders the 2024 Real Property, the 2024 Facilities or such portion unusable by the County for its intended purposes, (c) all or substantially all of the 2024 Real Property or the 2024 Facilities is taken by eminent

domain, or (d) the County is deprived of the use of any part of the 2024 Real Property or the 2024 Facilities by reason of a defect in title thereto, the Series 2024 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 price equal to 100% of the principal amount of the Series 2024 Bonds so redeemed, without premium, plus accrued interest to the date of redemption.

**Notice of Redemption.** Notice of any call for redemption of the Series 2024 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 2024 Bond subject to redemption at such owner's address shown on the registration books of the Issuer on the 15<sup>th</sup> day preceding that mailing.

**Partial Redemption of Series 2024 Bonds.** If less than all of the Series 2024 Bonds are called for redemption, the Series 2024 Bonds to be redeemed will be selected in the manner that the Issuer shall determine as set forth in a certificate of the Issuer filed with the Trustee. If less than all of the Series 2024 Bonds of any one maturity are to be called for redemption, the Trustee shall select the Series 2024 Bonds to be redeemed on a pro rata basis among all owners of the Series 2024 Bonds of such maturity based upon the principal amount of Series 2024 Bonds owned by each such owner, provided that (a) the portion of any Series 2024 Bond to be redeemed shall be in only whole multiples of \$5,000 and (b) so long as the only owner of the Series 2024 Bonds is a Securities Depository Nominee (as defined herein), such selection shall be made by the Securities Depository (as defined herein) in accordance with its operating rules and procedures, which is currently by lot. If the only owner of the Series 2024 Bonds is a Securities Depository Nominee, the Trustee shall request the Securities Depository to select the amount of each direct participant's interest in the Series 2024 Bonds of such maturity to be redeemed on a pro rata basis based upon the principal amount of their respective interests (and to inform its direct and indirect participant to select Series 2024 Bonds for redemption in a like manner) but only to the extent permitted by the Securities Depository; provided, however, that neither the County nor the Trustee shall have any responsibility for ensuring that the Series 2024 Bonds are called for redemption in such manner.

**Purchase of Series 2024 Bonds.** The Trust Agreement permits the Trustee, at the direction of the County, to attempt to purchase Series 2024 Bonds prior to their maturity date (or earlier redemption date, if applicable) from amounts provided by the County or other available amounts under the Trust Agreement provided that all regularly scheduled payments on the Series 2024 Bonds then due and payable have first been satisfied. However, nothing in the Trust Agreement requires any Holder to tender its Series 2024 Bonds for purchase or redemption prior to the stated maturity date thereof or redemption date described under "**Special Optional Redemption**" above.

### **Book-Entry System**

DTC will act as securities depository for the Series 2024 Bonds (the "Securities Depository"). The Series 2024 Bonds will be delivered as fully registered certificates 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 certificate will be issued for each maturity of the Series 2024 Bonds in the aggregate principal amount of the Series 2024 Bonds, and will be deposited with DTC. So long as Cede & Co. is the registered owner of the Series 2024 Bonds, as DTC's partnership nominee, references herein to the owners or registered owners of the Series 2024 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2024 Bonds.

The following description of DTC, of procedures and record keeping of beneficial ownership interests in the Series 2024 Bonds, payment of interest and other payments on the Series 2024 Bonds to DTC Participants (as such term is defined herein) or to Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2024 Bonds and of other transactions by and between DTC, DTC Participants and Beneficial Owners is based on information furnished by DTC.

**Direct 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. DTC holds and provides asset servicing for over 3.5 million

issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's direct 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 securities certificates. 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" and, together with the Direct Participants, the "Participants"). The rules applicable to DTC and its participants are on file with the SEC. More information about DTC can be found at [www.dtc.org](http://www.dtc.org) and [www.dtcc.com](http://www.dtcc.com).

**Beneficial Owners.** Purchases of the Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of the Series 2024 Bonds ("Beneficial Owners") 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 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

**Transfers and Exchanges.** To facilitate subsequent transfers, all Series 2024 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 the Series 2024 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Series 2024 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.

**Notices; Redemption.** Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct 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 2024 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Trust Agreement and other basic documents.

Redemption notices will be sent to DTC. If less than all the Series 2024 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

**Consents and Voting.** Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

**Payment of Principal of, Redemption Premium (if any) and Interest on the Series 2024 Bonds.** Principal, redemption premium (if any) and interest payments with respect to the Series 2024 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 Trustee on each 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, the Issuer or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium (if any) and interest to DTC (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, 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 the Direct and Indirect Participants.

DTC may discontinue providing its service as securities depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Issuer and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, or in the event the Issuer desires to use a similar book-entry system with another securities depository, there may be a successor securities depository (all references to DTC include any such successor). The Issuer may also decide to discontinue participation in the system of book-entry transfer through DTC (or a successor securities depository) at any time by giving reasonable notice to DTC. If the book-entry system is discontinued and there is no successor securities depository, bond certificates are required to be printed and delivered to the Beneficial Owners as described in the Trust Agreement. The Beneficial Owners of the Series 2024 Bonds, upon registration of certificates held in the Beneficial Owners' names, will become the registered owners of the Series 2024 Bonds.

The Issuer and the Trustee cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners of the Series 2024 Bonds (a) payments of principal of or interest on the Series 2024 Bonds, (b) confirmations of their ownership interests in the Series 2024 Bonds or (c) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the Series 2024 Bonds, or that they will do so on a timely basis or that DTC, the Direct Participants or the Indirect Participants will serve and act in the manner described in this Official Statement. The information in this section preceding this paragraph concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

NEITHER THE ISSUER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR REDEMPTION PRICE OR INTEREST ON THE SERIES 2024 BONDS; (3) 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 UNDER THE TERMS OF THE TRUST AGREEMENT; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2024 BONDS OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER.

#### **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 2024 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 2024 Bonds. In such event, the Issuer will execute and the Trustee will authenticate, register and deliver physical Series 2024 Bonds as requested by the Securities Depository or any Participant or Beneficial Owner of Series 2024 Bonds in appropriate authorized denominations in exchange for the Series 2024 Bonds registered in the name of Securities Depository Nominee (as defined in Appendix B hereto). The Securities Depository may determine to discontinue providing its services as such with respect to the Series 2024 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 2024 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 2024 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 2024 Bond is mutilated, lost, stolen or destroyed, the Issuer will execute and the Trustee will authenticate a new Series 2024 Bond of the same date, maturity and denomination as that mutilated, lost, stolen or destroyed Series 2024 Bond; provided that, in the case of any mutilated Series 2024 Bond, such mutilated Series 2024 Bond will first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Series 2024 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 2024 Bond has matured, instead of issuing a duplicate Series 2024 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 2024 Bond with their reasonable fees and expenses in connection therewith.

### **Investment of Funds**

For a description of how the proceeds of the Series 2024 Bonds may be invested pending their use and the provisions governing those investments, see the substantially final form of the Trust Agreement in Appendix B hereto.

### **Principal and Interest Requirements**

Set forth below are the outstanding principal and interest payment requirements with respect to the Series 2024 Bonds. For purposes of calculating the principal payable in any year, the relevant maturity amount is used. A description of the outstanding debt service of the County is set forth herein under “**DEBT STRUCTURE - Description of General Obligation Indebtedness by Issue.**”

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$2,575,000	\$2,155,873	\$4,730,873
2025	530,000	2,785,800	3,315,800
2026	560,000	2,758,550	3,318,550
2027	590,000	2,729,800	3,319,800
2028	625,000	2,699,425	3,324,425
2029	655,000	2,667,425	3,322,425
2030	2,870,000	2,579,300	5,449,300
2031	3,015,000	2,432,175	5,447,175
2032	3,165,000	2,277,675	5,442,675
2033	3,320,000	2,115,550	5,435,550
2034	3,490,000	1,945,300	5,435,300
2035	3,660,000	1,766,550	5,426,550
2036	3,845,000	1,578,925	5,423,925
2037	4,035,000	1,381,925	5,416,925
2038	4,240,000	1,175,050	5,415,050
2039	4,450,000	957,800	5,407,800
2040	4,675,000	729,675	5,404,675
2041	4,905,000	514,700	5,419,700
2042	5,105,000	314,500	5,419,500
2043	5,310,000	106,200	5,416,200

**PLAN OF FINANCE**

**Estimated Sources and Applications of Funds**

The sources and applications of funds in connection with the issuance of the Series 2024 Bonds are estimated below.

Estimated Sources of Funds:	
Principal Amount of Series 2024 Bonds	\$61,620,000
Plus Net Original Issue Premium	<u>5,255,509</u>
Total Sources of Funds	<u>\$66,875,509</u>
Estimated Applications of Funds:	
Deposit to Project Fund	\$66,000,000
Costs of Issuance <sup>1</sup>	<u>875,509</u>
Total Applications of Funds	\$66,875,509

<sup>1</sup> Includes legal, financial advisor and accounting fees, underwriting fees, initial Trustee’s fees, printing costs, rating agency’s fee, and other costs of issuance.

**The 2024 Projects**

The 2024 Projects include a new detention center and related facilities, including a re-entry program building and morgue, and will be located on the 2024 Real Property, which consists of a site presently owned by the County. The County will lease such site and convey all existing improvements thereon (“Conveyed Improvements” and, together with the 2024 Projects, the “2024 Facilities”) to the Issuer until June 1, 2053 or such earlier date, pursuant to the Base Lease.

The County has developed a plan to finance the 2024 Projects which relies on the proceeds of the Series 2024 Bonds. The County expects that these sources of funds will be sufficient to provide funding for the costs of the 2024 Projects, but can give no assurance in this regard because the construction contracts for the 2024 Projects have not been awarded. The 2024 Projects is expected to be completed by April 2027.

**Construction Process**

The timely completion of the 2024 Projects is dependent upon, among other factors, promptly obtaining approvals and permits from various governmental agencies and the absence of delays due to strikes, shortages of labor and materials, and adverse weather conditions. The cost of the 2024 Projects may be affected by factors beyond the control of the County or the Issuer, including strikes, energy, labor, and material shortages, contractor and subcontractor defaults, bidder protests, disputes with contractors, adverse weather conditions, and other unforeseen contingencies. There can be no assurance that the Issuer and the County will complete the 2024 Projects in accordance with their present construction schedule and construction budget. The Purchase and Use Agreement provides that, subject to the right of nonappropriation contained therein, the County’s obligation to make Installment Payments thereunder will be absolute and unconditional, regardless of whether the 2024 Projects is completed.

**SECURITY AND SOURCES OF PAYMENT  
FOR THE SERIES 2024 BONDS**

**Purchase and Use Agreement**

**Payment Obligations and Conveyance of Property Interests.** Pursuant to the Purchase and Use Agreement, the County will pay Installment Payments for the 2024 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 2024 Bonds, as and when the same shall become due and payable, and (b) Additional Payments due under

the Purchase and Use Agreement. See the substantially final forms of the Purchase and Use Agreement and Trust Agreement in Appendix B hereto.

Under the terms of the Purchase and Use Agreement, upon each payment or prepayment of Installment Payments (other than from Series 2024 Bond proceeds and investment income thereof or payments made from a Reserve Sub-Account (if any) of the Reserve Account established for a series of Bonds (as such terms are defined in Appendix B), title to an undivided interest in the 2024 Facilities, equal to that percentage of the Purchase Price (defined to mean the sum of all Base Payments to be made under the Purchase and Use Agreement, as recalculated upon a prepayment of Base Payments) 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 Installment Payments also entitles the County to the exclusive use and occupancy of all of the 2024 Facilities during the applicable fiscal year in which such Base Payments are made.

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 upon lawful appropriations of funds being made by the County Council from Available Sources 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 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 pay the Installment Payments due or coming due under the Purchase and Use Agreement in order to continue to use the 2024 Real Property and the 2024 Facilities. Further, the County states 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, together with other Available Sources, sufficient to make Base Payments when due; provided, however, that the County makes no representation or warranty in the Purchase and Use Agreement, and no assurance may be given as to its ability or future intent, to make such payments or maintain its capacity from Available Sources or to issue general obligation debt in the future. See the substantially final form of the Purchase and Use Agreement in Appendix B. The representations and covenants contained in the Purchase and Use Agreement are subject to the ability of the County to terminate the Purchase and Use Agreement and all obligations thereunder, all as provided therein.

The County has represented and covenanted in the Purchase and Use Agreement that the officer of the County at any time charged with the responsibility for formulating budget proposals will include in the budget proposals for review and consideration by the County Council in any fiscal year in which the Purchase and Use Agreement shall be in effect, provision for all Installment Payments required for such fiscal year under the Purchase and Use Agreement.

***Termination of Purchase and Use Agreement.*** UPON 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 obligations 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.

***Conveyance of Property Interest and Partition of 2024 Facilities.*** The Purchase and Use Agreement provides that upon its termination, either by reason of default or nonappropriation, and at the written direction of the Trustee (such date of written direction, the "Partition Date"), the County and the Issuer will proceed to partition the 2024 Facilities so that the percentage of undivided interests in the title to the 2024 Facilities will be converted, to the extent feasible, into like percentages of title to entire Facilities Components (as defined in the form of the Purchase and Use Agreement in Appendix B) in accordance with the Purchase and Use Agreement. The determination of

which particular components of the 2024 Facilities will remain with the Issuer and which components will be transferred to the County will be proposed by the County and the Issuer, and in the event the County and the Issuer cannot agree on a proposed division, such division shall be proposed by the Trustee and a Partition Consultant, which may be selected by the Trustee with the advice of counsel to assist, consult with, and make recommendations to the Trustee concerning the division of the 2024 Facilities. The Trustee and the Partition Consultant, if selected, will endeavor, to the extent practicable, to allocate the 2024 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; (2) if portions of the Series 2024 Facilities and the Facilities Components will be assigned to each of the Issuer and the County, the Trustee and the Partition Consultant, if selected, and upon consultation with the Holders of a majority in principal amount of the Series 2024 Bonds, will propose such partition as will, in the aggregate, best protect the interests of the Holders of the Series 2024 Bonds (subject to the provisions of the Purchase and Use Agreement); and (3) the deletion, reduction or release (without exchange or substitution) of any Released Property pursuant to the provisions of the Purchase and Use Agreement or the Base Lease will be taken into account for purposes of determining the portions of the 2024 Facilities to be allocated between the Issuer and the County.

The Purchase and Use Agreement further provides that, for purposes of any partition, the 2024 Facilities will be valued based on insured values at the time of partition, although the percentage of the 2024 Facilities being purchased on an annual basis is set forth in Exhibit D to the Purchase and Use Agreement, each being subject to adjustment as stated therein. In allocating the 2024 Facilities to the percentage of undivided interests in the entire 2024 Facilities to be conveyed to the County or retained by the Issuer, such insured values and percentages will be used rather than the current market or other valuation of Facilities Components associated therewith. The Trustee or the Partition Consultant, if selected, will make a report regarding the division of the 2024 Facilities as soon as practicable after the Partition Date. In the discretion of the Trustee, the partition report will be final and binding upon all parties. The Purchase and Use Agreement obligates the County to relinquish its right of possession to the components of the 2024 Facilities partitioned to the Issuer and obligates the Issuer to release from the Base Lease the components of the 2024 Facilities partitioned to the County within a reasonable time after the partition report becomes final. See the substantially final form of the Purchase and Use Agreement in Appendix B hereto.

Prior to the expiration of the Waiver Period (as defined in the form of the Purchase and Use Agreement in Appendix B), an Event of Nonappropriation may, in certain circumstances, be waived by the Issuer or the Trustee and must, in certain circumstances, be waived. See the substantially final form of the Purchase and Use Agreement in Appendix B hereto.

### **Source of Installment Payments**

The Georgetown County Auditor is required by law to levy an unlimited *ad valorem* tax to pay the County's general obligation debt 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 (together with other Available Sources) 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. See "**DEBT STRUCTURE—Legal Debt Limit of the County**" herein.

For information concerning the unused 8% debt capacity of the County, see "**DEBT STRUCTURE—Legal Debt Limit of the County**" herein.

## Trust Agreement

As security for its obligations under the Series 2024 Bonds, the Issuer will assign to the Trustee, and grant a security interest in, the Trust Estate. In the event the County terminates the Purchase and Use Agreement, the Series 2024 Bonds will be payable from such moneys, if any, as may be held or made available by the Trustee from the leasing of the 2024 Facilities, that remain with the Issuer after the partitioning thereof is accomplished until the expiration of the Base Lease (the earlier of (a) June 1, 2053 or (b) the date on which the Series 2024 Bonds are discharged within the meaning of the provisions of the Trust Agreement described in the substantially final form of the Trust Agreement in Appendix B hereto) as described under “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS—Purchase and Use Agreement—Conveyance of Property Interest and Partition of 2024 Facilities**” above. The Base Lease will require the 2024 Facilities to always be operated for a civic or public purpose. This restriction as to the use of the 2024 Facilities will limit the potential tenants to which the 2024 Facilities could be leased and could reduce the revenues, if any, generated from leasing the 2024 Facilities. Under certain circumstances, the Series 2024 Bonds will also be payable from the Net Proceeds of insurance policies, performance bonds, or condemnation awards.

## Payment Obligations of the Issuer and the County

The Series 2024 Bonds are obligations of the Issuer secured by and payable from the Trust Estate pledged under the Trust Agreement. The Series 2024 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, credit or taxing power of the County. The Series 2024 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 2024 Bonds.

**The obligations of the County to pay Installment Payments under the Purchase and Use Agreement are a current expense of the County and are dependent upon lawful appropriations of funds being made by the County Council from Available Sources 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 2024 Bonds under the Trust Agreement. Prior to the delivery of any Additional Bonds, the Trust Agreement provides that there must be executed and delivered (a) 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 and (b) a written legal opinion of Bond Counsel (as defined in the form of Trust Agreement in Appendix B), addressed to the Issuer, the Trustee and the County, to the effect that such action is authorized or permitted under the Trust Agreement and will not adversely impact the exclusion of interest on the Series 2024 Bonds from gross income for purposes of federal income taxation (subject to customary exceptions). For a description of additional requirements for issuing Additional Bonds, see the substantially final form of the Trust Agreement in Appendix B hereto.

## Enforceability of Remedies

The realization of value from the pledge of the Trust Estate under the Trust Agreement upon any default or nonappropriation of sufficient funds to make Installment Payments due under the Purchase and Use Agreement will depend upon 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 2024

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 2024 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. Section 901, *et seq.*, as amended (the "Bankruptcy Code"), and other laws affecting creditors' rights and municipalities generally. Chapter 9 of the Bankruptcy Code 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 the 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 of each impaired class of claims holding at least two-thirds in amount and more than one-half in number of the creditors that 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 or alter the payment terms, maturity schedule, and other provisions governing the indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the insolvency or financial condition of the petitioner 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 COUNTY**

### **General Description**

The County is located on the South Carolina coast and encompasses 815 square miles of land area and approximately 220 square miles of water area, making it the eighth largest in area of South Carolina's 46 counties. The County is located in the southeastern coastal part of the State and is bordered on the east by the Atlantic Ocean, the south by Berkeley and Charleston Counties, the west by Williamsburg County and the north by Horry County. The County seat is the City of Georgetown, which is approximately 60 miles north of Charleston, South Carolina. The County is situated on the lower coastal plain and contains over 34 miles of coastline.

### **Form of Government**

The County operates under the Council-Administrator form of government. The County Council consists of seven members elected on a partisan basis from single-member districts for four-year terms. Each district has approximately 9,058 residents.

The County Council is responsible for adopting an annual budget for all County departments, setting a tax rate and levying ad valorem taxes necessary to carry out County functions and pay County indebtedness. The County Council employs a County Administrator who is responsible for day-to-day operations of the County and for implementing County Council policy.

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

<u>Name</u>	<u>Occupation</u>	<u>Years of Service</u>
Louis R. Morant, Chair	Attorney	5
Lillie Johnson, Vice-Chair	Retired	15
Clint A. Elliott	Supervisor – Water & Sewer Utility	1
Bob Anderson	Retired	3
Everett Carolina	Small Business Owner	7
Raymond L. Newton	Retired	5
Stella Mercado	Retired	1

Angela Dawson Christian was hired as County Administrator in March 2020. Her organizational responsibilities include development and implementation of a \$100 million budget and leading a team of more than 700 employees. She has obtained her Credentialed Manager (CM) designation from the International City/County Management Association. Only 1,200 people in the nation have earned this designation. Prior to coming to the County, she worked exclusively in local government, specializing in finance and management services in various municipalities in Georgia, Florida, Tennessee and North Carolina.

Angela received her Bachelor of Science degree from Georgia Southern University in Statesboro. She earned her Master of Public Administration from the University of Tennessee in Knoxville. She is a graduate of the Public Executive Leadership Academy at the University of North Carolina at Chapel Hill. She is actively involved in numerous civic and community organizations.

Karis Langston joined the County’s staff in 1998 and moved up through the Finance Department starting out as the Accounts Payable Clerk moving up to Accounts Payable Supervisor, then to the Budget/Financial Analyst and, since March of 2021, serves as the County Finance Director. Her duties include overseeing day-to-day operations of the Finance and Purchasing divisions, and managing the annual budgeting and auditing processes.

Prior to joining the County’s team, she worked in finance for several private companies in Georgetown and Mount Pleasant. She studied Secondary Math Education at Purdue University in Indiana and later received her Associate’s degree in accounting from Horry-Georgetown Technical College following up with her Bachelor’s degree in accounting and business administration from Western Governor’s University.

The County has approximately 534 full-time employees and 98 permanent part-time employees.

**Services Provided**

The County government provides a broad range of local services to its residents, commuters, business visitors and tourists. These local functions are in addition to the substantial services provided in the County by the State and federal governments and other local government entities.

Among the services which the County funds in whole or in part are the following:

- (1) administrative services;
- (2) general government;
- (3) public safety;
- (4) health and welfare;
- (5) recreational, cultural and educational; and
- (6) public works.

The several municipalities within the County also provide some of the services listed above and additional services not provided by the County. Special purpose districts within the County created by State legislation have taxing authority and may provide certain services with funds from taxes levied and collected for them by the County.

## **Retirement Plan**

Substantially all full-time, permanent employees of the County participate in statewide, cost sharing multiple-employer defined benefit pension plans administered by the State Retirement System. Generally, all employees, with the exception of law enforcement personnel and certain others, participate in the South Carolina Retirement System. Law enforcement personnel and certain other employees participate in the South Carolina Police Officers Retirement System. Contribution rates are actuarially established.

For a more complete description of the County's Retirement Plans and Other Post Employment Benefits, see Notes 11 and 12 to the portion of the County's Audited Financial Statements for fiscal year ended June 30, 2023 attached hereto as Appendix A.

## **Insurance**

The State Supreme Court, in the case of McCall v. Batson on April 18, 1985, abolished the doctrine of sovereign immunity in the State. In response to this decision the General Assembly in its 1986 session enacted the South Carolina Torts Claim Act which reestablished a qualified doctrine of sovereign immunity with respect to local government in South Carolina. Subject to specific immunity set forth in the South Carolina Tort Claims Act, South Carolina local governments, including the County, are liable for damages not to exceed \$300,000 per incident/person and \$600,000 per occurrence/aggregate. No punitive or exemplary damages are permitted under the South Carolina Tort Claims Act. Insurance protection to local government is provided from either the Insurance Reserve Fund established by the State Fiscal Accountability Authority, private carriers, self insurance or pooled self insurance fund. The County currently maintains liability insurance coverage with the South Carolina Insurance Reserve Fund.

## **School District of Georgetown County**

The School District of Georgetown County is coextensive with the County. The School District, established in 1962, has taxing authority and provides certain services with funds from taxes levied and collected for it by the County.

## **DEBT STRUCTURE**

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

Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended (the "Constitution"), provides that counties shall have the power to incur bonded indebtedness in such manner and upon such terms and conditions as the General Assembly shall prescribe by general law. General obligation debt may be incurred only for a public and corporate purpose in an amount not exceeding 8% of the assessed value of all taxable property of such county without the necessity of holding a referendum. General obligation debt authorized by a majority vote of the qualified electors of the County voting in a referendum may be incurred without limitation as to amount. Title 4, Chapter 15 of the South Carolina Code provides that counties may issue general obligation bonds to defray the cost of any authorized purpose and for any amount not exceeding its applicable constitutional debt limit.

Under Article X, Section 14 of the Constitution, bonded indebtedness of the County existing on November 30, 1977, and bonded indebtedness authorized by a majority vote of the qualified electors of the County voting in a referendum is not considered in determining the County's 8% debt limitation.

In addition, Article X, Section 14 and Section 12 of the Constitution provides that bonded indebtedness may be incurred by counties for sewage disposal or treatment, fire protection, street lighting, garbage collection and disposal, water service, or any other service or facility benefiting only a particular geographical section of a county, provided a special assessment, tax, or service charge, in an amount designed to provide debt service on bonded indebtedness incurred for such purposes, shall be imposed upon the area or persons receiving the benefit therefrom; and general obligation debt so incurred shall not be considered in computing the bonded indebtedness of counties under the 8% debt limitation.

The County's debt limitation is computed below:

Assessed Value as of June 30, 2023	\$657,066,689
	<u>                  x8%</u>
Constitutional Debt Limit	52,565,335
Outstanding Debt Subject to Limit	<u>25,990,000</u>
Legal Debt Limit Without a Referendum	\$ 26,575,335

**Outstanding Indebtedness**

As of the date hereof, the County has outstanding general obligation indebtedness in the amount of \$25,990,000. The following table shows general obligation indebtedness of the County as of the end of each of the last five fiscal years:

Fiscal Year Ended <u>June 30</u>	General Obligation <u>Indebtedness</u>
2019	\$22,200,000
2020	30,665,000
2021	29,165,000
2022	27,610,000
2023	25,990,000

**Description of General Obligation Indebtedness by Issue**

The following table gives specific information concerning each of the outstanding general obligation bond issues of the County as of the date hereof.

<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Amount Outstanding</u>
12/22/17	\$17,370,000	4.00%-5.00%	03/01/24-33	\$16,845,000
12/05/19	10,000,000	2.00%-5.00%	03/01/24-39	<u>9,145,000</u>
				\$25,990,000

**Leases**

As of June 30, 2023, the County had 21 governmental fund capital leases outstanding in the amount of \$7,897,124 and 9 enterprise fund capital leases not funded from the County's general fund outstanding in the amount of \$2,449,836.

**Composite Debt Service**

The following table shows annual principal and interest requirements of the County’s outstanding general obligation bonds.

Fiscal Year Ended <u>June 30</u>	Principal and Interest on Outstanding General <u>Obligation Bonds</u>
2024	\$ 2,060,938
2025	2,064,188
2026	2,059,688
2027	2,062,688
2028	2,062,688
2029	3,259,688
2030	3,663,688
2031	3,661,888
2032	3,663,000
2033	3,663,888
2034	874,313
2035	875,563
2036	876,313
2037	876,563
2038	875,300
2039	<u>878,513</u>
Total	\$33,478,900

\*Totals may not sum due to rounding.

**Overlapping Debt**

The following table sets forth the total assessed value for tax year 2022 of all taxable property in each political subdivision having outstanding general obligation debt overlapping the County, either in whole or in part and the total amount of outstanding general obligation indebtedness of each such political subdivision as of June 30, 2023.

<u>Political Subdivision</u>	2022 <u>Assessed Value</u>	General Obligation <u>Indebtedness</u>
School District of Georgetown County	\$658,170,119	\$168,691,099
City of Georgetown	45,850,383	1,596,615

Sources: County Auditor; Finance Departments of each Political Subdivision.

**Base Payments Due on and Security for the 2019 Bonds**

Pursuant to an Amended and Restated Installment Purchase and Use Agreement dated December 2, 2019 between the County and the Issuer (“2019 Installment Agreement”), related to the 2019 Bonds, the County is obligated, subject to annual appropriation, to make annual Installment Payments, as defined in the 2019 Installment Agreement, to the Issuer for the annual use of and title to an undivided interest in the 2019 Facilities, as defined in the 2019 Installment Agreement and primarily consisting of the following County assets: Old Courthouse/Administrative Facility, Judicial Center, existing Detention Center and Andrews Library. The County’s obligation to make annual Installment Payments to the Issuer is a current expense of the County and is not 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 2019 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 2019 Installment Agreement.

The property and facilities that are subject to the base lease related to the 2019 Bonds, the 2019 Facilities that are subject to the 2019 Installment Agreement and the collateral pledged under the trust agreement related to the 2019 Bonds for the payment and security of such 2019 Bonds, is entirely separate and apart from the 2024 Real Property and the 2024 Facilities that are subject to the Base Lease and the Purchase and Use Agreement, as applicable, and the collateral pledged under the Trust Agreement for the payment and security of the Series 2024 Bonds. Further, there is no cross-default provided for between the Series 2024 Bonds and the 2019 Bonds, that is, a default under the 2019 Bonds does not automatically constitute an event of default under the Series 2024 Bonds.

### **County Investment Policy**

Pursuant to Section 6-5-10 of the South Carolina Code, the County Treasurer may invest money subject to the control and jurisdiction specified under Section 6-5-10 in the following types of investments:

(1) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

(2) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(3)(i) General obligations of the State or any of its political units; or (ii) revenue obligations of the State or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(4) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

(5) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

(6) Repurchase agreements when collateralized by securities as set forth in this section.

(7) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), (3), and (6) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

In addition to these investments, the State has established a South Carolina Pooled Investment Fund into which any county treasurer may deposit public moneys in excess of current needs. The State Treasurer may invest the moneys of the fund in the same types of investments provided for in Section 6-5-10 above (as well as those permitted in Sections 11-9-660 and 11-9-661) and then may sell to all political subdivisions of the State participation units in the fund which shall be legal investments for the subdivisions in addition to the investments and deposits authorized in the sections detailed herein.

## **Legal Debt Limit of Counties, Incorporated Municipalities and Special Purpose Districts**

Under the provisions of Article X, Section 14 of the State Constitution, each county, incorporated municipality and special purpose district may, in such manner and upon such terms and conditions as the General Assembly shall prescribe by general law, (a) incur general obligation debt authorized by a majority vote of the qualified electors thereof voting in a referendum, without limitation as to amount, and (b) incur, without an election, general obligation debt (in addition to bonded indebtedness existing on November 30, 1977, and bonded indebtedness authorized by a majority vote of qualified electors) in an amount not exceeding 8% of the assessed value of all taxable property therein.

In addition, Article X, Section 14 and Section 12 of the State Constitution provide that bonded indebtedness may be incurred by counties on such terms and provisions as the General Assembly may, by general law, prescribe for sewage disposal or treatment, fire protection, street lighting, garbage collection and disposal, water service, or any other service or facility benefiting only a particular geographical section of the county, without an election and without limitation as to amount, provided a special assessment, tax, or service charge, in an amount designed to provide debt service on bonded indebtedness incurred for such purposes, shall be imposed upon the area or persons receiving the benefit therefrom; and general obligation debt so incurred shall not be considered in computing the bonded indebtedness under the 8% debt limitation.

### **Miscellaneous Debt Information**

The County has not defaulted in the payment of principal or interest, or in any other material respect, with respect to any of its securities at any time within the last 25 years, nor has the County within such time issued any refunding bonds for the purpose of preventing a default in the payment of principal or interest on any of its securities then outstanding. The County has not used the proceeds of any bonds or other securities (other than tax anticipation notes) for current operating expenses at any time within the last 25 years.

## **TAX INFORMATION**

### **Property Assessment Rates**

Article X, Section 1 of the Constitution requires equal and uniform assessments of property throughout the State for the following classes of property and at the following ratios of fair market value of such 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 (Certain real property owned by or leased to manufacturers for use in "research and development," office buildings and warehousing and wholesale distribution of wearing apparel is excluded from this classification, and would be subject to the six percent assessment ratio for other real property. Certain new industrial facilities may be entitled to pay a "fee-in-lieu-of-taxes" computed on an assessment ratio of not less than 6% (4% for certain projects involving extraordinary capital investment or job creation) of original cost less depreciation. For property tax years beginning after 2021, 42.8571% of the property tax value of manufacturing property assessed for property tax purposes will be exempt from property taxation; provided, however, the total amount of the exemption for all entities in the State for that fiscal year will not exceed \$170 million, and will be proportionately reduced for any year in which the amount is projected to exceed \$170 million;
- (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, an exemption is available 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);
- (8) (A) Except as set forth in (B) below, all other personal property - 10.5% of fair market value; and  
(B) Personal motor vehicles - 6.00%.

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 Section 12-43-217 of the South Carolina Code, every fourth year the County and the State are required by law to effect an appraisal of all property within the County and to implement that appraisal as a new assessment in the following year. The County’s latest reassessment became effective for the 2020 tax year. The next reassessment will take place in 2024 and will be effective for the 2025 tax year. 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 such 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.

The County Assessor appraises and assesses all the real property and mobile homes located within such 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.

### **State Tax Reform**

On June 1, 2006, the South Carolina General Assembly adopted House Bill 4449 which became Act 388 (“Act 388”), which provides, among other things, a new mechanism for the funding of a portion of school operations and a limitation on annual growth in millage levied by political subdivisions and school districts for operations.

#### *Homestead Exemptions; Sales Tax Imposition*

Owner-occupied residences, or “homesteads,” are subject to three tiers of exemptions which affect the amount of revenues school districts receive from local property taxes as a source of school funding. The State reimburses school districts for the property tax revenues not collected on homesteads due to the exemptions. The State funds the reimbursements from a combination of its general fund and revenues received from a specially imposed statewide one cent sales tax. All monies required to fund the reimbursements to the school districts must be deposited by the State in a segregated “Homestead Exemption Fund” and paid to the school districts as described below based on the “tier” of the exemptions for which a school district is being reimbursed.

The “tier one” exemption exempts the first \$100,000 of the appraised value of a homestead from millage levied for school operating purposes. The tier one exemption was amended by Act 388, by extending the exemption from school operating taxes to 100% of the value of homesteads as described below. Accordingly, by State law, the amount of the reimbursement paid to a school district for the tier one exemption is capped at the amount received by the school district in fiscal year ending June 30, 2007 (the fiscal year following the year in which Act 388 was adopted). State law requires that ninety percent of the tier one reimbursement must be paid to school districts in the last quarter of the calendar year, but no later than December first. The balance of the tier one reimbursement must be paid in the last quarter of the fiscal year that ends June 30<sup>th</sup> following the first tier one reimbursement date, which is typically by April 15.

The “tier two” exemption exempts from all *ad valorem* property taxes the first \$50,000 of the fair market value of the dwelling place of persons who are over 65 years of age, totally and permanently disabled, or legally blind. The amount of the reimbursement paid to a school district because of the tier two exemption is also capped at the amount received by a school district in fiscal year ending June 30, 2007. State law requires that tier two reimbursements be paid at the same time as the balance of the tier one reimbursement referenced above.

The “tier three” exemption, created under Act 388, exempts 100% of the value of owner-occupied residences from millage levied for school operating purposes. A portion of the amounts which a school district would receive but for the tier three exemption is reimbursed from the revenues collected from a one percent sales tax imposed statewide pursuant to Act 388 (the remainder of the reimbursements due to a school district are funded through the tier one reimbursements and tier two reimbursements described above). The additional sales tax does not apply to certain items, including certain accommodations, items taxed at a defined maximum tax, and unprepared food. Receipts from the one percent sales tax must be credited to the Homestead Exemption Fund. Unlike the tier one exemption and the tier two exemption, the amount of the reimbursement to a school district under the tier three exemption increases annually by an amount equal to the percentage increase of the applicable Consumer Price Index over the previous year, plus the percentage increase in the population of the State over the previous year. If the total increase calculated pursuant to the formula is less than four percent, then to the extent revenues are available in the Homestead Exemption Fund, the annual tier three reimbursement is further increased, not to exceed a total of four percent. The aggregate amount of the tier three reimbursement increase in any year will be distributed among the school districts of the State proportionately based on each school district’s weighted pupil units as a percentage of statewide weighted pupil units as determined annually. Notwithstanding the foregoing, in no event shall the amount of tier three reimbursements distributed to the school district or districts within one county be less than \$2,500,000 in the aggregate. State law requires that tier three reimbursements be paid in nine equal monthly installments based on the State’s preliminary estimate of collections, beginning not later than October 15<sup>th</sup>. A final adjustment balance payment must be made before the closing of the State’s books for the fiscal year.

To the extent revenues in the Homestead Exemption Fund are insufficient to pay all reimbursements to the school districts of the State as described above, except as may be required to increase of the tier three reimbursement by 4% annually, the difference must be paid from the State’s general fund. Enforcement of the requirement described in the preceding sentence is not self-executing, and will in each applicable year be subject to the appropriation of the necessary amounts by the General Assembly.

Any amounts remaining in the Homestead Exemption Fund after the distribution of moneys must be distributed to the 46 counties of the State, proportionately based upon population, and applied as a credit against *ad valorem* real property taxes levied against, first, owner-occupied real property, and, thereafter, to all other classes of taxable property, for county operating purposes.

### *Limitation on Millage Increases*

Act 388 imposes a limitation on increases in millage levied for operational purposes by all political subdivisions and school districts. As of July 1, 2007, annual millage levies may increase only at a rate equal to 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, as the case may be. However, recent legislative enactments allow for increases in operating millage to the extent allowed but not previously imposed for the three property tax years preceding the year to which the current limit applies. This limitation does not apply to millage that is levied to pay bonded indebtedness. This limitation may be overridden by a vote of two-thirds of the governing body of the political subdivision or school district, as applicable, but only for the following purposes:

- (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 Act 388 for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government.

### *Local Option Sales and Use Tax for Local Property Tax Credits*

Act 388 further authorizes the imposition within a county, subject to approval by referendum, of a local sales and use tax to provide additional property tax relief. The local sales and use 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 such local sales and use 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. No assurance can be given that the County will not conduct such a referendum, or that such a local option sales tax will not be implemented within the County.

Act 388 further provides that if a county has enacted a tax increment financing redevelopment plan, or other financing plan that relies upon property tax for its funding to retire indebtedness or pay for project costs, the rate of the local option sales tax must be set in an amount that considers the full funding for the project or retirement of indebtedness, which includes compliance with any covenants in the governing documents authorizing the indebtedness. The revenues of such tax attributable to the funding replacement for a tax increment redevelopment financing plan or other plan that relies upon property tax for its funding must be distributed by the county treasurer pursuant to Title 4, Chapter 10 of the South Carolina Code.

### *Reassessment Valuations Limited*

Act 388 also 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, upon 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 parcel of real property (“ATI Transfer”), such parcel will generally be reassessed to its then-current market value at the time of the ATI Transfer (“Market Value”). Act No. 57 adopted by the General Assembly on June 8, 2011 provides that real property subject to property tax at an assessment ratio of 6% which undergoes an ATI Transfer after 2010 will be valued for property tax purposes using an “exemption value” instead of the real property’s Market Value if the property is subject to a 6% assessment ratio when held by the purchaser, unless the Market Value is lower than the value of the property reflected on the books of the property tax assessor at the time of the ATI Transfer (in which case the Market Value will be the value for property tax purposes). The “exemption value” is calculated by reducing the market value

of property at the time of an ATI Transfer by twenty-five percent of the “ATI fair market value” of the property. “ATI fair market value” is the real property’s fair market value as determined at the time the property last underwent an ATI Transfer. If the twenty-five percent reduction in market value results in a value which is lower than the value of the property reflected on the books of the property tax assessor at the time of the ATI Transfer, then the value of the property reflected on the books of the property will be the “exemption value.”

### **Payments in Lieu of Taxes**

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 periods 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; and (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 divert payments in lieu of taxes derived from an MCIP to its own corporate purposes or those of other taxing entities in that county.

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. 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.

**Assessed Value of Taxable Property in the County**

The assessed value of all taxable property in the County for the last five tax years for which data is available is set forth below:

<u>Tax Year</u>	<u>Real</u>	<u>Personal</u>	<u>Total Assessed Valuation</u>
2018	\$476,723,877	\$106,267,810	\$582,991,687
2019	483,799,141	109,478,237	593,277,378
2020 <sup>1</sup>	494,347,175	114,822,119	609,169,294
2021	503,696,301	126,406,789	630,103,000
2022	527,204,004	129,862,685	657,066,689

<sup>1</sup> Reassessment

Source: County Auditor

Note: Includes merchants’ inventory, motor carrier reimbursements, reimbursements of manufacturer’s depreciation, or property in a multi-county industrial park or subject to negotiated fee-in-lieu of taxes. Does not include assessed value of five-year exempt portion of manufacturing property.

**Estimated Assessed and True Value of all Taxable Property in the County**

Below is the assessed value and estimated true value of all taxable property in the County for tax year 2022 by classifications as of June 30, 2023.

<u>Classification of Property</u>	<u>2022 Assessed Value</u>	<u>Assessment Ratio</u>	<u>2022 Market Value</u>
Real Property (Non-manufacturing)	\$519,896,458	4.0% & 6.0%	\$ 9,417,047,925
Mobile Homes	7,307,546	4.0% & 6.0%	156,541,525
Motor Vehicles	45,038,680	6.0% & 10.5%	717,959,847
Public Utilities	11,370,350	10.5% & 9.5%	108,704,497
Manufacturing Property	9,177,890	10.5% & 6%	88,668,048
County Business Property	3,233,350	10.5%	30,793,809
Furniture & Fixtures (Dept. of Revenue)	8,857,520	10.5%	84,357,333
Marine Equipment (Boats & Motors)	13,657,900	10.5% & 6.0%	130,075,238
Airplanes	720,300	4.0%	18,007,500
Lock In (Merchants’ Inventory)	2,155,930	10.5%	20,532,667
Manufacturing Reimbursement	7,243,020	10.5%	68,981,143
Manufacturers Property Valuation Ex (PVE)	6,671,380	10.5%	63,536,952
Motor Carrier	3,857,940	10.5%	36,742,286
Fee in Lieu	<u>17,878,425</u>	6.0%	<u>297,973,750</u>
Total	\$657,066,689		\$11,239,922,520

Source: County Auditor

**Exempt Manufacturing Property**

Article X, Section 3 of the Constitution provides that all new manufacturing establishments located in any county after July 1, 1977, and all additions (in excess of \$50,000) to existing manufacturing establishments are exempt from *ad valorem* taxation for five years for county taxes only. No exemption is granted from school or

municipal taxes, although municipal governing bodies may by ordinance grant a similar exemption to manufacturing establishments.

The following table sets forth the assessed value of all real and personal property in the County subject to the exemption for each of the last five tax years for which information is available.

<u>Tax Year</u>	<u>Exempt Assessed Value</u>
2018	\$1,917,210
2019	2,792,220
2020	2,686,070
2021	1,746,170
2022	1,336,230

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Source: County Auditor

### **Tax Rates**

The millage assessed for County operations and debt service in each of the last four fiscal years and the current fiscal year is set forth below:

<u>Fiscal Year</u>	<u>Operations</u>	<u>Debt Service</u>	<u>Total</u>
2020	54.0	10.4	64.4
2021	54.3	10.4	64.7
2022	56.1	12.4	68.5
2023	56.1	12.4	68.5
2024	62.4	14.4	76.8

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Source: County Auditor

### **Tax Collection Procedure**

In the 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 property taxes in the County are payable on or before January 15 of each year for the prior tax year with the exception of taxes on motor vehicles. All personal property taxes on motor vehicles are due on or before the last day of the month in which the license tag for motor vehicles expires. If real property taxes are not paid on or before January 15, a penalty of 3% is added; if not paid by February 1, an additional penalty of 7% is added; if not paid on or before March 17, an additional penalty of 5% is added and taxes go into execution. Unpaid taxes, both real and personal, constitute a first lien against the property. The County Treasurer is empowered to seize and sell so much of the defaulting taxpayer's estate -- real and personal or both -- as may be sufficient to satisfy the taxes.

Act 388 permits counties to allow real property taxpayers to elect to pay their taxes in six installments each year for tax years beginning after 2006.

## Tax Collections

The following table shows the amount of County taxes levied, 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 last five years for which information is available.

Tax Year	Adjusted Tax Levy for Fiscal Year <sup>(1)</sup>	Taxes Collected Within the Fiscal Year of Levy	Percentage of Taxes Collected Within the Fiscal Year of Levy	Tax Levy Adjustments in Subsequent Fiscal Years	Collections in Subsequent Fiscal Years	Total Adjusted Tax Levy	Total Taxes Collected	Percentage of Total Adjusted Tax Levy
2018	\$42,724,322	\$42,057,915	98.44%	\$(223,821)	\$421,041	\$42,500,501	\$42,478,956	99.95%
2019	44,554,582	43,693,419	98.07	(18,014)	594,153	44,536,568	44,287,572	99.44
2020	50,929,516	49,424,886	97.05	(89,382)	326,846	50,840,134	49,424,886	97.22
2021	51,282,738	50,177,936	97.85	803,269	N/A	52,086,007	50,177,936	96.34
2022	55,229,816	52,533,456	95.12	(189,286)	N/A	55,040,531	52,533,456	95.45

<sup>(1)</sup> Adjusted tax levy in fiscal year of assessment includes all additions and abatements made in the fiscal year of assessment.

Note: For purposes of this table “taxes” includes real and personal property tax, vehicle tax, and homestead tax exemption reimbursements from the State Treasurer.

Source: County’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023

## Ten Largest Taxpayers

The ten largest taxpayers in the County, the estimated percentage of total assessed value of taxable property for tax year 2022 for each and the amount of 2022 tax year taxes paid by each to the County Treasurer for all County, municipal and other taxes collected by the County Treasurer, are shown below.

Taxpayer	Taxes Paid	Assessed Value
International Paper Company	\$1,304,596.17	\$5,816,139
Santee Electric Coop Inc.	1,208,846.41	4,798,800
Liberty Steel Georgetown Inc.	431,948.41	1,397,806
Waterleaf&Murrells Inlet Apt	367,589.53	1,572,912
NHI-REIT of Seaside LLC	324,173.97	1,390,638
DFE Litchfield LF	317,882.23	1,361,380
Brixmore Pawleys Island Plaza LLC	269,440.78	1,153,921
Spectrum Southeast LLC	269,255.37	1,046,650
RL Causey Inc.	257,495.33	1,101,820
Dominion Energy SC	228,634.85	776,220

Source: County Treasurer

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Location

The County is located in the southeastern coastal region of the State. The County is bordered by Horry County to the north, Williamsburg County to the west, Berkeley and Charleston Counties to the south, and the Atlantic Ocean to the east. Population centers in the County include the City of Georgetown (the county seat), the Town of Andrews in the western portion of the County, the Town of Pawley’s Island in the eastern portion of the County and Murrell’s Inlet in the northern portion of the County, approximately 11 miles south of Myrtle Beach.

## **Agriculture and Forestry**

The County ranks ninth in the State in land area. Its total area is 1,035 square miles, 79% of which is land and 21% of which is water.

According to the 2017 Census of Agriculture produced by the National Agricultural Statistics Service of the United States Department of Agriculture, approximately 12% of the County's land is used for agriculture (including woodlands). In 2017, the County ranked 3<sup>rd</sup> in the State in production of tobacco. Sales for crops, livestock, poultry and related products in the County in 2017, the latest year for which information is available, amounted to \$9,273,000, including crops at \$9,107,000 and livestock, poultry and related products at \$166,000.

About 74% of the County's land is forested, and the County ranks 3<sup>rd</sup> among the State's 46 counties in delivered value of timber. The delivered value of harvested timber sold in 2021, the latest year for which information is available, was \$57,420,058.

## **Commerce, Tourism, and Industry**

In recent years, tourism has become a vital contributor to the local economy. According to the South Carolina Department of Parks, Recreation, and Tourism, domestic travelers spent \$319.16 million in the County in 2020. This level of tourism resulted in \$15.12 million in local tax receipts and \$62.86 million in payroll for approximately 2,900 employees. The County contains Huntington Beach State Park that draws tourists throughout the year. The County has 35 miles of white-sand beaches and 14 golf courses. A number of upscale residential communities have been and continue to be developed around the coastal areas of the County. Wachesaw Plantation, Wilbrook Plantation, DeBordieu Colony, Pawley's Plantation and Heritage Plantation are a few of these developments.

In August 2023, Zilmet, a global expansion tank and heat exchanger manufacturer, announced plans to establish its first United States manufacturing operations in the County. The company's \$32.7 million investment, which includes the construction of a 150,000-square-foot facility, will create approximately 50 new jobs. With construction underway, phase one of the project is tentatively scheduled to be completed in late 2024, with production beginning in 2025.

In February 2023, WingIts, a specialty designer and manufacturer of bathroom accessories, fastening systems and American with Disabilities compliant products, held their grand opening. The company's \$7.4 million investment has created more than 40 new jobs.

In May 2023, InfraBuild, Australia's largest vertically integrated steel manufacturer, announced the closing of a \$350 million Asset-Backed Term Loan, which will enable it to pursue acquisition of the Liberty Steel located in the County and currently owned by GFG Alliance. The expansion will allow the mill to increase production from 120,000 tons of wire rods per year to 300,000 tons. In addition to steel rods, upgrades will allow the mill to make other steel products, including steel mesh used in roadways and that can reinforce concrete. To support the company's expansion efforts, a second shift of workers will be hired, increasing full-time workers at the mill from the current 65 to approximately 100 by 2025.

In November 2022, Envirosep held a ribbon cutting ceremony in the County for its new four-story, 100,000-square-foot building. Envirosep is a full-service engineering and manufacturing company that specializes in fabricating Modular Central Plants and skidded fluid handling, heat transfer and energy recovery systems for virtually any industrial or commercial application. The company's \$18 million investment has created 100 jobs.

In July 2021, Sherpa 6, Inc. and Sherpa Air (collectively, "Sherpa") announced their plans to open new facilities at the Georgetown County Airport with an expected investment of \$19 million over a five-year period. Sherpa is a service-disabled veteran-owned technology company that operates with a diverse team of veterans and engineers to analyze and develop solutions for the battlefield at every level of command and control. Since opening operations, Sherpa has created 41 high-paying specialized jobs and is in the process of building two additional hangars.

In September 2017, MPW Industrial Services, a company that provides a variety of industrial cleaning, water purification, facility management and environmental management services, held the grand opening of its new industrial water regeneration plant in the County. The company’s \$10 million investment will create 32 new jobs.

**Capital Investment**

The following table sets forth the total announced capital investment for new and expanded industry within the County for the last five years for which information is available. Capital investments are only included if the South Carolina Department of Commerce played a significant recruiting role.

<u>Year</u>	<u>New Investment</u>	<u>New Employment</u>
2019	---	---
2020	\$10,000,000	74
2021	---	---
2022	7,400,000	40
2023*	32,700,000	50

\*As of November 28, 2023

Source: South Carolina Department of Commerce.

**Major Industrial Employers**

The largest industrial employers in the County for 2022, their products and estimated number of employees are shown in the following table:

<u>Name</u>	<u>Product</u>	<u>Number of Employees</u>
International Paper Company	Paper Products/Containers	860
SafeRack	Custom Loading Platforms and Gangways	250
Agru-America	Corrosion Resistant Liners	225
3V Inc.	Detergent Auxiliaries	200

Source: Georgetown County Economic Development Office.

**Major Non-Industrial Employers**

The largest non-industrial employers in the County for 2022, their type of business and estimated number of employees are shown in the following table:

<u>Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Georgetown Hospital System	Medical Services	2,500
Georgetown County School District	Education	1,500
Georgetown County	Government	520
Wal-Mart	Retail	300
City of Georgetown	Government	165
Santee Cooper	Electric Utility	160

Source: Georgetown County Economic Development Office.

## Labor Force

The composition of the nonagricultural labor force in the County based on place-of-work for the last five years for which information is available is as follows:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Manufacturing	2,267	2,540	2,430	2,341	2,359
Construction	2,053	2,016	2,061	1,989	2,054
Mining	(D)	(D)	(D)	65	(D)
Forestry, Fishing & Related Activities	(D)	(D)	(D)	618	(D)
Transportation & Public Utilities	729	818	756	830	838
Wholesale & Retail Trade	3,943	3,916	3,866	3,924	4,065
Information	197	155	178	203	233
Finance, Insurance & Real Estate	4,665	4,774	5,245	5,833	11,990
Services (including Agricultural Serv.)	15,288	15,205	14,392	15,448	16,553
Government	<u>5,032</u>	<u>5,305</u>	<u>5,235</u>	<u>5,231</u>	<u>5,318</u>
TOTAL:	34,893	35,435	34,886	36,482	38,293

(D) – Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the totals.

Notes: Totals may not add due to rounding.

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

The labor force participation totals of residents of the County (regardless of place of employment) for the five calendar years shown are as follows:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Civilian Labor Force	25,213	25,554	25,744	25,972	26,581
Employment	24,287	23,685	24,532	25,001	25,690
Unemployment	926	1,869	1,213	970	891

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

## Unemployment Rate

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

<u>Month</u>	<u>Unemployment Rate</u>	<u>Month</u>	<u>Unemployment Rate</u>
January 2023	4.1%	July 2023	3.6%
February 2023	4.4	August 2023	2.6
March 2023	3.8	September 2023	2.8
April 2023	2.6	October 2023	3.1
May 2023	2.9	November 2023	3.3
June 2023	3.5	December 2023	3.6(P)

(P) Preliminary

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

The average unemployment rate in the County for each of the last five years for which information is available is shown below. For comparison information for the State and the United States is shown.

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2019	3.7%	2.8%	3.7%
2020	7.3	6.0	8.1
2021	4.7	3.9	5.3
2022	3.7	3.3	3.6
2023	3.4	3.1	3.6

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

### **Per Capita Personal Income**

The per capita personal income in the County, the State and the United States for each of the last five years for which information is available is shown below.

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2018	\$46,370	\$43,804	\$53,309
2019	49,590	46,149	55,547
2020	51,911	48,772	59,153
2021	56,852	52,828	64,430
2022	57,180	53,618	65,470

Source: U.S. Bureau of Economic Analysis.

### **Median Family Income**

The estimated median family income for the County for the last five years for which information is available is shown in the following table. Estimated median family income figures for the State and United States are shown for comparison purposes.

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2019	\$59,400	\$65,400	\$75,500
2020	62,500	66,300	78,500
2021	64,500	68,700	79,900
2022	69,800	78,400	90,000
2023	75,500	82,900	96,200

Source: U.S. Department of Housing and Urban Development.

### **Retail Sales**

The following table shows retail sales for businesses located in the County for the last five years for which information is available.

<u>Year Ended</u>	<u>Total Retail Sales</u>
2018	\$1,577,461,334
2019	1,517,813,300
2020	1,558,334,969
2021	1,939,270,523
2022	2,118,917,251

Source: South Carolina Department of Revenue.

## Median Age and Education Levels

The following table illustrates the changes in the median age of the County from Census 2000 to Census 2010, as well as an estimate for 2019. Median age statistics for the State and the United States are included for comparison purposes.

<u>Year</u>	<u>County</u>	<u>South Carolina</u>	<u>United States</u>
2000	39.1	35.4	35.3
2010	45.4	37.9	37.2
2019	50.4	39.8	38.4

Sources: U.S. Department of Commerce, Bureau of the Census, Census 2000 & Census 2010; 2017-2021 American Community Survey 5-Year Estimates.

The following table illustrates the changes in the percentage of the population 25 years old and older with a bachelor's degree or higher for the years set forth below. Education statistics for the State and the United States are included for comparison purposes.

<u>Year</u>	<u>County</u>	<u>South Carolina</u>	<u>United States</u>
2000	20.0%	20.4%	24.4%
2010	22.9	24.6	28.5
2019	30.7	29.8	33.7

Sources: U.S. Department of Commerce, Bureau of the Census, Census 2000, 2008-2012 American Community Survey 5-Year Estimates and 2017-2021 American Community Survey 5-Year Estimates.

## Construction Activity

The following table shows the number of building permits issued by the County for new, privately-owned, residential units, and for new or renovated non-residential construction, and the approximate cost of new construction represented by those permits in each of the last five years for which information is available.

<u>Year</u>	<u>Residential Permits</u>	<u>Residential Construction Cost</u>	<u>Non-residential Permits</u>	<u>Non-residential Construction Cost</u>	<u>Total Permits</u>	<u>Total Construction Cost</u>
2019	1,398	\$132,088,950	198	\$25,174,900	1,596	\$157,263,850
2020	1,762	182,161,300	205	17,051,250	1,967	199,212,550
2021	1,795	216,591,430	189	28,293,558	1,984	244,884,988
2022	2,428	236,157,943	512	37,073,720	2,940	273,231,663
2023*	2,049	186,700,503	407	52,221,297	2,456	238,921,800

\*Through November 30, 2023.

NOTE: Permits for single-family, multi-family, and additions or alterations to existing structures are included in the residential permit figures above. Permits for commercial, industrial and additions or alterations to existing structures are included in the residential permit figures above.

Source: Georgetown County Building Department.

## Population Growth

The following table shows the population increase in the County for the last five decades for which census figures are available and the most recent year for which an estimate is available. Population statistics for the State and the United States are included for comparison purposes:

	<u>Georgetown County</u>		<u>South Carolina</u>		<u>United States</u>	
	<u>Population</u>	<u>% change</u>	<u>Population</u>	<u>% change</u>	<u>Population</u>	<u>% change</u>
1980	42,461	-	3,121,820	-	226,545,805	-
1990	46,302	9%	3,486,703	12%	248,709,873	10%
2000	55,797	21	4,012,012	15	281,421,906	13
2010	60,158	8	4,625,364	15	308,745,538	10
2020	63,404	5	5,118,425	11	331,449,281	7
2022 <sup>1</sup>	64,722	2	5,282,634	3	333,287,557	1

<sup>1</sup> Estimated

Source: U.S. Department of Commerce, Bureau of the Census, Population Division.

Unincorporated areas in the County, including Murrell's Inlet, are growing, but the Census Bureau does not provide annual estimates for them. In 2020, Murrell's Inlet had a census population of 7,547. The following table shows the 2010 and 2020 Census populations of all incorporated municipalities located within the County:

<u>Municipality</u>	<u>2010 Census</u>	<u>2020 Census</u>
City of Georgetown	8,950	8,403
Town of Andrews	2,861	2,575
Town of Pawleys Island	103	130

Source: U.S. Department of Commerce, Bureau of the Census.

## Facilities Located Within or Serving the County

*Air and Ground Transportation.* Commercial air service to the County is through Myrtle Beach International Jetport in Horry County. Non-commercial airports in the County are located near the City of Georgetown and the Town of Andrews. The County is served by U.S. highways 17, 521 and 701 and by four South Carolina highways. Freight rail facilities are provided by CSX Transportation.

*Water Transportation.* The Intracoastal Waterway cuts through the eastern side of the County and Winyah Bay offers a direct water link to the Atlantic Ocean. The Port of Georgetown, a dedicated break-bulk and bulk facility, transferred from the South Carolina State Ports Authority to Georgetown County on June 30, 2023. Approximately 60 miles to the south is the Port of Charleston, one of the busiest container ports in the United States.

*Hospitals.* Tideland Health (formerly Georgetown Hospital System) operates four hospitals and more than 40 outpatient care locations in the County. Tideland's Georgetown Memorial Hospital located in the City of Georgetown is a 131-bed hospital that is an accredited chest pain center and an advanced primary stroke center. In addition, the facility has been recognized for excellence in patient care by numerous organizations, including The Joint Commission and Healthgrades. The hospital has recently undergone a multimillion-dollar renovation and features new patient care areas, including modern patient rooms, a new cardiac catheterization suite and an expanded onsite laboratory. Tideland's Waccamaw Community Hospital, which opened in November 2002 in Murrell's Inlet, has a total of 124 beds. The hospital has been rated one of America's 100 best hospitals for orthopedic surgery by Healthgrades in 2015, holds Joint Commission certifications in childbirth and joint replacement and is an advanced primary stroke center. Tideland's Waccamaw Rehabilitation Center, a 29-bed acute care rehabilitation facility, is located within Tideland's Waccamaw Community Hospital and is the region's only inpatient rehabilitation hospital.

*Utilities.* Four major suppliers provide electrical service in Georgetown County: Santee Cooper, Santee Electric Cooperative, Duke Energy Progress and the City of Georgetown. Dominion Energy South Carolina (formerly known as South Carolina Electric & Gas Company) and the South Carolina Pipeline Corporation, both subsidiaries of Dominion Energy, Inc., provide natural gas transmission and distribution services to wholesale and retail customers in Andrews and Georgetown. Clean water supplies are abundant, and a consolidated regional wastewater system has been expanded through the cooperative efforts of the County's three primary providers: the Georgetown County Water and Sewer District, the City of Georgetown, and the Town of Andrews.

### **Financial Institutions**

According to the Federal Deposit Insurance Corporation, as of June 30, 2023, there were 23 branches of commercial banks with total deposits at all financial institutions in the County of approximately \$2 billion. The continuing reorganization of the banking system in the United States, with its attendant mergers and consolidations, is likely to affect the total number of branch offices in the County.

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## FINANCIAL INFORMATION

### Five Year Summary of General Fund Operations

The following table sets forth a summary of the County's General Fund for fiscal years ended June 30, 2019 through June 30, 2023. The summary should be reviewed with the County's complete audited financial statements as a whole, including but not limited to the notes to such financial statements. Copies of these audited financial statements are available in the office of Karis Langston, Finance Director, 129 Screven Street, Georgetown, South Carolina, 29440; telephone (843) 545-3069. A portion of the audited financial statements of the County for fiscal year ended June 30, 2023 is attached to this Official Statement as Appendix A.

#### Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund

	<u>6/30/19</u>	<u>6/30/20</u>	<u>6/30/21</u>	<u>6/30/22</u>	<u>6/30/23</u>
<b><u>Revenues</u></b>					
Property taxes	\$17,253,941	\$18,134,749	\$18,043,111	\$18,895,217	\$20,048,658
Fees, licenses and permits	7,320,383	7,383,344	8,904,983	9,195,290	9,408,393
Fines and forfeitures	90,063	61,640	41,241	62,788	67,751
Use of money and property	932,836	841,059	772,667	724,455	1,540,561
Intergovernmental	2,918,264	2,996,279	3,027,200	2,972,163	3,424,722
Grants	40,138	1,236,041	87,399	34,118	32,462
Other	343,330	157,631	260,774	1,731,146	534,612
<b>TOTAL REVENUES</b>	<b>\$28,898,955</b>	<b>\$30,810,743</b>	<b>\$31,137,375</b>	<b>\$33,615,177</b>	<b>\$35,057,159</b>
<b><u>Expenditures</u></b>					
<b>Current:</b>					
General government	\$16,270,385	\$16,607,669	\$16,468,133	\$18,310,188	\$13,722,012
Public safety	4,468,183	4,448,322	4,502,304	4,622,128	4,612,420
Public works	2,129,806	2,156,256	2,192,371	2,201,306	2,212,157
Health & welfare	599,556	564,671	571,096	477,796	644,179
Economic development	370,458	378,407	382,772	437,346	468,238
Culture & recreation	5,538,983	5,608,607	5,710,659	5,994,203	6,068,461
<b>Capital outlay:</b>					
General government	88,834	72,722	196,286	10,031	106,732
Public safety	---	---	---	1,011	62,059
Economic development	57,892	61,666	---	6,232	---
Culture & recreation	5,194	---	17,295	20,750	---
<b>Debt service:</b>					
Principal	178,646	184,190	39,268	333,620	48,811
Interest	12,438	6,894	1,176	2,022	1,524
<b>TOTAL EXPENDITURES</b>	<b>\$29,720,375</b>	<b>\$30,089,404</b>	<b>\$30,081,360</b>	<b>\$32,416,633</b>	<b>\$27,946,593</b>
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (821,420)	\$ 721,339	\$ 1,056,015	\$ 1,198,544	\$ 7,110,566
<b><u>Other Financing Sources (Uses)</u></b>					
Issuance of capital lease financing	---	---	\$ 196,259	\$ 132,665	\$ 160,659
Proceeds from sale of assets	\$ 97,478	\$ 159,692	101,951	247,657	525,179
Transfers in	1,901,075	2,035,864	2,153,825	2,374,332	2,335,903
Transfers out	(1,537,132)	(2,319,356)	(515,400)	(1,415,400)	(6,321,600)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>461,421</b>	<b>(123,800)</b>	<b>1,936,635</b>	<b>1,339,254</b>	<b>(3,299,859)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (359,999)</b>	<b>\$ 597,539</b>	<b>\$ 2,992,650</b>	<b>\$ 2,537,798</b>	<b>\$ 3,810,707</b>
Fund Balance – Beginning of Year	\$11,424,999	\$11,065,000	\$11,662,539	\$14,655,189	\$17,192,987
Fund Balance As Restated	---	---	---	---	17,060,322
<b>Fund Balance – End of Year</b>	<b>\$11,065,000</b>	<b>\$11,662,539</b>	<b>\$14,655,189</b>	<b>\$17,192,987</b>	<b>\$20,871,029</b>

## **Budget Procedure**

The Constitution requires each county to prepare and maintain annual budgets which provide for sufficient income to meet its estimated expenses for each year. If a county's expenses exceed income in any year, the governing body of the county is required in the following year to levy taxes in an amount which when added to all other sources of income will be sufficient to pay such deficiency and the estimated expenses for such year.

The Home Rule Act provides that the fiscal year for county governments begins on July 1 of each year and ends on June 30 of the following year. The County Council is required to adopt annually, prior to the beginning of each fiscal year, operating and capital budgets for the operation of county government. The budgets must identify the sources of anticipated revenue including taxes necessary to meet the financial requirements of the budgets adopted.

The County Council may make supplemental appropriations which shall specify the source of funds for such appropriations. A supplemental appropriation is defined as an appropriation of additional funds that have come available during the fiscal year and which have not previously been obligated by the current operating or capital budget.

The Code of Ordinances of the County, Sections 2-532 through 2-534, outlines the procedure by which the County Administrator and Finance Director prepare the recommended annual operating and capital improvement budgets for submission to the County Council. In January of each year, the Finance Director sends to the various department heads background information on which departmental budget estimates and appropriations requests can be made. Once the departmental heads have submitted their requests, worksheets, and other forms in writing to the Finance Director, the Finance Director reviews and evaluates each department's request and prepares a proposed balanced budget which is submitted to the County Administrator for review. In April of each year, the proposed budget is submitted to the County Council for review and revision. A public hearing, after due notice has been provided, is held in May or early June to allow public input as to the proposed budget. Pursuant to State law, the County Council must then take formal action by an ordinance in adopting its annual budget. All ordinances are required to be read at three public meetings of the County Council on three separate days with an interval of not less than seven days between the second and third reading. In order to modify the original ordinance adopting the budget, formal action must again be taken by ordinance with due notice provided.

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## General Fund Budget

The following is a summary of the County's general fund budget for the fiscal year ending June 30, 2024.

### Revenues

Taxes	\$22,055,000
Fees, Licenses & Permits	7,939,120
Fines, Forfeitures and Penalties	50,000
Use of Money and Property	638,000
Intergovernmental	3,525,230
Grants	25,000
Other Revenues	216,500
Other Financing Sources (Uses)	<u>(1,424,850)</u>
Total Revenues	\$33,024,000

### Expenditures

General Government	\$17,254,238
Public Safety	5,451,221
Public Works	2,638,985
Health and Welfare	620,024
Economic Development	546,542
Culture, Education & Recreation	<u>6,512,990</u>
Total Expenditures	\$33,024,000

Note: Totals may not add due to rounding.

## LEGAL MATTERS

### Litigation

The County, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The County, after reviewing the current status of all pending and threatened litigation, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits and proceedings that have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity are adequately covered by insurance or self-insurance reserves maintained by the County or will not have a material adverse effect upon the financial position or results of operations of the County.

Neither the creation, organization, nor existence of the Issuer or the County, nor the titles of the present members or other officials of the Issuer or the County to their respective offices, is being contested or questioned. There is no litigation pending against the Issuer or the County or, to the knowledge of the Issuer and the County, threatened in writing against the Issuer or the County that in any manner questions the right of the Issuer or the County (as applicable) to enter into the Trust Agreement, the Base Lease, or the Purchase and Use Agreement or to secure the Series 2024 Bonds in the manner provided in the Trust Agreement. **However, neither the Issuer nor the County can give any assurances that litigation challenging the financing plan described in this Official Statement will not be filed in the future.**

### Opinions of Counsel

Certain legal matters incident to the authorization, issuance and sale of the Series 2024 Bonds are subject to the delivery of the unqualified approving opinion of Burr & Forman LLP, Columbia, South Carolina, Bond Counsel, whose opinion will be available on the Delivery Date of the Series 2024 Bonds. It is anticipated that the opinion will be in substantially the form attached hereto as Appendix C. Burr & Forman LLP, Columbia, South Carolina, is also acting as Disclosure Counsel to the Issuer and the County. Certain legal matters will be passed on for the Issuer

by its counsel, Burr & Forman LLP, Columbia, South Carolina; for the County by John J. Watson, County Attorney; and for the Underwriter by its counsel, Pope Flynn, LLC, Columbia, South Carolina.

The opinions to be delivered concurrently with the delivery of the Series 2024 Bonds express the professional judgment of the attorneys rendering the opinions 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 the opinion guarantee the outcome of any legal dispute that may arise out of the transaction or subsequent to the transaction. In addition, and as is stated in several of the legal opinions to be rendered on the Delivery Date of the Series 2024 Bonds (including specifically the form of the approving opinion of Bond Counsel), the rights of the registered owners of the Series 2024 Bonds and the enforceability of the Series 2024 Bonds, the Trust Agreement, the Purchase and Use Agreement and the Base Lease may be subject to, among other things, judicial discretion and to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

## **TAX MATTERS**

### **Opinions of Counsel**

In the opinion of Bond Counsel, to be delivered on the Delivery Date of the Series 2024 Bonds, under existing laws, regulations, rulings and judicial decisions, and assuming continued compliance by the Issuer and the County with certain covenants described below, interest on the Series 2024 Bonds is excludable from gross income of the recipients thereof for federal income tax purposes. Bond Counsel is further of the opinion that interest on the Series 2024 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. The Inflation Reduction Act, H.R. 5376, recently enacted into law, includes an alternative minimum tax to be imposed on the "adjusted financial statement income" of "applicable corporations," as each is defined therein. Bond Counsel has expressed no opinion regarding other federal tax law consequences arising with respect to the Series 2024 Bonds.

The Code, including the Treasury Regulations promulgated thereunder, imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations, such as the Series 2024 Bonds. The Issuer and the County have covenanted to comply with certain covenants, restrictions, conditions and requirements designed to ensure that interest on the Series 2024 Bonds will not become includable in gross income. Failure to comply with these covenants could cause interest on the Series 2024 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024 Bonds. The opinion of Bond Counsel assumes the accuracy of certain representations of the Issuer and the County with respect to the investment and use of proceeds of the Series 2024 Bonds and compliance by the Issuer and the County with certain covenants.

Although Bond Counsel is of the opinion that interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Series 2024 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Prospective purchasers of the Series 2024 Bonds should be aware that ownership of the Series 2024 Bonds may result in collateral federal income tax consequences to certain taxpayers, including without limitation, banks, thrifts or other financial institutions, property and casualty insurance companies, certain recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2024 Bonds. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Series 2024 Bonds should consult their tax advisors as to collateral federal income tax consequences.

Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or event occurring (or not occurring) after the issuance date of the Series 2024 Bonds may affect the tax

status of interest on the Series 2024 Bonds. In rendering its opinion, Bond Counsel will rely on certificates and representations of the Issuer and the County with respect to certain material facts solely within the Issuer's or the County's knowledge relating to the investment and use of the proceeds of the Series 2024 Bonds and compliance by the Issuer and the County with certain covenants.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2024 Bonds to be subject, directly or indirectly, to federal or State income taxation, or otherwise prevent the holders thereof from realizing the full current benefit of the tax-exempt status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2024 Bonds and could also affect, perhaps significantly, the market price for, or marketability of, the Series 2024 Bonds. Prospective purchasers of the Series 2024 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

### **Original Issue Discount**

Certain of the Series 2024 Bonds may be sold at initial public offering prices which are less than the principal amounts payable at maturity (the "Discount Bonds"). The difference between the initial public offering prices to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the Discount Bonds is sold and the amount payable at maturity constitutes original issue discount, which is excludable from gross income to the same extent as interest on the Series 2024 Bonds for federal income tax purposes.

For this purpose, the issue price of a particular maturity of the Series 2024 Bonds is the first price at which a substantial amount of such maturity is sold to the public (excluding bond houses, brokers, or other similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2024 Bonds accrues daily over the term to maturity of such Series 2024 Bonds on the basis of a constant interest rate compounded semi-annually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2024 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2024 Bonds.

Owners who may acquire Series 2024 Bonds that are Discount Bonds should consult their own tax advisors with respect to the determination and treatment of original issue discount for federal income tax purposes, and with respect to the state and local tax consequences of owning Discount Bonds.

### **Original Issue Premium**

Certain of the Series 2024 Bonds may be sold at initial offering prices, or may be subsequently purchased at prices, which are greater than the amount payable at maturity (the "Premium Bonds"). An amount equal to the excess of the purchase price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over the Premium Bond's term using constant yield principles, based on such Premium Bond's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Premium Bond, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Premium Bonds.

### **South Carolina Taxation**

Bond Counsel is of the opinion that, under present laws of the State, interest on the Series 2024 Bonds will be excluded from State taxation, except estate, transfer and certain franchise taxes. Section 12-11-20 of the South Carolina Code imposes upon 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 such 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 2024 Bonds will be included in such computations.

## MISCELLANEOUS

### Rating

Moody’s Investors Service, Inc. (“Moody’s”) has assigned a rating of “Aa3” to the Series 2024 Bonds. The rating reflects only the view of the rating agency, and an explanation of the significance of the rating may be obtained from Moody’s at the following address: Moody’s, 7 World Trade Center at 250 Greenwich Street, Public Finance Group – 23<sup>rd</sup> Floor, New York, New York 10007. 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 such rating will remain unchanged for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the liquidity and market price of the Series 2024 Bonds.

The above rating is not a recommendation to buy, sell or hold the Series 2024 Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency. Any downward revision or withdrawal of any of the above rating may have an adverse effect on the market price of the Series 2024 Bonds.

### Underwriting

The Series 2024 Bonds will be purchased for re-offering at negotiated sale by the Underwriter from the Issuer at an aggregate purchase price of \$66,558,209.25, which consists of the principal amount of the Series 2024 Bonds plus a net original issue premium of \$5,255,509.25 and less an Underwriter’s discount of \$317,300.00. The Underwriter has entered into a bond purchase agreement, which provides that the Underwriter will purchase all of the Series 2024 Bonds, if any are purchased. The obligation of the Underwriter to accept delivery of the Series 2024 Bonds will be subject to various conditions contained in the bond purchase agreement.

The Underwriter intends to offer the Series 2024 Bonds to the public initially at the offering prices set forth on the inside cover page of this Official Statement, which offering prices may subsequently be changed from time to time by the Underwriter without any requirement of prior notice. The Underwriter has reserved the right to permit other securities dealers who are members of the Financial Industry Regulatory Authority to assist in selling the Series 2024 Bonds. The Underwriter may offer and sell the Series 2024 Bonds to certain dealers (including dealers depositing Series 2024 Bonds into investment trusts) at prices lower than the public offering prices set forth on the inside cover page of this Official Statement or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts or commissions that may be received by such dealers in connection with the sale of the Series 2024 Bonds will be deducted from the Underwriter’s underwriting profits.

J.P. Morgan Securities LLC (“JPMS”), the Underwriter of the Series 2024 Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2024 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2024 Bonds that such firm sells.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Issuer or the County for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. The Underwriter and its affiliates also may communicate independent investment recommendations, market advice, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and other financial instruments. Such investment and securities activities may involve securities and instruments of the Issuer or the County.

**Continuing Disclosure**

The County will covenant in the Purchase and Use Agreement to execute and deliver prior to closing, and to thereafter comply with the terms of a Continuing Disclosure Certificate in substantially the form appearing as Appendix D to this Official Statement. In the Continuing Disclosure Certificate, the County will agree, for the benefit of the Underwriter and any Beneficial Owner of the Series 2024 Bonds to provide an Annual Report by not later than February 1 following the end of each fiscal year (currently June 30) in each year commencing with the fiscal year ending June 30, 2024, and to provide notices of the occurrences of certain enumerated events. The Annual Report will be filed by the County with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”) and with the State of South Carolina Information Depository (“SID”), if any is created and so designated. The notices of enumerated events will be filed with EMMA and the SID. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in the form of a Continuing Disclosure Certificate in Appendix D attached hereto. These covenants are being made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the SEC under the Securities Exchange Act of 1934, as amended. A default with respect to any of the County’s covenants in the Continuing Disclosure Certificate will not be an event of default under the Purchase and Use Agreement, the Base Lease, the Trust Agreement or the Series 2024 Bonds. The sole remedy of the Trustee, any Holder or Beneficial Owner of the Series 2024 Bonds under the Continuing Disclosure Certificate is an action to compel performance by the County of its covenants thereunder.

The County may discharge its undertaking described above by providing the required information in a manner subsequently authorized by the SEC.

The County has also covenanted in the Purchase and Use Agreement, so long as required pursuant to Section 11-1-85 of the South Carolina Code, to file with a central repository for availability in the secondary bond market an annual independent audit within 30 days of its receipt and event-specific information within 30 days of an event adversely affecting more than 5% of tax revenues or the County’s tax base.

For the below fiscal years, the County caused its continuing disclosure annual report (including its Comprehensive Annual Financial Report or Annual Comprehensive Financial Report, as applicable) to be filed on EMMA on the following dates:

Fiscal Year Ended	<u>Date of Filing</u>
<u>(June 30)</u> 2019	January 27, 2020
2020	January 15, 2021
2021	January 31, 2022
2022	February 1, 2023
2023	January 19, 2024

In addition, the County has caused Notices of Listed Event to be filed on EMMA on: (a) August 28, 2020 in connection with a financial obligation incurred on May 6, 2020, (b) June 25, 2021 in connection with a financial obligation incurred on May 26, 2021, (c) February 1, 2024 in connection with a financial obligation incurred on June 15, 2022, and (d) December 14, 2022 in connection with a financial obligation incurred on December 1, 2022. The County has also caused a Voluntary Notice to be filed on EMMA on December 10, 2019.

**Additional Information**

Use of the words “shall,” “must,” or “will” in this Official Statement in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement that may have been made orally or in writing is to be construed as a contract with the owners of the Series 2024 Bonds.

**RESPONSIBILITY FOR OFFICIAL STATEMENT**

The execution and delivery of this Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the Issuer and the County. The contents of this Official Statement are the responsibility of the County, except that the Issuer is responsible for the statements contained under the captions “**THE ISSUER**” and “**LEGAL MATTERS—Litigation**” (insofar as such statements relate to the Issuer) and, with the exception of the foregoing information for which the Issuer is responsible, the Issuer makes no representation as to the accuracy or completeness of any information contained herein.

**SCAGO PUBLIC FACILITIES CORPORATION FOR  
GEORGETOWN COUNTY**

By: /s/ John K. Gardner  
President

**GEORGETOWN COUNTY, SOUTH CAROLINA**

By: /s/ Louis R. Morant  
Chair, County Council

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**APPENDIX A**

**PORTION OF FISCAL YEAR 2023 AUDITED FINANCIAL STATEMENTS  
OF THE COUNTY**

A portion of the audited financial statements of the County as of June 30, 2023, and for the year then ended, are attached hereto as this Appendix A.

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# COUNTY OF GEORGETOWN, SOUTH CAROLINA

## MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended June 30, 2023

Management of the County of Georgetown, South Carolina, offers readers of the County's financial statements this narrative overview and analysis of the financial activities and condition of the County for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- **Revenues** of the County totaled approximately \$110.1 million and **expenses** amounted to approximately \$93.3 million, resulting in an increase to **net position** of approximately \$16.7 million.
- **Net position** at year-end was approximately \$122.8 million. This reflects the excess of the County's assets and deferred outflows of resources over its liabilities and deferred inflows of resources. Of this amount, investment in capital assets, net of liabilities related to the financing of those assets, totaled about \$100.8 million. Restricted net position totaled \$44.1 million, leaving a deficit unrestricted net position of \$22.2 million. The deficit balance results primarily from the requirement for the County to report an allocable share of the net pension liability for all participants in the South Carolina Retirement Systems, along with reporting an OPEB (other post-employment benefits) liability for future retiree health benefits.
- The County's **capital assets**, net of accumulated depreciation, increased by roughly \$8 million during the current year bringing the total book value of capital assets at year-end to approximately \$169.4 million.
- Total **outstanding debt** of the County decreased by approximately \$5.8 million, bringing the total outstanding debt at year-end to approximately \$58.2 million.
- At the close of the fiscal year, the County's governmental funds reported combined **fund balances** of approximately \$103.8 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's 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, liabilities, and deferred inflows/outflows of resources, with the difference 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 only 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 the 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 governmental activities of the County include general government, public safety, public works, health & welfare, culture & recreation functions, and economic development. The business-type activities of the County include environmental services and stormwater management functions.

*The government-wide financial statements can be found on pages 28 and 29 of this report.*

# COUNTY OF GEORGETOWN, SOUTH CAROLINA

## MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended June 30, 2023

### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

- **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. A 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 Georgetown 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. Most of the County's basic services are accounted for in various governmental funds. 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 financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* in the fund financial statements 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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 and for each of the other "major" governmental funds. Data from all other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* on pages 119-138 of this report.

*The basic governmental funds financial statements can be found on pages 30-37 of this report.*

**Proprietary funds.** The County maintains only one type of proprietary fund – the enterprise fund type. An *Enterprise fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds' financial statements provide separate information for the environmental services and stormwater drainage funds which are considered to be major enterprise funds of the County.

*The basic proprietary funds financial statements can be found on pages 38-42 of this report.*

**Fiduciary funds.** 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 statement 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 43-44 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 45-86 of this report.*

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Other information.** In addition to the basic financial statements and accompanying notes, schedules have been presented which report various information regarding the County’s pension plans and post-employment healthcare benefits plan. Also, budgetary comparison schedules have been provided for the general fund and each of the major special revenue funds with legally appropriated budgets to demonstrate compliance with the annual appropriated budget. These schedules are presented as *required supplementary information* on pages 89-93 of this report.

Other supplementary information is presented immediately following the required supplementary information. This information includes the combining non-major governmental fund statements referred to earlier, on pages 119-138, a statement of changes in individual fund budgetary comparative schedules for all non-major special revenue and capital projects funds for which annual appropriated budgets were adopted, on pages 140-166, as well as a schedule of fines, assessments and surcharges, on page 168 and a schedule of revenues and expenditures for a SCDOT State Mass Transit Fund Grant on page 170. Additional trend information about Georgetown County can be found in the Statistical Section of the report and information about federal grant expenditures can be found in the Single Audit Section.

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

Our analysis of government-wide financial information focuses on the net position (see Table 1) and changes in net position (see Table 2) of the County's governmental and business-type activities.

As noted earlier, **net position** may serve over time as a useful indicator of a government's financial position. The County’s total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$124.3 million at June 30, 2023.

**Table 1  
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
Current and other assets	\$ 124,555,754	\$ 129,065,356	\$ 17,597,663	\$ 18,458,485	\$ 142,153,417	\$ 147,523,841
Capital assets	<u>135,801,951</u>	<u>143,081,487</u>	<u>25,567,716</u>	<u>26,360,743</u>	<u>161,369,667</u>	<u>169,442,230</u>
Total assets	<u>\$ 260,357,705</u>	<u>\$ 272,146,843</u>	<u>\$ 43,165,379</u>	<u>\$ 44,819,228</u>	<u>\$ 303,523,084</u>	<u>\$ 316,966,071</u>
Deferred outflows of resources	<u>\$ 17,890,772</u>	<u>\$ 21,245,160</u>	<u>\$ 1,240,643</u>	<u>\$ 1,108,838</u>	<u>\$ 19,131,415</u>	<u>\$ 22,353,998</u>
Current and other liabilities	\$ 27,606,316	\$ 17,957,548	\$ 2,019,170	\$ 1,068,668	\$ 29,625,486	\$ 19,026,216
Long-term liabilities outstanding	<u>143,368,600</u>	<u>141,353,660</u>	<u>19,330,040</u>	<u>20,804,768</u>	<u>162,698,640</u>	<u>162,340,428</u>
Total liabilities	<u>\$ 170,974,916</u>	<u>\$ 159,311,208</u>	<u>\$ 21,349,210</u>	<u>\$ 21,873,436</u>	<u>\$ 192,324,126</u>	<u>\$ 181,366,644</u>
Deferred inflows of resources	<u>\$ 23,640,732</u>	<u>\$ 33,931,522</u>	<u>\$ 644,083</u>	<u>\$ 1,237,258</u>	<u>\$ 24,284,815</u>	<u>\$ 35,168,780</u>
Net position						
Net investment in capital assets	\$ 72,622,838	\$ 75,385,359	\$ 19,815,484	\$ 25,473,450	\$ 92,438,322	\$ 100,858,809
Restricted	31,880,243	44,110,091	--	--	31,880,243	44,110,091
Unrestricted	<u>(20,870,252)</u>	<u>(19,528,177)</u>	<u>2,597,245</u>	<u>(2,656,078)</u>	<u>(18,273,007)</u>	<u>(22,184,255)</u>
<b>Total Net Position - June 30</b>	<u><b>\$ 83,632,829</b></u>	<u><b>\$ 99,967,273</b></u>	<u><b>\$ 22,412,729</b></u>	<u><b>\$ 22,817,372</b></u>	<u><b>\$ 106,045,558</b></u>	<u><b>\$ 122,784,645</b></u>

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

Comprising the largest portion of total net position is the County’s investment in capital assets less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. At year-end that balance totaled approximately \$100.9 million. The County uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Approximately \$44.1 million of total net position, represents resources that are subject to external restrictions on how they may be used. *Unrestricted* net position, the part of net position that ordinarily can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was a deficit of \$22.2 million. Unrestricted net position would also usually include amounts that are non-spendable and amounts that have been committed or assigned for projects or other uses.

**Table 2  
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 11,336,819	\$ 11,227,751	\$ 5,638,008	\$ 5,780,929	\$ 16,974,827	\$ 17,008,680
Operating grants and contributions	3,624,313	4,952,208	18,189	679,791	3,642,502	5,631,999
Capital grants and contributions	9,371,692	7,984,952	--	--	9,371,692	7,984,952
General Revenues						
Property taxes	47,267,715	51,060,781	3,777,148	3,797,699	51,044,863	54,858,480
Other local taxes	7,542,329	7,795,704	--	--	7,542,329	7,795,704
Local government fund	2,452,530	6,771,196	--	--	2,452,530	6,771,196
Franchise fees	1,039,880	1,170,980	--	--	1,039,880	1,170,980
Road user fees	3,328,135	3,417,030	--	--	3,328,135	3,417,030
Other revenue	4,046,344	3,232,328	133,236	195,526	4,179,580	3,427,854
Investment earnings	168,362	220,207	18,635	244,677	189,997	464,884
Gain (loss) on disposal of assets	2,160,374	1,394,417	314,600	137,637	2,474,974	1,532,054
Total Revenues	\$ 92,338,493	\$ 99,227,554	\$ 9,899,816	\$ 10,836,259	\$ 102,238,309	\$ 110,063,813
<b>Expenses</b>						
General government	\$ 24,909,177	\$ 23,940,123	\$ --	\$ --	\$ 24,909,177	\$ 23,940,123
Public safety	34,642,489	33,564,482	--	--	34,642,489	33,564,482
Public works	7,547,232	7,483,191	--	--	7,547,232	7,483,191
Health & welfare	1,534,033	1,247,484	--	--	1,534,033	1,247,484
Economic development	3,378,065	3,151,712	--	--	3,378,065	3,151,712
Culture & recreation	11,653,733	12,787,907	--	--	11,653,733	12,787,907
Environmental services	--	--	7,638,493	7,883,761	7,638,493	7,883,761
Stormwater management	--	--	1,849,341	1,617,905	1,849,341	1,617,905
Interest and other charges	1,843,627	1,648,161	--	--	1,843,627	1,648,161
Total Expenses	\$ 85,508,356	\$ 83,823,060	\$ 9,487,834	\$ 9,501,666	\$ 94,996,190	\$ 93,324,726
Increase (Decrease) in Net Position before Transfers	\$ 6,830,137	\$ 15,404,494	\$ 411,982	\$ 1,334,593	\$ 7,242,119	\$ 16,739,087
Transfers (net)	257,650	929,950	(257,650)	(929,950)	--	--
Increase (Decrease) in Net Position	\$ 7,087,787	\$ 16,334,444	\$ 154,332	\$ 404,643	\$ 7,242,119	\$ 16,739,087
Net Position - July 1	76,545,042	83,632,829	22,258,397	22,412,729	98,803,439	106,045,558
Net Position - June 30	\$ 83,632,829	\$ 99,967,273	\$ 22,412,729	\$ 22,817,372	\$ 106,045,558	\$ 122,784,645

# COUNTY OF GEORGETOWN, SOUTH CAROLINA

## MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended June 30, 2023

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

The Net Position of the County is reduced by the impact of a net pension liability in the amount of \$57,493,413, which is the County's allocable share of the net pension liability for all participants of the South Carolina Retirement Systems. Similarly, the County is required to report a liability for other post-employment benefits (OPEB) in accordance with provisions mandated by Statement No. 75 of the Governmental Accounting Standards Board. The total OPEB liability at year-end was \$32,544,547. In the governmental funds statements, pension expense and retiree health benefits are recognized when paid and no liabilities are recognized.

As reflected above in the Changes in Net Position, the County's total revenues increased by approximately \$8.2 million, or about 8.0%, during the most recent year. Expenses decreased by approximately \$1.7 million, or about 1.8%. The overall change to net position resulting from the current year's activities was an increase of about \$16.7 million.

Our analysis below separately considers the operations of the County's governmental and business-type activities.

#### *Governmental Activities*

The cost of all **governmental** activities this year was \$83.8 million. As shown in the Statement of Activities on page 29 of this report, costs are funded through various revenue sources including from those individuals who directly benefited from the programs (\$11.2 million) and from other governments and organizations that subsidized certain programs with grants and contributions (\$12.9 million). The County paid for the remaining \$59.7 million in costs of governmental activities with other general revenues, such as property taxes, local accommodations, hospitality and capital projects sales taxes, shared revenues from state government, federal interest subsidies, franchise fees, road user fees, investment earnings, and miscellaneous reimbursements.

**Program revenues** accounted for approximately 27.7% of total revenues from governmental activities in fiscal year 2023. Within this category, funding from **fees charged for services** decreased by approximately 1.0% from the prior year. **Revenues from grants and contributions** decreased by about 0.5%. The decrease in grants and contributions is not due to any particular trend, but relates primarily to the receipt of American Rescue Plan Act of 2021 funding from the U.S. Treasury revenues received in the prior year. Grant funding is not a stable source of revenue and depends in part on the timing of projects which the County has initiated. As a general rule, grant revenue is recognized as eligible costs are incurred however ARPA funding was received in advance.

**General revenues** accounted for the remaining 72.3% of revenues generated from governmental activities. In total, general revenues of governmental activities increased by \$2.8 million, or about 3.9% from the prior year.

The overall increase in general revenues resulted in part from an increase in local accommodations and hospitality tax revenue. The resort industry here is vastly made up of single family rental dwellings which continue to be favored over the hotel/motel accommodation of the surrounding counties. Another contributing factor was seen in both residential and commercial construction as well as real estate sales. There was also a total millage increase implemented for fiscal year ended June 30, 2023 of 3.9 mills which accounted for an overall increase in property tax revenues.

**Expenses** of the County's governmental activities decreased by \$1.7 million, or about 1.8%, for the current year. There are many individual funds accounted for as governmental activities, including grant and other special revenue funds. Spending in these funds can vary significantly, up or down, based on the amount of funding received in a particular year. Significant decreases were seen in both general government and public safety totaling about \$2.0 million. The largest contributing factor related to the decrease in expenditures is position vacancies. Many of the County's key leadership and other positions remained vacant during portions of the fiscal year.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

*Business-Type Activities*

*Business-type* activities include the operations of the County landfill, along with related environmental services functions such as waste collection and recycling. They also include the operations of the stormwater drainage utility. Revenues of the business-type activities increased by approximately \$1.0 million, or 9.5% while expenses essentially remained consistent. Not unlike the Governmental Funds the Business –type funds experienced a large turnover in positions as well as vacancies during fiscal year ended June 30, 2023.

**CAPITAL ASSETS**

At the end of FY 2023, the County had approximately \$169.4 million (net of accumulated depreciation) invested in a broad range of capital assets (See Table 3 below). This amount represents a net increase of about \$8.1 million, or 5.0%, over last year. Additions of capital assets totaled about \$19.9 million and increases to accumulated depreciation totaled approximately \$11.8 million.

**Table 3  
Capital Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Land	\$ 23,738,924	\$ 24,153,637	\$ 1,149,907	\$ 1,149,907	\$ 24,888,831	\$ 25,303,544
Improvements	68,507,797	74,478,346	27,187,544	32,926,556	95,695,341	107,404,902
Buildings	78,107,094	79,575,546	1,103,436	1,230,708	79,210,530	80,806,254
Infrastructure	38,633,006	38,933,287	--	--	38,633,006	38,933,287
Software	1,103,230	1,715,399	70,623	123,888	1,173,853	1,839,287
Furniture & fixtures	1,006,212	1,006,212	--	--	1,006,212	1,006,212
Machinery & equipment	27,901,284	28,900,172	8,371,813	8,568,475	36,273,097	37,468,647
Automotive equipment	33,085,248	35,414,584	4,510,578	3,934,327	37,595,826	39,348,911
Right to use lease/subscriptions	163,920	253,437	--	5,550	163,920	258,987
Construction in progress	<u>15,671,202</u>	<u>20,679,298</u>	<u>6,721,569</u>	<u>3,879,664</u>	<u>22,392,771</u>	<u>24,558,962</u>
	\$ 287,917,917	\$305,109,918	\$ 49,115,470	\$ 51,819,075	\$ 337,033,387	\$356,928,993
Total accumulated depreciation	<u>(152,115,966)</u>	<u>(162,028,431)</u>	<u>(23,547,754)</u>	<u>(25,461,409)</u>	<u>(175,663,720)</u>	<u>(187,489,840)</u>
Net Capital Assets	<u>\$ 135,801,951</u>	<u>\$ 143,081,487</u>	<u>\$ 25,567,716</u>	<u>\$ 26,357,666</u>	<u>\$ 161,369,667</u>	<u>\$ 169,439,153</u>

Some of the more significant capital equipment purchases this year included:

- Purchase of 2 fire trucks (\$1,620,051)
- Purchase of 8 Police pursuit vehicles (\$560,901)
- Purchase of 6 Police SUVs (\$458,189)
- Purchase of 4 vehicles for various departments (\$162,310)
- Purchase of E911 Software (\$148,622)
- Purchase of Fire/EMS Communication and Safety Gear (\$102,278)
- Purchase of John Deere skid tractor (\$75,092)

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

**CAPITAL ASSETS (CONTINUED)**

The following capital expenditures were for projects, some of which were still in progress at year end:

- Road paving projects (\$3,276,071)
- Storm water drainage improvement projects (\$2,737,259)
- Brick Chimney Road construction (\$1,024,884)
- Waccamaw Ballfields (\$3,311,867)

Additional information about the County’s capital assets, including significant remaining commitments for construction in progress at year-end, is presented in Note 6 and Note 13 to the financial statements.

**DEBT ADMINISTRATION**

As shown in Table 4 below, the County had \$58.2 million in bonds, loans and lease obligations outstanding at year-end versus \$63.9 million last year, a decrease of about 9.0%.

Debt was issued during the year for capital lease financing of equipment scheduled for replacement in the County’s long-term Capital Equipment Replacement Plan in the amount of approximately \$1.9 million. There were no new bonds issued in 2023; however the County is anticipating issuing an installment purchase revenue bond sometime in 2024 for the purpose of building a new detention center. More detailed information about the County’s debt obligations and future debt service requirements can be found in Note 7 to the financial statements.

**Table 4  
Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2022	2023	2022	2023	2022	2023
General obligation bonds	\$ 27,610,000	\$ 25,990,000	\$ --	\$ --	\$ 27,610,000	\$ 25,990,000
Installment purchase revenue bonds	22,472,000	19,569,000	--	--	22,472,000	19,569,000
Plus: Unamortized premiums	2,389,701	2,109,130	--	--	2,389,701	2,109,130
Less: Unamortized discounts	--	--	--	--	--	--
Net bonds payable	\$ 52,471,701	\$ 47,668,130	\$ --	\$ --	\$ 52,471,701	\$ 47,668,130
Leases	109,566	126,522	786	4,813	110,352	131,335
Subscriptions	--	6,746	--	--	--	6,746
Installment Purchase obligations	8,235,119	7,897,124	3,090,099	2,449,837	11,325,218	10,346,961
Totals	<u>\$ 60,816,386</u>	<u>\$55,698,522</u>	<u>\$ 3,090,885</u>	<u>\$ 2,454,650</u>	<u>\$ 63,907,271</u>	<u>\$ 58,153,172</u>

Under current state statutes, the County can issue general obligation debt without referendum whenever the new debt and outstanding balances of existing debt in total do not exceed 8% of taxable assessed values on property located within the County limits. As of June 30, 2023, the amount of new general obligation debt that could be issued without referendum was approximately \$26.4 million. General obligation debt issued pursuant to referendum is not subject to the statutory limitation.

# COUNTY OF GEORGETOWN, SOUTH CAROLINA

## MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended June 30, 2023

### FINANCIAL ANALYSIS OF THE COUNTY'S GOVERNMENTAL AND PROPRIETARY FUNDS

#### Governmental Funds

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

At the end of the County's fiscal year, governmental funds (as presented in the balance sheet on pages 30 and 31 of the financial statements) reported a total combined fund balance of \$103.8 million, this is a \$6.1 million increase compared to last year's total. This increase is attributed in part to an increase in tax revenues for the year, which was the result of an overall total 6.0% increase in tax rates on all classes of property for General Government, Law Enforcement, and Debt Service Funds. Personal services make up the largest portion of the County's expenditure, during this fiscal year the County was hard pressed to recruit and retain employees. These personal service vacancies also contributed to the overall fund balance increase noted above in all funds.

Of the total \$103.8 million combined fund balance, \$1.9 million is "non-spendable" as it represents assets that are not convertible to cash; this includes prepaid amounts, inventories and assets held for investment or resale. Reported in restricted fund balance is \$65 million, representing assets that are restricted due to external limitations on its use. This amount includes fund balances of grant funds, funds with dedicated millage adopted for specific uses, funds accounting for revenues generated by legislation enacted for specified purposes, and funds that have balances restricted by provisions of financing instruments.

In addition, another \$23.3 million of the combined fund balance is "assigned," meaning that balances have been earmarked internally for specified purposes. This balance would include the fund balances of virtually all capital projects funds of the County. The remaining "unassigned" fund balance for the governmental funds in the amount of \$13.6 million is basically the combination of amounts available for future appropriation in the County's general fund and deficit fund balances in various grant funds where expenditures were incurred, but accounting criteria under the modified accrual basis of accounting had not been met for revenue recognition.

By policy of County Council, a minimum of \$8.0 million of unassigned fund balance in the general fund is to be maintained to provide a reserve for future emergencies and contingencies as well as to meet cash flow needs that may vary significantly throughout the year.

#### Proprietary Funds

The County's *proprietary funds* generally provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. The County's two proprietary funds are the environmental services fund and the stormwater drainage utility fund. At year-end, net position of the environmental services fund totaled approximately \$12.5 million and net position of the stormwater drainage utility fund totaled about \$10.4 million. The overall change to net position was an increase of about \$400,000, which is not unusual for these funds. Rates on fees are designed to fund current operating costs as well as to build balances for capital replacement and improvements projects.

# COUNTY OF GEORGETOWN, SOUTH CAROLINA

## MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended June 30, 2023

### BUDGET HIGHLIGHTS OF THE GENERAL FUND

The *original* general fund budget, as presented in this report, includes the original appropriations authorized by County Council just prior to the start of the fiscal year. Budget amendments are adopted through formal process by County Council for encumbered capital purchases recorded and outstanding at the conclusion of the prior fiscal year. In addition, amendments are enacted by Council, at their discretion, to appropriate additional funds from accumulated fund balances or from new revenues sources that were previously unbudgeted.

Supplemental appropriations in the amount of \$778,093 were authorized by Council for the general fund during the year. Of that amount, \$286,661 was for “rollover” of previously budgeted funds for encumbrances outstanding at the start of the fiscal year, and the remaining amount of \$491,432 was appropriated from unanticipated revenues received during the year from our insurance carrier and other revenue sources.

Total general fund revenues had a positive variance in total from budget by about \$3.8 million after considering proceeds from the sale of surplus County assets and transfers from and to other County funds. There were several revenue sources with notable variances from the budget amounts:

- Current Property Taxes – Approximately \$552,000 over budget estimates
- Current Vehicle Taxes – Approximately \$155,000 over budget estimates
- Manufacturer’s Reimbursement – Approximately \$192,000 over budget estimates
- Documentary stamp fees – Approximately \$103,000 over budget estimates
- Building Permits – Approximately \$609,000 over budget estimates
- Ambulance Fees – Approximately \$773,000 over budget estimates
- Estate Fees – Approximately \$191,000 over budget estimates
- Interest on Investments – Approximately \$843,000 over budget estimates
- Sales and Auctions – Approximately \$425,000 over budget estimates
- Insurance Claims Reimbursements – Approximately \$106,000 over budget estimates
- Timber Sales – Approximately \$115,000 under budget estimates
- Mini Bottle Revenue – Approximately \$216,000 under budget estimates
- Cable franchise fees – Approximately \$62,000 under budget estimates

Actual expenditures incurred were approximately \$2.6 million under the appropriated amount, after supplemental appropriations are considered. Significant variances from the originally adopted budget resulted primarily from the following:

- The most significant impact to the budget was saving resulting from temporary vacancies and delays in filling positions. These savings totaled approximately \$1.2 million.
- Additionally, there were numerous positive variances of fairly small budget line-items that when added together result in significant savings against the budgeted appropriations as a whole.

Budgetary comparisons for all general fund revenue sources and functional expenditures can be found on pages 94-105 of this report.

# **COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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## **MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended June 30, 2023**

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The County's elected and appointed officials considered many factors when developing the fiscal year 2024 budget. Some of the usual factors considered were the national, state and local economic forecasts, tourism trends, population growth rates (both in Georgetown County and in surrounding counties), and trend data regarding growth in property tax base and building permits issued. The aftermath of the COVID-19 pandemic and the affect it would have on revenue streams as well as the working environment impacts for staffing and county services continued to be a concern when planning for fiscal year 2024. Ultimately, a budget was adopted that projected slight reductions to building permits, documentary stamps, impact fees and hospitality/accommodation tax revenues. Property taxes were budgeted optimistically with the expectation that collection rates would being to come back to normal along with the economy. Most other revenue sources have been projected rather conservatively.

It was made apparent several years ago that Georgetown County is in need of a new Detention Center and staff has been actively working toward this goal. In fiscal year 2023, the County secured the property for the new Detention Center. In fiscal year 2024, the County intends to secure the bond funding needed to move forward with this project. In anticipation of issuing an installment purchase revenue bond for this project, Council took the action to increase millage in the Debt Service – Bond fund by 2.0 mills. In addition Council approved a 4.4 mill increase in General Fund as well as a 1.9 mill increase in the Law Enforcement Fund both of which were within the allowed State mandated millage cap restrictions.

The County's goal was to develop an employee compensation package that would enhance the well-being of all its employees. Included in the plan was a focus on providing substantial pay raises for employees at the lower end of the salary scale, while also addressing the compensation of higher-paid positions. This comprehensive approach seeks to foster diversity, equity, and a better quality of life for all county employees. The change demonstrates the County's commitment to providing a living wage that reflects the rising cost of living and acknowledges the dedication and hard work of our employees. By offering a competitive wage, we aim to attract and retain skilled professionals who will contribute to our organization's success.

Council has approved some use of unassigned fund balance in several of the principal operating funds to balance fiscal year 2024 budgets in conjunction with the issues expressed above. This action was only taken, however, after a comprehensive long-term financial projection indicated that previously established minimum levels of unassigned fund balance can be maintained over the long-term. All budget requests continue to be closely reviewed and analyzed at the line-item level to identify every possible savings available.

The County's fund balance in the General Fund remains strong. At year-end, amounts available in the General Fund for future appropriations are approximately \$19.0 million. Fund balance policies adopted by Council require a minimum of \$8.0 million of unassigned fund balance in the General Fund to be maintained to provide a reserve for future emergencies and contingencies as well as to meet cash flow needs that may vary significantly throughout the year.

# **COUNTY OF GEORGETOWN, SOUTH CAROLINA**

## **MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended June 30, 2023**

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)**

Significant provisions included in the fiscal year 2024 budget other than those mentioned above include:

- Continuation of the Capital Equipment Replacement Fund (“CERF”) that was created to provide for funding, acquisition and debt service related to the County’s vehicle and major equipment replacement needs. Each governmental fund makes annual transfers to the CERF in amounts that are reasonably stable from year-to-year and sufficient to provide for fleet replacement on a prudent predetermined basis.
- Continuation of the Council approved excess capital project sales tax funded projects include:
  - DeBordieu Fire Station plan
  - Waverly Road multimodal pathway
  - Construction and upgrades of various projects and walking trails
- 4 new tennis courts and re-servicing of current clay courts at the Stables Park.
- Significant IT Infrastructure upgrades, including moving Building and Finance software to the iCloud.
- County Council continued the authorized use of American Recue Plan Act of 2021 funding for the following projects not completed in the prior fiscal year:
  - Assistance to eradicate blight conditions in the Spring Gully area.
  - Infrastructure for affordable housing initiative.
  - Stormwater project funding to include grant matching.
  - District 3 sewer projects.
- Fee were increase and/or adopted for the Environmental Services and as well as the Stormwater Fund. The ambulance billing fees schedule was established consistent with the allowable Medicare reimbursement rates in fiscal year 2023 and updated for fiscal year 2024.

### **CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County’s Finance Department at: 715 Prince Street, Georgetown, South Carolina 29442.

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## **Basic Financial Statements**

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

Statement of Net Position  
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 100,434,901	\$ 4,674,140	\$ 105,109,041
Receivables, net of allowances			
Taxes	2,914,325	108,608	3,022,933
Court fines	795,192	-	795,192
From customers	-	336,578	336,578
From other governments	2,847,327	-	2,847,327
Other	1,907,188	651,800	2,558,988
Prepaid items	596,982	44,990	641,972
Inventories	43,792	-	43,792
Assets held for resale	8,891,696	-	8,891,696
Restricted assets			
Cash and investments	10,633,953	12,642,369	23,276,322
Capital assets			
Land and construction in progress	44,832,935	5,029,571	49,862,506
Other capital assets, net of accumulated depreciation	98,111,846	21,323,267	119,435,113
Right to use assets, net of amortization	136,706	7,905	144,611
<b>Total Assets</b>	<b>272,146,843</b>	<b>44,819,228</b>	<b>316,966,071</b>
<b>Deferred Outflows of Resources</b>			
Bond refunding charges	700,097	-	700,097
Pension charges	13,015,982	598,429	13,614,411
OPEB charges	7,529,081	510,409	8,039,490
<b>Total Deferred Outflows of Resources</b>	<b>21,245,160</b>	<b>1,108,838</b>	<b>22,353,998</b>
<b>Liabilities</b>			
Payables			
Trade and other accounts	6,496,926	527,994	7,024,920
Accrued wages and benefits	1,788,489	103,572	1,892,061
Accrued interest payable	397,624	-	397,624
Other	841,776	437,102	1,278,878
Unearned revenues	8,432,733	-	8,432,733
Noncurrent liabilities			
Due within one year	8,044,009	1,019,935	9,063,944
Due in more than one year	133,491,651	19,784,833	153,276,484
<b>Total Liabilities</b>	<b>159,493,208</b>	<b>21,873,436</b>	<b>181,366,644</b>
<b>Deferred Inflows of Resources</b>			
Pension credits	20,750,294	83,013	20,833,307
OPEB credits	12,671,120	849,068	13,520,188
Leases credits	510,108	-	510,108
Other - Deferred Revenues	-	305,177	305,177
<b>Total Deferred Inflows of Resources</b>	<b>33,931,522</b>	<b>1,237,258</b>	<b>35,168,780</b>
<b>Net Position</b>			
Net investment in capital assets	75,385,359	25,473,450	100,858,809
Restricted for:			
Public works programs	8,209,343	-	8,209,343
Health & welfare programs	1,481,996	-	1,481,996
Culture & recreation programs	15,090,847	-	15,090,847
Economic development programs	8,097,767	-	8,097,767
Debt service	11,230,138	-	11,230,138
Unrestricted	(19,528,177)	(2,656,078)	(22,184,255)
<b>Total Net Position</b>	<b>\$ 99,967,273</b>	<b>\$ 22,817,372</b>	<b>\$ 122,784,645</b>

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

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Statement of Activities**  
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 23,940,123	\$ 5,884,133	\$ 366,686	\$ -	\$ (17,689,304)	\$ -	\$ (17,689,304)
Public safety	33,564,482	2,608,518	1,290,070	2,185,431	(27,480,463)	-	(27,480,463)
Public works	7,483,191	-	236,812	2,812,487	(4,433,892)	-	(4,433,892)
Health and welfare	1,247,484	2,278,795	325,000	-	1,356,311	-	1,356,311
Economic development	3,151,712	236,251	451,200	1,792,155	(672,106)	-	(672,106)
Culture and recreation	12,787,907	220,054	2,226,193	1,194,879	(9,146,781)	-	(9,146,781)
Environmental services	-	-	56,247	-	56,247	-	56,247
Interest and other charges on debt	1,648,161	-	-	-	(1,648,161)	-	(1,648,161)
<b>Total Governmental Activities</b>	<b>83,823,060</b>	<b>11,227,751</b>	<b>4,952,208</b>	<b>7,984,952</b>	<b>(59,658,149)</b>	<b>-</b>	<b>(59,658,149)</b>
<b>Business-Type Activities:</b>							
Environmental services	7,883,761	3,978,814	676,051	-	-	(3,228,896)	(3,228,896)
Stormwater management services	1,617,905	1,802,115	3,740	-	-	187,950	187,950
<b>Total Business-Type Activities</b>	<b>9,501,666</b>	<b>5,780,929</b>	<b>679,791</b>	<b>-</b>	<b>-</b>	<b>(3,040,946)</b>	<b>(3,040,946)</b>
<b>Totals</b>	<b>\$ 93,324,726</b>	<b>\$ 17,008,680</b>	<b>\$ 5,631,999</b>	<b>\$ 7,984,952</b>	<b>(59,658,149)</b>	<b>(3,040,946)</b>	<b>(62,699,095)</b>
<b>General Revenue</b>							
Property taxes, levied for general purposes					51,490,046	3,797,699	55,287,745
Local accommodations, hospitality and capital projects sales taxes					7,795,704	-	7,795,704
State shared local government fund revenues					6,771,196	-	6,771,196
Franchise taxes					1,170,980	-	1,170,980
Road user taxes					3,417,030	-	3,417,030
E911 system taxes					399,364	-	399,364
Impact fees (restricted)					1,162,710	-	1,162,710
Unrestricted investment earnings					220,207	244,677	464,884
Other					1,240,989	195,526	1,436,515
Gain (loss) on disposal of property					1,394,417	137,637	1,532,054
<b>Transfers</b>					<b>929,950</b>	<b>(929,950)</b>	<b>-</b>
<b>Total General Revenue and Transfers</b>					<b>75,992,593</b>	<b>3,445,589</b>	<b>79,438,182</b>
<b>Change in Net Position</b>					<b>16,334,444</b>	<b>404,643</b>	<b>16,739,087</b>
Net Position - Beginning of Year					83,632,829	22,412,729	106,045,558
<b>Net Position - End of Year</b>					<b>\$ 99,967,273</b>	<b>\$ 22,817,372</b>	<b>\$ 122,784,645</b>

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

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Balance Sheet**  
Governmental Funds  
June 30, 2023

	Major Funds			
	General Fund	Law Enforcement Fund	Public Works Grants Fund	Capital Improvement Plan Projects Fund
<b>ASSETS</b>				
Cash and investments	\$ 20,549,519	\$ 2,426,770	\$ 6,563,537	\$ 13,739,228
Receivables (net of allowances)				
Taxes	694,814	376,432	-	-
Court fines	-	707,633	-	-
From other governments	729,000	398,613	217,986	49
From other County funds	876,200	-	-	-
Other	1,489,408	192,418	83,693	-
Prepaid items	290,360	183,498	-	-
Inventory	43,792	-	-	-
Assets held for resale	1,249,178	-	-	-
Restricted cash and investments	-	-	-	-
<b>Total Assets</b>	<b>\$ 25,922,271</b>	<b>\$ 4,285,364</b>	<b>\$ 6,865,216</b>	<b>\$ 13,739,277</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities</b>				
<b>Payables</b>				
Trade and other accounts	\$ 1,171,140	\$ 441,142	\$ 535,715	\$ 1,594,922
Accrued wages and benefits	637,912	359,458	-	-
To other County funds	-	-	-	-
Other	776,765	-	30,000	-
Unearned revenue	1,031,955	-	-	-
<b>Total Liabilities</b>	<b>3,617,772</b>	<b>800,600</b>	<b>565,715</b>	<b>1,594,922</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	1,433,470	1,017,588	4,733,622	-
<b>Total Deferred Inflows of Resources</b>	<b>1,433,470</b>	<b>1,017,588</b>	<b>4,733,622</b>	<b>-</b>
<b>Fund Balances</b>				
<b>Nonspendable:</b>				
Prepaid items	290,360	183,498	-	-
Inventory	43,792	-	-	-
Assets held for resale	1,249,178	-	-	-
<b>Restricted for:</b>				
General government programs	-	-	-	-
Public safety programs	-	2,283,678	-	-
Public works programs	-	-	1,298,317	-
Health & welfare programs	-	-	-	-
Culture & recreation programs	-	-	-	-
Economic development programs	-	-	-	-
Debt service	-	-	-	-
<b>Assigned for:</b>				
General government programs	242,998	-	-	-
Capital improvements	-	-	-	16,624,855
Unassigned	19,044,701	-	267,562	(4,480,500)
<b>Total Fund Balances</b>	<b>20,871,029</b>	<b>2,467,176</b>	<b>1,565,879</b>	<b>12,144,355</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 25,922,271</b>	<b>\$ 4,285,364</b>	<b>\$ 6,865,216</b>	<b>\$ 13,739,277</b>

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

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Balance Sheet**  
Governmental Funds  
June 30, 2023

	Major Funds		Non-Major Funds	Total Governmental Funds
	Debt Service Fund	American Rescue Plan Act of 2021 Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash and investments	\$ 10,962,143	\$ 333,051	\$ 45,860,653	\$ 100,434,901
Receivables (net of allowances)				
Taxes	212,932	-	1,630,147	2,914,325
Court fines	-	-	87,559	795,192
From other governments	321	-	1,501,358	2,847,327
From other County funds	-	-	-	876,200
Other	-	-	141,669	1,907,188
Prepaid items	-	-	123,124	596,982
Inventory	-	-	-	43,792
Assets held for resale	-	-	7,642,518	8,891,696
Restricted cash and investments	231,685	7,509,075	2,893,193	10,633,953
<b>Total Assets</b>	<b>\$ 11,407,081</b>	<b>\$ 7,842,126</b>	<b>\$ 59,880,221</b>	<b>\$ 129,941,556</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities</b>				
<b>Payables</b>				
Trade and other accounts	\$ -	\$ 23,803	\$ 2,730,204	\$ 6,496,926
Accrued wages and benefits	-	-	791,119	1,788,489
To other County funds	-	-	876,200	876,200
Other	-	-	35,011	841,776
Unearned revenue	-	7,380,778	20,000	8,432,733
<b>Total Liabilities</b>	<b>-</b>	<b>7,404,581</b>	<b>4,452,534</b>	<b>18,436,124</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	176,943	-	359,653	7,721,276
<b>Total Deferred Inflows of Resources</b>	<b>176,943</b>	<b>-</b>	<b>359,653</b>	<b>7,721,276</b>
<b>Fund Balances</b>				
<b>Nonspendable:</b>				
Prepaid items	-	-	123,124	596,982
Inventory	-	-	-	43,792
Assets held for resale	-	-	-	1,249,178
<b>Restricted for:</b>				
General government programs	-	-	5,577,443	5,577,443
Public safety programs	-	-	5,929,309	8,212,987
Public works programs	-	-	11,974,997	13,273,314
Health & welfare programs	-	-	1,481,996	1,481,996
Culture & recreation programs	-	-	17,080,047	17,080,047
Economic development programs	-	-	8,097,636	8,097,636
Debt service	11,230,138	-	-	11,230,138
<b>Assigned for:</b>				
General government programs	-	-	-	242,998
Capital improvements	-	-	6,467,566	23,092,421
Unassigned	-	437,545	(1,664,084)	13,605,224
<b>Total Fund Balances</b>	<b>11,230,138</b>	<b>437,545</b>	<b>55,068,034</b>	<b>103,784,156</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 11,407,081</b>	<b>\$ 7,842,126</b>	<b>\$ 59,880,221</b>	<b>\$ 129,941,556</b>

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

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**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position**

June 30, 2023

Total Fund Balances of Governmental Funds (reported on page 31) \$ 103,784,156

*Amounts reported for governmental activities in the government-wide statement of net position presented on page 26 are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 142,944,781

Right to use assets used in government activities are not financial resources and are not reported in governmental funds but are recorded in the statement of net position. 136,706

Deferred inflow of resources associated with leases used in government activities are not financial resources and are not reported in governmental funds but are recorded in the statement of net position. (510,108)

Unamortized bond refunding costs are reported as deferred outflows of resources of governmental activities in the government-wide statement of net position and amortized over the life of the bonds, but are recognized in full when paid in the governmental funds. 700,097

Deferred inflows of resources are reported in the governmental funds when receipt of revenues, such as property taxes receivable, court fines and assessments receivable, EMS fees, and grants receivable are not available to pay current period expenditures. 7,721,276

The County's proportionate shares of deferred outflows of resources (\$13,015,982), and deferred inflows of resources (\$20,750,294) related to its participation in the State Retirement Plans are not recorded in the governmental funds but are recorded in the statement of net position. (7,734,312)

The County's deferred outflows of resources (\$7,529,081), and deferred inflows of resources (\$12,671,120) related to its total OPEB liability are not recorded in the governmental funds but are recorded in the statement of net position. (5,142,039)

Long-term liabilities, including bonds payable (net of unamortized premiums and discounts), loans, lease liabilities, accrued interest, net pension liability, total OPEB liability and compensated absences not due and payable in the current period are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds. (141,933,284)

Net Position of Governmental Activities (reported on page 28) \$ 99,967,273

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
 Governmental Funds  
 For the Year Ended June 30, 2023

	Major Funds			
	General Fund	Law Enforcement Fund	Public Works Grant Fund	Capital Improvement Plan Projects Fund
<b>Revenues</b>				
Property taxes	\$ 20,048,658	\$ 13,238,107	\$ -	\$ -
Local taxes				
Accommodations	-	-	-	-
Hospitality	-	-	-	-
Capital projects sales tax	-	-	-	3,791
Fees, licenses and permits	9,408,393	62,371	-	-
Fines and forfeitures	67,751	448,982	-	-
Use of money and property	1,540,561	98,817	-	377,711
Intergovernmental	3,424,722	464,750	-	-
Grants	32,462	1,732,219	3,812,487	-
Other	534,612	190,923	-	46,386
<b>Total Revenues</b>	<b>\$ 35,057,159</b>	<b>\$ 16,234,169</b>	<b>\$ 3,812,487</b>	<b>\$ 427,888</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ 13,722,012	\$ -	\$ -	\$ 41,307
Public safety	4,612,420	13,888,055	-	243,334
Public works	2,212,157	-	628,997	92,721
Health & welfare	644,179	-	-	-
Economic development	468,238	-	-	63,136
Culture & recreation	6,068,461	-	-	20,223
Environmental services	-	-	-	-
<b>Capital Outlay</b>				
General government	106,732	-	-	207,438
Public safety	62,059	458,189	-	2,243,894
Public works	-	-	1,150,597	1,125,053
Health & welfare	-	-	-	-
Economic development	-	-	-	-
Culture & recreation	-	-	-	6,735,539
<b>Debt Service</b>				
Principal	48,811	-	-	-
Interest	1,524	-	-	-
Fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 27,946,593</b>	<b>\$ 14,346,244</b>	<b>\$ 1,779,594</b>	<b>\$ 10,772,645</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>7,110,566</b>	<b>1,887,925</b>	<b>2,032,893</b>	<b>(10,344,757)</b>
<b>Other Financing Sources (Uses)</b>				
Installment purchases	-	-	-	-
Lease purchases	160,659	44,008	-	-
Sale of assets	525,179	643	-	-
Transfers in	2,335,903	2,335,000	-	6,219,495
Transfers out	(6,321,600)	(2,927,000)	-	(6,436,914)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,299,859)</b>	<b>(547,349)</b>	<b>-</b>	<b>(217,419)</b>
<b>Net Changes in Fund Balances</b>	<b>3,810,707</b>	<b>1,340,576</b>	<b>2,032,893</b>	<b>(10,562,176)</b>
Fund Balances - Beginning of Year	17,192,987	1,126,600	(467,014)	22,706,531
Fund Balance Restated (See Note 19 page 86) *	17,060,322	1,126,600	(467,014)	22,706,531
<b>Fund Balances - End of Year</b>	<b>\$ 20,871,029</b>	<b>\$ 2,467,176</b>	<b>\$ 1,565,879</b>	<b>\$ 12,144,355</b>

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

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	Major Funds		Non-Major Funds	Total Governmental Funds
	Debt Service Fund	American Rescue Plan Act of 2021 Fund	Other Governmental Funds	
<b>Revenues</b>				
Property taxes	\$ 7,922,255	\$ -	\$ 9,851,761	\$ 51,060,781
Local taxes				
Accommodations	-	-	3,374,341	3,374,341
Hospitality	-	-	4,421,363	4,421,363
Capital projects sales tax	-	-	-	3,791
Fees, licenses and permits	1,162,710	-	5,602,831	16,236,305
Fines and forfeitures	-	-	-	516,733
Use of money and property	462,689	248,551	1,485,038	4,211,367
Intergovernmental	-	-	2,881,724	6,771,196
Grants	-	1,796,440	3,658,750	11,032,358
Other	-	104,494	643,945	1,520,360
<b>Total Revenues</b>	<b>\$ 9,547,654</b>	<b>\$ 2,149,485</b>	<b>\$ 31,919,753</b>	<b>\$ 99,148,595</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ -	\$ 504,000	\$ 2,612,700	\$ 16,880,019
Public safety	-	34,941	13,025,780	31,804,530
Public works	-	-	1,319,263	4,253,138
Health & welfare	-	136,375	1,844,984	2,625,538
Economic development	-	-	1,464,578	1,995,952
Culture & recreation	-	340,500	2,865,971	9,295,155
Environmental services	-	-	485,134	485,134
<b>Capital Outlay</b>				
General government	-	121,800	64,498	500,468
Public safety	-	448,292	1,558,401	4,770,835
Public works	-	-	2,373,529	4,649,179
Health & welfare	-	-	35,149	35,149
Economic development	-	127,386	354,211	481,597
Culture & recreation	-	83,146	65,816	6,884,501
<b>Debt Service</b>				
Principal	5,833,534	-	507,669	6,390,014
Interest	2,079,843	-	78,678	2,160,045
Fiscal charges	12,900	-	-	12,900
<b>Total Expenditures</b>	<b>\$ 7,926,277</b>	<b>\$ 1,796,440</b>	<b>\$ 28,656,361</b>	<b>\$ 93,224,154</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,621,377</b>	<b>353,045</b>	<b>3,263,392</b>	<b>5,924,441</b>
<b>Other Financing Sources (Uses)</b>				
Installment purchases	-	-	1,695,000	1,695,000
Lease purchases	-	-	20,791	225,458
Sale of assets	-	84,500	69,641	679,963
Transfers in	-	-	12,576,972	23,467,370
Transfers out	-	-	(7,069,325)	(22,754,839)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>84,500</b>	<b>7,293,079</b>	<b>3,312,952</b>
<b>Net Changes in Fund Balances</b>	<b>1,621,377</b>	<b>437,545</b>	<b>10,556,471</b>	<b>9,237,393</b>
Fund Balances - Beginning of Year	9,608,761	-	47,495,947	97,663,812
Fund Balance Restated (See Note 19 page 86) *	9,608,761	-	44,511,563	94,546,763
<b>Fund Balances - End of Year</b>	<b>\$ 11,230,138</b>	<b>\$ 437,545</b>	<b>\$ 55,068,034</b>	<b>\$ 103,784,156</b>

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

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**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**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, 2023

Net Change in Fund Balances of Governmental Funds (reported on page 35)	\$ 9,237,393
<i>Amounts reported for governmental activities in the government-wide statement of activities presented on page 29 are different because:</i>	
Governmental funds report capital asset acquisition costs as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the amount by which capital asset acquisition costs (\$13,223,969) exceeded depreciation expense (\$10,035,364) in the current period.	3,188,605
Revenues in the statement of activities, such as property taxes, EMS fees, court fines and assessments, and grants, that will not be collected for several months after year end, and do not provide current financial resources, are not reported as revenues in the governmental funds.	1,006,610
The issuance of long-term debt (e.g., bonds, loans and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the full amount of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,845,068
The County's proportionate share of pension expenses (\$5,958,352) are recorded in the Statement of Activities while only retirement contributions (\$4,660,554) are recorded in the governmental funds. This amount is the net effect of differences in treatment of pension expenses.	(1,297,798)
OPEB expenses (\$2,756,898) are recorded in the Statement of Activities while only OPEB paid benefits (\$1,466,645) are recorded in the governmental funds. This amount is the net effect of differences in treatment of OPEB expenses.	(1,290,253)
Some expenses reported in the statement of activities, such as compensated absences, accrued interest, and amortization of bond premiums, discounts and refunding costs, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	644,819
Change in Net Position of Governmental Activities (reported on page 29)	<u>\$ 16,334,444</u>

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

# COUNTY OF GEORGETOWN, SOUTH CAROLINA

## Statement of Net Position

Proprietary Funds

June 30, 2023

	Major Enterprise Funds		Total Proprietary Funds
	Environmental Services	Stormwater Drainage Utility	
<b>Assets</b>			
<b>Current Assets</b>			
Cash and investments	\$ 5,141,722	\$ (467,582)	\$ 4,674,140
Receivables (net of allowances)			
Taxes	108,608	-	108,608
From customers	287,425	49,153	336,578
Other	222,614	429,186	651,800
Prepaid items	41,803	3,187	44,990
Total current assets	<u>5,802,172</u>	<u>13,944</u>	<u>5,816,116</u>
<b>Noncurrent Assets</b>			
Restricted assets			
Cash and investments	12,642,369	-	12,642,369
Capital assets			
Land	1,149,907	-	1,149,907
Improvements	19,460,981	13,465,575	32,926,556
Buildings	1,230,708	-	1,230,708
Software	-	123,888	123,888
Machinery and equipment	8,397,661	170,814	8,568,475
Automotive equipment	3,638,194	296,133	3,934,327
Construction-in-progress	1,807,761	2,071,903	3,879,664
Leased assets	7,905	-	7,905
Accumulated depreciation	(21,543,590)	(3,917,097)	(25,460,687)
Total noncurrent assets	<u>26,791,896</u>	<u>12,211,216</u>	<u>39,003,112</u>
<b>Total Assets</b>	<b>32,594,068</b>	<b>12,225,160</b>	<b>44,819,228</b>
<b>Deferred Outflows of Resources</b>			
Pension charges	511,861	86,568	598,429
OPEB charges	416,512	93,897	510,409
<b>Total Deferred Outflows of Resources</b>	<b>928,373</b>	<b>180,465</b>	<b>1,108,838</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables			
Trade and other accounts	149,263	378,731	527,994
Accrued wages and benefits	92,132	11,440	103,572
Other	7,916	429,186	437,102
Installment purchases	847,141	-	847,141
Liability for compensated absences	98,430	7,364	105,794
Liability for landfill closure and postclosure costs	67,000	-	67,000
Total current liabilities	<u>1,261,882</u>	<u>826,721</u>	<u>2,088,603</u>
<b>Noncurrent Liabilities</b>			
Installment purchases	1,602,695	-	1,602,695
Net pension liability	2,935,928	621,474	3,557,402
Total OPEB liability	1,627,227	416,570	2,043,797
Liability for compensated absences	5,181	388	5,569
Liability for landfill closure and postclosure costs	12,575,370	-	12,575,370
Total noncurrent liabilities	<u>18,746,401</u>	<u>1,038,432</u>	<u>19,784,833</u>
<b>Total Liabilities</b>	<b>20,008,283</b>	<b>1,865,153</b>	<b>21,873,436</b>

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

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Statement of Net Position**

Proprietary Funds

June 30, 2023

	Major Enterprise Funds		Total Proprietary Funds
	Environmental Services	Stormwater Drainage Utility	
<b>Deferred Inflows of Resources</b>			
Pension credits	68,511	14,502	83,013
OPEB credits	676,010	173,058	849,068
Deferred Revenue - Other	305,177	-	305,177
<b>Total Deferred Inflows of Resources</b>	<b>1,049,698</b>	<b>187,560</b>	<b>1,237,258</b>
<b>Net Position</b>			
Net investment in capital assets	13,262,234	12,211,216	25,473,450
Unrestricted	(797,774)	(1,858,304)	(2,656,078)
<b>Total Net Position</b>	<b>\$ 12,464,460</b>	<b>\$ 10,352,912</b>	<b>\$ 22,817,372</b>

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

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Statement of Revenues, Expenses and Changes in Fund Net Position**  
 Proprietary Funds  
 For the Year Ended June 30, 2023

	Major Enterprise Funds		Total Proprietary Funds
	Environmental Services	Stormwater Drainage Utility	
<b>Operating Revenues</b>			
Charges for sales and services			
Landfill tipping fees	\$ 2,325,675	\$ -	\$ 2,325,675
Household fees	1,519,461	-	1,519,461
Stormwater drainage fees and penalties	-	1,802,115	1,802,115
Sale of recyclables	92,779	-	92,779
Nonresidential roll-out fees	1,408	-	1,408
Waste tire fees	36,711	-	36,711
Other	2,780	-	2,780
Operating grants and contributions	676,051	3,740	679,791
Total Operating Revenue	<u>4,654,865</u>	<u>1,805,855</u>	<u>6,460,720</u>
<b>Operating Expenses</b>			
Personal services	2,387,110	337,405	2,724,515
Operations and maintenance			
Supplies and materials	659,357	32,779	692,136
Other charges and services	1,805,533	580,211	2,385,744
Depreciation	1,505,101	667,510	2,172,611
Landfill closure and postclosure	1,526,660	-	1,526,660
Total Operating Expenses	<u>7,883,761</u>	<u>1,617,905</u>	<u>9,501,666</u>
<b>Operating Income (Loss)</b>	<b>(3,228,896)</b>	<b>187,950</b>	<b>(3,040,946)</b>
<b>Nonoperating Revenues (Expenses)</b>			
Property taxes	3,797,699	-	3,797,699
Gain (loss) on disposal of capital assets	137,637	-	137,637
Investment earnings	235,005	9,672	244,677
Miscellaneous	204,832	61,767	266,599
Interest expense	(71,073)	-	(71,073)
Total Nonoperating Revenues (Expenses)	<u>4,304,100</u>	<u>71,439</u>	<u>4,375,539</u>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>1,075,204</b>	<b>259,389</b>	<b>1,334,593</b>
Capital grants and contributions	-	-	-
Transfers out	(661,650)	(268,300)	(929,950)
<b>Changes in Net Position</b>	<b>413,554</b>	<b>(8,911)</b>	<b>404,643</b>
Total Net Position - Beginning of Year	12,050,906	10,361,823	22,412,729
<b>Total Net Position - End of Year</b>	<b><u>\$ 12,464,460</u></b>	<b><u>\$ 10,352,912</u></b>	<b><u>\$ 22,817,372</u></b>

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

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Statement of Cash Flows**  
Proprietary Funds  
For the Year Ended June 30, 2023

	Major Enterprise Funds		Total Proprietary Funds
	Environmental Services	Stormwater Drainage Utility	
<b>Cash Flows of Operating Activities</b>			
Receipts from customers and users	\$ 3,868,685	\$ 1,782,469	\$ 5,651,154
Other receipts	635,381	473,632	1,109,013
Payments to or on behalf of employees	(2,129,077)	(312,774)	(2,441,851)
Payments to suppliers for goods and services	(2,121,880)	(1,111,857)	(3,233,737)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>253,109</u>	<u>831,470</u>	<u>1,084,579</u>
<b>Cash Flows of Noncapital Financing Activities</b>			
Property tax receipts	4,056,125	-	4,056,125
Transfers to governmental funds	(661,650)	(268,300)	(929,950)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>3,394,475</u>	<u>(268,300)</u>	<u>3,126,175</u>
<b>Cash Flows of Capital and Related Financing Activities</b>			
Proceeds from sale of capital assets	-	-	-
Capital grants	-	-	-
Proceeds from installment purchase financing	249,199	-	249,199
Principal paid on installment purchase financing	(889,461)	-	(889,461)
Interest paid on installment purchase financing	(71,073)	-	(71,073)
Purchase or construction of capital assets	(1,095,640)	(1,420,972)	(2,516,612)
Landfill postclosure costs paid	(956,043)	-	(956,043)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(2,763,018)</u>	<u>(1,420,972)</u>	<u>(4,183,990)</u>
<b>Cash Flows of Investing Activities</b>			
Earnings on deposits and investments	235,005	9,672	244,677
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>235,005</u>	<u>9,672</u>	<u>244,677</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,119,571	(848,130)	271,441
Cash and Cash Equivalents - Beginning of Year	16,664,520	380,548	17,045,068
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 17,784,091</u>	<u>\$ (467,582)</u>	<u>\$ 17,316,509</u>

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

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Statement of Cash Flows**  
 Proprietary Funds  
 For the Year Ended June 30, 2023

	Major Enterprise Funds		Total Proprietary Funds
	Environmental Services	Stormwater Drainage Utility	
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ (3,228,896)	\$ 187,950	\$ (3,040,946)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,505,101	667,510	2,172,611
Landfill closure and postclosure costs	1,526,660	-	1,526,660
Decreases (increases) in current assets			
Customer and other accounts receivable	(116,983)	(3,278)	(120,261)
Prepaid items	(2,155)	292	(1,863)
Decreases (increases) in deferred outflows of resources			
Pension charges	(31,132)	8,550	(22,582)
OPEB charges	124,972	29,415	154,387
Increases (decreases) in current liabilities			
Trade and other accounts payable (exclusive of capital items)	247,235	(129,649)	117,586
Accrued wages and benefits payable	(90,692)	5,242	(85,450)
Liability for compensated absences	159,634	37,907	197,541
Increases (decreases) in noncurrent liabilities			
Net pension liability	(406,984)	(86,150)	(493,134)
OPEB liability	708,990	181,514	890,504
Compensated absences	8,401	1,995	10,396
Increases (decreases) in deferred inflows of resources			
Pension credits	400,749	84,830	485,579
OPEB credits	(615,905)	(157,672)	(773,577)
Miscellaneous receipts	64,114	3,014	67,128
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 253,109</u>	<u>\$ 831,470</u>	<u>\$ 1,084,579</u>

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

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Statement of Fiduciary Net Position**

Fiduciary Funds

June 30, 2023

	<u>Custodial Fund</u>
<b>Assets</b>	
Cash and investments	\$ 17,208,111
Accounts receivable	<u>3,805,118</u>
<b>Total Assets</b>	<b><u>21,013,229</u></b>
<b>Liabilities</b>	
Accounts payable	8,796,945
Due to other taxing entities	<u>4,259,231</u>
<b>Total Liabilities</b>	<b><u>13,056,176</u></b>
<b>Net Position</b>	
Restricted for individuals, organizations, and other governments	<u>7,957,053</u>
	<b><u>\$ 7,957,053</u></b>

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

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2023**

	<u>Custodial Funds</u>
<b>Additions</b>	
Taxes and fees collected for other governments	\$ 155,920,547
Deposits held for others	<u>7,957,053</u>
Total additions	<u>163,877,600</u>
<b>Deductions</b>	
Due to other taxing entities	155,920,547
Due to others	<u>8,160,997</u>
Total deductions	<u>164,081,544</u>
<b>Change in Net Position</b>	<u>(203,944)</u>
<b>Net Position, at beginning of year</b>	<u>8,160,997</u>
<b>Net Position, at end of year</b>	<u>\$ 7,957,053</u>

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

# COUNTY OF GEORGETOWN, SOUTH CAROLINA

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## Notes to Financial Statements

June 30, 2023

### Note I - Summary of Significant Accounting Policies

The financial statements of the County of Georgetown, South Carolina have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

#### Financial Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. Potential component units are legally separate organizations for which the elected officials of the County might be considered to be financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, based on Statement No. 39 of the Governmental Accounting Standards Board. The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents; it follows that an accountability perspective should provide the basis for defining the financial reporting entity. In accordance with that concept, the Georgetown County financial reporting entity consists only of the departments and funds of the County, the primary government; no other separate entities have been included in the reporting entity (and these financial statements) because the County is not financially accountable for any other separate organizations, and there are no other organizations for which the nature and significance of their relationship with the County is such that exclusion would cause the financial statements to be misleading or incomplete.

#### Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County as a whole. For the most part, the effect of interfund activity (other than for services provided and used) within the governmental and business-type columns 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.

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis. The County's net position is reported in three parts: 1) net position invested in capital assets, net of related debt, 2) restricted net position, and 3) unrestricted net position.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

#### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in each of the fund financial statements.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. It is the County's policy to report property tax revenue as non-operating revenue in its proprietary funds.

**Notes to Financial Statements**

June 30, 2023

**Note 1 - Summary of Significant Accounting Policies (continued)**

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 collectible 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, court fines, state aid and shared taxes, ambulance fees, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

*General Fund:* The General Fund is the primary operating fund of the County. The General fund accounts for all financial resources except those that are required to be reported in another fund.

*Law Enforcement Fund:* The Law Enforcement Fund is a special revenue fund which accounts for the proceeds of specific revenue sources that are collected for the purpose of providing law enforcement protection services for Georgetown County.

*Capital Improvement Plan (CIP) Projects Fund:* To account for funds, including bond proceeds, segregated and earmarked for the County's "Visions II" Capital Improvement Plan, along with the associated costs of the individual CIP projects.

*Public Works Grants Funds:* Public Works Grants Funds account for grant revenues restricted for public works projects and services.

*Debt Service Funds:* The Debt Service Funds accounts for revenues collected for the purpose of servicing the County's outstanding debt.

*American Rescue Plan Act 2021:* The American Rescue Plan Act 2021 Fund accounts for the proceeds received from the U.S. Treasury to facilitate the with recovery from the devastating economic and health effects of the COVID-19 pandemic.

The County reports the following major proprietary funds:

*Environmental Services Fund (Enterprise Fund):* The Environmental Services Fund is used to account for the operations of the County landfill, along with related solid waste management functions such as waste collection, recycling, and methane collection. It also includes mosquito control activities. This fund is funded from a combination of user fees and property taxes.

*Stormwater Drainage Utility Fund (Enterprise Fund):* The Stormwater Drainage Utility Fund is used to account for the operations of the County's stormwater drainage management program. This fund is funded by user fees and nonoperating grants.

Additionally, the County reports the following fiduciary fund type:

*Custodial Fund:* This fund type is used to report resources held by the County in a custodial capacity as an agent on behalf of others and uses the economic resources measurement focus.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

**Notes to Financial Statements**

June 30, 2023

**Note 1 - Summary of Significant Accounting Policies (continued)**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are user fees collected in association with the provision of waste collection and disposal services (Environmental Services Fund) and stormwater drainage management (Stormwater Drainage Utility Fund). Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

**Cash, Cash Equivalents, and Investments**

The County considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

The County's operating cash and investment policy is designed to operate within existing statutes (which are identical for all non-fiduciary funds, fund types, and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the County to invest in the following:

(a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

(b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

(e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

(f) Repurchase agreements when collateralized by securities as set forth in this section.

(g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

# COUNTY OF GEORGETOWN, SOUTH CAROLINA

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## Notes to Financial Statements

June 30, 2023

### Note 1 - Summary of Significant Accounting Policies (continued)

The County's cash and investment objectives are preservation of capital, liquidity, and yield. The County reports its cash and investments at fair value which is normally determined by quoted market prices. The County primarily uses the following investments in its operating activities:

South Carolina Local Government Investment Pool investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-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 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, PO Box 11778, Columbia, SC 29211-1960.

### **Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### **Receivables**

All accounts and property tax receivables are shown at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. This amount is determined by analyzing the percentage of receivables that was not collected in prior years.

Property taxes for real property and personal property except motor vehicles are due without penalties by January 15th of each fiscal year. Uncollected taxes and penalties are considered delinquent on March 15th. Property taxes for motor vehicles are due in the month in which the state motor vehicle license will be renewable. Property tax revenues are recognized in accordance with imposed nonexchange transactions in accordance with GASB No. 33.

### **Lease Receivables**

The County lease receivable is measured at the present value of the lease payments expected to be received during the lease term. There are no variable components under the lease agreements. A deferred inflow of resources is recorded for the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

### **Inventories and Prepaid Items**

The costs of governmental fund-type inventories and prepaid items are recorded as expenditures when consumed rather than when purchased. The amount of inventories on hand at year end for the governmental fund types consist of postage, park passes, refrigerant, emergency preparedness supplies, and diesel fuel. Inventories are valued at cost generally using the last-in-first-out (LIFO) cost method. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

### **Restricted Assets**

Certain assets of debt service, special revenue and enterprise funds are classified as restricted on the balance sheet because their use is limited to specific purposes for which the funds were received.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Notes to Financial Statements**

June 30, 2023

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Capital Assets**

Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Construction in progress represents funds expended for construction of capital assets which have not been placed into service.

Property, plant, and equipment of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvements	5-25
Buildings	8-20
Infrastructure	20-35
Mining Rights	5-15
Software	3-5
Furniture & Fixtures	5-10
Machinery & Equipment	3-10
Automotive Equipment	3-10

Depreciation for capital assets that can be specifically identified with a function is included in the direct expenses for that function.

**Right to use assets**

The County has recorded right to use lease assets as a result of implementing GASB 87 and GASB 96. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease or subscription based IT arrangement liability plus any lease or subscription payments made prior to the term, less incentives, and plus ancillary charges necessary to place the lease or subscription into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position and 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 net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County currently has two types of deferred outflows of resources: 1) The County reports *deferred bond refunding charges* in its Statement of Net Position. Deferred bond refunding charges, which is the difference between the reacquisition price and the net carrying amount of the defeased debt, is deferred and amortized over the life of the refunding bonds, which has the same maturity as the bonds that were refunded. Amortization of deferred bond refunding charges is included in interest expense; 2) The County also reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System and *deferred OPEB charges* associated with other post-employment health benefits. 3) These *deferred charges* are either a) recognized in the subsequent period as a reduction of the net pension or OPEB liability (which includes contributions and benefits paid after the measurement date), or b) amortized in a systematic and rational method and included in expense in future periods in accordance with GAAP. 3) The County also includes deferred inflow of resources associated with leases.

# COUNTY OF GEORGETOWN, SOUTH CAROLINA

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## Notes to Financial Statements

June 30, 2023

### Note 1 - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the Statement of Net Position and 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 net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County currently has two types of deferred inflows of resources: 1) The County reports *unavailable revenue* for property taxes, court fines, and EMS fees only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources in the period the amounts become available. 2) The County also reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System and deferred OPEB credits associated with other post-employment health benefits. These *deferred credits* are amortized in a systematic and rational method and recognized as a reduction of expenses in future periods in accordance with GAAP.

#### Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Liquidations of compensated absence liabilities are recognized in each accounting fund in which the personnel are accounted for.

#### Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium, discount, and deferred refunding costs. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 11 and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The County recognizes a net pension liability for its participation in the Plans, which represents the County's proportionate share of the total pension liability over the fiduciary net position of the Plans, measured as of the County's preceding fiscal year-end.

Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Liquidations of pension liabilities are recognized in each accounting fund in which personnel are accounted for.

**Notes to Financial Statements**

June 30, 2023

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Other Post-Employment Benefits**

Other post-employment benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note 12 for more information), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. The County calculates and reports its total OPEB liability and expense, along with the related deferred outflows and deferred inflows of resources in accordance with GASB Statement No. 75. Liquidations of OPEB liabilities are recognized in each accounting fund in which personnel are accounted for.

**Nonexchange Transactions**

The standards established by GASB Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions*," provide accounting and reporting for the following four categories of nonexchange transactions: 1) Derived tax revenues, 2) Imposed nonexchange revenues, 3) Government-mandated nonexchange transactions, and 4) Voluntary nonexchange transactions. Nonexchange transactions involve financial or capital resources in which the government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.

Assets from derived tax revenues are recognized when the underlying exchange has occurred or when the resources are received, whichever occurs first. Revenues are recognized when the underlying exchange has occurred and resources are available to the government.

Assets from imposed nonexchange revenues are recognized when an enforceable legal claim has arisen or when resources are received, whichever occurs first. Revenues are recognized when resources are required to be used or the first period that use is permitted. Resources must also be available to the government.

Assets, liabilities, revenues, and expenditures from government-mandated and voluntary nonexchange transactions are generally recognized when all eligibility requirements have been met. Resources received before the eligibility requirements are fulfilled are reported as deferred revenues. Eligibility requirements can include one or more of the following:

- The recipient has the characteristics specified by the provider.
- Time requirements specified by the provider have been met.
- The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.
- The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

**Net Position/Fund Balances**

Net position is defined as the difference between assets and liabilities in the government-wide statement of net position. The County's net position in the government-wide financial statements and proprietary fund financial statements is then classified as follows:

**Investment in Capital Assets:** This represents the County's total investment in capital assets, net of accumulated depreciation and net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

**Restricted Net Position:** Restricted expendable net position includes resources in which the County is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.

**Unrestricted Net Position:** Unrestricted net position represents resources derived from ad-valorem taxes, earnings on investments, state and local grants, fees, and shared revenues.

# COUNTY OF GEORGETOWN, SOUTH CAROLINA

## Notes to Financial Statements

June 30, 2023

### Note 1 - Summary of Significant Accounting Policies (continued)

In accordance with GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*," the County classifies its governmental fund balances as follows:

#### ***Nonspendable Fund Balance***

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amounts of loans and notes receivable, and leases, as well as property acquired for resale.

#### ***Restricted Fund Balance***

The restricted fund balance classification includes amounts that are either restricted externally by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

#### ***Committed Fund Balance***

The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of County Council. Those committed amounts cannot be used for any other purpose unless County Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The County recognizes committed fund balances only when they have been approved for specific purposes by County Council before the fiscal year end.

#### ***Assigned Fund Balance***

The assigned fund balance classification includes amounts that are constrained by the County's intent to be used for specific purposes but are not restricted or committed. The authority for making an assignment is not required to be the County's highest level of decision-making authority and as such, the nature of actions necessary to remove or modify an assignment does not require the County's highest level of authority. In the special revenue funds and capital projects funds, assigned fund balances represent amounts that have been earmarked for specific purposes.

#### ***Unassigned Fund Balance***

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned for specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceed amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned balance.

Based on the County's practices regarding fund balance classifications as noted above, the County considers amounts that are restricted, committed, or assigned to be spent when the corresponding expenditures that have been designated by County Council or donors have been made. After these fund balances have been depleted, unassigned fund balance will be considered to have been spent.

#### **Fund Balance Policy**

By policy of County Council, it is required that a minimum unassigned fund balance be maintained in the General Fund in the amount of \$8,000,000, or 35% of the annual budget, whichever is greater. Unassigned fund balances equal to 10% of annual budget amounts are required to be maintained in the Law Enforcement, County Fire, Midway Fire, Bureau of Aging Services, and Economic Development funds. In instances where funds need to be committed for future use, County Council approves the allocation of these funds. All other fund balance classifications are assign as appropriate by the County Administrator and staff.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Notes to Financial Statements**

June 30, 2023

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Budgetary Information**

***Budgetary Basis of Accounting***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds appropriated by County Council annually. Certain special revenue and capital projects funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and capital improvement plan initiatives) and sometimes span a period of more than one fiscal year.

The appropriated budget is adopted by ordinance at the individual fund level. The County's directors and department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the County Administrator and transfers between funds require approval of County Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

***Excess of Expenditures over Appropriations***

For the year ended June 30, 2023, expenditures exceeded appropriations for the following fund:

Special Revenue Funds	
State Accommodations Tax Fund	\$122,414
Sheriff Federally Seized Assets Fund	8,313

**Note 2 - Deposits and Investments**

***Deposits***

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits might not be recovered. The County does not have a formal deposit policy for custodial credit risk, but follows the investment policy statutes of the State of South Carolina. As of June 30, 2023, the County's bank balances totaled \$75,175,182 and had a carrying (book) value of \$74,763,394. Of the total bank balances, \$68,705,258 was covered by depository insurance, \$4,419,837 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name, and \$248,443 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name. Amounts not insured or collateralized totaled \$1,801,644. Cash on hand totaled \$9,765 and deposit in transit totaled \$411,788.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Notes to Financial Statements**

June 30, 2023

**Note 2 - Deposits and Investments (continued)**

***Investments***

The County's investments are limited by and subject to State statutes. The statutes provide that all authorized investments shall have maturities consistent with the time or times when the invested monies will be needed in cash. Statutes also allow the State Treasurer to assist local governments in investing funds. The County is under no contractual agreements that further restrict investment alternatives.

As of June 30, 2023, the County had the following investments and maturities, with fair value amounts reflecting active market values as reported by the various financial institutions and agents holding the investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>%</u>	<u>Weighted Average Maturities</u>
South Carolina Local Government Investment Pool (SCLGIP)	Unrated	\$ 70,500,138	99.56%	Less than One Year
Negotiable Certificates of Deposit	Undetermined	<u>312,320</u>	<u>0.44%</u>	Various
Total		<u>\$ 70,812,458</u>	<u>100.00%</u>	

The SCLGIP is subject to oversight by the State Treasurer, although it is not registered with the Securities and Exchange Commission.

The fair value measurements listed above are considered Level 1 in the hierarchy of valuation inputs, providing the highest level of reliability and the lowest level of risk in the disclosed values.

Interest Rate Risk: The County does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have an investment policy for custodial credit risk but follows the investment statutes of the State of South Carolina.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County does not have an investment policy for credit risk but follows the investment statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: The County places no limit on the amount the County may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from concentration of credit risk disclosures.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 2 - Deposits and Investments (continued)**

***Reconciliation to the Financial Statements***

A reconciliation of cash and investments as shown in the Statements of Net Position for all activities is as follows:

	<u>Amount</u>
Carrying Amount of Deposits	\$ 74,763,394
Cash on Hand	9,765
Fair Value of Investments	<u>70,812,458</u>
	<u>\$ 145,585,617</u>
<b>Statement of Net Position</b>	
Cash and Investments	\$ 105,101,184
Cash and Investments, Restricted	23,276,322
<b>Statement of Fiduciary Net Position</b>	
Cash and Investments	<u>17,208,111</u>
	<u>\$ 145,585,617</u>

**Note 3 - Receivables**

Receivables at June 30, 2023, consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Taxes Receivable, Net			
Property Taxes Receivable	\$ 1,579,227	\$ 108,608	\$ 1,687,835
Local Accommodations & Hospitality Tax	<u>1,335,098</u>	<u>--</u>	<u>1,335,098</u>
	<u>2,914,325</u>	<u>108,608</u>	<u>3,022,933</u>
Court Fines Receivable, Net	<u>795,192</u>	<u>--</u>	<u>795,192</u>
	<u>795,192</u>	<u>--</u>	<u>795,192</u>
Due from Other Governments			
Grants	818,357	--	818,357
Local Government Fund	603,842	--	603,842
Mini-Bottle Fees	103,793	--	103,793
State Accommodations Tax	700,217	--	700,217
E911 Telephone System Fees & Reimb.	314,749	--	314,749
Various Other	<u>306,369</u>	<u>--</u>	<u>306,369</u>
	<u>2,847,327</u>	<u>--</u>	<u>2,847,327</u>
Due from Customers, Net			
Landfill Fees Receivable	--	287,425	287,425
Stormwater Fees Receivable	<u>--</u>	<u>49,153</u>	<u>49,153</u>
	<u>--</u>	<u>336,578</u>	<u>336,578</u>
Other Receivables, Net			
EMS Billings	876,564	--	876,564
Hangar Rent	2,856	--	2,856
Reimbursement for SRO's	398,613	--	398,613
BOAS Contractual Service Reimbursements	100,390	--	100,390
Insurance Reimbursements	42,560	195,164	237,724
South Carolina Election Commission	57,111	--	57,111
Various Other	<u>281,585</u>	<u>456,636</u>	<u>738,221</u>
	<u>1,759,679</u>	<u>651,800</u>	<u>2,411,479</u>
Total Receivables	<u>\$ 8,316,523</u>	<u>\$ 1,096,986</u>	<u>\$ 9,413,509</u>

# COUNTY OF GEORGETOWN, SOUTH CAROLINA

## Notes to Financial Statements

June 30, 2023

### Note 3 – Receivables (continued)

Property taxes receivable that do not meet the availability requirement have been recorded as unavailable revenue in the fund financial statements. Allowances for uncollectible property taxes have been recorded in the governmental activities in the amount of \$1,181,540 and \$78,399 in the business-type activities.

Allowances for uncollectible court fines of \$1,298,520, EMS fees of \$11,361,009, and local accommodations and hospitality taxes of \$170,952 have been recorded in the governmental activities. Allowances for uncollectible landfill tipping fees of \$138,443 and stormwater fees of \$32,786 have been recorded in the business-type activities.

### **Lease Receivable**

For the year ended 6/30/2023, the financial statements include GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 07/01/2021, Georgetown County, SC entered into a 152 month lease as Lessor for the use of 1230 Highmarket Street. An initial lease receivable was recorded in the amount of \$509,533. As of 06/30/2023, the value of the lease receivable is \$442,720. The lessee is required to make monthly fixed payments of \$3,275. The lease has an interest rate of 1.2920%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$429,256, and Georgetown County, SC recognized lease revenue of \$40,138 during the fiscal year.

On 07/01/2021, Georgetown County, SC entered into a 50 month lease as Lessor for the use of 8189 Choppee Road - Suite M. An initial lease receivable was recorded in the amount of \$24,762. As of 06/30/2023, the value of the lease receivable is \$12,933. The lessee is required to make monthly fixed payments of \$500. The lease has an interest rate of 0.4570%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$13,040, and Georgetown County, SC recognized lease revenue of \$5,861 during the fiscal year. The lessee has 1 extension option(s), each for 120 months.

On 06/06/2022, Georgetown County, SC entered into a 14 month lease as Lessor for the use of 14363 Ocean Hwy - Unit #3. An initial lease receivable was recorded in the amount of \$10,096. As of 06/30/2023, the value of the lease receivable is \$1,497. The lessee is required to make monthly fixed payments of \$700. The lease has an interest rate of 1.6600%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$1,361, and Georgetown County, SC recognized lease revenue of \$8,167 during the fiscal year.

On 07/01/2021, Georgetown County, SC entered into a 240 month lease as Lessor for the use of Airport - Chandler Aviation. An initial lease receivable was recorded in the amount of \$24,762. As of 06/30/2023, the value of the lease receivable is \$22,607. The lessee is required to make annual fixed payments of \$1,445. The lease has an interest rate of 1.5180%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$22,286, and Georgetown County, SC recognized lease revenue of \$1,238 during the fiscal year. The lessee has 2 extension option(s), each for 60 months. The lessee had a termination period of 3 months as of the lease commencement.

On 01/01/2022, Georgetown County, SC entered into a 12 month lease as Lessor for the use of 14363 Ocean Hwy - Unit #11. An initial lease receivable was recorded in the amount of \$10,980. As of 06/30/2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$916. The lease has an interest rate of 0.2380%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$0, and Georgetown County, SC recognized lease revenue of \$5,490 during the fiscal year. The lessee has 1 extension option(s), each for 24 months.

On 05/01/2022, Georgetown County, SC entered into a 240 month lease as Lessor for the use of Tango Alpha Management Site - Hanger lease. An initial lease receivable was recorded in the amount of \$22,607. As of 06/30/2023, the value of the lease receivable is \$20,299. The lessee is required to make annual fixed payments of \$1,445. The lease has an interest rate of 2.7510%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$21,288, and Georgetown County, SC recognized lease revenue of \$1,130 during the fiscal year. The lessee has 2 extension option(s), each for 60 months. The lessee had a termination period of 2 months as of the lease commencement.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 3 – Receivables (continued)**

On 07/01/2021, Georgetown County, SC entered into a 30 month lease as Lessor for the use of Waccamaw Neck SC Tower Lease. An initial lease receivable was recorded in the amount of \$44,388. As of 06/30/2023, the value of the lease receivable is \$10,052. The lessee is required to make monthly fixed payments of \$1,438. The lease has an interest rate of 0.3150%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$8,917, and Georgetown County, SC recognized lease revenue of \$17,735 during the fiscal year. The lessee has 4 extension option(s), each for 60 months.

**Principal and Interest Expected to Maturity**

Fiscal Year	Government Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 54,061	\$ 6,478	\$ 60,539
2025	43,836	5,942	49,778
2026	40,185	5,410	45,595
2027	40,550	4,879	45,429
2028	41,949	4,331	46,280
2029 – 2033	232,017	12,753	244,770
2034 – 2038	49,197	1,900	51,097
2039 – 2042	8,313	356	8,669
	<u>\$ 510,108</u>	<u>\$ 42,049</u>	<u>\$ 552,157</u>

**Note 4 - Restricted Assets**

The County has recorded restricted cash and investments totaling \$10,633,953 in the governmental funds for the following:

Murrells Inlet Revitalization - MI 2020	\$ 28,119
Employee Health Plan	2,865,074
Impact Fees	231,685
America Rescue Plan Act Fund	<u>7,509,075</u>
	<u>\$ 10,633,953</u>

The County has recorded cash as restricted in the amount of \$12,642,369 in the Environmental Services (Business-Type) Proprietary Enterprise Fund, as these funds are restricted for landfill closure and post closure care costs.

**Note 5 - Interfund Receivables and Payables**

Individual fund interfund receivable and payable balances at June 30, 2023, are as follows:

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
General Fund	\$ 876,200	\$ --
Nonmajor Special Revenue Funds (eliminated)	<u>--</u>	<u>876,200</u>
	<u>\$ 876,200</u>	<u>\$ 876,200</u>

These interfund balances are eliminated in the Statement of Net Position.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 6 - Capital Assets**

Capital asset activity for the year ended June 30, 2023, was as follows for governmental activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<b>Capital Assets, not being Depreciated:</b>				
Land	\$ 23,738,924	\$ 514,713	\$ (100,000)	\$ 24,153,637
Construction in Progress	<u>15,671,202</u>	<u>5,688,608</u>	<u>(680,512)</u>	<u>20,679,298</u>
<b>Total, not being Depreciated</b>	<b><u>\$ 39,410,126</u></b>	<b><u>\$ 6,203,321</u></b>	<b><u>\$ (780,512)</u></b>	<b><u>\$ 44,832,935</u></b>
<b>Capital Assets, being Depreciated:</b>				
Improvements	\$ 68,507,797	\$ 5,970,549	\$ --	\$ 74,478,346
Buildings	78,107,094	1,468,452	--	79,575,546
Infrastructure	38,633,006	300,281	--	38,933,287
Software	1,103,230	612,169	--	1,715,399
Furniture & Fixtures	1,006,212	--	--	1,006,212
Machinery & Equipment	27,901,284	1,162,984	(164,096)	28,900,172
Automotive Equipment	<u>33,085,248</u>	<u>2,349,127</u>	<u>(19,791)</u>	<u>35,414,584</u>
<b>Total, being Depreciated</b>	<b><u>248,343,871</u></b>	<b><u>11,863,562</u></b>	<b><u>(183,887)</u></b>	<b><u>260,023,546</u></b>
Less Accumulated Depreciation for:				
Improvements	(37,698,381)	(2,814,028)	--	(40,512,409)
Buildings	(49,344,332)	(3,011,242)	--	(52,355,574)
Infrastructure	(13,255,502)	(1,111,053)	--	(14,366,555)
Software	(821,570)	(56,623)	--	(878,193)
Furniture & Fixtures	(923,386)	(27,129)	--	(950,515)
Machinery & Equipment	(24,951,287)	(1,162,984)	164,096	(25,950,175)
Automotive Equipment	<u>(25,065,765)</u>	<u>(1,852,305)</u>	<u>19,791</u>	<u>(26,898,279)</u>
<b>Total Accumulated Depreciation</b>	<b><u>(152,060,223)</u></b>	<b><u>(10,035,364)</u></b>	<b><u>183,887</u></b>	<b><u>(161,911,700)</u></b>
<b>Total, being Depreciated, Net</b>	<b><u>\$ 96,283,648</u></b>	<b><u>\$ 1,828,198</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 98,111,846</u></b>
<b>Total Capital Assets being Depreciated, Net</b>	<b><u>\$ 135,693,774</u></b>	<b><u>\$ 8,031,519</u></b>	<b><u>\$ (780,512)</u></b>	<b><u>\$ 142,944,781</u></b>
Right to use lease assets:				
Leased Land	\$ 1,950	\$ --	\$ --	\$ 1,950
Leased Infrastructure	13,555	--	--	13,555
Leased Equipment	148,415	61,539	--	209,954
IT Subscriptions	<u>--</u>	<u>27,978</u>	<u>--</u>	<u>27,978</u>
<b>Total, right to use assets</b>	<b><u>163,920</u></b>	<b><u>89,517</u></b>	<b><u>--</u></b>	<b><u>253,437</u></b>
Less accumulated amortization for:				
Leased Land	(4,160)	--	3,837	(323)
Leased Infrastructure	(6,062)	(6,062)	--	(12,124)
Leased Equipment	(45,521)	(39,607)	--	(85,128)
IT Subscriptions	<u>--</u>	<u>(19,156)</u>	<u>--</u>	<u>(19,156)</u>
<b>Total, being amortized</b>	<b><u>(55,743)</u></b>	<b><u>(64,825)</u></b>	<b><u>3,837</u></b>	<b><u>(116,731)</u></b>
<b>Total right to use assets, Net</b>	<b><u>\$ 108,177</u></b>	<b><u>\$ 24,692</u></b>	<b><u>\$ 3,837</u></b>	<b><u>\$ 136,706</u></b>
<b>Government Activities capital assets, Net</b>	<b><u>\$ 135,801,951</u></b>	<b><u>\$ 8,056,211</u></b>	<b><u>\$ (776,675)</u></b>	<b><u>\$ 143,081,487</u></b>

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 6 - Capital Assets**

Construction in progress in the amount of \$680,512 was reclassified upon completion to infrastructure. Assets totaling \$283,887, with accumulated depreciation of \$183,887 were sold, or otherwise disposed of, for \$494,417, resulting in a gain recognized on the sale or other disposal of capital assets in the amount of \$494,417. There were no capital asset donations. Capital outlay reported in the governmental funds statement of revenues, expenditures and changes in fund balances includes \$2,065,529 that did not meet criteria to be capitalized.

Capital asset activity for the year ended June 30, 2023, was as follows for business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
<b>Capital Assets, not being Depreciated:</b>				
Land	\$ 1,149,907	\$ --	\$ --	\$ 1,149,907
Construction in Progress	<u>6,721,569</u>	<u>2,125,500</u>	<u>(4,967,405)</u>	<u>3,879,664</u>
<b>Total, not being Depreciated</b>	<b><u>\$ 7,871,476</u></b>	<b><u>\$ 2,125,500</u></b>	<b><u>\$ (4,967,405)</u></b>	<b><u>\$ 5,029,571</u></b>
<b>Capital Assets, being Depreciated:</b>				
Improvements	27,187,544	5,739,012	--	32,926,556
Buildings	1,103,436	127,272	--	1,230,708
Software	70,623	53,265	--	123,888
Machinery & Equipment	8,371,813	509,767	(313,105)	8,568,475
Automotive Equipment	<u>4,510,578</u>	<u>254,253</u>	<u>(830,504)</u>	<u>3,934,327</u>
<b>Total, being Depreciated</b>	<b><u>41,243,994</u></b>	<b><u>6,683,569</u></b>	<b><u>(1,143,609)</u></b>	<b><u>46,783,954</u></b>
Less Accumulated Depreciation for:				
Improvements	(14,423,145)	(1,236,272)	--	(15,659,417)
Buildings	(435,585)	(50,045)	--	(485,630)
Software	(70,623)	(10,771)	--	(81,394)
Machinery & Equipment	(5,886,615)	(670,444)	247,875	(6,309,184)
Automotive Equipment	<u>(2,731,786)</u>	<u>(271,979)</u>	<u>78,703</u>	<u>(2,925,062)</u>
<b>Total Accumulated Depreciation</b>	<b><u>(23,547,754)</u></b>	<b><u>(2,239,511)</u></b>	<b><u>326,578</u></b>	<b><u>(25,460,687)</u></b>
<b>Total, being Depreciated, Net</b>	<b><u>\$ 17,696,240</u></b>	<b><u>\$ 4,444,058</u></b>	<b><u>\$ (817,031)</u></b>	<b><u>\$ 21,323,267</u></b>
<b>Total Business-Type Activities, Net</b>	<b><u>\$ 25,567,716</u></b>	<b><u>\$ 6,569,558</u></b>	<b><u>\$ (5,784,436)</u></b>	<b><u>\$ 26,352,838</u></b>
Right to use lease assets:				
Leased Equipment	--	5,550	--	5,550
<b>Total, right to use assets</b>	<b><u>--</u></b>	<b><u>5,550</u></b>	<b><u>--</u></b>	<b><u>5,550</u></b>
Less accumulated amortization for:				
Leased Equipment	--	(722)	--	(722)
<b>Total, being amortized</b>	<b><u>--</u></b>	<b><u>(722)</u></b>	<b><u>--</u></b>	<b><u>(722)</u></b>
<b>Total right to use assets, Net</b>	<b><u>\$ --</u></b>	<b><u>\$ 4,828</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 4,828</u></b>
<b>Business-Type Activities capital assets, Net</b>	<b><u>\$ 25,567,716</u></b>	<b><u>\$ 6,574,386</u></b>	<b><u>\$ (5,784,436)</u></b>	<b><u>\$ 26,357,666</u></b>

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 6 - Capital Assets (continued)**

Construction in progress in the amount of \$2,794,052 was reclassified upon completion to improvements in the amount of \$2,794,052. Assets totaling \$464,215, with accumulated depreciation of \$326,578, were sold or otherwise disposed of for \$168,848. A gain was recognized on the sales or other disposal of capital assets in amount of \$137,637. There were no capital asset donations.

Depreciation expense for the year ended June 30, 2023, was charged to the following functions:

Governmental Activities:

General Government	\$ 1,528,080
Public Safety	2,577,121
Public Works	1,532,430
Health and Welfare	125,349
Economic Development	797,575
Cultural and Recreation	<u>3,539,634</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 10,100,189</u>

Business-Type Activities:

Environmental Services	\$ 1,572,723
Stormwater Management Services	<u>667,510</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,240,233</u>

Total installment purchased assets with remaining liens are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Original Cost of Assets	\$ 11,335,827	\$ 6,819,130
Accumulated Depreciation	<u>(5,517,403)</u>	<u>(3,851,052)</u>
Net Book Value	<u>\$ 5,818,424</u>	<u>\$ 2,968,078</u>

**Note 7 - Long-Term Liabilities and Debt**

Following is a summary of changes in long-term liabilities during the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds Payable:					
General Obligation Bonds	\$ 27,610,000	\$ --	\$ (1,620,000)	\$ 25,990,000	\$ 1,035,000
Installment Purchase Revenue Bonds	22,472,000	--	(2,903,000)	19,569,000	2,998,000
Plus: Unamortized Premiums	2,389,701	--	(280,571)	2,109,130	221,108
Less: Unamortized Discounts	--	--	--	--	--
Net Bonds Payable	<u>52,471,701</u>	--	<u>(4,803,571)</u>	<u>47,668,130</u>	<u>4,254,108</u>
Installment Purchases	8,235,119	1,695,000	(2,032,995)	7,897,124	2,179,110
Leased Liability	109,566	126,522	(109,566)	126,522	54,700
Subscriptions	--	6,746	--	6,746	--
Net Pension Liability	45,472,650	8,233,446	--	53,706,096	--
OPEB Liability	43,791,003	--	(13,290,253)	30,500,750	--
Compensated Absences	<u>1,604,110</u>	<u>1,630,292</u>	<u>(1,604,110)</u>	<u>1,630,292</u>	<u>1,556,091</u>
Totals	<u>\$ 151,684,149</u>	<u>\$ 11,692,006</u>	<u>\$ (21,840,495)</u>	<u>\$ 141,535,660</u>	<u>\$ 8,044,009</u>

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 7 - Long-Term Liabilities and Debt (continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-Type Activities</b>					
Installment Purchases	\$ 3,090,099	\$ 249,199	\$ (889,461)	\$ 2,449,837	\$ 847,141
Lease Liability	786	4,813	(786)	4,813	1,107
Net Pension Liability	3,064,268	493,134	--	3,557,402	--
OPEB Liability	2,934,352	--	(890,555)	2,043,797	--
Compensated Absences	104,880	108,669	(104,880)	108,669	99,636
Landfill Closure/Postclosure	<u>11,181,034</u>	<u>1,514,275</u>	<u>(56,968)</u>	<u>12,638,341</u>	<u>67,000</u>
Totals	<u>\$ 20,375,419</u>	<u>\$ 2,370,089</u>	<u>\$ (1,942,650)</u>	<u>\$ 20,802,858</u>	<u>\$ 1,014,884</u>

**General Obligation Bonds**

General obligation bonds are direct obligations and pledge the full faith and credit of the County. The County issues general obligation bonds to provide funds for the acquisition, construction and improvement of capital facilities. General obligations bonds are ordinarily repaid with property tax revenues.

On October 11, 2011, the County issued \$11,140,000 in general obligation refunding bonds with interest rates ranging between 2.00% and 4.00%. The bonds require semi-annual interest payments on March 1 and September 1 each year, along with an annual principal payment on March 1 each year. Final maturity on the bonds was on March 1, 2023.

On December 22, 2017, the County issued \$17,370,000 in General Obligation Refunding Bonds, Series 2017, with interest rates ranging from 4.0% to 5.0%. The bonds were issued to advance refund \$17,585,000 of the outstanding Series 2013 General Obligation Bonds with interest rates ranging from 4.0% to 5.0%. The County placed the net proceeds into an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2013 bonds. As a result, that portion of the Series 2013 Bonds is considered to be defeased, and the County has removed the associated liability from its accounts. The refunding bonds require semi-annual interest payments on March 1 and September 1 each year, along with an annual principal payment on March 1 each year. Final maturity on the bonds is on March 1, 2033.

On December 5, 2019, the County issued \$10,000,000 in general obligation refunding bonds with interest rates ranging between 2.00% and 5.00%. The bonds require semi-annual interest payments on March 1 and September 1 each year, along with an annual principal payment on March 1 each year. Final maturity on the bonds is on March 1, 2039.

Annual debt service requirements to maturity for general obligation bonds outstanding at June 30, 2023, are as follows:

General Obligation Refunding Bonds of 2017 (Issued 12/22/17)

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Principal March 1</u>	<u>Interest September 1</u>	<u>Interest March 1</u>	<u>Total Annual Payments</u>
2024	4.00%-5.00%	\$ 16,845,000	\$ 815,000	\$ 382,550	\$ 382,550	\$ 1,580,100
2025	4.00%-5.00%	16,030,000	860,000	362,175	362,175	1,584,350
2026	4.00%-5.00%	15,170,000	905,000	340,675	340,675	1,586,350
2027	4.00%-5.00%	14,265,000	950,000	318,050	318,050	1,586,100
2028	4.00%-5.00%	13,315,000	995,000	294,300	294,300	1,583,600
2029-2033	4.00%-5.00%	38,030,000	12,320,000	795,425	795,425	13,910,850
Totals			<u>\$ 16,845,000</u>	<u>\$ 2,493,175</u>	<u>\$ 2,493,175</u>	<u>\$ 21,831,350</u>

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 7 - Long-Term Liabilities and Debt (continued)**

General Obligation Bonds of 2019 (Issued 12/5/19)

Fiscal Year	Interest Rate	Balance	Principal March 1	Interest September 1	Interest March 1	Total Annual Payments
2024	5.00%	\$ 9,145,000	\$ 220,000	\$ 130,419	\$ 130,419	\$ 480,838
2025	5.00%	8,925,000	230,000	124,919	124,919	479,838
2026	5.00%	8,695,000	235,000	119,169	119,169	473,338
2027	5.00%	8,460,000	250,000	113,294	113,294	476,588
2028	5.00%	8,210,000	265,000	107,044	107,044	479,088
2029-2033	2.00%-5.00%	34,410,000	3,140,000	430,650	430,650	4,001,300
2034-2038	2.125%-2.50%	16,325,000	3,950,000	214,025	214,025	4,378,050
2039	2.75%	855,000	855,000	23,513	--	878,513
Totals			<u>\$ 9,145,000</u>	<u>\$ 1,263,033</u>	<u>\$ 1,239,520</u>	<u>\$ 11,647,553</u>

**Installment Purchase Revenue Bonds**

The SCAGO Public Facilities Corporation for Georgetown County (the Corporation) Installment Purchase Revenue Bonds Refunding Issue 2009A was issued on December 17, 2009, in the face amount of \$23,725,000. In addition, the SCAGO Public Facilities Corporation for Georgetown County issued Installment Purchase Revenue Bonds Issue 2009B on the same date in the amount of \$29,185,000.

On December 2, 2019, both the 2009A and the 2009B Issues were refunded with the issuance of SCAGO Public Facilities Corporation for Georgetown County (the Corporation) Installment Purchase Refunding Revenue Bonds, Series 2019, in the face amount of \$28,015,000.

The Installment Purchase Revenue Bond issue is subject to a County Facilities Purchase and Use Agreement, which details proportionate interests of the owners in certain rental payments to be made by the County under the terms of a Base Lease Agreement between the County and the Corporation. The County purchases incremental "shares" of the Capital Projects from the Corporation pursuant to the Purchase and Use Agreement, which obligates the County to make semiannual installment payments of the purchase price to the Corporation in amounts calculated to be sufficient to enable the Corporation to pay the principal and interest on the outstanding bonds; amounts budgeted as reserves for the repair and replacement of the facilities, and program administration fees.

The County's obligations under the Purchase and Use Agreement 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 County Council to pay the installment payments due in such fiscal year; however, the County would forfeit possession of the facilities for the remainder of the lease term in the event of non-payment.

The original bonds were issued to fund various capital projects and are secured with liens on the new County judicial center, the existing "old" county courthouse and administration facility, the County detention facility, and the County library facility in Andrews. The 2019 bonds require semi-annual interest payments on June 1 and December 1 each year, along with an annual principal payment on December 1 each year. Final maturity on the bonds is on December 1, 2028.

The SCAGO Public Facilities Corporation for Georgetown County installment purchase revenue bond is not a debt of the County, however, as the Corporation is blended with the operations of the County, the debt of the Corporation is included with the County's other obligations as required by generally accepted accounting principles.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 7 - Long-Term Liabilities and Debt (continued)**

Annual debt service requirements to maturity for installment purchase revenue bonds outstanding at June 30, 2023, are as follows:

Installment Purchase Revenue Refunding Bonds Series 2019 (Issued 12/2/19)

Fiscal Year	Interest Rate	Balance	Principal December 1	Interest December 1	Interest June 1	Total Annual Payments
2024	3.250%	\$ 19,569,000	\$ 2,998,000	\$ 333,865	\$ 284,398	\$ 3,616,263
2025	3.300%	15,571,000	3,097,000	284,398	232,523	3,613,921
2026	3.350%	13,474,000	3,200,000	232,523	178,123	3,610,646
2027	3.400%	10,274,000	3,309,000	178,123	121,374	3,608,497
2028	3.400%	6,965,000	3,423,000	121,374	61,985	3,606,359
2029	3.500%	3,542,000	<u>3,542,000</u>	<u>61,985</u>	<u>--</u>	<u>3,603,985</u>
Totals			<u>\$ 19,569,000</u>	<u>\$ 1,212,268</u>	<u>\$ 878,403</u>	<u>\$ 21,659,671</u>

**Installment Purchase Agreements**

The County's governmental activities have twenty-five (21) installment purchase agreements and its business-type activities have twelve (9) installment purchase agreements. These agreements qualify as installment purchases for accounting purposes and, therefore, have been recorded at the present value of their future minimum payments as of the inception date. All installment purchases are secured with liens on the assets, primarily vehicles and heavy equipment, subject to the financing agreements. The financing agreements have fiscal funding, or "non-appropriations," clauses which provide for the financed assets to be returned to the lessor in the event of non-appropriation by County Council. In the event of default on any terms of the agreements, the lessor may demand immediate payment of all principal then outstanding.

Future minimum obligations and the net present value of these minimum payments as of June 30, 2023, are as follows:

	Governmental Activities	Business-Type Activities	Total
FY2024	\$ 2,384,558	\$ 907,539	\$ 3,060,854
FY2025	2,019,321	720,398	2,914,148
FY2026	1,543,168	551,910	2,361,770
FY2027	1,249,913	207,528	1,717,128
FY2028	636,735	160,214	1,079,491
FY2029-FY2031	<u>685,928</u>	<u>47,136</u>	<u>938,770</u>
Total Minimum Lease Payments	8,519,623	2,594,725	12,072,161
Less: Amount Representing Interest	<u>(622,499)</u>	<u>(144,889)</u>	<u>(746,943)</u>
Totals	<u>\$ 7,897,124</u>	<u>\$ 2,449,836</u>	<u>\$ 11,325,218</u>

The annual requirements to amortize all debt outstanding, including installment purchases, as of June 30, 2023, are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 6,212,110	\$ 1,849,649	\$ 8,061,759	\$ 847,141	\$ 60,398	\$ 907,539
2025	6,051,320	1,646,110	7,697,430	679,934	40,464	720,398
2026	5,773,113	1,440,389	7,213,502	527,708	24,202	551,910
2027	5,686,827	1,234,271	6,921,098	195,840	11,687	207,527
2028	5,279,115	1,026,667	6,305,782	153,775	6,439	160,214
2029-2033	19,648,638	2,553,425	22,202,063	45,437	1,699	47,136
2034-2038	3,950,000	428,050	4,378,050	--	--	--
2039	<u>855,000</u>	<u>23,513</u>	<u>878,513</u>	<u>--</u>	<u>--</u>	<u>--</u>
Totals	<u>\$ 53,456,123</u>	<u>\$ 10,202,072</u>	<u>\$ 63,658,197</u>	<u>\$ 2,449,835</u>	<u>\$ 144,889</u>	<u>\$ 2,594,724</u>

# COUNTY OF GEORGETOWN, SOUTH CAROLINA

## Notes to Financial Statements

June 30, 2023

### Note 7 - Long-Term Liabilities and Debt (continued)

The legal debt limit imposed by South Carolina statutes for issuance of general obligation debt without referendum is equal to eight per cent (8%) of the total assessed value of all taxable property in the County less currently outstanding general obligation debt that was issued without referendum. Based on the 2022 tax year assessed valuation (including merchants' inventory, manufacturing reimbursement, motor carrier and fee-in-lieu) of \$657,066,689, and outstanding general obligation bond debt at June 30, 2023, of \$25,990,000, the legal debt limit is \$26,369,538.

#### Lease

The County has entered into agreements to lease certain equipment, land, and infrastructure. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The County's leases payable at June 30, 2023, are comprised of the following individual and combined leases:

On 07/01/2021, Georgetown County, SC entered into a 26 month lease as Lessee for the use of Grate Road Site. An initial lease liability was recorded in the amount of \$13,555. As of 06/30/2023, the value of the lease liability is \$1,529. Georgetown County, SC is required to make monthly fixed payments of \$490. The lease has an interest rate of 0.2180%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$13,555 with accumulated amortization of \$12,124 is included with Infrastructure on the Lease Class activities table found below. Georgetown County, SC has 1 extension option(s), each for 60 months. Georgetown County, SC had a termination period of 2 months as of the lease commencement.

On 07/01/2021, Georgetown County, SC entered into a 144 month lease as Lessee for the use of TMS# 03-0441-041-02-01 Postfoot Property - Basketball court. An initial lease liability was recorded in the amount of \$1,950. As of 06/30/2023, the value of the lease liability is \$1,635. Georgetown County, SC is required to make annual fixed payments of \$175. The lease has an interest rate of 1.2540%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$1,950 with accumulated amortization of \$323 is included with Land on the Lease Class activities table found below. Georgetown County, SC has 1 extension option(s), each for 300 months.

On 07/01/2021, Georgetown County, SC entered into a 13 month lease as Lessee for the use of 2 Ricoh Copier. An initial lease liability was recorded in the amount of \$6,182. As of 06/30/2023, the value of the lease liability is \$0.00. Georgetown County, SC is required to make monthly fixed payments of \$482. The lease has an interest rate of 0.1850%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$0.00 with accumulated amortization of \$0.00 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Georgetown County, SC entered into a 15 month lease as Lessee for the use of Ricoh Copier - C767R610661 - Public Services Administration. An initial lease liability was recorded in the amount of \$1,297. As of 06/30/2023, the value of the lease liability is \$0.00. Georgetown County, SC is required to make monthly fixed payments of \$87. The lease has an interest rate of 0.1850%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$0.00 with accumulated amortization of \$0.00 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Georgetown County, SC entered into a 38 month lease as Lessee for the use of 26 Savin Copier. An initial lease liability was recorded in the amount of \$73,480. As of 06/30/2023, the value of the lease liability is \$27,153. Georgetown County, SC is required to make monthly fixed payments of \$1,943. The lease has an interest rate of 0.3150%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$73,480 with accumulated amortization of \$45,925 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Georgetown County, SC entered into a 46 month lease as Lessee for the use of 3 Savin Copier. An initial lease liability was recorded in the amount of \$7,601. As of 06/30/2023, the value of the lease liability is \$3,651. Georgetown County, SC is required to make monthly fixed payments of \$167. The lease has an interest rate of 0.4570%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$7,601 with accumulated amortization of \$3,927 is included with Equipment on the Lease Class activities table found below.

# COUNTY OF GEORGETOWN, SOUTH CAROLINA

## Notes to Financial Statements

June 30, 2023

### Note 7 - Long-Term Liabilities and Debt (continued)

On 07/01/2021, Georgetown County, SC entered into a 47 month lease as Lessee for the use of Savin - MP IM 350 - 3379P500782 - Clerk of Court. An initial lease liability was recorded in the amount of \$2,093. As of 06/30/2023, the value of the lease liability is \$1,029. Georgetown County, SC is required to make monthly fixed payments of \$45. The lease has an interest rate of 0.4570%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$2,093 with accumulated amortization of \$1053 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Georgetown County, SC entered into a 48 month lease as Lessee for the use of 6 Savin Copier. An initial lease liability was recorded in the amount of \$38,522. As of 06/30/2023, the value of the lease liability is \$19,346. Georgetown County, SC is required to make monthly fixed payments totaling \$810. The lease has an interest rate of 0.4570%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$38,522 with accumulated amortization of \$19,049 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Georgetown County, SC entered into a 57 month lease as Lessee for the use of Savin Copier - C321R100124 - Auditor. An initial lease liability was recorded in the amount of \$4,399. As of 06/30/2023, the value of the lease liability is \$2,561. Georgetown County, SC is required to make monthly fixed payments of \$78. The lease has an interest rate of 0.5770%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$4,399 with accumulated amortization of \$1,829 is included with Equipment on the Lease Class activities table found below.

On 07/01/2021, Georgetown County, SC entered into a 58 month lease as Lessee for the use of Savin Copier - C321R100547 - Sheriff's Office. An initial lease liability was recorded in the amount of \$5,448. As of 06/30/2023, the value of the lease liability is \$3,211. Georgetown County, SC is required to make monthly fixed payments of \$95. The lease has an interest rate of 0.5770%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$5,448 with accumulated amortization of \$2,240 is included with Equipment on the Lease Class activities table found below.

On 04/05/2022, Georgetown County, SC entered into a 60 month lease as Lessee for the use of Savin Copier - IM 2500 - 4111RB30067 - Library. An initial lease liability was recorded in the amount of \$7,038. As of 06/30/2023, the value of the lease liability is \$5,340. Georgetown County, SC is required to make monthly fixed payments of \$124. The lease has an interest rate of 2.1570%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$7,038 with accumulated amortization of \$1,744 is included with Equipment on the Lease Class activities table found below.

On 08/31/2022, Georgetown County, SC entered into a 60 month lease as Lessee for the use of 6 each Savin Copier. An initial lease liability was recorded in the amount of \$43,260. As of 06/30/2023, the value of the lease liability is \$35,417. Georgetown County, SC is required to make monthly fixed payments of \$733. The lease has an interest rate of 0.3150%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$43,260 with accumulated amortization of \$7,352 is included with Equipment on the Lease Class activities table found below.

On 08/23/2022, Georgetown County, SC entered into a 60 month lease as Lessee for the use of Savin Copier - 3119R700320 - Clerk of Court Copy. An initial lease liability was recorded in the amount of \$7,085. As of 06/30/2023, the value of the lease liability is \$5,793. Georgetown County, SC is required to make monthly fixed payments of \$119. The lease has an interest rate of 0.3150%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$7,085 with accumulated amortization of \$1,212 is included with Equipment on the Lease Class activities table found below.

On 02/27/2023, Georgetown County, SC entered into a 60 month lease as Lessee for the use of Savin Copier - County Council- C6000. An initial lease liability was recorded in the amount of \$9,526. As of 06/30/2023, the value of the lease liability is \$8,736. Georgetown County, SC is required to make monthly fixed payments of \$160. The lease has an interest rate of 0.3150%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$9,526 with accumulated amortization of \$656 is included with Equipment on the Lease Class activities table found below.

On 06/09/2023, Georgetown County, SC entered into a 60 month lease as Lessee for the use of Brother Copier (5) - County Fire - LC6900DW. An initial lease liability was recorded in the amount of \$11,502. As of 06/30/2023, the value of the lease liability is \$11,122. Georgetown County, SC is required to make monthly fixed payments of \$190. The lease has an interest rate of 0.3150%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$11,502 with accumulated amortization of \$141 is included with Equipment on the Lease Class activities table found below.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 7 - Long-Term Liabilities and Debt (continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023 were as follows:

Governmental Activities

Fiscal Year	Principal Payments	Interest Payments	Total Payment
FY2024	\$ 54,700	\$ 573	\$ 55,273
FY2025	33,585	347	33,932
FY2026	17,544	196	17,740
FY2027	15,630	82	15,712
FY2028	4,220	18	4,238
FY2029-FY2033	843	32	875
	<u>\$ 126,522</u>	<u>\$ 1,248</u>	<u>\$ 127,770</u>

On 07/01/2021, Georgetown County, SC entered into an 18 month lease as Lessee for the use of Ricoh Copier - C777R810421 - Landfill. An initial lease liability was recorded in the amount of \$2,355. As of 06/30/2023, the value of the lease liability is \$0. Georgetown County, SC is required to make monthly fixed payments of \$131. The lease has an interest rate of 0.2180%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$0 with accumulated amortization of \$0 is included with Equipment on the Lease Class activities table found below.

On 11/07/2022, Georgetown County, SC entered into a 60 month lease as Lessee for the use of Savin C2500 - Landfill. An initial lease liability was recorded in the amount of \$5,550. As of 06/30/2023, the value of the lease liability is \$4,813. Georgetown County, SC is required to make monthly fixed payments of \$93. The lease has an interest rate of 0.2180%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$5,550 with accumulated amortization of \$722 is included with Equipment on the Lease Class activities table found below.

Business-Type Activities

Fiscal Year	Principal Payments	Interest Payments	Total Payment
FY2024	1,107	9	1,116
FY2025	1,109	7	1,116
FY2026	1,111	5	1,116
FY2027	1,114	2	1,116
FY2028	372	0	372
	<u>\$ 4,813</u>	<u>\$ 23</u>	<u>\$ 4,836</u>

Amount of Lease Assets by Major Classes of Underlying Assets

Asset Class	As of June 30, 2023	
	Lease Asset Value	Accumulated Amortization
Land	\$ 1,950	\$ 323
Equipment	215,504	85,850
Infrastructure	<u>13,555</u>	<u>12,124</u>
Total Leases	<u>\$ 231,009</u>	<u>\$ 98,297</u>

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 7 - Long-Term Liabilities and Debt (continued)**

**Subscriptions**

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On 07/01/2022, Georgetown County, SC entered into a 24 month subscription for the use of GHG - Clockwise Timesheet Software. An initial subscription liability was recorded in the amount of \$13,301. As of 06/30/2023, the value of the subscription liability is \$6,746. Georgetown County, SC is required to make annual fixed payments of \$6,555.00. The subscription has an interest rate of 2.0237%. The value of the right to use asset as of 06/30/2023 of \$13,301 with accumulated amortization of \$6,650 is included with Software on the Subscription Class activities table found below. Georgetown County, SC has 1 extension option(s), each for 12 months. Georgetown County, SC had a termination period of 1 month as of the subscription commencement.

On 07/01/2022, Georgetown County, SC entered into a 14 month subscription for the use of TargetSolutions - Premier Membership Platform. An initial subscription liability was recorded in the amount of \$8,677. As of 06/30/2023, the value of the subscription liability is \$0.00. Georgetown County, SC is required to make annual fixed payments of \$9,108. The subscription has an interest rate of 1.7103%. The value of the right to use asset as of 06/30/2023 of \$8,677 with accumulated amortization of \$7,437 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, Georgetown County, SC entered into a 14 month subscription for the use of TargetSolutions - Midway Fire Rescue. An initial subscription liability was recorded in the amount of \$5,755. As of 06/30/2023, the value of the subscription liability is \$0.00. Georgetown County, SC is required to make annual fixed payments of \$6,174. The subscription has an interest rate of 1.7103%. The value of the right to use asset as of 06/30/2023 of \$5,755 with accumulated amortization of \$4,932 is included with Software on the Subscription Class activities table found below.

On 07/01/2022, Georgetown County, SC entered into a 21 month subscription for the use of Network Solutions - SSL Certificate. An initial subscription liability was recorded in the amount of \$245. As of 06/30/2023, the value of the subscription liability is \$0.00. Georgetown County, SC is required to make annual fixed payments of \$249. The subscription has an interest rate of 2.0237%. The value of the right to use asset as of 06/30/2023 of \$245 with accumulated amortization of \$135 is included with Software on the Subscription Class activities table found below.

Governmental Activities

Fiscal Year	Principal Payments	Interest Payments	Total Payment
FY2024	\$ 6,746	\$ 137	\$ 6,883
	<u>\$ 6,746</u>	<u>\$ 137</u>	<u>\$ 6,883</u>

Amount of Lease Assets by Major Classes of Underlying Assets

	<u>As of June 30, 2023</u>	
Asset Class	<u>Lease Asset Value</u>	<u>Accumulated Amortization</u>
Software	\$ 27,978	\$ 19,156
Total Leases	<u>\$ 27,978</u>	<u>\$ 19,156</u>

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 8 – Contingencies**

As of June 30, 2023, there are pending litigation matters against Georgetown County. Georgetown County denies liability in every case and is defending every action vigorously. Most of the cases are being defended through Georgetown County's liability insurance coverage. In most every case, if Georgetown County were to suffer a loss, a monetary judgement, if any, would be covered by Georgetown County's liability insurance coverage. At this time, only two cases are pending which are not covered under the County's liability insurance. The County's legal and factual position is strong in both cases, and neither case pose a risk of loss to the County.

**Note 9 - Interfund Transfer Reconciliation**

Operating transfers between the County's various funds occur on a routine basis and are generally made to either fund Council approved capital expenditures and projects or to allocate revenue sources that are initially accounted for in one fund, but can be used for operating purposes in other funds. This includes but is not limited to transfers from Local Hospitality and Accommodations Tax Fund into Fund who provided services directly related to tourism as well as transferred to internal service funds to allow for health and worker's compensation insurance for employees. Below is a summary of those interfund transfers for the fiscal year ended June 30, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,335,903	\$ 6,321,600
Law Enforcement Fund	2,335,000	2,927,000
Capital Improvement Plan Fund	6,219,495	6,219,495
Nonmajor Special Revenue Funds	1,340,600	7,069,325
Nonmajor Capital Projects Funds	530,372	--
Nonmajor Internal Service Funds	10,706,000	--
Environmental Services Fund	--	661,650
Stormwater Management Fund	--	268,300
Totals	\$ 23,467,370	\$ 23,467,370

**Note 10 - Economic Dependency**

Assessed property values of the County's ten largest taxpayers follows:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>
International Paper Company	Paper Products	\$ 5,816,139
Santee Electric Coop, Inc.	Utility	4,798,800
Waterleaf Apartments @ Murrells Inlet	Real Estate	1,572,912
Liberty Steel Georgetown, Inc.	Steel Wire	1,397,806
NHI-REIT of Seaside, LLC	Real Estate	1,390,638
DFE Litchfield LP	Lumber Products	1,361,380
Brixmor Pawleys Island Plaza LLC	Real Estate	1,153,921
R L Causey Inc.	Utility	1,101,820
Spectrum Southeast LLC	Communications	1,046,650
Dominion Energy South Carolina	Electric & Gas Utility	776,220
Wal-Mart Real Est Bus Trust	Retail	687,336

The above values represent 3.45% of total taxable assessed valuation in the County.

# COUNTY OF GEORGETOWN, SOUTH CAROLINA

## Notes to Financial Statements

June 30, 2023

### Note 11 - Retirement Plans

#### *Description of the Entity*

The County participates in the South Carolina Retirement Systems (Systems), which are administered by the South Carolina Public Employee Benefit Authority (PEBA). PEBA was created on July 1, 2012, and operates a Retirement Division to administer the various retirement systems and retirement programs. It 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 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. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

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 an Annual Comprehensive Financial Report ("ACFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. Detailed information regarding the fiduciary net position of the Systems administered by PEBA is available in the separately issued ACFR which is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), 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 annual comprehensive financial report of the State.

#### *Plan Descriptions*

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective 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 allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The South Carolina Police Officers Retirement System (PORS), also a cost-sharing multiple-employer defined benefit pension plan, was established effective 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 allowances and other benefits for police officers and firemen of the state and its political subdivisions. PORS also covers peace officers, coroners, probate judges, and magistrates.

#### *Plan 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; or to serve as 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 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.

**Notes to Financial Statements**

June 30, 2023

**Note 11 - Retirement Plans (continued)**

***Plan 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. 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 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.

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.

***Plan Contributions***

Actuarial valuations are performed annually by an external consulting actuary for each of the Systems' defined benefit plans 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. Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. The Retirement System Funding and Administration Act of 2017, which became effective on July 1, 2017, provides for the amortization period to be reduced by one year for each of the next 9 years to 20 years. Over time, and provided investment performance meets long-term assumptions and there are no future benefit enhancements, the funded ratio of each system is expected to increase and eventually attain 100 percent.

The new legislation also increased employer and employee contribution rates, established a ceiling on SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the Retirement System Investment Commission (RSIC) and PEBA as co-trustees.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 11 - Retirement Plans (continued)**

Effective July 1, 2017, employee rates 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 in accordance with state statute. 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.

The County's actuarially determined contributions, communicated to and paid by the County as a percentage of the employees' annual eligible compensation, are as follows for the past three years:

	SCRS Rates			PORS Rates		
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023
Employer Rates:						
Retirement	15.41%	16.41%	17.41%	17.84%	18.84%	19.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Benefit	N/A	N/A	N/A	0.20%	0.20%	0.20%
	<u>15.56%</u>	<u>16.56%</u>	<u>17.56%</u>	<u>18.24%</u>	<u>19.24%</u>	<u>20.24%</u>
Employee Rates	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.75%</u>	<u>9.75%</u>	<u>9.75%</u>

The required contributions and percentages of amounts, including incidental and accidental death benefits, contributed by the County to the Plans for the past three years were as follows:

	SCRS Contributions		PORS Contributions	
	Required	Contributed %	Required	Contributed %
Year Ended June 30, 2023	\$ 2,607,709	100.00%	\$ 2,727,664	100.00%
Year Ended June 30, 2022	\$ 2,488,931	100.00%	\$ 2,702,935	100.00%
Year Ended June 30, 2021	\$ 2,144,496	100.00%	\$ 2,386,476	100.00%

Eligible payrolls of the County covered under the Plans for the past three years were as follows:

			Total
	SCRS Payroll	PORS Payroll	Eligible Payrolls
Year Ended June 30, 2023	\$ 14,850,277	\$ 13,489,940	\$ 28,340,217
Year Ended June 30, 2022	\$ 15,029,774	\$ 14,196,089	\$ 29,225,863
Year Ended June 30, 2021	\$ 13,782,110	\$ 13,083,748	\$ 26,865,858

**Actuarial Assumptions and Methods**

Actuarial valuations of the Plans 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 for the period ending June 30, 2021. The June 30, 2022, total pension liability, net pension liability, and sensitivity information shown in this report were determined by the Systems consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on actuarial valuations, using membership data as of July 1, 2021. The total pension liability was rolled forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Notes to Financial Statements**  
June 30, 2023

**Note 11 - Retirement Plans (continued)**

The following table provides a summary of the actuarial assumptions and methods used to calculate the Total Pension Liability as of June 30, 2022.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return	7.0%	7.0%
Projected Salary Increases	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Includes Inflation at	2.25%	2.25%
Benefit Adjustments	Lesser of 1.0% or \$500 annually	Lesser of 1.0% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumption, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the System's mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the Systems' Total Pension Liability as of June 30, 2021, are as follows:

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

***Net Pension Liability***

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. At June 30, 2023, the County reported a total net pension liability of \$57,493,413, which consisted of \$30,614,472 and \$26,878,941 for its proportionate share of the net pension liabilities for the SCRS and the PORS, respectively. The net pension liabilities were measured as of June 30, 2022, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation as of July 1, 2021.

The County's proportion of the net pension liabilities were based on a projection of the County's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2022, the County's SCRS proportion was 0.126286 percent and the County's PORS proportion was 0.896270 percent.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 11 - Retirement Plans (continued)**

For the year ended June 30, 2023, the County recognized pension expense \$5,487,736, which consisted of \$2,562,931 and \$2,924,805 for the SCRS and PORS, respectively. At June 30, 2023, the County reported deferred outflows of resources (deferred pension charges) totaling \$13,614,411 and deferred inflows of resources (deferred pension credits) totaling \$20,833,307 from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS:		
Differences between expected and actual experience	\$ 265,983	\$ 433,417
Assumption changes	981,878	--
Net difference between expected and actual earnings on pension plan investments	2,503,817	6,456,603
Deferred amounts from changes in proportionate share and difference between employer contributions and proportionate share of total plan employer contributions	760,763	2,580,988
County's contributions subsequent to the measurement date	2,096,349	--
Total SCRS	\$ 6,608,790	\$ 9,471,008
PORS:		
Differences between expected and actual experience	\$ 450,974	\$ 931,352
Assumption changes	1,119,282	--
Net difference between expected and actual earnings on pension plan investments	1,766,436	8,584,522
Deferred amounts from changes in proportionate share and difference between employer contributions and proportionate share of total plan employer contributions	758,144	1,846,425
County's contributions subsequent to the measurement date	2,910,785	--
Total PORS	\$ 7,005,621	\$ 11,362,299

The amounts of \$2,096,349 and \$2,910,785 that were reported as deferred outflows of resources related to the County's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as reductions of the net pension liabilities in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will increase (decrease) pension expense in future measurement periods as follows:

	SCRS	PORS	Total
Measurement Period Ending June 30, 2023	\$ 528,282	\$ 704,950	\$ 1,233,232
Measurement Period Ending June 30, 2024	528,947	618,292	1,147,239
Measurement Period Ending June 30, 2025	(514,202)	(767,666)	(1,281,868)
Measurement Period Ending June 30, 2026	798,406	1,044,779	1,843,185
	\$ 1,341,433	\$ 1,600,355	\$ 2,941,788

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Notes to Financial Statements**

June 30, 2023

**Note 11 - Retirement Plans (continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments, as used in the July 1, 2022, actuarial valuations, was based upon 20 year capital market assumptions. The long-term expected rates 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 2022 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 table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	(0.35)%	(0.09)%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Estate	<b>12.0%</b>		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	<u>3.0%</u>	5.88%	<u>0.18%</u>
<b>Total Expected Real Return</b>	<b>100.0%</b>		<b>4.79%</b>
<b>Inflation for Actuarial Purposes</b>			<u><b>2.25%</b></u>
<b>Total Expected Nominal Return</b>			<u><u><b>7.04%</b></u></u>

***Discount Rate***

The discount rate used to measure the total pension liability was 7.0 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, each System's fiduciary net position was projected to be available to make all 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 total pension liability.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 11 - Retirement Plans (continued)**

***Sensitivity Analysis***

The following table presents the sensitivity of the County's proportionate share of the net pension liability of the Plans as of the June 30, 2022, measurement date to changes in the discount rate, calculated using the discount rate of 7.0 percent, as well as what it would be if it were calculated using a discount rate that is 1% lower (6.0 percent) or 1% higher (8.0 percent) than the current rate:

<u>Retirement System</u>	<u>1.0% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1.0% Increase (8.0%)</u>
County's Proportionate Share of the Net Pension Liability of the SCRS	\$ 39,251,530	\$ 30,614,472	\$ 23,433,880
County's Proportionate Share of the Net Pension Liability of the PORS	\$ 37,481,064	\$ 26,878,941	\$ 18,200,105

***Payable to Plans***

The County reported payables of \$305,103 and \$327,106 to PEBA as of June 30, 2023, representing required employer and employee contributions for the month of June 2023, for the SCRS and PORS, respectively.

**Note 12 - Post Employment Health Care Benefits**

***Plan Description***

In addition to providing pension benefits, the County's defined benefit single-employer post-employment healthcare plan (the Plan) provides health insurance benefits to eligible retirees and their eligible dependents. Employees become eligible when the employee qualifies for retirement benefits under the South Carolina Retirement Systems and has at least 10 years of service with the County. Information regarding South Carolina Retirement Systems eligibility may be obtained from the Annual Comprehensive Financial Report of the Retirement Systems (see Note 11). The Plan is approved by policy of County Council; the contribution requirements of the County and plan members are established and may be amended by Council. These contributions are neither guaranteed nor mandatory. Council has the right to unilaterally modify its payments toward retiree health care benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement #75. As of June 30, 2022, the actuarial measurement date for the fiscal year 2023 plan year, there were 688 covered participants, including 539 active employees, and 149 retirees (and/or their beneficiaries and spouses receiving benefits).

Stand-alone financial reports are not prepared for the Plan.

***Funding Policy***

The County's Plan is predominantly self-insured and provides medical and basic dental benefits for all active employees and pre-Medicare eligible retirees. Retirees are eligible to receive benefits for life. Covered spouses and beneficiaries are eligible to receive benefits for life after the death of the retiree.

The schedule below reflects contributions required of the retiree depending on length of service and coverage elections for calendar year 2022. Group 1 includes present active employees who were hired before July 1, 2005, and current retirees. Group 2 includes present active employees who were hired on or after July 1, 2005.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**  
June 30, 2023

**Note 12 - Post Employment Health Care Benefits (continued)**

The employer amounts shown for the pre-Medicare eligible group are estimates of amounts required to fund the self-insurance plan for those individuals; however, actual claims costs incurred by the County may vary.

For the Medicare eligible retirees, the County contributes the amounts shown below to Retiree Health Reimbursement Accounts (RHRA) for the benefit of the retirees. From the RHRA accounts, Medicare Supplement policies, Medicare Part D policies, and flex-spending plan benefits are provided. Any additional costs over the employer contributions are billed to the retiree.

	Pre-Medicare Eligible			Medicare Eligible		
	Retiree	Employer	Total	Retiree	Employer	Total
<u>Group 1</u>						
Less than 10 Years County Service						
Retiree Only Coverage	\$ 821.41	\$ --	\$ 821.41	\$ --	\$ --	\$ --
Retiree/Spouse Coverage	1,706.32	--	1,706.32	--	--	--
Retiree/Children Coverage	1,467.10	--	1,467.10	--	--	--
10 – 24 Years County Service						
Retiree Only Coverage	\$ 97.68	\$ 723.73	\$ 821.41	\$ --	\$ 402.70	\$ 402.70
Retiree/Spouse Coverage	982.59	723.73	1,706.32	--	402.70	402.70
Retiree/Children Coverage	743.37	723.73	1,467.10	--	402.70	402.70

	Pre-Medicare Eligible			Medicare Eligible		
	Retiree	Employer	Total	Retiree	Employer	Total
<u>Group 1 (continued)</u>						
25 or More Years County Service						
Retiree Only Coverage	\$ 97.68	\$ 723.73	\$ 821.41	\$ --	\$ 402.70	\$ 402.70
Retiree/Spouse Coverage	253.36	1,452.96	1,706.32	--	797.68	797.68
Retiree/Children Coverage	143.86	1,323.24	1,467.10	--	618.06	618.06

	Pre-Medicare Eligible			Medicare Eligible		
	Retiree	Employer	Total	Retiree	Employer	Total
<u>Group 2</u>						
Less than 25 Years County Service						
Retiree Only Coverage	\$ 821.41	\$ --	\$ 821.41	\$ N/A	\$ N/A	\$ N/A
Retiree/Spouse Coverage	1,706.32	--	1,706.32	N/A	N/A	N/A
Retiree/Children Coverage	1,467.10	--	1,467.10	N/A	N/A	N/A
25 or More Years County Service						
Retiree Only Coverage	\$ 97.68	\$ 723.73	\$ 821.41	\$ N/A	\$ N/A	\$ N/A
Retiree/Spouse Coverage	253.36	1,452.96	1,706.32	N/A	N/A	N/A
Retiree/Children Coverage	143.86	1,323.24	1,467.10	N/A	N/A	N/A

The stated retiree and employer premium breakdown above is similar with that adopted by the State of South Carolina for state employees.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Notes to Financial Statements**

June 30, 2023

**Note 12 - Post Employment Health Care Benefits (continued)**

***Total OPEB Liability***

The County's total OPEB liability of \$32,544,547 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

***Actuarial Assumptions and Other Inputs***

Inflation	2.25%
Real wage growth	
SCRS	0.75%
PORS	1.25%
Wage inflation	
SCRS	3.00%
PORS	3.50%
Salary increases, including wage inflation	
SCRS	3.00% - 9.50%
PORS	3.50% - 10.50%
Municipal Bond Index rate	
Prior measurement date	2.16%
Measurement date	3.54%
Health care cost trends	
Pre-Medicare medical and prescription drugs	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare medical and prescription drugs	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025
Dental	3.50%

Mortality rates were based on the PUB-2010 Mortality Tables for Employees with a 135% multiplier to better reflect the anticipated experience and provide margin for future improvements.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022, valuation were based on results of the 2020 actuarial experience study adopted by SCRS and PORS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022, valuation were based on a review of recent plan experience done concurrently with the June 30, 2022, valuation.

***Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption***

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate, the following table presents the plan's total OPEB 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:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability	\$ 28,176,457	\$ 32,544,547	\$ 37,935,397

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Notes to Financial Statements**

June 30, 2023

**Note 12 - Post Employment Health Care Benefits (continued)**

*Sensitivity of Total OPEB Liability to the Discount Rate Assumption*

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following table presents the plan's total OPEB liability, calculated using a discount rate of 3.54%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease <u>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
Total OPEB Liability	\$ 37,539,889	\$ 32,544,547	\$ 28,457,612

*Changes in the Total OPEB Liability*

Total OPEB Liability as of June 30, 2021	\$ 46,725,355
<b>Changes for the year:</b>	
Service costs at the end of the year*	1,403,787
Interest on total OPEB liability and cash flows	997,171
Change in benefit terms	0
Difference between expected and actual experience	(8,799,461)
Changes in assumptions or other inputs	(6,656,237)
Net benefit payments and implicit subsidy credit**	(1,126,068)
Other	<u>0</u>
<b>Total OPEB Liability as of June 30, 2022</b>	<b><u>\$ 32,544,547</u></b>

\* The service cost includes interest for the year.

\*\* The net benefit payments shown above include implicit subsidy, if any, for the year.

There were no changes in benefit terms since the prior measurement date.

Change in assumption or other inputs since the prior measurement date is due to the change in the discount rate, spouse participation, and medical trends.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 12 - Post Employment Health Care Benefits (continued)**

***OPEB Expense***

The calculation of OPEB Expense for the year ended June 30, 2023, is shown in the following table:

Service cost at the end of year*	\$ 1,403,787
Interest on the total OPEB liability and cash flow	997,171
Current period benefit changes	0
Expensed portion of current period difference between expected and actual experience in the total OPEB liability	(1,488,910)
Expensed portion of current period changes of assumptions or other inputs	(1,126,267)
Administrative Costs	3,500
Other	0
Recognition of beginning deferred outflows of resources as OPEB expense	2,298,062
Recognition of beginning deferred inflows of resources as OPEB expense**	<u>(522,421)</u>
<b>Net OPEB Expense</b>	<b><u>\$ 1,564,922</u></b>

\* The service cost includes interest for the year.

\*\* This item are negative because it lowers the OPEB expense.

Certain expense items are recognized over closed periods each year. The deferred portions of these items must be tracked annually. If the amounts will increase OPEB expense, they are labeled Deferred Outflows of Resources. If they serve to reduce OPEB expense, they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts.

***Deferred Outflows and Inflows of Resources***

The following table provides a summary of the deferred outflows of resources and deferred inflows of resources as of the June 30, 2022, measurement date, and benefits paid after the measurement date during the fiscal year ended June 30, 2023:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,394,105	\$ 7,327,672
Changes of assumptions or other inputs	4,941,556	6,192,516
Benefits paid after the measurement date	<u>757,829</u>	<u>--</u>
<b>Total</b>	<b><u>\$ 8,039,490</u></b>	<b><u>\$ 13,520,188</u></b>

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Notes to Financial Statements**  
June 30, 2023

**Note 12 - Post Employment Health Care Benefits (continued)**

The \$757,829 reported as deferred outflows related to OPEB benefits paid after the measurement date will be recognized as a reduction of the total OPEB liability and included in OPEB expense in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will increase (decrease) future OPEB expense as follows:

Measurement period ending:	
June 30, 2023	\$ (839,536)
June 30, 2024	(612,223)
June 30, 2025	(791,618)
June 30, 2026	(1,582,614)
June 30, 2027	(2,358,536)
Thereafter	<u>0</u>
Total	<u>\$ (6,184,527)</u>

**Note 13 – Commitments**

The County had the following commitments represented by open purchase orders with vendors and service providers at June 30, 2023:

Governmental Activities	
General Fund encumbrances	\$ 297,270
Law Enforcement Fund encumbrances	195,065
Capital Improvement Plan Projects Fund encumbrances	7,600,982
Other Governmental Funds encumbrances	<u>8,649,372</u>
Total	<u>\$ 16,742,689</u>
Business-Type Activities	
Environmental Services Fund encumbrances	\$ 1,275,992
Stormwater Drainage Utility Fund encumbrances	<u>2,805,534</u>
Total	<u>\$ 4,081,526</u>

Included in the encumbered amounts above for the Capital Improvement Plan Projects Fund are the following significant projects:

- Georgetown Library expansion with commitments in the amount of \$1,202,186.
- Relocation of the Detention Center in the amount of \$1,671,155.
- Waccamaw Ball Field project with commitments in the amount of \$1,064,731.
- Waverly Road multimodal pathway project in the amount of \$1,414,357.

Included in the encumbered amounts above for Other Governmental Funds include:

- Road paving and improvements projects in the amount of \$3,353,924.

Included in the encumbered amounts above for the Environmental Services Fund are commitments in the amount of \$832,651 for the purchase of a bull dozier.

The encumbered amounts disclosed above for the Stormwater Drainage Utility Fund are for various stormwater system improvement projects.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Notes to Financial Statements**

June 30, 2023

**Note 14 - Landfill Closure and Postclosure Care Costs**

The County operates a municipal solid waste landfill and a construction and demolition waste landfill. It also is responsible for a closed municipal solid waste landfill and a closed industrial waste landfill. Federal and State laws and regulations require that the County place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at closed landfill sites for thirty years after closure. In addition to operating expenses related to current activities of the landfills, an expense provision and related liability are recognized based on future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of the liability for landfill closure and post closure care costs is based on the percentage of landfill capacity used to date applied to the estimated future costs to close the landfills and to maintain and monitor the landfills subsequent to their closure.

Changes in the County's estimated liability for closure and postclosure care costs during the year ended June 30, 2023, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Active MSW Landfill	\$ 9,931,738	\$ 1,470,864	\$ --	\$ 11,402,602
C&D Landfill	638,156	43,411	(18,008)	663,559
Closed MSW Landfill	<u>611,140</u>	<u>--</u>	<u>(38,960)</u>	<u>572,180</u>
Totals	<u>\$ 11,181,034</u>	<u>\$ 1,514,275</u>	<u>\$ (56,968)</u>	<u>\$ 12,638,341</u>

A summary of estimated remaining closure and postclosure care costs to be recognized for the County's current landfills follows:

	<u>Total Current Estimated Costs</u>	<u>Costs Recognized through 6/30/2023</u>	<u>Remaining Costs to be Recognized</u>	<u>Estimated Remaining Life</u>
Active MSW Landfill (Capacity Used to Date: 70.12%)	\$ 16,261,907	\$ 11,402,602	\$ 4,859,305	5 Years
C&D Landfill (Capacity Used to Date: 5.81%)	638,156	(25,403)	663,559	15 Years
Closed MSW Landfill (net)	<u>611,140</u>	<u>38,960</u>	<u>572,180</u>	7 Years
Totals	<u>\$ 17,511,203</u>	<u>\$ 11,416,159</u>	<u>\$ 6,095,044</u>	

The total estimated closure and postclosure care costs of \$6,095,044 is based on the amount that would be paid if all equipment, facilities, and services required to close, maintain and monitor the active, closed and permitted future landfills were paid out as of June 30, 2023. However, the estimated future costs of landfill closure and postclosure care, as determined by consulting engineers, are subject to changes such as the effects of inflation, revisions in laws and regulations, changes in technology, actual sequence of landfill development and closure, and other variables. It is anticipated that future inflation costs will be financed in part from earnings on investments. Other unanticipated costs may need to be covered by modifying charges to future landfill users, taxpayers, or both.

The County is required by federal and state laws to provide financial assurance that funds will be available when needed for closure and postclosure care costs through compliance with one of several approved alternative methods. The method utilized by the County is the local government financial test. At June 30, 2023, the County is in compliance with federal and state financial assurance requirements. Funds have been accumulated in the amount of \$12,638,341 to cover future costs of landfill closure and postclosure care. This amount, which is equal to the portion of costs recognized to date, is reported in the financial statements as restricted cash and investments.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Notes to Financial Statements**

June 30, 2023

**Note 15 - Risk Management and Self-Insurance**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to protect against these risks of loss, the County pays insurance premiums to certain State agencies and commercial insurers to cover risks that may occur in normal operations. Management believes such coverage is sufficient to preclude any significant losses for the covered risks. The County has not had a significant reduction in insurance coverage in the last year and has not had any material settled claims in excess of coverage in the last three years.

Workers compensation losses are partially self-insured through the South Carolina Counties Workers Compensation Trust (SCCWCT), a self-sustaining public entity risk pool. The pool pays workers compensation losses over \$100,000 and provides medical case management services for injured employees through a third party administrator. The County's exposure is limited to \$100,000 per incident.

The County is self-insured for unemployment benefits. Claims are administered by the South Carolina Employment Security Commission and then reimbursed by the County. No liability has been accrued at year-end for potential claims, as they are expected to be minimal.

Effective January 1, 2018, the County implemented a self-insured health benefits plan for its active and retired employees and eligible family members. All medical and dental claims are now paid directly by the County. These costs are then partially offset by contributions from employees and retirees. In addition, the County limits its exposure by purchase of "stop-loss" insurance coverage that will reimburse the County for annual claims that exceed \$200,000 per individual and \$8,200,705 in the aggregate. The stop-loss policy and limits are established on a calendar year basis. As of June 30, 2023, claims costs had not reached levels that would trigger reimbursements from the 2023 stop-loss policy. In conjunction with the County's self-insured health plan, accounting standards require recognition of expenses and liabilities for claims incurred but not reported (IBNR claims) or processed for payment prior to fiscal year end. An estimate in the amount of \$518,509 was recorded for IBNR claims at June 30, 2023. This total liability included \$490,713 for governmental activities and \$27,796 for business-type activities.

**Note 16 - Net Position and Fund Balances**

Net position that was restricted at year-end as a result of enabling legislation in the government-wide statements is as follows:

Nonmajor Governmental Funds	
Debt Service Fund	\$ 11,230,138
Road Improvement	11,975,917
State Accommodations Tax	2,165,238

The following individual nonmajor governmental funds had deficit unassigned fund balances at June 30, 2023:

Public Safety Grants Funds	\$ (516,016)
Health & Welfare Grants Funds	(231,853)
Economic Development Grants Fund	(795,725)
Culture & Recreation Grant Funds	(125,945)

The deficits in the above grants funds resulted from expenditures incurred prior to year-end for which subsequent reimbursements did not meet accrual recognition criteria, or for which terms of the grant agreements did not yet allow for reimbursement.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Notes to Financial Statements**

June 30, 2023

**Note 17 – Tax Abatements**

The County enters into property tax abatement agreements with certain qualifying industries for the purpose of economic development pursuant to the authority granted by Title 12 Chapter 44, Title 4 Chapter 29, and/or Title 4 Chapter 12 of the South Carolina Code of Laws. Under the law, industries may negotiate for a fee-in-lieu of property taxes (FILOT) which can result in a savings on property taxes otherwise due for a project for which in turn the County benefits from the increased tax base and added jobs. The agreements may include both real and personal property.

The minimum investment amount to qualify for a FILOT agreement is \$2.5 million over a five-year period. Benefits to be received by the industries are a reduced assessment ratio from 10.5% down to 6 and a locked-in tax millage rate for up to 30 years, or in some cases, a 5 year average millage rate that is reset each five years. Investments over \$150 million may be eligible for a 4% assessment ratio. The annual FILOT amount is usually calculated in the same manner as ad-valorem property taxes by applying the locked in millage rate to the applicable assessed values. Alternatively, the annual payment may be for a fixed amount over the life of the FILOT agreement using a net present value calculation method.

The County may also provide special source revenue credits, or infrastructure credits, generally in conjunction with FILOT agreements, pursuant to the authority granted by Sections 4-29-68 and 4-1-170 of the South Carolina Code of Laws which can further reduce the amount of the FILOT due. Generally, property that receives special source revenue credits, or infrastructure credits, is added to a "multi-county industrial park" pursuant to Sections 4-1-170 through 4-1-175 of the South Carolina Code of Laws. Inclusion in a multi-county industrial park, sometimes referred to as multi-county business parks, allows industries in certain circumstances to qualify for state jobs tax credits.

Should an industry, subject to a FILOT agreement, fail to meet the minimum statutory investment requirement within the five-year period, then the County may retroactively collect the balance of the property taxes due as if there had had never been a FILOT agreement in effect, and also collect the full tax amount of property taxes in future years.

Gross County taxes abated during the fiscal year ended June 30, 2023, were \$1,389,986. FILOT payments and billings, net of special source/infrastructure credits of \$106,173, were \$1,372,711, resulting in a net tax abatement amount of \$17,276. At year end, there were no unpaid amounts receivable in conjunction with fiscal year 2023 FILOT billings.

**Note 18 - Reconciliation of Government-wide and Fund Financial Statements**

**Explanation of certain differences between governmental fund balance sheet and the government-wide statement of net position:**

The governmental funds balance sheet includes a reconciliation between "fund balance - total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds." The details of this \$142,944,781 are as follows:

Capital Assets	\$304,856,481
Accumulated Depreciation	<u>(161,911,700)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$142,944,781</u>

Right to use assets used in governmental activities are not financial resources and therefore not recorded in governmental funds.

Total Value of Lease Assets	\$ 253,437
Accumulated Amortization	<u>(116,731)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 136,706</u>

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Notes to Financial Statements**

June 30, 2023

**Note 18- Reconciliation of Government-wide and Fund Financial Statements (continued)**

Another element of that reconciliation is "deferred inflows of resources are reported in the governmental funds when receipt of revenues, such as property taxes receivable, court fines receivable, EMS fees, and grants receivable are not available to pay current period expenditures." The details of this \$7,721,276 are as follows:

Property Taxes included in "unavailable revenue" in Governmental Fund Statement	\$ 1,121,682
Court Fines and Assessments included in "unavailable revenue" in Governmental Fund Statement	781,952
EMS Fees included in "unavailable revenue" in Governmental Fund Statement	868,793
Grants included in "unavailable revenue" in Governmental Fund Statement	<u>4,948,849</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 7,721,276</u>

Another element of that reconciliation explains that "long-term liabilities, including bonds payable (net of unamortized premiums and discounts), loans, capital leases, accrued interest, net OPEB obligation, net pension liability, and compensated absences not due and payable in the current period are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds." The details of the (\$141,926,538) are as follows:

G.O. Bonds Payable	\$ (25,990,000)
Installment Purchase Revenue Bonds Payable	(19,569,000)
Plus: Issuance Premium (to be amortized as interest expense)	(2,109,130)
Less: Issuance Discount (to be amortized as interest expense)	--
Accrued Interest Payable	(397,624)
Installment Purchases Payable	(7,897,124)
Leases Payable	(126,522)
Subscriptions	(6,746)
Net Pension Liability	(53,706,096)
Total OPEB Liability	(30,500,750)
Compensated Absences	<u>(1,630,292)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$(141,933,284)</u>

**Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:**

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital asset acquisition costs as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$4,532,871 difference are as follows:

Capital Assets Acquisition Costs	\$ 14,568,235
Depreciation Expense	<u>(10,035,364)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,532,871</u>

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Notes to Financial Statements**

June 30, 2023

**Note 18 - Reconciliation of Government-wide and Fund Financial Statements (continued)**

Another element of that reconciliation explains that "revenues in the statement of activities, such as property taxes, EMS fees, and court fines, that will not be collected for several months after year-end, and do not provide current financial resources, are not reported as revenues in the governmental funds." The details of this \$1,006,610 difference are as follows:

Property Taxes	\$ 175,136
EMS Fees	252,763
Court Fines	87,344
Grants	<u>491,367</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,006,610</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, loans and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the full amount of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$4,845,068 are as follows:

Debt Issued or Incurred:

Issuance of Installment Purchase Debt	\$ (1,695,000)
Lease Assets	(125,493)

Principal Repayments:

General Obligation Debt	1,620,000
Installment Purchase Revenue Bonds	2,903,000
Installment Purchase Debt	2,032,995
Lease Asset	<u>109,566</u>

Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,845,068</u>
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Another element of that reconciliation states that "some expenses reported in the statement of activities, such as compensated absences, accrued interest, and amortization of bond premiums, discounts and refunding costs do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$644,819 difference are as follows:

Compensated Absences	\$ 163,762
Accrued Interest	200,486
Amortization of Bond Discount	<u>280,571</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 644,819</u>

**Note 19 – Restatement of Prior Year Fund Balances**

The prior year fund balance in the General Fund is restated in the amount of \$132,665. This amount represents lease purchases reported incorrectly in the prior year financial statement.

The prior year fund balances in the following grant funds are restated due to various revenues and expenses accrued but not reported in the prior year financial statement as well as a scrivener's error.

General Government Grant Funds	\$ 1,172,962
Public Safety Grant Funds	188,578
Culture & Recreation Grant Funds	2,000,000

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## **Required Supplementary Information**

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Schedule of the County's Proportionate Share of the Net Pension Liability  
South Carolina Retirement System (SCRS)  
Last Ten Fiscal Years**

	Year Ended June 30,				
	2023	2022	2021	2020	2019
County's Proportion of the Net Pension Liability	0.126286%	0.128530%	0.124610%	0.129386%	0.126222%
County's Proportionate Share of the Net Pension Liability	\$ 30,614,472	\$ 26,140,722	\$ 31,840,169	\$ 29,544,128	\$ 28,282,296
County's Covered Payroll	\$ 15,029,774	\$ 13,782,110	\$ 13,903,200	\$ 13,650,682	\$ 13,112,369
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	203.6922%	189.6714%	229.0132%	216.4297%	215.6917%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.0592%	60.7461%	50.7143%	54.3983%	54.1048%

	Year Ended June 30,				
	2018	2017	2016	2015	2014
County's Proportion of the Net Pension Liability	0.129206%	0.126714%	0.125684%	0.120281%	0.120281%
County's Proportionate Share of the Net Pension Liability	\$ 29,086,349	\$ 27,065,924	\$ 23,836,577	\$ 20,708,402	\$ 21,574,121
County's Covered Payroll	\$ 13,036,442	\$ 12,257,773	\$ 11,787,901	\$ 10,913,566	\$ 10,659,641
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	223.1157%	220.8062%	202.2122%	189.7492%	202.3907%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.3384%	52.9064%	56.9917%	59.9190%	56.3880%

**Notes to Schedule:**

1) The amounts presented for each fiscal year were determined as of the end of the preceding fiscal year.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Schedule of the County's Contributions  
South Carolina Retirement System (SCRS)  
Last Ten Fiscal Years**

	Year Ended June 30,				
	2023	2022	2021	2020	2019
Contractually Required Contribution	\$ 2,607,709	\$ 2,143,298	\$ 2,144,496	\$ 2,163,338	\$ 1,987,539
Contributions in Relation to the Contractually Required Contribution	<u>2,607,709</u>	<u>2,143,298</u>	<u>2,144,496</u>	<u>2,163,338</u>	<u>1,987,539</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 14,850,277	\$ 13,685,928	\$ 13,782,110	\$ 13,903,200	\$ 13,650,682
Contributions as a Percentage of Covered Payroll	17.5600%	15.6606%	15.5600%	15.5600%	14.5600%

  

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,778,037	\$ 1,507,013	\$ 1,355,710	\$ 1,284,881	\$ 1,156,838
Contributions in Relation to the Contractually Required Contribution	<u>1,778,037</u>	<u>1,507,013</u>	<u>1,355,710</u>	<u>1,284,881</u>	<u>1,156,838</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 13,112,369	\$ 13,036,442	\$ 12,257,773	\$ 11,787,901	\$ 10,913,566
Contributions as a Percentage of Covered Payroll	13.5600%	11.5600%	11.0600%	10.9000%	10.6000%

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Schedule of the County's Proportionate Share of the Net Pension Liability  
South Carolina Retirement System (PORS)  
Last Ten Fiscal Years**

	Year Ended June 30,				
	2023	2022	2021	2020	2019
County's Proportion of the Net Pension Liability	0.896270%	0.870460%	0.862003%	0.898825%	0.831237%
County's Proportionate Share of the Net Pension Liability	\$ 26,878,941	\$ 22,396,196	\$ 28,585,863	\$ 25,759,787	\$ 23,553,444
County's Covered Payroll	\$ 14,196,089	\$ 13,083,748	\$ 13,020,853	\$ 13,035,500	\$ 11,492,848
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	189.3405%	171.1757%	219.5391%	197.6126%	204.9400%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.4457%	60.7461%	58.7863%	62.6916%	61.7294%

  

	Year Ended June 30,				
	2018	2017	2016	2015	2014
County's Proportion of the Net Pension Liability	0.888430%	0.872070%	0.853885%	0.846580%	0.846580%
County's Proportionate Share of the Net Pension Liability	\$ 24,339,080	\$ 22,119,759	\$ 18,610,393	\$ 16,207,122	\$ 17,549,329
County's Covered Payroll	\$ 11,956,105	\$ 11,128,536	\$ 10,582,245	\$ 10,188,521	\$ 9,863,717
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	203.5703%	198.7661%	175.8643%	159.0724%	177.9180%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.9398%	60.4449%	64.5686%	67.5490%	62.9790%

**Notes to Schedule:**

1) The amounts presented for each fiscal year were determined as of the end of the preceding fiscal year.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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**Schedule of the County's Contributions  
Police Officers Retirement System (PORS)  
Last Ten Fiscal Years**

	Year Ended June 30,				
	2023	2022	2021	2020	2019
Contractually Required Contribution	\$ 2,727,664	\$ 2,387,437	\$ 2,375,004	\$ 2,375,004	\$ 2,247,320
Contributions in Relation to the Contractually Required Contribution	<u>2,727,664</u>	<u>2,387,437</u>	<u>2,375,004</u>	<u>2,375,004</u>	<u>2,247,320</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 13,489,940	\$ 14,366,693	\$ 13,083,748	\$ 13,020,853	\$ 13,035,500
Contributions as a Percentage of Covered Payroll	20.2200%	16.6179%	18.1523%	18.2400%	17.2400%

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,866,439	\$ 1,702,550	\$ 1,529,061	\$ 1,419,079	\$ 1,308,206
Contributions in Relation to the Contractually Required Contribution	<u>1,866,439</u>	<u>1,702,550</u>	<u>1,529,061</u>	<u>1,419,079</u>	<u>1,308,206</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 11,492,848	\$ 11,956,105	\$ 11,128,536	\$ 10,582,245	\$ 10,188,521
Contributions as a Percentage of Covered Payroll	16.2400%	14.2400%	13.7400%	13.4100%	12.8400%

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Schedule of Changes in the County's  
Total OPEB Liability and Related Ratios  
Last Ten Fiscal Years**

	Year Ended June 30,				
	2023	2022	2021	2020	2019
<b>Total OPEB Liability - Beginning of Year</b>	<b>\$ 46,725,355</b>	<b>\$ 44,693,013</b>	<b>\$ 33,855,346</b>	<b>\$ 30,882,038</b>	<b>\$ 28,770,236</b>
<b>Changes for the year:</b>					
Service costs at the end of the year	1,403,787	1,443,171	839,786	736,603	720,950
Interest on Total OPEB Liability and Cash Flows	997,171	975,442	1,163,708	1,177,189	1,007,387
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	(8,799,461)	(25,313)	3,245,684	181,882	2,198,679
Changes in assumptions or other inputs	(6,656,237)	755,904	6,812,102	1,813,962	(861,149)
Benefit payments, including implicit subsidy	(1,126,068)	(1,116,862)	(1,223,614)	(936,328)	(954,065)
Other	-	-	-	-	-
<b>Total OPEB Liability - End of Year</b>	<b>\$ 32,544,547</b>	<b>\$ 46,725,355</b>	<b>\$ 44,693,012</b>	<b>\$ 33,855,346</b>	<b>\$ 30,882,038</b>
<b>Covered Employee Payroll</b>	<b>\$ 23,340,377</b>	<b>\$ 31,022,681</b>	<b>\$ 31,022,681</b>	<b>\$ 23,053,292</b>	<b>\$ 24,038,550</b>
<b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	<b>139.43%</b>	<b>150.62%</b>	<b>144.07%</b>	<b>140.84%</b>	<b>128.47%</b>

	Year Ended June 30,				
	2018	2017	2016	2015	2014
<b>Total OPEB Liability - Beginning of Year</b>	<b>\$ 30,372,604</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Changes for the year:</b>					
Service costs at the end of the year	813,064	N/A	N/A	N/A	N/A
Interest on Total OPEB Liability and Cash Flows	904,416	N/A	N/A	N/A	N/A
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	116,981	N/A	N/A	N/A	N/A
Changes in assumptions or other inputs	(2,780,870)	N/A	N/A	N/A	N/A
Benefit payments, including implicit subsidy	(655,959)	N/A	N/A	N/A	N/A
Other	-	-	-	-	-
<b>Total OPEB Liability - End of Year</b>	<b>\$ 28,770,236</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Covered Employee Payroll</b>	<b>\$ 24,038,550</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	<b>128.47%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**Notes to Schedule:**

- 1) Covered payroll has been set equal to the covered payroll from the most recent valuation.
- 2) Changes in assumptions reflect a change in the discount rate from 2.16% as of June 30, 2021, to 3.54% as of June 30, 2022, and health care cost trends.
- 3) There are no assets accumulated in an irrevocable trust to pay related benefits.
- 4) This schedule is intended to report ten years of history; however, only five years of information is available. Additional years will be added in the future.

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual**

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes				
Current property taxes	\$ 16,100,000	\$ 16,100,000	\$ 16,651,916	\$ 551,916
Vehicle taxes	1,200,000	1,200,000	1,354,597	154,597
Delinquent property taxes	180,000	180,000	58,994	(121,006)
Payments in lieu of taxes	500,000	500,000	419,667	(80,333)
Boat and Motor Tax	260,000	260,000	190,941	(69,059)
Homestead reimbursement	450,000	450,000	519,479	69,479
Boat and Motor Deliquent Tax	35,000	35,000	95,256	60,256
Inventory replacement	85,000	85,000	85,461	461
Motor carrier	90,000	90,000	122,911	32,911
Manufacturer reimbursements	260,000	260,000	452,166	192,166
Tax penalties	75,000	75,000	97,270	22,270
	<u>19,235,000</u>	<u>19,235,000</u>	<u>20,048,658</u>	<u>813,658</u>
<b>Fees, licenses and permits</b>				
Tree Fees	-	-	11,500	11,500
Building permits	1,400,000	1,400,000	2,008,356	608,356
Vendor permits	10,000	10,000	12,150	2,150
Temporary zoning fees	1,500	1,500	1,000	(500)
Contractor registrations	110,000	110,000	131,125	21,125
Street sign fees	5,000	5,000	3,500	(1,500)
Hazardous chemicals filing fees	200	200	100	(100)
Mobile home title retirement fees	1,200	1,200	1,350	150
Mobile home license fees	2,000	2,000	1,860	(140)
Recording fees	225,000	225,000	240,900	15,900
EMS fees	2,400,000	2,400,000	3,173,140	773,140
Flood zone fees	35,000	35,000	69,600	34,600
Planning and zoning fees	50,000	50,000	59,213	9,213
Court fees	200,000	200,000	197,661	(2,339)
Documentary stamps	1,100,000	1,100,000	1,203,656	103,656
Bond estreatments	5,000	5,000	-	(5,000)
Delinquent tax fees	300,000	300,000	250,376	(49,624)
Community alert network fees	7,500	7,500	6,631	(869)
Civil fees	75,000	75,000	65,134	(9,866)
Coroner fees	20,000	20,000	14,225	(5,775)
Magistrate costs	2,500	2,500	1,030	(1,470)
Estate fees	175,000	175,000	365,978	190,978
Probate court fees	15,000	15,000	13,679	(1,321)
Marriage license fees	60,000	60,000	54,620	(5,380)
Bad check fees	500	500	451	(49)
Photocopy fees	35,000	35,000	25,105	(9,895)
Certifications	10,000	10,000	12,543	2,543
Probate court publications	12,000	12,000	12,128	128
Master in Equity fees	50,000	50,000	33,790	(16,210)
Encroachment permit fees	4,000	4,000	10,000	6,000

*continued*

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual**

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Revenues (continued)</b>				
Fees, licenses and permits (continued)				
Pawleys Island building & zoning fees	30,000	30,000	6,092	(23,908)
P&R facility rental fees	30,000	30,000	43,760	13,760
P&R program fees	100,000	100,000	152,034	52,034
P&R baseball league fees	-	-	-	-
Late fees	1,300	1,300	25	(1,275)
Airport fuel sales	15,000	15,000	16,901	1,901
EMS franchise fees	2,000	2,000	2,000	-
Cable franchise fees	450,000	450,000	512,463	62,463
Utility franchise fees	700,000	700,000	656,517	(43,483)
Multi-county park fees	4,000	4,000	4,199	199
GIS map sales	1,000	1,000	-	(1,000)
Pawleys Island magistrate fees	20,000	20,000	33,601	13,601
	<u>7,664,700</u>	<u>7,664,700</u>	<u>9,408,393</u>	<u>1,743,693</u>
Fines and forfeitures				
Magistrate fines	30,000	30,000	47,950	17,950
Library fines	20,000	20,000	19,801	(199)
	<u>50,000</u>	<u>50,000</u>	<u>67,751</u>	<u>17,751</u>
Use of money and property				
Investment earnings	65,000	65,000	908,029	843,029
Litchfield Exchange rent	150,000	150,000	97,617	(52,383)
Airport misc sales and rent	115,000	115,000	127,274	12,274
Corporate hangar rent	70,000	70,000	126,073	56,073
T-hangar rent	180,000	180,000	147,611	(32,389)
Garage rent	15,000	15,000	13,520	(1,480)
Other property rent	150,000	150,000	120,437	(29,563)
	<u>745,000</u>	<u>745,000</u>	<u>1,540,561</u>	<u>795,561</u>
Intergovernmental				
Local government fund	2,694,240	2,694,240	2,579,186	(115,054)
Mini bottle tax	75,000	75,000	291,369	216,369
DSS - service maintenance	40,000	40,000	58,491	18,491
State Retirement Subsidy	100,000	100,000	114,124	14,124
Veterans affairs	5,400	5,400	5,783	383
Election Commission stipends	13,500	13,500	12,534	(966)
Reimb election expenditures	65,000	65,000	56,884	(8,116)
Refuge revenue sharing	10,000	10,000	13,429	3,429
Library support	150,000	150,000	151,108	1,108
Accommodations tax	50,000	50,000	77,439	27,439
Salary supplement for elected officials	6,300	6,300	33,150	26,850
Other state revenue	30,000	30,000	31,224	1,224
	<u>3,239,440</u>	<u>3,239,440</u>	<u>3,424,721</u>	<u>185,281</u>

*continued*

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual**

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Revenues (continued)</b>				
Grants				
Emergency preparedness	25,000	25,000	30,462	5,462
Lottery	43,478	43,478	-	(43,478)
Miscellaneous	-	-	2,000	2,000
	<u>68,478</u>	<u>68,478</u>	<u>32,462</u>	<u>(36,016)</u>
Other				
P&R food sales	20,000	20,000	4,459	(15,541)
Tournament revenues	66,000	66,000	14,604	(51,396)
Workers compensation receipts	1,500	1,500	-	(1,500)
Insurance claims reimbursements	10,000	160,000	265,925	105,925
Escheated taxes	30,000	30,000	-	(30,000)
Contributions and donations	-	-	3,000	3,000
Timber sales	-	-	115,504	115,504
Miscellaneous	50,000	50,000	131,121	81,121
	<u>177,500</u>	<u>327,500</u>	<u>534,613</u>	<u>207,113</u>
<b>Total Revenues</b>	<b>\$ 31,180,118</b>	<b>\$ 31,330,118</b>	<b>\$ 35,057,159</b>	<b>\$ 3,727,041</b>
<b>Expenditures</b>				
General government				
County council				
Current				
Personal services	\$ 241,850	\$ 240,905	\$ 238,830	\$ 2,075
Operations and maintenance	71,255	72,505	54,182	18,323
	<u>313,105</u>	<u>313,410</u>	<u>293,012</u>	<u>20,398</u>
Administration				
Current				
Personal services	254,300	266,804	265,076	1,728
Operations and maintenance	24,316	24,316	19,771	4,545
	<u>278,616</u>	<u>291,120</u>	<u>284,847</u>	<u>6,273</u>
Contribution agencies				
Current				
Operations and maintenance	297,600	297,600	297,600	-
	<u>297,600</u>	<u>297,600</u>	<u>297,600</u>	<u>-</u>

*continued*

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Expenditures (continued)</b>				
General government (continued)				
Finance				
Current				
Personal services	497,900	517,905	501,947	15,958
Operations and maintenance	24,240	20,385	33,886	(13,501)
	<u>522,140</u>	<u>538,290</u>	<u>535,833</u>	<u>2,457</u>
Purchasing				
Current				
Personal services	179,900	174,500	159,757	14,743
Operations and maintenance	19,722	16,952	15,080	1,872
	<u>199,622</u>	<u>191,452</u>	<u>174,837</u>	<u>16,615</u>
Personnel				
Current				
Personal services	330,470	340,120	334,812	5,308
Operations and maintenance	20,920	20,405	16,813	3,592
	<u>351,390</u>	<u>360,525</u>	<u>351,625</u>	<u>8,900</u>
Master-In-Equity				
Current				
Personal services	87,300	90,225	85,436	4,789
Operations and maintenance	225	225	-	225
	<u>87,525</u>	<u>90,450</u>	<u>85,436</u>	<u>5,014</u>
Public information				
Current				
Personal services	65,050	67,990	66,133	1,857
Operations and maintenance	14,715	14,715	11,265	3,450
	<u>79,765</u>	<u>82,705</u>	<u>77,398</u>	<u>5,307</u>
Management information services				
Current				
Personal services	501,100	400,945	393,372	7,573
Operations and maintenance	1,142,576	1,242,731	923,350	319,381
Capital outlay	-	22,844	42,911	(20,067)
	<u>1,643,676</u>	<u>1,666,520</u>	<u>1,359,633</u>	<u>306,887</u>
Courts				
Current				
Personal services	96,000	100,168	79,481	20,687
Operations and maintenance	101,210	101,210	82,968	18,242
	<u>197,210</u>	<u>201,378</u>	<u>162,449</u>	<u>38,929</u>

*continued*

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Expenditures (continued)</b>				
General government (continued)				
Solicitor				
Current				
Operations and maintenance	1,372,784	1,372,784	1,372,709	75
	<u>1,372,784</u>	<u>1,372,784</u>	<u>1,372,709</u>	<u>75</u>
Probate court				
Current				
Personal services	347,000	347,000	361,862	(14,862)
Operations and maintenance	39,175	68,459	53,241	15,218
	<u>386,175</u>	<u>415,459</u>	<u>415,103</u>	<u>356</u>
Summary court				
Current				
Personal services	1,088,999	1,154,694	1,100,269	54,425
Operations and maintenance	142,626	143,116	137,548	5,568
	<u>1,231,625</u>	<u>1,297,810</u>	<u>1,237,817</u>	<u>59,993</u>
Auditor				
Current				
Personal services	327,200	371,936	362,003	9,933
Operations and maintenance	27,616	27,616	22,166	5,450
	<u>354,816</u>	<u>399,552</u>	<u>384,169</u>	<u>15,383</u>
GIS				
Current				
Personal services	158,800	172,155	165,333	6,822
Operations and maintenance	33,690	33,690	26,507	7,183
	<u>192,490</u>	<u>205,845</u>	<u>191,840</u>	<u>14,005</u>
Assessor				
Current				
Personal services	631,200	637,852	622,094	15,758
Operations and maintenance	62,109	62,109	58,375	3,734
	<u>693,309</u>	<u>699,961</u>	<u>680,469</u>	<u>19,492</u>

*continued*

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Expenditures (continued)</b>				
General government (continued)				
Treasurer				
Current				
Personal services	313,500	335,960	320,689	15,271
Operations and maintenance	133,660	133,660	173,626	(39,966)
	<u>447,160</u>	<u>469,620</u>	<u>494,315</u>	<u>(24,695)</u>
Delinquent tax collector				
Current				
Personal services	136,550	130,810	110,460	20,350
Operations and maintenance	137,625	137,625	97,234	40,391
	<u>274,175</u>	<u>268,435</u>	<u>207,694</u>	<u>60,741</u>
Building				
Current				
Personal services	474,700	498,416	491,121	7,295
Operations and maintenance	132,039	112,795	65,060	47,735
Capital outlay	-	20,980	20,421	559
	<u>606,739</u>	<u>632,191</u>	<u>576,602</u>	<u>55,589</u>
Registration & election				
Current				
Personal services	163,900	179,253	159,913	19,340
Operations and maintenance	203,168	208,509	177,393	31,116
	<u>367,068</u>	<u>387,762</u>	<u>337,306</u>	<u>50,456</u>
Planning & zoning				
Current				
Personal services	438,100	444,795	440,571	4,224
Operations and maintenance	47,966	133,666	24,273	109,393
	<u>486,066</u>	<u>578,461</u>	<u>464,844</u>	<u>113,617</u>

*continued*

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual**

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Expenditures (continued)</b>				
General government (continued)				
Facility services				
Current				
Personal services	567,480	585,747	552,666	33,081
Operations and maintenance	274,302	386,187	354,872	31,315
Capital outlay	-	55,000	43,400	11,600
	<u>841,782</u>	<u>1,026,934</u>	<u>950,938</u>	<u>75,996</u>
Judicial facility management				
Current				
Personal services	57,500	60,373	58,736	1,637
Operations and maintenance	209,496	209,496	218,015	(8,519)
	<u>266,996</u>	<u>269,869</u>	<u>276,751</u>	<u>(6,882)</u>
Clerk of court administration				
Current				
Personal services	688,500	688,500	579,369	109,131
Operations and maintenance	37,761	37,761	29,823	7,938
	<u>726,261</u>	<u>726,261</u>	<u>609,192</u>	<u>117,069</u>
Clerk of court facility management				
Current				
Personal services	63,000	63,000	45,412	17,588
Operations and maintenance	12,000	12,000	8,003	3,997
	<u>75,000</u>	<u>75,000</u>	<u>53,415</u>	<u>21,585</u>
Legal				
Current				
Personal services	132,300	135,800	135,408	392
Operations and maintenance	70,125	370,125	412,493	(42,368)
	<u>202,425</u>	<u>505,925</u>	<u>547,901</u>	<u>(41,976)</u>
Clerk of court - family court				
Current				
Personal services	321,700	340,340	337,268	3,072
Operations and maintenance	27,373	26,373	25,773	600
	<u>349,073</u>	<u>366,713</u>	<u>363,041</u>	<u>3,672</u>

*continued*

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual**

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Expenditures (continued)</b>				
General government (continued)				
Register of deeds				
Current				
Personal services	196,200	200,470	192,522	7,948
Operations and maintenance	46,055	46,055	28,333	17,722
Debt service				
Principal	48,811	48,811	48,811	-
Interest	1,524	1,524	1,524	-
	<u>292,590</u>	<u>296,860</u>	<u>271,190</u>	<u>25,670</u>
Vehicle maintenance				
Current				
Operations and maintenance	170,476	197,476	118,001	79,475
	<u>170,476</u>	<u>197,476</u>	<u>118,001</u>	<u>79,475</u>
Delegation				
Current				
Personal services	17,200	18,601	18,537	64
Operations and maintenance	1,505	1,505	1,569	(64)
	<u>18,705</u>	<u>20,106</u>	<u>20,106</u>	<u>-</u>
Nondepartmental				
Current				
Operations and maintenance	1,453,751	1,157,260	587,204	570,056
	<u>1,453,751</u>	<u>1,157,260</u>	<u>587,204</u>	<u>570,056</u>
Total general government	14,780,115	15,403,734	13,783,277	1,620,457
Public safety				
Coroner				
Current				
Personal services	88,000	92,388	88,821	3,567
Operations and maintenance	168,235	184,359	219,495	(35,136)
Capital outlay	-	18,693	18,692	1
	<u>256,235</u>	<u>295,440</u>	<u>327,008</u>	<u>(31,568)</u>
Emergency preparedness				
Current				
Personal services	159,800	149,920	147,326	2,594
Operations and maintenance	61,272	70,853	49,982	20,871
Capital outlay	35,000	35,299	35,298	1
	<u>256,072</u>	<u>256,072</u>	<u>232,606</u>	<u>23,466</u>

*continued*

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Expenditures (continued)</b>				
Public Safety (continued)				
Emergency operations backup facility				
Current				
Operations and maintenance	19,490	19,490	13,773	5,717
	<u>19,490</u>	<u>19,490</u>	<u>13,773</u>	<u>5,717</u>
Emergency services administration				
Current				
Personal services	65,300	67,989	76,794	(8,805)
Operations and maintenance	29,590	29,590	20,935	8,655
	<u>94,890</u>	<u>97,579</u>	<u>97,729</u>	<u>(150)</u>
County emergency medical services				
Current				
Personal services	2,652,400	2,652,400	2,313,291	339,109
Operations and maintenance	753,467	760,802	774,624	(13,822)
Capital outlay	-	61,730	8,069	53,661
	<u>3,405,867</u>	<u>3,474,932</u>	<u>3,095,984</u>	<u>378,948</u>
Midway emergency medical services				
Current				
Personal services	841,201	842,631	683,037	159,594
Operations and maintenance	253,142	260,080	224,379	35,701
	<u>1,094,343</u>	<u>1,102,711</u>	<u>907,416</u>	<u>195,295</u>
Total public safety	5,126,897	5,246,224	4,674,516	571,708
Public works				
Public works crew				
Current				
Personal services	1,244,400	1,176,756	1,086,728	90,028
Operations and maintenance	772,625	840,269	806,505	33,764
	<u>2,017,025</u>	<u>2,017,025</u>	<u>1,893,233</u>	<u>123,792</u>
Public services administration				
Current				
Personal services	313,300	311,040	283,038	28,002
Operations and maintenance	78,259	80,519	35,886	44,633
	<u>391,559</u>	<u>391,559</u>	<u>318,924</u>	<u>72,635</u>
Total public works	2,408,584	2,408,584	2,212,157	196,427

*continued*

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Expenditures (continued)</b>				
Health & welfare				
S.C. Department of Social Services				
Current				
Operations and maintenance	81,394	81,394	62,996	18,398
	<u>81,394</u>	<u>81,394</u>	<u>62,996</u>	<u>18,398</u>
S.C. Health Department				
Current				
Operations and maintenance	53,880	53,880	61,487	(7,607)
	<u>53,880</u>	<u>53,880</u>	<u>61,487</u>	<u>(7,607)</u>
Veteran affairs				
Current				
Personal services	107,400	113,890	109,973	3,917
Operations and maintenance	17,135	32,114	20,322	11,792
	<u>124,535</u>	<u>146,004</u>	<u>130,295</u>	<u>15,709</u>
Indigent hospital care				
Current				
Operations and maintenance	154,409	154,409	154,409	-
	<u>154,409</u>	<u>154,409</u>	<u>154,409</u>	<u>-</u>
Alcohol & drug abuse				
Current				
Operations and maintenance	167,000	289,293	224,576	64,717
	<u>167,000</u>	<u>289,293</u>	<u>224,576</u>	<u>64,717</u>
Choppee one-stop				
Current				
Operations and maintenance	30,000	30,000	10,416	19,584
	<u>30,000</u>	<u>30,000</u>	<u>10,416</u>	<u>19,584</u>
Total health & welfare	611,218	754,980	644,179	110,801
Economic development				
Waccamaw regional planning				
Current				
Operations and maintenance	99,436	99,436	99,437	(1)
	<u>99,436</u>	<u>99,436</u>	<u>99,437</u>	<u>(1)</u>

*continued*

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Expenditures (continued)</b>				
Economic development (continuing)				
Airport commission				
Current				
Personal services	198,600	202,635	194,394	8,241
Operations and maintenance	171,542	184,829	259,351	(74,522)
Capital outlay	25,250	21,215	-	21,215
	<u>395,392</u>	<u>408,679</u>	<u>453,745</u>	<u>(45,066)</u>
Clemson extension				
Current				
Operations and maintenance	6,492	6,492	10,086	(3,594)
	<u>6,492</u>	<u>6,492</u>	<u>10,086</u>	<u>(3,594)</u>
Total economic development	501,320	514,607	563,268	(48,661)
Culture & recreation				
Library				
Current				
Personal services	1,847,900	1,827,518	1,742,934	84,584
Operations and maintenance	429,988	429,988	349,976	80,012
	<u>2,277,888</u>	<u>2,257,506</u>	<u>2,092,910</u>	<u>164,596</u>
Library state aid				
Current				
Operations and maintenance	150,000	150,000	148,724	1,276
	<u>150,000</u>	<u>150,000</u>	<u>148,724</u>	<u>1,276</u>
Library lottery funds				
Current				
Operations and maintenance	43,478	43,478	-	43,478
	<u>43,478</u>	<u>43,478</u>	<u>-</u>	<u>43,478</u>

*continued*

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Expenditures (continued)</b>				
Culture & recreation (continuing)				
Parks and recreation				
Current				
Personal services	1,842,370	1,872,350	1,811,304	61,046
Operations and maintenance	1,902,130	1,920,630	2,001,655	(81,025)
	<u>3,744,500</u>	<u>3,792,980</u>	<u>3,812,959</u>	<u>(19,979)</u>
Recreation tournaments				
Current				
Operations and maintenance	16,000	16,000	14,603	1,397
	<u>16,000</u>	<u>16,000</u>	<u>14,603</u>	<u>1,397</u>
Total culture & recreation	6,231,866	6,259,964	6,069,196	190,768
<b>Total Expenditures</b>	<b>\$ 29,660,000</b>	<b>\$ 30,588,093</b>	<b>\$ 27,946,593</b>	<b>\$ 2,641,500</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,520,118</b>	<b>742,025</b>	<b>7,110,566</b>	<b>6,368,541</b>
<b>Other Financing Sources (Uses)</b>				
Installment Purchases	-	-	160,659	160,659
Proceeds from sale of assets	100,000	100,000	525,179	425,179
Transfers in	2,281,400	2,281,400	2,335,903	54,503
Transfers out	(6,321,600)	(6,321,600)	(6,321,600)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(3,940,200)</b>	<b>(3,940,200)</b>	<b>(3,299,859)</b>	<b>640,341</b>
<b>Net Change in Fund Balance</b>	<b>(2,420,082)</b>	<b>(3,198,175)</b>	<b>3,810,707</b>	<b>7,008,882</b>
Fund Balance - Beginning of Year	17,192,987	17,192,987	17,192,987	-
Fund Balance - Beginning of Year Restated	17,060,322	17,060,322	17,060,322	-
<b>Fund Balance - End of Year</b>	<b>\$ 14,640,240</b>	<b>\$ 13,862,147</b>	<b>\$ 20,871,029</b>	<b>\$ 7,008,882</b>

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Law Enforcement Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes				
Current property taxes	\$ 10,650,000	\$ 10,650,000	\$ 11,049,614	\$ 399,614
Vehicle taxes	760,000	760,000	894,360	134,360
Delinquent property taxes	125,000	125,000	38,659	(86,341)
Payments in lieu of taxes	290,000	290,000	277,979	(12,021)
Boat and Motor Tax	140,000	140,000	125,643	(14,357)
Homestead reimbursement	320,000	320,000	344,089	24,089
Boat and Motor Delinquent Tax	40,000	40,000	62,677	62,677
Motor carrier	80,000	80,000	81,157	81,157
Manufacturer reimbursements	180,000	180,000	299,506	119,506
Tax penalties	70,000	70,000	64,423	(5,577)
	<u>12,655,000</u>	<u>12,655,000</u>	<u>13,238,107</u>	<u>703,107</u>
Fees, licenses and permits				
Miscellaneous fees	20,000	20,000	16,347	(3,653)
Photocopy fees	200	200	-	(200)
Multi-county park fees	3,000	3,000	2,779	(221)
Detention center fees - Georgetown	24,000	24,000	41,490	17,490
Detention center fees - Andrews/Pawleys Island	2,000	2,000	1,755	(245)
	<u>49,200</u>	<u>49,200</u>	<u>62,371</u>	<u>13,171</u>
Fines and forfeitures				
Sex offender fees	10,000	10,000	9,300	(700)
Traffic fines	750,000	750,000	439,682	(310,318)
	<u>760,000</u>	<u>760,000</u>	<u>448,982</u>	<u>(311,018)</u>
Use of money and property				
Investment earnings	5,000	5,000	96,817	91,817
	<u>5,000</u>	<u>5,000</u>	<u>96,817</u>	<u>91,817</u>
Intergovernmental				
State retirement subsidy	62,500	62,500	60,356	(2,144)
Salary supplement for elected officials	1,575	1,575	15,000	13,425
Detention center fees - federal detainees	150,000	150,000	347,047	197,047
Wage and benefits reimbursements	32,000	32,000	-	(32,000)
Misc state revenue	-	-	42,347	42,347
	<u>246,075</u>	<u>246,075</u>	<u>464,750</u>	<u>218,675</u>
Grants				
School district SRO reimbursement	440,000	440,000	534,792	94,792
State SRO Allocation	684,800	1,116,972	1,052,893	(64,079)
Miscellaneous grants	79,727	79,727	-	(79,727)
Traffic grant	201,598	201,598	135,641	(65,957)
State	-	-	8,893	8,893
	<u>1,406,125</u>	<u>1,838,297</u>	<u>1,732,219</u>	<u>(106,078)</u>

*continued*

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Law Enforcement Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Revenues (continued)</b>				
Other				
Telephone usage	1,000	1,000	-	(1,000)
Workers compensation receipts	1,000	1,000	-	(1,000)
Inmate per-diem	3,500	3,500	4,018	518
Insurance claims reimbursements	50,000	50,000	209,563	159,563
Contributions & donations	100	100	-	(100)
Miscellaneous	25,000	25,000	(22,658)	(47,658)
	<u>80,600</u>	<u>80,600</u>	<u>190,923</u>	<u>110,323</u>
<b>Total Revenues</b>	<b>\$ 15,202,000</b>	<b>\$ 15,634,172</b>	<b>\$ 16,234,169</b>	<b>\$ 719,997</b>
<b>Expenditures</b>				
Public safety				
Sheriff				
Current				
Personal services	\$ 4,935,860	\$ 4,935,860	\$ 5,320,685	\$ (384,825)
Operations and maintenance	2,688,585	2,846,974	2,296,965	550,009
Capital outlay	-	38,500	38,500	-
	<u>7,624,445</u>	<u>7,821,334</u>	<u>7,656,150</u>	<u>165,184</u>
E911 Communications				
Current				
Personal services	1,094,200	1,094,200	997,492	96,708
Operations and maintenance	49,304	49,304	26,782	22,522
	<u>1,143,504</u>	<u>1,143,504</u>	<u>1,024,274</u>	<u>119,230</u>
Traffic Unit Grant				
Current				
Personal services	105,700	105,700	135,136	(29,436)
Operations and maintenance	-	-	1,301	(1,301)
	<u>105,700</u>	<u>105,700</u>	<u>136,437</u>	<u>(30,737)</u>
Judicial center				
Current				
Personal services	683,900	683,900	336,864	347,036
Operations and maintenance	2,900	2,900	1,575	1,325
	<u>686,800</u>	<u>686,800</u>	<u>338,439</u>	<u>348,361</u>

*continued*

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Law Enforcement Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Expenditures (continued)</b>				
Detention center				
Current				
Personal services	2,332,100	2,332,100	1,990,240	341,860
Operations and maintenance	1,726,751	1,726,751	1,610,084	116,667
	<u>4,058,851</u>	<u>4,058,851</u>	<u>3,600,324</u>	<u>458,527</u>
School District SRO's				
Current				
Personal services	349,700	349,700	352,772	(3,072)
Operations and maintenance	-	-	-	-
	<u>349,700</u>	<u>349,700</u>	<u>352,772</u>	<u>(3,072)</u>
State SRO's				
Current				
Personal services	552,400	552,400	574,265	(21,865)
Operations and maintenance	-	-	1,470	(1,470)
Capital outlay	-	425,129	419,689	5,440
	<u>552,400</u>	<u>977,529</u>	<u>995,424</u>	<u>(17,895)</u>
Animal control				
Current				
Personal services	117,100	117,100	120,736	(3,636)
Operations and maintenance	121,500	121,500	121,688	(188)
	<u>238,600</u>	<u>238,600</u>	<u>242,424</u>	<u>(3,824)</u>
<b>Total Expenditures</b>	<b>\$ 14,760,000</b>	<b>\$ 15,382,018</b>	<b>\$ 14,346,244</b>	<b>\$ 1,035,774</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>442,000</b>	<b>252,154</b>	<b>1,887,925</b>	<b>1,755,771</b>
<b>Other Financing Sources (Uses)</b>				
Installment Purchases	-	-	44,008	44,008
Proceeds from sale of assets	50,000	50,000	643	(49,357)
Transfers in	2,335,000	2,335,000	2,335,000	-
Transfers out	(2,927,000)	(2,927,000)	(2,927,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(542,000)</b>	<b>(542,000)</b>	<b>(547,349)</b>	<b>(5,349)</b>
<b>Net Change in Fund Balance</b>	<b>(100,000)</b>	<b>(289,846)</b>	<b>1,340,576</b>	<b>1,750,422</b>
Fund Balance - Beginning of Year	1,126,600	1,126,600	1,126,600	-
<b>Fund Balance - End of Year</b>	<b>\$ 1,026,600</b>	<b>\$ 836,754</b>	<b>\$ 2,467,176</b>	<b>\$ 1,750,422</b>

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Debt Service (Installment Purchases) Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual**

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 1,758,400	\$ 1,758,400	\$ 1,867,744	\$ 109,344
Fees, licenses and permits	500	500	393	(107)
Use of money and property	1,100	1,100	68,979	67,879
<b>Total Revenues</b>	<b>\$ 1,760,000</b>	<b>\$ 1,760,000</b>	<b>\$ 1,937,116</b>	<b>\$ 177,116</b>
<b>Expenditures</b>				
General government				
Nondepartmental				
Current				
Operations and maintenance	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Debt service				
Principal	1,439,000	1,439,000	1,310,534	128,466
Interest	71,000	71,000	270,801	(199,801)
	<u>1,760,000</u>	<u>1,760,000</u>	<u>1,581,335</u>	<u>178,665</u>
<b>Total Expenditures</b>	<b>\$ 1,760,000</b>	<b>\$ 1,760,000</b>	<b>\$ 1,581,335</b>	<b>\$ 178,665</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>355,781</b>	<b>355,781</b>
Fund Balance - Beginning of Year	1,281,296	1,281,296	1,281,296	-
<b>Fund Balance - End of Year</b>	<b>\$ 1,281,296</b>	<b>\$ 1,281,296</b>	<b>\$ 1,637,077</b>	<b>\$ 355,781</b>

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**Debt Service (Bonds) Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 5,401,500	\$ 5,401,500	\$ 6,054,511	\$ 653,011
Fees, licenses and permits	1,411,000	1,411,000	1,162,317	(248,683)
Use of money and property	13,000	13,000	393,710	380,710
<b>Total Revenues</b>	<b>\$ 6,825,500</b>	<b>\$ 6,825,500</b>	<b>\$ 7,610,538</b>	<b>\$ 785,038</b>
<b>Expenditures</b>				
General government				
Nondepartmental				
Current				
Operations and maintenance	\$ 80,450	\$ 80,450	\$ -	\$ 80,450
Debt service				
Principal	4,523,000	4,523,000	4,523,000	-
Interest	1,809,050	1,809,050	1,809,042	8
Debt Issuance Cost	-	-	-	-
Fiscal charges	17,500	17,500	12,900	4,600
	<u>6,349,550</u>	<u>6,349,550</u>	<u>6,344,942</u>	<u>85,058</u>
<b>Total Expenditures</b>	<b>\$ 6,430,000</b>	<b>\$ 6,430,000</b>	<b>\$ 6,344,942</b>	<b>\$ 85,058</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>395,500</b>	<b>395,500</b>	<b>1,265,596</b>	<b>870,096</b>
<b>Other Financing Sources (Uses)</b>				
Bond proceeds	-	-	-	-
Payment to escrow agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<b>395,500</b>	<b>395,500</b>	<b>1,265,596</b>	<b>870,096</b>
Fund Balance - Beginning of Year	8,327,465	8,327,465	8,327,465	-
<b>Fund Balance - End of Year</b>	<b>\$ 8,722,965</b>	<b>\$ 8,722,965</b>	<b>\$ 9,593,061</b>	<b>\$ 870,096</b>

**COUNTY OF GEORGETOWN, SOUTH CAROLINA**

**American Rescue Plan Act of 2021 Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Results	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 248,551	\$ 248,551
Grants	-	-	1,796,440	1,796,440
Other	-	-	104,494	104,494
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,149,485</b>	<b>\$ 2,149,485</b>
<b>Expenditures</b>				
Public safety				
Nondepartmental				
Current				
Personal services	\$ -	\$ 753,023	\$ 500,000	\$ 253,023
Operations and maintenance	-	1,251,545	515,816	735,729
Capital outlay	-	5,605,058	780,624	4,824,434
	-	7,609,626	1,796,440	5,813,186
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ 7,609,626</b>	<b>\$ 1,796,440</b>	<b>\$ 5,813,186</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>(7,609,626)</b>	<b>353,045</b>	<b>7,962,671</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	-	-	84,500	84,500
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>84,500</b>	<b>84,500</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(7,609,626)</b>	<b>437,545</b>	<b>8,047,171</b>
Fund Balance - Beginning of Year	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ (7,609,626)</b>	<b>\$ 437,545</b>	<b>\$ 7,962,671</b>

# **COUNTY OF GEORGETOWN, SOUTH CAROLINA**

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## **Notes to Required Supplementary Information**

June 30, 2023

### **Note - Budgets and Budgetary Accounting**

County Council utilizes the following procedures in establishing the data reflected in the budgetary schedules:

- Prior to May 1, the County Administrator submits to County Council proposed annual budgets for the fiscal year commencing July 1. The budgets include proposed expenditure appropriations and the means for funding them.
- Public hearings are conducted to obtain taxpayer input.
- Prior to June 30, the budgets are legally enacted through passage of an ordinance after three readings.
- During the year, Council is provided with interim financial reports, which include budgetary comparisons and variances.
- The County Administrator is authorized by ordinance to transfer budget amounts between departments within any fund; however, any revisions that would alter total budgeted amounts of any fund must be approved by County Council through formal budget ordinance amendments. Thus, the "legal level of control" is at the fund level.
- The County accounting and reporting software employs budgetary integration to facilitate management control during the year. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles for governments.
- Appropriations lapse at the end of each fiscal year; however, capital encumbrances at year-end are routinely provided for in the following year through supplemental appropriation.

### **Note 2 - Supplemental Appropriations**

For the year ended June 30, 2023, supplemental funds were appropriated for expenditure in the amount of \$778,093 in the General Fund, in the amount of \$198,846 in the Law Enforcement Fund and \$7,609,626 in the American Rescue Plan Act Fund.

### **Note 3 – Budgetary Comparison Schedule**

An annual appropriated budget is not adopted for the Public Works Grant Funds or Capital Improvement Plan Funds reported as a major fund in the basic financial statements.

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**APPENDIX B**

**FORMS OF BASE LEASE, PURCHASE AND USE AGREEMENT AND TRUST AGREEMENT**

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BASE LEASE AND CONVEYANCE AGREEMENT

between

GEORGETOWN COUNTY, SOUTH CAROLINA  
as lessor

and

SCAGO PUBLIC FACILITIES CORPORATION FOR  
GEORGETOWN COUNTY  
as lessee

Dated February 28, 2024

All rights, title and interest of SCAGO Public Facilities Corporation for Georgetown County in this Base Lease and Conveyance Agreement have been assigned to Regions Bank, as Trustee (the "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 February 28, 2024 (the "Base Lease") made and entered into by and between Georgetown County, South Carolina, a political subdivision of the State of South Carolina (the "County"), as lessor, and SCAGO Public Facilities Corporation for Georgetown County, a nonprofit corporation duly organized under the laws of the State of South Carolina (the "Corporation"), as lessee,

WITNESSETH

WHEREAS, the Corporation is a nonprofit corporation formed under the provisions of Title 33, Chapter 31 of Code of Laws of South Carolina 1976, as amended; and

WHEREAS, the County is a political subdivision of the State of South Carolina (the "State") and is authorized under the provisions of Section 4-9-30, Code of Laws of South Carolina 1976, as amended (the "Act"), to enter into this Base Lease; and

WHEREAS, the County desires to lease the 2024 Real Property and convey the Conveyed Improvements (as such terms are defined herein) to the Corporation so that the Corporation may provide funds for the acquisition, construction and equipping of the 2024 Projects (as defined herein), which 2024 Projects, together with certain improvements (including the Conveyed Improvements), fixtures and personal property located on the 2024 Real Property, are defined herein as the "2024 Facilities" and are to be sold to the County under the terms of an Installment Purchase and Use Agreement dated of even date herewith (the "Purchase and Use Agreement") between the Corporation and the County; and

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 (the "Trustee") pursuant to the terms of a Trust Agreement dated of even date herewith (the "Trust Agreement"), between the Corporation and the Trustee, in order to secure and provide a source of payment for the Bonds (as described in the Trust Agreement); and

WHEREAS, the County desires to enter into this Base Lease in order 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:

"2024 Facilities" has the meaning in the Purchase and Use Agreement.

"2024 Real Property" means the real property described in Exhibit A hereto, as the same may be amended, modified or supplemented from time to time pursuant hereto.

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"Act" means Section 4-9-30, Code of Laws of South Carolina 1976, as amended.

"Additional Real Property" means any real property in addition to the 2024 Real Property that is or will become the site of Additional Facilities (as defined in the Trust Agreement) and made subject to this Base Lease.

"Base Lease" means this Base Lease and Conveyance Agreement dated of even date herewith, between the County and the Corporation, as the same may be amended, modified or supplemented from time to time.

"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) June 1, 2053, or (ii) the date on which the Series 2024 Bonds are discharged within the meaning of paragraph (d) under Section 3.18 of the Trust Agreement.

"Conveyed Improvements" means those certain improvements presently existing on the 2024 Real Property, as described in Exhibit B hereto, as the same may be amended to include those certain improvements existing on real property (including Additional Real Property) which becomes 2024 Real Property in the future, at the time of such amendment.

"Corporation" means SCAGO Public Facilities Corporation for Georgetown County, 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 perform all duties of the Corporation Representative.

"Council" means the County Council of Georgetown 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 the Georgetown County, South Carolina.

"Event of Default" means (a) with respect to the Purchase and Use Agreement, any Event of Default as defined in Section 8.1 of the 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.

"Fiscal Year" means the 12-month period adopted by the County as its fiscal year for financial reporting purposes. Currently, such Fiscal Year for the County begins on July 1 of each year.

"Installment Payments" means those payments required to be made by the County by Sections 4.1, 4.2 and 4.4 of the Purchase and Use Agreement.

(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 2024 Real Property and the 2024 Facilities 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 and is the fee owner of the 2024 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 2024 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 defray the cost of acquisition, construction and equipping of the 2024 Projects and to pay certain costs of issuance related to the Series 2024 Bonds, the Corporation has entered into the Trust Agreement simultaneously with the execution hereof, pursuant to which Trust Agreement it is issuing the Series 2024 Bonds payable from and secured by the Installment Payments under the Purchase and Use Agreement.

"Ordinance" means the Ordinance enacted by the Council on September 12, 2023, authorizing the County's execution and delivery of this Base Lease and the Purchase and Use Agreement and approval of the Trust Agreement.

"Purchase and Use Agreement" shall mean the Installment Purchase and Use Agreement dated of even date herewith between the Corporation and the County, as the same may be amended, modified or supplemented from time to time.

"Series 2024 Bonds" means \$61,620,000 principal amount SCAGO Public Facilities Corporation for Georgetown County Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024.

"State" means the State of South Carolina.

"Trust Agreement" means the Trust Agreement dated of even date herewith by and between the Corporation and the Trustee, as the same may be amended, modified or supplemented from time to time.

"Trust Estate" means the Trust Estate described in the Granting Clauses of the Trust Agreement.

"Trustee" means Regions Bank, a banking 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 political subdivision of the State.

(b) The conveyance of title to the Conveyed Improvements and the demise and lease of the 2024 Real Property by the County to the Corporation, as provided in this Base Lease, in order to allow the Corporation to sell the 2024 Facilities to the County pursuant to the Purchase and Use Agreement has been undertaken to enable the County to provide or improve suitable public facilities in the County.

(c) The 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.

## ARTICLE III LEASE OF THE 2024 REAL PROPERTY AND CONVEYANCE OF IMPROVEMENTS

**SECTION 3.1. Transfer of Conveyed Improvements and Lease of the 2024 Real Property.** The County hereby demises and leases to the Corporation and the Corporation hereby leases from the County the 2024 Real Property for a Base Lease term which ends on the expiration of 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 Exhibit A to this Base Lease, from time to time, to specifically reference any Additional Real Property (including Additional Real Property) owned or acquired by the County which may become subject to this Base Lease, by execution of a Supplement to Base Lease and Conveyance Agreement, in substantially the form of Exhibit C attached hereto.

**SECTION 3.2. Purchase of the 2024 Facilities.** Pursuant to the terms of the Purchase and Use Agreement, the Corporation will convey title to the 2024 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 2024 Real Property or the 2024 Facilities or any portion thereof or (c) remove, modify or alter the 2024 Real Property or the 2024 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 2024 Real Property to the Corporation hereunder, the Corporation agrees (a) to pay to the County an annual Base Lease Rent of One Dollar per year and (b) to fulfill its obligations with respect to the 2024 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 2024 Real Property and the 2024 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 the Purchase and Use Agreement and there has not occurred an Event of Nonappropriation that has not been waived by the Corporation or the Trustee, 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 2024 Real Property for their intended purposes. Such instruments may include a termination of this Base Lease with respect to such portion of the 2024 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 2024 Real Property affected thereby will not be impaired or hampered thereby; (b) access to 2024 Real Property for ingress and egress will be adequate for the purposes for which the 2024 Real Property is intended to be used; and (c) the value of the 2024 Real Property to the County will not be significantly diminished thereby.

The Corporation may also terminate this Base Lease with respect to any portion of the 2024 Real Property deemed excess or unneeded for the continued operation of the 2024 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 2024 Facilities and related facilities and the portion of the 2024 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 2024 Real Property will be adequate for the continued operation of the 2024 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 2024 Real Property for ingress and egress; and (d) a certification from the County that the portion of the 2024 Real Property being released from the provisions hereof is excess to or unneeded for the continued operation of the 2024 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 terminate this Base Lease with respect to any portion of the 2024 Real Property and release its interest in such portion to the County, if the remaining 2024 Real Property subject to this Base Lease (and accompanying 2024 Facilities owned or deemed owned by the Corporation pursuant to the Purchase and Use Agreement) have an insured value in excess of 100% of the outstanding principal amount of the Bonds, upon receipt by the Corporation of the following: (a) a plat showing the location of the 2024 Facilities and related facilities and the portion of the 2024 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 2024 Real Property will be adequate for the continued operation of the 2024 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 2024 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 2024 Real Property (including the 2024 Real Property to be released) and 2024 Facilities and demonstrating that the insured values of the 2024 Real Property and 2024 Facilities, after termination of such released portion of the 2024 Real Property contemplated hereby, will be in excess of 100% of the outstanding principal amount of the Bonds.

With respect to any particular item of 2024 Real Property, the County may substitute another item of 2024 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 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.

#### ARTICLE IV TERMINATION

##### 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 2024 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 2024 Facilities pursuant to Section 2.4 of the Purchase and Use Agreement, this Base Lease shall be terminated with respect to that portion of the 2024

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However, in the event of any default by the Corporation hereunder, the County may maintain an action, if permitted in equity, for specific performance.

**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 2024 Real Property and the 2024 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 2024 Facilities.

**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 2024 Real Property, and will not cause, permit or suffer to be caused or permitted waste thereto. At the conclusion of the term hereof, the 2024 Real Property shall be returned to the County, together with the 2024 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 2024 Real Property or the 2024 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 2024 Real Property, the provisions of Article VII of the Purchase and Use Agreement shall be deemed to apply with respect to the 2024 Real Property in like manner as provided therein with respect to 2024 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 2024 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 2024 Real Property, the proceeds of any insurance or condemnation awards allocable to the Corporation's interest in the 2024 Real 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 2024 Bonds and the balance, if any, remaining thereafter to such use as the County may direct.

#### ARTICLE V CONTROL OF 2024 REAL PROPERTY AND 2024 FACILITIES DURING BASE LEASE TERM

**SECTION 5.1. Control of 2024 Real Property and 2024 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 2024 Real Property and the 2024 Facilities and their operation.

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Real Property (the "County Real Property") relating to any County Facilities (as defined in the Purchase and Use Agreement) and the County Real Property shall no longer be subject to this Base Lease and the Corporation shall have no interest therein.

(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 2024 Real Property and that all title and interest in the 2024 Facilities and the 2024 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 2024 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 2024 Real Property (the "Corporation Real Property") relating to the Corporation Facilities (as defined in the Purchase and Use Agreement) 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 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 by the Corporation or any person to whom the Corporation enters into a lease, license or other such agreement providing for occupancy temporary or long-term. Therefore, the County's obligation to provide insurance and pay taxes under the provisions of Section 3.5 hereof shall be limited to the 2024 Real Property and the 2024 Facilities as they existed as of the Partition Date (as defined in the Purchase and Use Agreement) and the Corporation shall provide the County with adequate public liability and comprehensive risk insurance covering any use of the Corporation Facilities, 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 receive a payment for the transfer of its leasehold interest or total rental payments for subleasing that are, after the payment of the Corporation's expenses in connection therewith, including fees and expenses of the Trustee, in excess of the principal amount of the Outstanding Series 2024 Bonds at the time of termination or default and the interest and premium, if any, 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 Corporation, its assigns or its lessee.

**SECTION 4.2. Default by the Corporation.** The County shall not have the right to exclude the Corporation from the 2024 Real Property or the 2024 Facilities or to take possession of the 2024 Real Property or the 2024 Facilities (except pursuant to the Purchase and Use Agreement) or to terminate this Base Lease prior to the termination of the Base Lease Term notwithstanding any default by the Corporation hereunder; except that if, upon exercise of the option to purchase the Corporation's entire interest in the 2024 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 2024 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.

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#### 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, neither the Corporation nor any assignee of the Corporation's interest hereunder nor any sublessee of the Corporation shall operate the 2024 Real Property and the 2024 Facilities for any purpose which is not a civic or public purpose and in compliance with all applicable governmental rules, regulations and orders.

**SECTION 6.2. Covenants Running with the 2024 Real Property.** All covenants, promises, conditions and obligations herein contained or implied by law are covenants running with the 2024 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.

**SECTION 6.4. Severability.** In the event any provision hereof shall be determined to be invalid or unenforceable, 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 Trustee, other than (a) as provided in Section 3.1 hereof, to reference any Additional 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.

**SECTION 6.6. 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 6.7. Applicable Law.** This Base Lease shall be governed by and construed in accordance with the laws of the State.

**SECTION 6.8. 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 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.

[Signature page follows]

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WITNESS the due execution of this Base Lease and Conveyance Agreement effective as of the date first above written.

LESSOR:

GEORGETOWN COUNTY, SOUTH CAROLINA

(SEAL)

WITNESSES:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Chairman, County Council

Attest: \_\_\_\_\_  
Clerk to Council

(SEAL)

WITNESSES:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

LESSEE:

SCAGO PUBLIC FACILITIES CORPORATION FOR GEORGETOWN COUNTY

By: \_\_\_\_\_  
President

Attest: \_\_\_\_\_  
Secretary/Treasurer

Signature Page to Base Lease and Conveyance Agreement

Signature Page to Base Lease and Conveyance Agreement

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF GEORGETOWN )

PROBATE

Personally appeared before me the undersigned witness who on oath says, that (s)he saw the within named SCAGO Public Facilities Corporation for Georgetown County, by its duly authorized President and Secretary/Treasurer, sign, seal and as its act and deed deliver the within Base Lease and Conveyance Agreement, and that (s)he, together with the other witnesses whose signature appears above, witnessed the execution thereof.

\_\_\_\_\_  
Witness

SWORN TO AND SUBSCRIBED BEFORE ME  
this \_\_\_ day of \_\_\_\_\_, 2024.

Printed Name: \_\_\_\_\_  
Notary Public for South Carolina  
My Commission Expires: \_\_\_\_\_

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF GEORGETOWN )

PROBATE

PERSONALLY appeared before me the undersigned witness, who, upon first being duly sworn, deposes and says: that (s)he saw Georgetown County, South Carolina by its duly authorized Chairman of its County Council and Clerk to Council, sign the foregoing Base Lease and Conveyance Agreement, and that (s)he, with the other subscribing witness, witnessed the execution thereof.

\_\_\_\_\_  
Witness

SWORN TO AND SUBSCRIBED BEFORE ME  
this \_\_\_ day of \_\_\_\_\_, 2024.

Printed Name: \_\_\_\_\_  
Notary Public for South Carolina  
My Commission Expires: \_\_\_\_\_

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE 2024 REAL PROPERTY**

All those pieces, parcels or lots of land excluding all improvements located or to be located thereon and being more particularly described as follows:

All that certain piece, parcel or tract of land situate, lying and being in the County of Georgetown, State of South Carolina in Tax District No. 2 containing fifty-nine and fifty-seven hundredths (59.57) acres, and more fully shown on "Subdivision Plat Showing a 59.57 Acre Tract Cut from The Lands of VWDA-USA Timber, LLC, Being a Portion of the Original 'Tan Yard Tract' Surveyed for Georgetown County", dated November 2, 2022, prepared by Parker Land Surveying, LLC, and recorded in the Office of the ROD for Georgetown County on December 7, 2022 in Slide 838 at page 7; said tract of land having such butts, bounds, courses, distances, metes and measures as will more fully appear by reference to the aforesaid plat which is incorporated herein and made a part and parcel hereof.

TMS#02-1009-004-20-00

Being premises conveyed unto Georgetown County, a body politic by deed from VWDA-USA Timber LLC, a Delaware limited liability company dated December 6, 2022 and recorded on December 7, 2022 in Record Book 4450 at page 111 in the Office of the ROD for Georgetown County.

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**EXHIBIT B**

**CONVEYED IMPROVEMENTS**

All existing improvements located on the 2024 Real Property.

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**EXHIBIT C**

**FORM OF SUPPLEMENT TO  
BASE LEASE AND CONVEYANCE AGREEMENT  
(ADDITIONAL REAL PROPERTY)**

THIS SUPPLEMENT TO BASE LEASE AND CONVEYANCE AGREEMENT (this "Supplement") dated February 28, 2024, by and between the Georgetown County, South Carolina, a political subdivision duly existing under the laws of the State of South Carolina, as lessor (the "County"), and SCAGO Public Facilities Corporation for Georgetown County, a South Carolina nonprofit corporation duly organized and existing under the laws of the State of South Carolina, as lessee (the "Corporation").

**WITNESSETH**

WHEREAS, the County and the Corporation have entered into that certain Base Lease and Conveyance Agreement dated February 28, 2024 (the "Base Lease"), and pursuant to Section 3.1(a) thereof, enter into this Supplement for the purposes set forth herein (with all capitalized terms used in this Supplement having the meanings set forth in the Base Lease).

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto hereby agree as follows:

1. Addition of Additional Real Property to 2024 Real Property. The Base Lease is hereby amended to delete Exhibit A attached thereto and replace it in its entirety with Exhibit A-1 attached hereto.

Except as amended herein, the Base Lease shall remain in full force and effect.

47860389 v6

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IN WITNESS WHEREOF, the undersigned have hereunto set forth their hands on the date first written above.

WITNESSES:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CORPORATION:

SCAGO PUBLIC FACILITIES CORPORATION FOR  
GEORGETOWN COUNTY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

COUNTY:

GEORGETOWN COUNTY,  
SOUTH CAROLINA

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

47860389 v6

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**INSTALLMENT PURCHASE AND USE AGREEMENT**

between

**SCAGO PUBLIC FACILITIES CORPORATION FOR  
GEORGETOWN COUNTY**  
as Seller

and

**GEORGETOWN COUNTY, SOUTH CAROLINA**  
as Buyer

**\$61,620,000 Installment Purchase Revenue Bonds  
(Georgetown County Project) Series 2024**

Dated February 28, 2024

All rights, title and interest of SCAGO Public Facilities Corporation for Georgetown County in this Installment Purchase and Use Agreement (with certain exceptions) have been assigned to Regions Bank, as Trustee (the "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

ARTICLE I
DEFINITIONS

This Installment Purchase and Use Agreement dated February 28, 2024 (the "Purchase and Use Agreement"), is made and entered into by and between SCAGO Public Facilities Corporation for Georgetown County (together with its successors and assigns, the "Corporation"), a nonprofit corporation formed under the laws of the State of South Carolina (the "State"), as seller, and Georgetown County, South Carolina (the "County"), a political subdivision organized under the laws of the State, as buyer.

WITNESSETH

WHEREAS, the Corporation is a nonprofit corporation formed under the provisions of Title 33, Chapter 31, Code of Laws of South Carolina 1976, as amended (the "South Carolina Code"); and

WHEREAS, the County is a political subdivision of the State and is authorized under the provisions of Section 4-9-30 of the South Carolina Code (the "Act"), to enter into this Purchase and Use Agreement; and

WHEREAS, the County and the Corporation have heretofore entered into a Base Lease and Conveyance Agreement dated of even date herewith (the "Base Lease"), pursuant to which the County is leasing the 2024 Real Property and conveying the Conveyed Improvements (as such terms are defined in the Base Lease) to the Corporation, so that the Corporation may provide for the acquisition, construction and equipping from the proceeds of the Series 2024 Bonds (as defined herein) of certain new detention facilities (the "2024 Projects"); and

WHEREAS, in order to provide funds to defray costs of the 2024 Projects, the Corporation will provide for the issuance \$61,620,000 of its Installment Purchase Revenue Bond (Georgetown County Project) Series 2024, dated February 28, 2024 (the "Series 2024 Bonds") under and by the terms of a Trust Agreement dated of even date herewith (the "Trust Agreement") by and between the Corporation and Regions Bank, as trustee (the "Trustee"); and

WHEREAS, the County has agreed to make certain payments (the "Installment Payments") for the acquisition of the 2024 Facilities (as defined herein) and, pending such acquisition thereof, shall be entitled to the use and occupancy of the 2024 Real Property and 2024 Facilities hereunder; and

WHEREAS, the rights to receive Installment Payments are being assigned to the Trustee under the Trust Agreement as security and the source of payment for the Series 2024 Bonds;

NOW, THEREFORE, for and in consideration of the undertaking of the Corporation to acquire, improve, construct and equip the 2024 Projects, the undertaking of the County to pay the Installment Payments hereunder, the mutual covenants and agreements of the parties hereto, 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:

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"Bond Fund" means the fund of such name established pursuant to Section 5.3 of the Trust Agreement.

"Bond Proceeds" means the gross proceeds received from the issuance and sale of the Series 2024 Bonds.

"Completion Date" means the date on which the Corporation and the County provide the final requisition to the Trustee pursuant to Section 3.4(b) hereof.

"Conveyed Improvements" means those certain improvements presently existing on the 2024 Real Property, as more particularly described in Exhibit B hereof, as the same may be amended to include those certain improvements existing on real property (including Additional Real Property) which becomes 2024 Real Property in the future, at the time of such amendment.

"Corporation Facilities" means that portion of the 2024 Facilities allocated to the Corporation as the result of a partition under the provisions of Section 2.4 hereof.

"Council" means the County Council of the County, as the governing body of the County, and any successor body.

"County Facilities" means that portion of the 2024 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 Recovery 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 Superfund Amendments and Reauthorization Act of 1986, 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 in Section 8.1 of this Purchase and Use Agreement.

"Event of Nonappropriation" means the County's failure, for any reason, to specifically budget and appropriate moneys that may be lawfully used to pay, or enact 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 Fiscal Year or the County shall have provided written notice of its intention to do the same by June 30 of the previous Fiscal 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 enacted (as applicable), 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 building or other facility (including the main building or buildings) and any related auxiliary buildings comprising the 2024 Facilities, together with the portion of the 2024 Real Property on which such building or other facility is located.

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SECTION 1.1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings provided therein in the Trust Agreement or the Base Lease, as the context would allow. In addition, the following terms shall have the meanings set forth below:

"2024 Facilities" means the Conveyed Improvements and other improvements constructed on the 2024 Real Property and the 2024 Projects, including fixtures and any future additions, modifications and substitutions to any facilities thereon and any personal property financed with the proceeds of the Series 2024 Bonds. The 2024 Facilities shall also mean Additional Facilities, if any, funded with the proceeds of Additional Bonds, but does not include Additional Ancillary Projects.

"2024 Projects" means the acquisition, construction and equipping of new public facilities as described on Exhibit A hereof (including reimbursement thereof to the County), as the same may be amended from time to time.

"2024 Real Property" means the parcel of real property, situated in the County and described in Exhibit B hereof, as the same may be amended, modified or supplemented from time to time pursuant hereto, and upon which the 2024 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 or between any contractor or subcontractor and other person (under which contract the County has rights thereunder) with respect to any of the 2024 Projects to be financed with Bond Proceeds.

"Additional Ancillary Projects" means improvements acquired, developed and constructed with proceeds of Additional Bonds, but not made subject to the Base Lease or this Purchase and Use Agreement.

"Additional Facilities" means any public facilities of the County in addition to the 2024 Facilities proposed to be acquired, improved, renovated or constructed by the Corporation with the proceeds of 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 Real Property" means any real property in addition to the 2024 Real Property that is or will become the site of Additional Facilities.

"Available Sources" means any legally available source being lawfully appropriated by the Council, including but not limited to general fund monies and proceeds of general obligation debt.

"Base Lease" means the Base Lease and Conveyance Agreement dated of even date herewith, between the County and the Corporation, as the same may be amended, modified or supplemented from time to time.

"Base Payments" means that portion of the Installment Payments specified in Section 4.1 hereof as Base Payments.

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"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 seeking 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 policies of insurance required hereby or any condemnation award, or any proceeds resulting from any liquidation of any part of the 2024 Facilities, or any proceeds resulting from any default under, or recovery under performance and payment bonds related to, any Acquisition or Construction Contract relating to the 2024 Projects, 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.

"Partition Consultant" means a person, firm or corporation, who or which is experienced in public finance and in the valuation of public facilities and is not a full-time employee of 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 easements and rights-of-way, restrictions and exceptions which does not interfere with or impair the use of the 2024 Real Property or the 2024 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.

"Project Fund" means the fund of such name established pursuant to Section 5.2 of the Trust Agreement.

"Purchase and Use Agreement" means this Installment Purchase and Use Agreement dated February 28, 2024, between the Corporation and the County, as the same may be amended, modified or supplemented from time to time.

"Purchase Option Price" means an amount equal to the amount required to defease or otherwise discharge all Series 2024 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.

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"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 2024 Bonds.

"Series 2024 Bond" or "Series 2024 Bonds" means any or all of \$61,620,000 of the Corporation's Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024, dated of even date herewith, authorized by and secured under the Trust Agreement.

"State" means the State of South Carolina.

"Trust Agreement" means the Trust Agreement dated of even date herewith, between the Corporation and the Trustee, as the same may be amended, modified or supplemented from time to time.

"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 earlier of (i) the next following December 1 or (ii) 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 Supplemental Agreement (as defined in 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.

**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 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 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 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 is a political subdivision within the meaning of Section 103(c)(1) of the Code.

(c) The County will take such action as is necessary to assure that the 2024 Projects are completed, furnished and occupied by the County. In the event the amounts available from the proceeds from the Series 2024 Bonds appear to be insufficient for such purpose, the County will use its best efforts to take one or more of the following steps: (i) cooperate with the Corporation to make such modifications or changes in the 2024 Projects as will allow the cost thereof to be funded within the amount available from such Bond Proceeds; (ii) make arrangements with the Corporation for the sale of Additional Bonds; or (iii) provide for the payment of such costs from other sources legally available to the County.

(d) The County will take such action as is necessary to ensure that the proceeds of the Series 2024 Bonds are applied as set forth in the Trust Agreement.

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(j) 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 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.

(k) The use and the operation of the 2024 Real Property and the 2024 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 2024 Real Property and the 2024 Facilities including, without limitation, Environmental Laws. The County will operate or will cause to be operated the 2024 Real Property and the 2024 Facilities in compliance with the requirements of all such laws, ordinances, rules and regulations, including, without limitation, Environmental Laws. The County further covenants and agrees 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 2024 Real Property and the 2024 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 2024 Real Property and the 2024 Facilities, including building and zoning codes and ordinances (collectively, the "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 Trustee and the County commences and uses its diligent efforts to cause compliance with such Legal Requirements, as long as the failure to comply and conform does not subject the 2024 Real Property and the 2024 Facilities to any material danger of being forfeited or lost as a result thereof. The County possesses or will possess, and the County hereby agrees to maintain and obtain in the future, all necessary licenses and permits, or rights thereto, to operate the 2024 Facilities as proposed to be operated, and all such licenses, permits or other approvals required in connection with the operation of the 2024 Facilities have been duly obtained and are in full force and effect except for any such licenses, permits or other approvals that are not yet required and that will be duly obtained not later than the time required or the failure to obtain which will not materially and adversely affect the operation of the 2024 Facilities. The County covenants and agrees to do all things necessary to preserve and keep in full force and effect its franchises, rights, powers and privileges as the same relate to the 2024 Facilities.

(l) The County has approved the creation, existence, governance, purposes and activities of the Corporation and the issuance by the Corporation of the Series 2024 Bonds.

(m) The County has not terminated any lease, lease-purchase agreement or installment purchase agreement by nonappropriation.

(n) 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.

(o) To its 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 2024 Real Property other than in material compliance at all times with all applicable Environmental Laws.

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(e) Except as provided in the last paragraph under Section 2.1 hereof, no portion of the 2024 Facilities will be used in the trade or business of a person who is not a "political subdivision" within the meaning of Section 103(c)(1) of the Code, without the written approval of Bond Counsel.

(f) The amounts, if any, spent by the County from its own funds to pay costs of the acquisition, improvement and construction of the 2024 Projects for which it intends to reimburse itself from Bond Proceeds were not expended more than 60 days prior to the date of the enactment by the Council of an ordinance authorizing the financing of the 2024 Projects, and expressing the intent to enter into this Purchase and Use Agreement, except with respect to certain preliminary expenditures for architectural, engineering, surveying, soil testing and similar costs. No site preparation or similar costs incident to the commencement of construction were incurred prior to 60 days prior to the date of enactment of an ordinance by the Council relating to the issuance of the Series 2024 Bonds.

(g) Except as disclosed in the Official Statement for the Series 2024 Bonds, there are no proceedings pending or, to the knowledge of the County, threatened in writing against the County, 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.

(h) The execution and delivery of this Purchase and Use Agreement and the Base Lease (collectively, the "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:

(i) 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 reasonably be expected to 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 material respect, 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.

(i) 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.

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**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.

(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, the Trust Agreement and each of the Acquisition and Construction Contracts to which it is or will be a party.

(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 indebtedness of the Corporation, or any material 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 each of the Acquisition and Construction Contracts to which it is or will be a party has been duly executed and delivered by the Corporation and constitutes 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 for the Series 2024 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) In order to finance the 2024 Projects and for such other purposes contemplated hereby and by the Trust Agreement, the Corporation will enter into the Trust Agreement pursuant to which it will issue the Series 2024 Bonds payable from and secured by the Installment Payments under this Purchase and Use Agreement.

(j) The Board of Directors of the Corporation are appointed by South Carolina Association of Governmental Organizations, a South Carolina nonprofit public benefit corporation ("SCAGO"). By letter dated February 22, 2004, SCAGO was determined by the Internal Revenue Service to be an exempt organization within the meaning of Section 501(c)(3) of the Code and not a private foundation under

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Section 509(a) of the Code. The activities of the Corporation hereunder are not unrelated to the charitable purpose of SCAGO described to the Internal Revenue Service in its application for recognition of its exempt status. By letter dated August 10, 2010, the Corporation was determined by the Internal Revenue Service to be 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. The activities of the Corporation hereunder are not unrelated to the charitable purpose of the Corporation described to the Internal Revenue Service in its application for recognition of its exempt status.

**ARTICLE II  
INSTALLMENT SALE OF 2024 FACILITIES; USE OF 2024 REAL PROPERTY AND 2024  
FACILITIES AND TERM HEREOF**

**SECTION 2.1. Installment Sale of 2024 Facilities; Use of 2024 Real Property and 2024 Facilities; Term.** The Corporation hereby agrees to sell the 2024 Facilities to the County in accordance with the provisions hereof. On the date hereof, the Corporation has a valid leasehold interest in the 2024 Real Property and holds fee title to all remaining portions of the 2024 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 2024 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.

Any prepayment of Base Payments which is used to redeem the Series 2024 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 2024 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 2024 Real Property and the 2024 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 June 1, 2043.

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 2024 Real Property and the 2024 Facilities subject to the following limitations: (i) no agreement may be for a term in excess of one year; (ii) the 2024 Real Property and the 2024 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 relating to the Series 2024 Bonds 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 2024 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) June 1, 2043, which date constitutes the last day of the term hereof, or such later date as all Installment Payments due hereunder shall be paid.

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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 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 provision.

**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 the Trustee, with the advice of counsel, the County and the Corporation shall proceed to partition the 2024 Facilities so that the percentage of undivided interests in the title to the 2024 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 gives such written direction shall be the "Partition Date".

**Division of 2024 Facilities.** 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 2024 Facilities or, in the event the County and the Corporation notify the Trustee in writing that they are unable to agree on a proposed division or they have not proposed a division of the 2024 Facilities within the time period provided by the previous sentence, the Trustee and the Partition Consultant, if selected, shall propose a division of the 2024 Facilities within a reasonable time after the Partition Date. In all events, Trustee may, with the advice of counsel, select a Partition Consultant to assist, consult with and make recommendations to the Trustee in the division of the 2024 Facilities. The Trustee and the Partition Consultant, if selected, shall endeavor, to the extent practicable, to allocate the 2024 Facilities between the County and the Corporation 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 Corporation; (2) if portions of the 2024 Facilities and Facilities Components will be assigned to each of the Corporation and the County, the Trustee and the Partition Consultant, if selected, and upon consultation with the Holders of a majority in principal amount of the Bonds, shall propose such partition as will, in the aggregate, best protect the interests of the Holders (subject to the provisions of this Section 2.4); and (3) the deletion, reduction or release (without exchange or substitution) of any Released Property pursuant to Section 5.1(c) hereof or pursuant to the last two paragraphs of Section 3.6 of the Base Lease shall be taken into account for purposes of determining the portions of the 2024 Facilities to be allocated between the Corporation and the County.

**Valuation of Facilities Components and 2024 Facilities.** For purposes of any partition, the 2024 Facilities will be valued based on insured values at the time of partition, although the percentage of the 2024 Facilities being purchased on an annual basis is set forth on Exhibit D hereof, subject to adjustment as stated on Exhibit D. In allocating the 2024 Facilities to the percentage of undivided interests in the entire 2024 Facilities to be conveyed to the County or retained by the Corporation, such insured values (at time of partition) and percentages set forth on Exhibit D 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 and the Partition Consultant, if selected, are unable to devise a partition that results in complete Facilities 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 property 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 and the Partition Consultant, if selected, as the proper charge for use of the Corporation's interest in such Facilities Component (the "Corporation Partial Facilities Component"); (ii) purchase the Corporation's interest in such Corporation Partial Facilities Component by the payment of the amount determined by the Trustee and the Partition Consultant, if selected; or (iii) cede 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 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 the Trustee and the Partition Consultant, if selected, shall set a payment 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 and the Partition Consultant, if selected, shall make a report regarding the division of the 2024 Facilities as soon as practicable after the Partition Date. In the discretion of the Trustee 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 2024 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 2024 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.

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ARTICLE III  
THE 2024 PROJECTS; FINANCING

**SECTION 3.1. Purchase and Installation or Construction of the 2024 Projects.** The Corporation and the County acknowledge that the County will be responsible for any and all 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 2024 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 2024 Facilities and all such machinery, equipment and other tangible personal property not acquired nor financed from Bond Proceeds will remain the sole property of the County.

**SECTION 3.2. Administration of Acquisition and Construction Contracts.** The County shall be responsible for preparing, administering, amending and enforcing the Acquisition and Construction Contracts to be entered into with respect to the 2024 Projects and the 2024 Real Property 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 2024 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.**

(a) The balance of the Bond Proceeds (net of any Underwriter's discount) shall be deposited by the Trustee into the Project Fund. Thereafter, disbursements from the Project Fund shall be made for costs of the 2024 Projects, to pay the Base Lease Rent to the County and for such other purposes contemplated by Section 5.3 of the Trust Agreement.

(b) As provided in Section 5.3(c) of the Trust Agreement, the final requisition from the Project Fund shall contain, among other things, a certification by the Corporation and the County stating that the 2024 Projects have been substantially completed in accordance with the applicable Acquisition and Construction Contracts and other terms and conditions of the Purchase and Use Agreement and the 2024 Projects comply in all material respects with all applicable governmental regulations. Upon receipt of such final requisition, the Trustee shall apply any balance then remaining in the Project Fund in the manner provided in Section 5.4 of the Trust Agreement. As used in this paragraph, "substantial completion" of the 2024 Projects shall mean completion such that a certificate of occupancy could be issued notwithstanding the fact that certain minor items of work remain to be done.

**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 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 such remedies 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

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ARTICLE IV  
INSTALLMENT PAYMENTS; ASSIGNMENT TO TRUSTEE

**SECTION 4.1. Installment Payments.**

(a) **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 are dependent upon lawful appropriations of funds being made from Available Sources by the 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, funds, moneys or credit of the County.

(b) **Payment of Base Payments.** Subject to an Event of Nonappropriation as described in Section 4.7 hereof, on or before the 20th day of the month 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, Base Payments (exclusively from Available Sources specifically budgeted and appropriated for such purpose in lawful money of the United States of America), which payments shall be made to the Trustee as assignee of this Purchase and Use Agreement, in the amounts set forth on Exhibit E hereto; provided that nothing herein shall constitute a pledge of the Available Sources, general tax revenues, funds, moneys 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 2024 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 2024 Real Property and the 2024 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 any Supplemental Agreement (as defined in the Trust Agreement) of a transfer from a subaccount of the Reserve Account established for a particular series of Bonds (as defined in the Trust Agreement) to the applicable subaccount of the Facilities Purchase Account, within the period of time specified in such Supplemental 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 a Supplemental 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 such Supplemental 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

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 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 steps 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.

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 2024 Projects are provided in the same manner as would be applicable to any contracts of the County. The Net Proceeds of any insurance policies required by this section 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 not previously reimbursed to the County or the Corporation for actions taken by the County or the Corporation to restore damaged portions of the 2024 Facilities to a condition necessary to secure the 2024 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.

Corporation pursuant to or contemplated by repurchase, forward delivery or other investment agreements which are Permitted Investments under the Trust Agreement;

- (v) Amounts required to pay premiums on insurance for the 2024 Real Property or the 2024 Facilities if such amounts are not paid directly by the County to the applicable insurer;
- (vi) Amounts owed to a bond insurer (if any) as provided for in the Trust Agreement; 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 2024 Real Property and the 2024 Facilities, (ii) for the discharge of mechanic's and other liens relating to the 2024 Real Property and the 2024 Facilities, (iii) to obtain and maintain insurance for the 2024 Real Property and the 2024 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 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 2024 Bonds to the extent such amounts will be used to make payments on the Series 2024 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.

(e) **Continuation of Term by County.** The County has no reason to believe, as of the date hereof, that it will not continue making Installment Payments through the entire term of this Purchase and Use Agreement, and reasonably believes that it will pay the Installment Payments due or coming due hereunder in order to continue to use the 2024 Real Property and the 2024 Facilities. The County presently intends to maintain its capacity to issue general obligation debt that does not require voter approval, in amounts and at times, together with other Available Sources, sufficient to make Base Payments when due; provided, however, that the County makes no representation or warranty as to its ability to issue general obligation debt in the future. 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 2024 Real Property and the 2024 Facilities and the use of the 2024 Real Property and the 2024 Facilities which do not constitute Base Payments, or other obligations relating to the 2024

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Real Property and the 2024 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 2024 Real Property and the 2024 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, it has retained responsibility for the payment of taxes and insurance on the 2024 Real Property and the 2024 Facilities and the property associated therewith and the obligations of the County under the Base Lease are not subject to the limitations of Section 4.6 hereof.

(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 2024 Real Property and the 2024 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 2024 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 2024 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 under, 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 2024 Bonds as provided in Section 4.1(a) of the Trust Agreement or the purchase of Series 2024 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 2024 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 (i) 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 Series 2024 Bonds, (ii) 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 (iii) any reasonable expenses, including Administrative Fees and 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 Installment Purchase and Use Agreement, Manner of Payment.** As security for and the source of payment of the Series 2024 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 and

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its right of possession, occupancy, and use under this Purchase and Use Agreement, and in such event the Corporation hereby agrees to cooperate fully with the County and to take all action necessary to effect the substitution of the County for the Corporation in any such action or proceeding if the County shall so request. It is the intention of the parties that the payments required by this Purchase and Use Agreement will be paid in full when due without any delay or diminution whatsoever, SUBJECT ONLY TO THE SPECIAL AND LIMITED NATURE OF THE COUNTY'S OBLIGATION TO PAY INSTALLMENT PAYMENTS HEREUNDER AS SET FORTH ABOVE.

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.

**SECTION 4.7. Event of Nonappropriation.** The County shall promptly notify the Corporation and the Trustee of the occurrence of any Event of Nonappropriation (but in no event later than three business days after the occurrence thereof). Upon the occurrence of an Event of Nonappropriation, the following provisions shall apply:

(a) If the County delivers official, specific written notice to the Corporation and the Trustee that it will not appropriate funds from any Available Source in the next succeeding Fiscal Year for payment of Installment Payments, 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.

(b) 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.

(c) Subject to Article VIII hereof and the provisions of subsection (d) hereof, the Corporation, with the prior written consent of at least 25% in principal amount of the Holders, 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 of the Holders of the Bonds; for the avoidance of doubt, the Trustee shall be entitled to rely upon advice of its counsel or the direction of the Holders of a majority in aggregate principal amount of the Bonds then outstanding.

(d) 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 sufficient to pay Installment Payments coming due hereunder for such Fiscal Year that may be lawfully used to make such payment.

If an Event of Nonappropriation occurs and is not waived, the County shall not be deemed to be in default under this Purchase and Use Agreement and shall not be obligated to make payment of any future Installment Payments 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 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.

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covenants to fully perform, in timely fashion, all of its covenants, agreements and obligations under this Purchase and Use Agreement, and to make all payments required by the County 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. Limited and 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, the County agrees to peaceful delivery of that portion of the 2024 Facilities to be retained by the Corporation or its assigns as provided in Section 2.4 hereof.

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 herein, 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, 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 unforeseen 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 2024 Real Property and the 2024 Facilities, failure of the Corporation to complete the acquisition, construction or installation of the 2024 Projects, failure of the County to occupy or to use the 2024 Facilities as contemplated in this Purchase and Use Agreement or otherwise, any change or delay in the time of availability of the 2024 Real Property and the 2024 Facilities, any acts or circumstances which may impair or preclude the use or possession of the 2024 Real Property and the 2024 Facilities, any defect in the title, design, operation, merchantability, fitness, or condition of the 2024 Real Property and the 2024 Facilities or in the suitability of the 2024 Facilities for the County's purposes or needs, failure of consideration, the invalidity of any provision of this Purchase and Use Agreement, any acts or circumstances that may constitute an eviction or constructive eviction, destruction of or damage to the 2024 Real Property and the 2024 Facilities, the taking by eminent domain of title to or the use of all or any part of the 2024 Real Property and the 2024 Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or in the rules or regulations of any governmental authority, or any failure of the Corporation to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Purchase and Use Agreement. Nothing contained in this paragraph shall be construed to release the Corporation from the performance of any of the agreements on its part herein contained. In the event the Corporation should fail to perform any such agreement on its part, the County may institute such action against the Corporation as the County may deem necessary to compel performance so long as such action does not abrogate the County's obligations under this Purchase and Use Agreement. The County may, however, at its own cost and expense and in its own name or in the name of the Corporation, prosecute or defend any action or proceeding or take any other action involving third persons which the County deems necessary in order to secure or protect

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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 paragraph 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 Series 2024 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 specifically budget and appropriate sufficient moneys to pay, or enact an ordinance authorizing the issuance of general obligation bonds for the purpose of paying, the Installment Payments hereunder, 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 2024 Facilities as provided in Section 8.2 of this Purchase and Use Agreement, provided, however, that the 2024 Facilities shall always be operated for a civic or a public purpose as provided in Section 46.1 of the Base Lease. 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 expenses in connection therewith, including attorneys' and other fees and expenses of the Trustee, and all other amounts which are payable hereunder, in excess of the principal amount of the Outstanding Series 2024 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.

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**ARTICLE V  
COVENANTS OF THE COUNTY**

**SECTION 5.1. Maintenance and Operation of 2024 Real Property and the 2024 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 2024 Real Property and the 2024 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 2024 Real Property and the 2024 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 2024 Real Property and the 2024 Facilities may be properly and advantageously conducted. This covenant shall not prevent the County from discontinuing operation of the 2024 Real Property and the 2024 Facilities at any time.

(b) Except as otherwise provided in this Section 5.1 and Section 2.1 hereof and the Base Lease, prior to payment of the Series 2024 Bonds in full, the County shall not sell, transfer, lease, sublease or otherwise dispose of all or any portion of the 2024 Real Property and the 2024 Facilities, or its interests under this Purchase and Use Agreement, except to another political subdivision 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.

(c) Notwithstanding any other provision hereof to the contrary, the County may provide for the exchange of any asset comprising the 2024 Facilities, including the portion of the 2024 Real Property related thereto (the "Released Facility"), for another County facility and the real estate on which such facility (the "Exchange Facility") is located, or the deletion or modification of any Released Facility from the definition of "2024 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 as a public facility or otherwise), (B) after taking into account the deletion, modification or exchange of the Released Facility, the insured value of the 2024 Facilities owned by or allocated to the Corporation shall be 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; and (iii) the Trustee receives an opinion of Bond Counsel to the effect that the proposed exchange, deletion or modification will not adversely affect the federal income tax treatment of interest paid to the Holders of the Series 2024 Bonds. The Corporation and/or the County hereby agrees to 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 Moody's and S&P, if then rating the Bonds.

(d) Tracts of the 2024 Real Property or portions thereof may be released or substituted from time to time pursuant to the provisions of Section 3.6 of the Base Lease. Upon the release or substitution of any tract of the 2024 Real Property or portion thereof from the Base Lease, such 2024 Real Property shall also be released from or substituted under the provisions of this Purchase and Use Agreement, and Exhibit B shall be amended to reflect such release or substitution. The requirements of subsections (b) and (c)

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**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 2024 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, director, officer, employee or agent of the Corporation or the Trustee alleging personal liability on the part of such person. 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.** With respect to the 2024 Real Property and the 2024 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.

**SECTION 5.7. [Reserved]**

**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 2024 Real Property and the 2024 Facilities; Removals.** The County, in its discretion and at its expense, may remodel or make such additions, modifications and improvements to the 2024 Real Property and the 2024 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 2024 Real Property and the 2024 Facilities.

In this connection, the County may remove any items of personal property constituting a part of the 2024 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 2024 Facilities.

In the case of any removal as provided above or any removal of County property not constituting 2024 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 Certificate attached hereto as Exhibit F (the "Disclosure Certificate"). In the event of a failure

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above shall not apply to the release of any tract of the 2024 Real Property pursuant to the provisions of Section 3.6 of the Base Lease.

(e) The Base Lease may be amended from time to time as provided therein to provide for the lease by the County to the Corporation of any After Acquired Property and Additional Real Property acquired or made available by the County after the date of the Base Lease and this Purchase and Use Agreement. Upon the lease of such After Acquired Property or Additional Real Property by the County to the Corporation pursuant to the Base Lease, Exhibits A and B hereto shall be amended to include such After Acquired Property or Additional Real Property and identify any Permitted Encumbrances related thereto.

**SECTION 5.2. Liens on 2024 Real Property or 2024 Facilities.** The County shall not create, incur or suffer to exist any lien, charge or encumbrance on the 2024 Real Property or the 2024 Facilities or its rights under this Purchase and Use Agreement other than any Permitted Encumbrance.

**SECTION 5.3. Representations and Covenants Regarding Tax Exempt Status of Series 2024 Bonds.**

(a) Neither the Corporation nor the County shall take any action (including but not limited to any use of the 2024 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 2024 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 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 2024 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 2024 Bonds which would cause the Series 2024 Bonds 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 2024 Bonds.

(c) The County shall take all actions necessary on its part to enable compliance with the rebate 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 2024 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 for the Series 2024 Bonds.

(d) The County will accept title to the 2024 Facilities upon the discharge of the Series 2024 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 2024 Real Property and the 2024 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 may reasonably request.

(b) The Corporation shall give the Trustee prompt notice of any failure of the County to make the payments required to be made pursuant to Section 4.1(b) when due.

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by the County or any dissemination agent appointed thereby to comply with any provisions of the Disclosure Certificate, the rights of the Holders of the Series 2024 Bonds to enforce the provisions of the Disclosure Certificate shall be limited solely to a right, by action in mandamus or specific performance, to compel performance of the parties' obligations under the Disclosure Certificate.

Any failure by a party to perform in accordance with the Disclosure Certificate shall not constitute a default on the Series 2024 Bonds or under any other document relating to the Series 2024 Bonds, and all rights and remedies shall be limited to those expressly stated in the Disclosure Certificate.

The County hereby covenants, so long as required pursuant to Section 11-1-85 of the South Carolina Code, to file with a central repository for availability in the secondary bond market an annual independent audit within 30 days of its receipt and event-specific information within 30 days of an event adversely affecting more than five percent of tax revenues or the County's tax base.

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**ARTICLE VI  
INSURANCE**

**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 malicious mischief insurance on the 2024 Real Property and the 2024 Facilities with such deductible provisions as are consistent with similar insurance obtained by the County with respect to other property owned by it. Such insurance shall (1) name the Corporation, the County 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 (2) be in an amount at least equal to the replacement value of the 2024 Real Property and the 2024 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 nature.

(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 limits of not less than \$800,000 per occurrence and not less than \$1,000,000 in the aggregate for claims made in any one year on account of injury of any one person, and \$250,000 for property damage per occurrence with an aggregate property damage limitation of not less than \$500,000, 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.

(d) All policies of insurance required hereunder shall be written by the South Carolina Association of Counties Insurance Trust, 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 any companies rated not lower than "A" by A. M. Best Company or in one of the two highest rating categories by S&P or Moody's, 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 and the Trustee 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 and the Trustee 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 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.

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**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.

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**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 2024 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 2024 Real Property, the 2024 Facilities or any portion thereof or the estate of the County or the Corporation in the 2024 Real Property, the 2024 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 2024 Real Property, the 2024 Facilities or any portion thereof shall become apparent, or (iv) title to or the use of all or any portion of the 2024 Real Property or the 2024 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.

**SECTION 7.2. Obligation to Repair or Replace the 2024 Real Property and the 2024 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 hereof, as the case may be, hereof prior to the Completion Date or, after the Completion Date, in a separate trust fund designated as the "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 2024 Real Property or the 2024 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. 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; and 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. 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 2024 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 2024 Real Property or the 2024 Facilities referred to above, 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 2024 Real Property and the 2024 Facilities.** If, as a result of the occurrence of an event described in Section 7.1 hereof, (a) any part of the 2024 Real Property or the 2024 Facilities is totally destroyed or is damaged to such an extent that the rebuilding or repairing of such part of the 2024 Facilities would be impracticable, (b) there is discovered a material defect in the construction of the 2024 Facilities or any portion thereof that renders the 2024 Real Property, the 2024 Facilities or such portion unusable by the County for its intended purposes, (c) all or substantially all of the 2024 Real Property or the 2024 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 2024 Real Property or the 2024 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. 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 Series 2024 Bonds 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 2024 Real Property or the 2024 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 2024 Real Property or the 2024 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 Series 2024 Bonds, the Series 2024 Bonds shall be redeemed, title to all the 2024 Facilities shall be transferred to the County and any amounts not required for the redemption of the Series 2024 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 2024 Real Property, the 2024 Facilities or any portion thereof and in the enforcement of all warranties relating to the 2024 Real Property or the 2024 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 2024 Real Property, the 2024 Facilities or any portion thereof without the written consent of the County and the Trustee.

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**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); or

(b) failure by the County to timely comply with the provisions of Section 2.4 hereof relating to partition and vacating of 2024 Facilities at the times required; or

(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; or

(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; or

(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; or

(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); or

(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 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.

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 IV 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.** 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 may terminate the term of this Purchase and Use Agreement and shall give notice to the County to vacate the Corporation Facilities within 31 days from

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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 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 and the Trustee shall continue as though no such proceeding had been taken.

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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, 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 2024 Real Property and the 2024 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, or at the direction of the Holders of the majority in aggregate principal amount of the Outstanding Bonds and, upon being indemnified as provided in Section 6.2(j) of the Trust Agreement, shall, without any further demand or notice, and subject to the terms of the Base Lease, including without limitation, the provisions in Section 4.1 of the Base Lease which provide that the Corporation Facilities shall always be operated for a civic or public purpose, take one or both of the following additional remedial steps:

(i) The Trustee may liquidate its interest in this Purchase and Use Agreement or sell or assign its interest in the Base Lease; or

(ii) The Trustee may 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.

Notwithstanding anything in this Purchase and Use Agreement to the contrary, (1) in the event of a termination of the County's interest in any portion of the 2024 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, 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

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**ARTICLE IX  
CONVEYANCE OF THE 2024 FACILITIES**

**SECTION 9.1. Optional Purchase of the 2024 Facilities.**

(a) Purchase in Full. The County is hereby granted the option to terminate this Purchase and Use Agreement and to purchase the Corporation's interest in the 2024 Facilities not theretofore acquired by the County at any time upon payment by the County of the then applicable Purchase Option Price; 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 2024 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 for such prepayment or such other assurance thereof as may be acceptable to the Trustee. Upon the payment of the Purchase Option Price, the Corporation shall transfer and convey all its remaining interest in the 2024 Facilities to the County in the manner provided in Section 9.2 hereof.

(b) Partial Prepayment of Installment Payments and Purchase. From and after June 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 2024 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 2024 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 2024 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:

(i) 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) Partial Conveyance Resulting from Partition. 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:

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(i) 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.

Neither the Trustee nor the Corporation shall be responsible for the recordation of any deed or other instrument for such purposes.

(c) Partial Conveyance Resulting from Prepayment. Any conveyance resulting from a partial prepayment under Section 9.1(b) hereof shall be made in the manner as all other conveyances with respect 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, 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 such 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 2024 Facilities as are determined under Section 2.4 hereof to be Corporation Facilities together with the related portion of the 2024 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:

If to the County:

Georgetown County, South Carolina  
Attn: County Administrator  
Post Office Box 421270  
Georgetown, South Carolina 29442-1270

If to the Corporation:

SCAGO Public Facilities Corporation for Georgetown County  
Post Office Box 7391  
Columbia, South Carolina 29202  
(with copy to the County as described above)

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If to the Trustee:

Regions Bank  
1180 W. Peachtree St., Suite 1200  
Atlanta, Georgia 30309  
Attention: Corporate Trust Department

Duplicate copies of each notice, request, complaint, demand or other instrument or document given hereunder by the Corporation 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 addition, the Trustee shall accept all communications from the Corporation or the County pursuant to electronic means and/or facsimile transmission in addition to notices sent by mail, if sent according to previously authorized means.

**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 other party hereto and the written consent of the Trustee. 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 hereof and this Purchase and Use Agreement shall be construed as if such provision had never been contained herein.

**SECTION 10.6. Amendments.** The County and the Corporation may, with the prior consent of the Trustee pursuant to Section 11.1 of the Trust Agreement, 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; or
- (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 2024 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 Moody's or Standard and Poor's as a condition to rating the 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, enter into any amendments hereto at any time and from

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time to time (i) to add additional property (including Additional Real Property) to the description of the 2024 Real Property described in Exhibit B 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 2024 Real Property in connection with a release or substitution (as applicable) of other 2024 Real Property, (iii) to release property from the description of the 2024 Real Property described in Exhibit B 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 Exhibit C 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 2024 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 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 of South Carolina.

**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.

[Signature pages to follow]

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WITNESS the due execution of this Purchase and Use Agreement effective as of the date first above written.

(SEAL) GEORGETOWN COUNTY, SOUTH CAROLINA

WITNESSES:

By: \_\_\_\_\_  
Chairman, County Council  
Attest: \_\_\_\_\_  
Clerk to Council

(SEAL)

SCAGO PUBLIC FACILITIES CORPORATION FOR GEORGETOWN COUNTY

WITNESSES:

By: \_\_\_\_\_  
President  
Attest: \_\_\_\_\_  
Secretary/Treasurer

Signature Page to Installment Purchase and Use Agreement

Signature Page to Installment Purchase and Use Agreement

STATE OF SOUTH CAROLINA )  
 ) PROBATE  
COUNTY OF GEORGETOWN )

PERSONALLY appeared before me the undersigned witness, who, on oath says that (s)he saw Georgetown County, South Carolina, by its duly authorized Chairman of its County Council and Clerk to Council, sign, seal and as its act and deed, deliver the foregoing Installment Purchase and Use Agreement and that (s)he together with the other witness subscribed above, witnessed the execution thereof.

\_\_\_\_\_  
Witness

SWORN TO AND SUBSCRIBED BEFORE ME  
this \_\_\_ day of \_\_\_\_\_, 2024

Printed Name: \_\_\_\_\_  
Notary Public for South Carolina  
My Commission Expires: \_\_\_\_\_

STATE OF SOUTH CAROLINA )  
 ) PROBATE  
COUNTY OF GEORGETOWN )

PERSONALLY appeared before me the undersigned witness, who, on oath says that (s)he saw SCAGO Public Facilities Corporation for Georgetown County by its duly authorized President and Secretary/Treasurer, sign, seal and as its act and deed, deliver the foregoing Installment Purchase and Use Agreement, and that (s)he together with the other witnesses subscribed above, witnessed the execution thereof.

\_\_\_\_\_  
Witness

SWORN TO AND SUBSCRIBED BEFORE ME  
this \_\_\_ day of \_\_\_\_\_, 2024

Printed Name: \_\_\_\_\_  
Notary Public for South Carolina  
My Commission Expires: \_\_\_\_\_

**EXHIBIT A**

**DESCRIPTION OF THE 2024 PROJECTS**

The proceeds of the Series 2024 Bonds are expected to be applied to defray the costs of the following projects:

<u>2024 Projects</u>	<u>Cost</u>
New Detention Center and Related Facilities	\$66,000,000.00

Note: All construction amounts are estimated.

**EXHIBIT B**

**LEGAL DESCRIPTION OF THE 2024 REAL PROPERTY**

All those pieces, parcels or lots of land excluding all improvements located or to be located thereon and being more particularly described as follows:

All that certain piece, parcel or tract of land situate, lying and being in the County of Georgetown, State of South Carolina in Tax District No. 2 containing fifty-nine and fifty-seven hundredths (59.57) acres, and more fully shown on "Subdivision Plat Showing a 59.57 Acre Tract Cut from The Lands of VWDA-USA Timber, LLC, Being a Portion of the Original 'Tan Yard Tract' Surveyed for Georgetown County", dated November 2, 2022, prepared by Parker Land Surveying, LLC, and recorded in the Office of the ROD for Georgetown County on December 7, 2022 in Slide 838 at page 7; said tract of land having such butts, bounds, courses, distances, metes and measures as will more fully appear by reference to the aforesaid plat which is incorporated herein and made a part and parcel hereof.

TMS#02-1009-004-20-00

Being premises conveyed unto Georgetown County, a body politic by deed from VWDA-USA Timber LLC, a Delaware limited liability company dated December 6, 2022 and recorded on December 7, 2022 in Record Book 4450 at page 111 in the Office of the ROD for Georgetown County.

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**EXHIBIT B-1**

**CONVEYED IMPROVEMENTS**

All existing improvements located on the 2024 Real Property.

**EXHIBIT C**

**PERMITTED ENCUMBRANCES**

- Easement granted by West Virginia Pulp and Paper Company to Georgetown County dated February 18, 1937 and recorded in Deed Book W-2 at page 79.
- Right of Way to International Paper Co., as recorded in Deed Book 15 at Page 136, recorded in Georgetown County.
- Easement granted by West Virginia Pulp and Paper Company to the South Carolina Public Service Authority dated February 16, 1961 and recorded in Deed Book 43 at page 450 in the Office of the ROD for Georgetown County.
- Possible easement granted by West Virginia Pulp and Paper Company to the South Carolina Public Service Authority dated July 14, 1967 and recorded in Deed Book 78 at page 351 in the Office of the ROD for Georgetown County.
- Easement granted by Clif E. Rankin and Frank J. Tyson to Georgetown County, South Carolina dated February 9, 1937 and recorded in Deed Book W-2 at page 78, in the Office of the ROD for Georgetown County.
- Easement granted by Westvaco Corporation to the Georgetown County Water and Sewer District dated April 19, 1995 and recorded in Deed Book 639 at page 165, in the Office of the ROD for Georgetown County.
- Easement granted by Westvaco Corporation to Gary M. Plyler and Anne M. Plyler by conveyance found in deed dated June 6, 1994 and recorded on June 17, 1994 in Deed Book 578 at page 101.
- Possible Pipeline Easement and Right-of-way between West Virginia Pulp and Paper Company and Rural Community Water District of Georgetown County dated November 15, 1996 and recorded in the Office of the Clerk of Court for Georgetown County in Deed Book 75 at page 477.
- Jurisdiction and authority vested in the U. S. Army Corps of Engineers and other Governmental Agencies to regulate activities in any portion of the subject premises being classified as "Wetlands".
- Any portion of the premises lying at or below the mean high water mark of International Paper Canal as shown on plat recorded in Slide 838 at page 7.
- Matters as set forth in deed from Copper Station Holdings, LLC to VWDA-USA Timber, LLC dated January 21, 2021 and recorded on February 5, 2021 in Record Book 4021 at page 233, Office of the ROD for Georgetown County.
- Matters as set forth in deed from VWDA-USA Timber LLC, a Delaware limited liability company to Georgetown County, a body politic, dated December 6, 2022 and recorded on December 7, 2022 in Record Book 4450 at page 111 in the Office of the ROD for Georgetown County.
- All matters as shown on plat identified as "Subdivision Plat Showing a 59.57 Acre Tract Cut From the Lands of VDDA-USA Timber, LLC, Being a Portion of the Original "Tan Yard Tract" Surveyed for Georgetown County" prepared by Parker Land Surveying, LLC and recorded on December 7, 2022 in Slide 838 at page 7, in the Office of the ROD for Georgetown County.

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EXHIBIT D

VALUATION OF 2024 FACILITIES AND PERCENTAGES THEREOF PURCHASED FROM BASE PAYMENTS

Name	Assigned Value as of Execution Date of this Purchase and Use Agreement*
New Detention Center and Related Facilities	\$66,000,000.00

  

Payment Date	Base Payments Allocated to Purchase Price	Percentage of 2024 Facilities Purchased*	Payment Date	Base Payments Allocated to Purchase Price	Percentage of 2024 Facilities Purchased*
2/28/24	--	0.00%	12/1/33	\$1,016,275.00	44.31%
6/1/24	\$3,331,348.33	3.42	6/1/34	4,506,275.00	48.94
12/1/24	1,399,525.00	4.86	12/1/34	929,025.00	49.89
6/1/25	1,929,525.00	6.85	6/1/35	4,589,025.00	54.61
12/1/25	1,386,275.00	8.27	12/1/35	837,525.00	55.47
6/1/26	1,946,275.00	10.27	6/1/36	4,682,525.00	60.28
12/1/26	1,372,275.00	11.68	12/1/36	741,400.00	61.05
6/1/27	1,962,275.00	13.70	6/1/37	4,776,400.00	65.95
12/1/27	1,357,525.00	15.09	12/1/37	640,525.00	66.61
6/1/28	1,982,525.00	17.13	6/1/38	4,880,525.00	71.63
12/1/28	1,341,900.00	18.51	12/1/38	534,525.00	72.18
6/1/29	1,996,900.00	20.56	6/1/39	4,984,525.00	77.30
12/1/29	1,325,525.00	21.93	12/1/39	423,275.00	77.74
6/1/30	4,195,525.00	26.24	6/1/40	5,098,275.00	82.98
12/1/30	1,253,775.00	27.53	12/1/40	306,400.00	83.29
6/1/31	4,268,775.00	31.91	6/1/41	5,211,400.00	88.65
12/1/31	1,178,400.00	33.13	12/1/41	208,300.00	88.86
6/1/32	4,343,400.00	37.59	6/1/42	5,313,300.00	94.32
12/1/32	1,099,275.00	38.72	12/1/42	106,200.00	94.43
6/1/33	4,419,275.00	43.26	6/1/43	5,416,200.00	100.00

\* Assuming completion of 2024 Projects as of date of execution and delivery of this Purchase and Use Agreement. After the Completion Date, the assigned values of the 2024 Facilities and the percentages thereof being purchased shall be recalculated based upon final construction costs of the 2024 Facilities.

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EXHIBIT E

BASE PAYMENTS SCHEDULE

Year	May 20	November 20
2024	\$3,331,348.33	\$1,399,525.00
2025	1,929,525.00	1,386,275.00
2026	1,946,275.00	1,372,275.00
2027	1,962,275.00	1,357,525.00
2028	1,982,525.00	1,341,900.00
2029	1,996,900.00	1,325,525.00
2030	4,195,525.00	1,253,775.00
2031	4,268,775.00	1,178,400.00
2032	4,343,400.00	1,099,275.00
2033	4,419,275.00	1,016,275.00
2034	4,506,275.00	929,025.00
2035	4,589,025.00	837,525.00
2036	4,682,525.00	741,400.00
2037	4,776,400.00	640,525.00
2038	4,880,525.00	534,525.00
2039	4,984,525.00	423,275.00
2040	5,098,275.00	306,400.00
2041	5,211,400.00	208,300.00
2042	5,313,300.00	106,200.00
2043	5,416,200.00	--

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EXHIBIT F

DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Georgetown County, South Carolina (the "County"). Pursuant to the Installment Purchase and Use Agreement dated of even date herewith between the County and SCAGO Public Facilities Corporation for Georgetown County (the "Issuer"), the County has covenanted to provide the information required by the Rule (as defined herein) as an Obligated Person (as defined in the Rule) in connection with the issuance of the Issuer's Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024 (the "Bonds") dated of even date herewith.

In connection therewith, the County covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the County for the benefit of the holders and in order to assist the Participating Underwriter (defined below) in complying with the Rule (defined below).

**SECTION 2. Definitions.** The following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

"Financial Obligation" is defined by the Rule as and for purposes of this Disclosure Certificate shall mean (1) a debt obligation, (2) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (3) a guarantee of either of the foregoing; provided, however, that a "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean for purposes of the Rule the Electronic Municipal Market Access (EMMA) system created by the Municipal Securities Rulemaking Board.

"Official Statement" shall mean that Official Statement prepared in connection with the \$61,620,000 SCAGO Public Facilities Corporation for Georgetown County Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024.

"Participating Underwriter" shall mean J.P. Morgan Securities LLC and any other original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the National Repository and each State Depository, if any.

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

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"State Depository" shall mean any public or private repository or entity designated by the State of South Carolina as a state depository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Depository.

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to provide, not later than February 1 of each year, commencing in 2025, to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to such date, the County shall provide the Annual Report to the Dissemination Agent, if other than the County; provided, that if the audited financial statements required pursuant to Section 4 hereof to be included in the Annual Report are not available for inclusion in the Annual Report as of such date, unaudited financial statements of the County may be included in such Annual Report in lieu thereof, and the County shall replace such unaudited financial statements with audited financial statements within fifteen (15) days after such audited financial statements become available for distribution. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report.

(b) If the County is unable to provide to the Repository an Annual Report by the date required in subsection (a), the County shall send a notice to the Repository in substantially the form attached hereto as *Exhibit A*.

(c) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the name and address of the Repository; and

(2) if the Dissemination Agent is other than the County, file a report with the County and (if the Dissemination Agent is not the Registrar) the Registrar certifying whether the Annual Report has been provided pursuant to this Disclosure Certificate, and, if provided, stating the date it was provided to the Repository.

**SECTION 4. Content of Annual Reports.** The County's Annual Report shall contain or incorporate by reference the following:

(a) The County's most recent audited financial statements, which shall be prepared in conformity with generally accepted accounting principles (or, if not in such conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information) applicable to governmental entities such as the County; and

(b) Updates of the financial information and operating data of the County contained in the charts and/or tables in the Official Statement under the headings for the most recently completed fiscal year: "DEBT STRUCTURE—Outstanding Indebtedness" and "TAX INFORMATION—Assessed Value of Taxable Property in the County," "—Estimated Assessed and True Value of All Taxable Property in the County," "—Tax Collections," and "—Ten Largest Taxpayers."

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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 with the Repository. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so incorporated by reference.

**SECTION 5. Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events (the "Listed Events") with respect to the Bond:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders;
- (8) Bond calls;
- (9) Tender offers;
- (10) Defeasances;
- (11) Release, substitution, or sale of property securing repayment of the securities;
- (12) Rating changes;
- (13) Bankruptcy, insolvency, receivership or similar event of the County;
- (14) 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 such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (15) Appointment of a successor or additional trustee or the change of name of a trustee;
- (16) Incurrence of a Financial Obligation of the County; 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 security holders; and
- (17) 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.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsections (a)(2), (7), (8), (11), (14), (15) or (16) above, the County shall as soon as possible determine if such event would be material under applicable federal securities laws. If the County determines that knowledge of the occurrence of such event would be material under applicable federal securities laws, the County shall promptly, and no later than 10 business days after the occurrence of the event, file a notice of such occurrence with the Repository.

(c) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsections (a)(1), (3), (4), (5), (6), (9), (10), (12), (13) or (17) above, the County shall promptly, and no

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**SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.** This Section 11 shall apply if the County District is not the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

**SECTION 12. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter, and holders from time to time of the Bonds, and shall create no rights in any other person or entity.

GEORGETOWN COUNTY, SOUTH CAROLINA

By: \_\_\_\_\_  
County Administrator

Dated: \_\_\_\_\_, 2024

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later than 10 business days after the occurrence of the event, file a notice of such occurrence with the Repository.

(d) Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8), (9), and (10) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds. For the purposes of the event identified in (a)(13) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County 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 County, 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 County.

**SECTION 6. Termination of Reporting Obligation.** The County's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

**SECTION 7. Dissemination Agent.** The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the County.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the County, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

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

**SECTION 10. Default.** In the event of a failure of the County, or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any beneficial owner may take such actions as may be necessary and appropriate, including seeking injunctive relief or specific performance by court order, to cause the County, or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the County, or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

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EXHIBIT A

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Obligated Person:	Georgetown County, South Carolina
Name of Bond Issue:	\$61,620,000 SCAGO Public Facilities Corporation for Georgetown County Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024
Date of Issuance:	February 28, 2024

NOTICE IS HEREBY GIVEN that Georgetown County, South Carolina (the "County") has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4 of the Continuing Disclosure Certificate executed and delivered by the County. The County anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

GEORGETOWN COUNTY, SOUTH CAROLINA

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(This Index is not a part of the Trust Agreement but rather is for convenience of reference only)

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TRUST AGREEMENT

between

SCAGO PUBLIC FACILITIES CORPORATION  
 FOR GEORGETOWN COUNTY

and

REGIONS BANK,  
 as Trustee

\$61,620,000  
 SCAGO Public Facilities Corporation for Georgetown County  
 Installment Purchase Revenue Bonds  
 (Georgetown County Project) Series 2024

Dated February 28, 2024

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**TRUST AGREEMENT**

This TRUST AGREEMENT dated February 28, 2024 (the "Trust Agreement") is made by and between SCAGO PUBLIC FACILITIES CORPORATION FOR GEORGETOWN COUNTY (the "Corporation"), a nonprofit corporation organized and existing under the laws of the State of South Carolina, and REGIONS BANK, as trustee (the "Trustee"), a state banking corporation duly organized and validly existing under the laws of the State of Alabama, with a corporate trust office located in Atlanta, Georgia.

**WITNESSETH:**

WHEREAS, Georgetown County, South Carolina (the "County") is simultaneously herewith entering into a Base Lease and Conveyance Agreement dated of even date herewith (the "Base Lease") with the Corporation, pursuant to which it has leased and will lease certain real property as more particularly described in Exhibit A attached to the Base Lease, as such Exhibit A may be amended from time to time (the "2024 Real Property"), and has conveyed or will convey the Conveyed Improvements (as defined in the Base Lease) described on Exhibit B attached to the Base Lease, to the Corporation; and

WHEREAS, the Corporation is simultaneously herewith entering into an Installment Purchase and Use Agreement dated of even date herewith (the "Purchase and Use Agreement") with the County pursuant to which (1) the Corporation has agreed to make certain improvements comprising the 2024 Projects (as defined herein), which 2024 Projects will be located on the 2024 Real Property (the 2024 Projects are hereinafter included in the definition of 2024 Facilities as defined in the Purchase and Use Agreement), and (2) the County has agreed to purchase the 2024 Facilities from the Corporation under the provisions of the Purchase and Use Agreement in consideration for which the County will be entitled to occupy the 2024 Facilities pending completion of the payment therefor; and

WHEREAS, the Corporation desires to issue its \$61,620,000 principal amount Installment Purchase Revenue Bonds (Georgetown County Project), Series 2024 (the "Series 2024 Bonds") pursuant to this Trust Agreement, in order to provide funds to defray the costs of acquisition, construction and equipping of the 2024 Projects and pay certain costs of issuance related to the Series 2024 Bonds; and

WHEREAS, the Corporation desires to enter into this Trust Agreement in order to issue the Series 2024 Bonds and prescribe the terms and conditions thereof and the security therefor, and to provide for the issuance of one or more series of Additional Bonds (the "Additional Bonds" and, together with the Series 2024 Bonds, the "Bonds") to be secured under the terms hereof on a parity with the Series 2024 Bonds; and

WHEREAS, the Bonds are and will be secured by this Trust Agreement, 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 herein to be performed on their respective parts; and

WHEREAS, as the source of payment and security for the Bonds, the rights of the Corporation (except for the hereinafter defined Reserved Rights) under the Purchase and Use Agreement including certain of the payments to be made by the County under the Purchase and Use Agreement are being assigned to the Trustee hereunder; and

WHEREAS, the Trustee has accepted the trusts created by this Trust Agreement, and in evidence thereof has joined in the execution hereof;

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 its successors in trust and assigns, all of the following described collateral, whether presently owned or subsequently acquired by the Corporation (the "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 (the "Reserved Rights").

**Granting Clause Second**

All of the Corporation's right, title, and interest in and to the 2024 Facilities, the Purchase and Use Agreement (except for the Reserved Rights), the Base Lease and the property rights evidenced thereby in the 2024 Real Property, including all of 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 2024 Real Property, and from and in connection with the Corporation's ownership of the 2024 Facilities, including, without limiting the generality of the foregoing, rents and revenues under any and all leases of the 2024 Real Property or the 2024 Facilities or any agreement for the operation or management of the 2024 Real Property or the 2024 Facilities, and (b) all leases of all or part of the 2024 Facilities or the 2024 Real Property 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 other contracts, licenses, and permits now or hereafter affecting the 2024 Facilities, the 2024 Real Property or any part thereof.

**Granting Clause Third**

All of the Corporation's rights with respect to any contracts for the construction or acquisition of the 2024 Projects, including without limitation the Acquisition and Construction Contracts (as defined in the Purchase and Use Agreement); any insurance or condemnation proceeds with respect to the 2024 Facilities, the 2024 Real Property 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 (including Other Funds and Accounts) created pursuant to this Trust Agreement (except such funds and 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 hereof, and subject to the Bonds provided for herein and the Purchase and Use Agreement, except as provided otherwise herein, for the equal and proportionate benefit, security and protection of all present 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 (as defined herein) 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 shall have 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 shall have 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 shall have been kept, performed and observed and there shall have 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 other and with each and all Holders, as follows:

**ARTICLE I  
DEFINITIONS**

**SECTION 1.1. Definitions.** Capitalized terms not otherwise defined herein shall have the meanings provided therefor in the Purchase and Use Agreement or the Base Lease, as the context would allow. In addition, the following terms shall have the meanings set forth below:

"2024 Facilities" shall have the meaning set forth in the Purchase and Use Agreement.

"2024 Facilities Purchase Sub-Account" means the subaccount by that name established in the Facilities Purchase Account of the Bond Fund.

"2024 Real Property" shall have the meaning set forth in the Recitals hereof.

"Additional Ancillary Projects" means improvements acquired, developed and constructed with proceeds of Additional Bonds, but not made subject to the Base Lease or the Purchase and Use Agreement.

"Additional Bonds" means any Bonds issued pursuant to this Trust Agreement after the issuance of the Series 2024 Bonds and secured by the Trust Estate on a parity with the Series 2024 Bonds under the terms of this Trust Agreement.

"Additional Facilities" means any public facilities of the County in addition to the 2024 Facilities proposed to be acquired, constructed or improved by the Corporation with the proceeds of Additional Bonds and made subject to the Purchase and Use Agreement and the Base Lease.

"Additional Payments" shall have the meaning set forth in the Purchase and Use Agreement.

"Additional Real Property" means any real property in addition to the 2024 Real Property that is or will become the site of Additional Facilities.

"Administrative Fee" means any program or other similar fees (including but not limited to annual facilities review fees) charged by the program administrator of the South Carolina Association of Government Organizations or any other reasonable fees and expenses of the Corporation or the Trustee (including legal fees and expenses), in each case in connection with the Bonds, this Trust Agreement, the Purchase and Use Agreement or the Base Lease.

"Authorized Financial Representative" means such person designated by the Corporation and the County as being authorized to act as the Corporation's agent 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 may be evidenced by a written certificate or letter signed by any officer of the Corporation and the Chair or Vice Chair of the Council or the Administrator of the County 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 the same may be amended, modified or supplemented from time to time.

"Base Payments" shall have the meaning set forth in the Purchase and Use Agreement.

"Beneficial Owner" means any purchaser who acquires a beneficial ownership interest in an Initial Bond 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 Initial Bond held by the Securities Depository or its Participants in which a beneficial ownership interest is claimed.

"Bond" or "Bonds" means the Series 2024 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 tax-exempt finance as shall be acceptable to the Trustee.

"Bond Fund" means the Bond Fund established pursuant to Section 5.3 hereof.

"Bond Payment Date" means June 1 and December 1 of each year, on and after June 1, 2024, while there are any unpaid or Outstanding Bonds.

"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 Securities Depository. 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" shall mean 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.

"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" means SCAGO Public Facilities Corporation for Georgetown County, 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.

"Council" means the County Council of the County, 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 Georgetown County, South Carolina.

"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 Chair or Vice Chair of the Council, or by the Administrator of the County. Such certificate may designate an alternate or alternates each of whom shall be entitled to perform all duties of the County Representative.

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(c) non-callable direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury; and

(d) prerefunded municipal bonds which are rated "Aaa" by Moody's or "AAA" by S&P.

"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 2024 Bonds initially issued under the Book-Entry System as provided in Section 3.17 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.

"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.

"Other Funds and Accounts" shall have the meaning set forth in Section 5.3(f) hereof.

"Outstanding" or "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:

(a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment or redemption on or prior to that date;

(b) 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);

(c) 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

(d) 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.

"Permitted Investments" means (a) any one or more of the investments now or hereafter permitted by applicable State law, including but not limited to Sections 6-5-10 or 11-1-60, Code of Laws of South Carolina 1976, as amended and in effect from time to time (with respect to the investment of funds of a political subdivision); and (b) the South Carolina Pooled Investment Fund or similar State administered pool investment fund or as otherwise may be limited pursuant to a Supplemental Agreement; provided, however,

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"Custodian" shall have the meaning set forth in Section 5.2 hereof.

"Defeasance Obligations" means (a) cash; or (b) Permitted Investments that are (1) Government Obligations (provided that, with respect to Government Obligations of agencies, only securities which are fully guaranteed as to the timely payment of principal and interest by the United States of America issued by the following agencies may be eligible: (A) U.S. Export-Import Bank; direct obligations or fully guaranteed certificates of beneficial ownership, (B) Farmers Home Administration: certificates of beneficial ownership; (C) Federal Financing Bank; (D) General Services Administration: participation certificates; (E) U.S. Maritime Administration: guaranteed Title XI financing; (F) U.S. Department of Housing and Urban Development: project notes; (G) Local Authority bonds; (H) New Communities Debentures - U.S. government guaranteed debentures; or (I) U.S. Public Housing notes and bonds - U.S. government guaranteed public housing bonds), or (2) senior lien bonds or debentures issued by any Federal Home Loan Bank or consolidated bonds or debentures issued as senior obligations by the Federal Home Loan Bank Board; or (c) any legally permissible combination of any of the foregoing. Defeasance Obligations must be noncallable.

"Event of Default" means an Event of Default under Section 7.1 hereof.

"Event of Nonappropriation" shall have the meaning set forth 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 5.3 hereof.

"Favorable Opinion of Bond Counsel" means, with respect to any requested action under this Trust Agreement, a written legal opinion of Bond Counsel, addressed to the Corporation, the Trustee and the County, to the effect that such action is authorized or permitted under this Trust Agreement and will not adversely impact the exclusion of interest on the Series 2024 Bonds from gross income for purposes of federal income taxation (subject to customary exceptions).

"Federal Tax Certificate" means the Federal Tax Certificate dated the date of the initial delivery of the Series 2024 Bonds of the County and the Corporation.

"Financed Facilities" shall have the meaning given to such term in Section 3.18 hereof.

"Fiscal Year" shall have the meaning set forth in the Purchase and Use Agreement.

"Government Obligations" means any of the following:

(a) direct obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America;

(b) non-callable U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series - "SLGS"); and

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that for purposes of clarification, Permitted Investments may include the following securities but may also be modified in a Supplemental Agreement with respect to a particular series of Bonds:

(a) Government Obligations, which are also:

(i) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"),

(ii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America,

(iii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or

(iv) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated;

(b) Federal Housing Administration debentures;

(c) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

(i) Federal Home Loan Mortgage Corporation (FHLMC) obligations,

(ii) Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts) - Senior Debt obligations,

(iii) Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) - Consolidated system-wide bonds and note,

(iv) Federal Home Loan Banks (FHL Banks) - Consolidated debt obligations,

(v) Federal National Mortgage Association (FNMA) Senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts),

(vi) Student Loan Marketing Association (SLMA) Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date),

(vii) Financing Corporation (FICO) - Debt obligations, and

(viii) Resolution Funding Corporation (REFCORP) - Debt obligations;

(d) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which at the time of investment are rated "A-1" or better by S&P, including the Trustee or its affiliates;

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(e) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million, including the Trustee or its affiliates;

(f) Commercial paper (having original maturities of not more than 270 days) rated (at the time of purchase) "A-1+" by S&P and "Prime-1" by Moody's;

(g) Money market funds rated (at the time of purchase) "AAm" or "AAm-G" by S&P, or better, including those offered by the Trustee or its affiliates;

(h) State Obligations;

(i) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(i) (A) the municipal obligations are not subject to redemption prior to maturity or (B) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions,

(ii) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations,

(iii) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification"),

(iv) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligation,

(v) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification, and

(vi) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent;

(j) Repurchase agreements with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A-" or "A3" by S&P and Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A-" or "A3" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A-" or "A3" or better by S&P and Moody's, provided that:

(i) The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain, if applicable, an "A-" or "A3" rating in an "A-" or "A3"-rated (as applicable) structured financing (with a market value approach) or, if not applicable, at levels satisfactory to the Corporation;

(ii) The Trustee or a third party acting solely as agent therefor or for the Corporation (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(iii) The repurchase agreement states and an opinion of counsel is rendered at the time such collateral is delivered that, to the extent permitted by law in effect in the State, including the Uniform Commercial Code as adopted by the State (the "UCC"), the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(iv) All other requirements, if any, of S&P or Moody's (as applicable) in respect of repurchase agreements are met; and

(v) The repurchase agreement provides that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P and "A3" by Moody's, as appropriate, the provider must, at the direction of the Corporation or the Trustee, within ten days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Corporation or Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (i) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P or Moody's, respectively;

(k) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline municipal bond insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P or "Aa" by Moody's; provided that, by the terms of the investment agreement:

(i) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on such Series of Bonds;

(ii) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; and the Corporation and the Trustee agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(iii) the investment agreement states that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel states that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(iv) the Corporation or the Trustee receives the opinion of domestic counsel (which opinion is addressed to the Corporation) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Corporation;

(v) the investment agreement provides that if during its term

(A) the provider's rating by either S&P or Moody's falls below "AA-" and "Aa3," as appropriate, the provider will, at its option, within ten days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable State and federal laws (other than by means of entries on the provider's books) to the Corporation, the Trustee or the Holder of the Collateral, collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and

(B) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" and "A3," as appropriate, the provider must, at the direction of the Corporation or the Trustee, within ten days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Corporation or Trustee;

(vi) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that, to the extent permitted by law in effect in the State, including the UCC, the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(vii) the investment agreement must provide that if during its term

(A) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Corporation or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Corporation or Trustee, as appropriate, and

(B) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Corporation or Trustee, as appropriate.

"Person" or words importing "persons" means firms, associations, partnerships (including without limitation, 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 designated office of the Trustee, initially its corporate trust office located in Atlanta, Georgia, at which the Trustee conducts corporate trust business.

"Project Fund" means the account created 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, modified or supplemented from time to time.

"Purchase Option Price" shall have the meaning set forth 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.

"Repair and Replacement Fund" means the Repair and Replacement Fund established pursuant to Section 5.4 hereof.

"Reserve Account" means, with respect to a series of Additional Bonds, the account of such name, if any, within the Bond Fund established pursuant to Section 5.3 hereof.

"Reserve Requirement" means, with respect to a series of Additional Bonds, such reserve requirement (if any) set forth in the Supplemental Agreement authorizing the issuance of such series of Additional Bonds.

"Reserved Rights" means the Corporation's rights pursuant to Sections 4.2, 4.4 and 4.5 of the Purchase and Use Agreement, to receive indemnification and other payments and its right to receive certain notices thereunder.

"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 2024 Facilities, (iii) any monies and investments in the Bond Fund (including the Facilities Purchase Account and the Reserve Account) and the Repair and Replacement Fund, and (iv) all income and profit from the investment of the foregoing moneys.

"S&P" means S&P Global Ratings, 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 Bonds, and to effect transfers of the 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 Bonds shall be registered on the Register during the time such Bonds are held under a Book-Entry System through such Securities Depository.

"Series 2024 Bond" or "Series 2024 Bonds" means \$61,620,000 Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024, of the Corporation; dated of even date herewith, authorized by and secured under this Trust Agreement.

"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.

“State Obligations” means:

(i) direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of such state, subdivision or agency thereof, the unsecured general obligation debt of which is rated “A3” by Moody’s and “A” by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated,

(ii) direct general short-term obligations of any state agency or subdivision or agency thereof described in (i) above and rated “A-1+” by S&P and “MIG-1” by Moody’s, and

(iii) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or other subdivision or political unit thereof, rated “AA” or better by S&P and “Aa” or better by Moody’s.

“Supplemental Agreement” means any agreement supplemental to this Trust Agreement entered into between the Corporation and the Trustee in accordance with Article VIII hereof.

“Trust Agreement” means this Trust Agreement dated February 28, 2024, by and between the Corporation and the Trustee, as the same may be amended, modified or supplemented by any Supplemental Agreement.

“Trust Estate” means the Trust Estate described in the Granting Clauses hereto.

“Trustee” means Regions Bank, or any successor Trustee that may become the Trustee pursuant to the applicable provisions of this Trust Agreement.

“Underwriter” means J.P. Morgan Securities LLC, as Underwriter.

**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 superseded 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.

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the Trustee may exclusively rely on the County to operate the 2024 Facilities and the 2024 Real Property in accordance with all laws, ordinances, rules and regulations, including without limitation, Environmental Laws (as defined in the Purchase and Use Agreement).

(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 2024 Facilities, the 2024 Real Property 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 in order 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 as may be necessary for such protection of the interests of the Holders of the Bonds 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 to preserve 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.

**ARTICLE III  
AUTHORIZATION AND TERMS OF BONDS**

**SECTION 3.1. Principal Amount of Series 2024 Bonds; Designation of Series 2024 Bonds; Conditions to Delivery.**

(a) Pursuant to the provisions of this Trust Agreement, there are hereby authorized to be issued one or more series of revenue bonds of the Corporation. Upon the execution and delivery hereof, there are hereby authorized the Series 2024 Bonds. Any subsequent Bonds issued on a parity with the Series 2024 Bonds shall be designated “SCAGO Public Facilities Corporation for Georgetown County, Installment Purchase [Refunding] Revenue Bonds (Georgetown County Project)” with such further and other designation as may be necessary to identify such series of Additional Bonds and the purposes thereof.

(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 2024 Bonds, the Corporation shall execute and the Trustee shall authenticate and deliver the Series 2024 Bonds to, or to the order of, the Underwriter.

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**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.

**ARTICLE II  
RECITALS AND REPRESENTATIONS**

**SECTION 2.1. Base Lease and Purchase and Use Agreement.** The Corporation and the County are simultaneously herewith entering into (i) the Base Lease under which the County is leasing its interest in the 2024 Real Property, and is conveying its interest in the Conveyed Improvements owned by it, to the Corporation and (ii) the Purchase and Use Agreement under the terms of which the County has arranged with the Corporation for the acquisition and installation, construction and reconstruction, and for the sale to and use and occupancy by the County, of the 2024 Real Property and 2024 Facilities (as applicable).

**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 2024 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 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 Lease 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 UCC. The intent of the Corporation is to provide to the Trustee, to the fullest extent that the Trust Estate now or 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 agrees to prepare, execute (as applicable) and file all initial financing statements necessary to perfect this security interest or other statutory liens held by the Trustee, to the extent required by applicable law, and provide copies of such financing statements to the Trustee. The Trustee shall prepare and file any restatements, extensions, continuations, renewals or amendments thereof for which the Trustee is the secured party, in such form as the Trustee may require to continue the perfection of this security interest or other statutory liens held by the Trustee, to the extent required by applicable law and to the extent the pertinent facts necessitating any such restatements, extensions, continuations, renewals or amendments thereof are known to a responsible office of the Trustee, and the Trustee shall provide copies of any such restatements, extensions, continuations, renewals or amendments so filed to the Corporation. With respect to any of the Trust Estate in which a security interest is not perfected by the filing of a financing statement, the Corporation consents and agrees to undertake, and the Trustee agrees to cooperate fully with the Corporation, to perfect the security interest granted to the Trustee in the Trust Estate. During the term of the Purchase and Use Agreement,

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(c) Before the Trustee authenticates and delivers any of the Series 2024 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 a Corporation Representative, respectively, to authenticate and deliver the Series 2024 Bonds to, or to the order of, the Underwriter, 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) This Trust Agreement;
- (ii) The Base Lease;
- (iii) The Purchase and Use Agreement; and
- (iv) The Federal Tax Certificate.

(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 full faith, credit or taxing power 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 2024 Bonds are authorized for the principal purpose of defraying a portion of the cost of acquisition, construction and equipping of the 2024 Projects and paying certain costs of issuance relating to the Series 2024 Bonds, which proceeds are to be made available through the Project Fund pursuant to the provisions of Section 5.3 hereof and the Purchase and Use Agreement.

**SECTION 3.3. Maturity Schedule; Date; Interest Rates.** The Series 2024 Bonds shall be dated the date hereof, shall mature on June 1 in the years and principal amounts set forth below and shall bear interest (calculated on the basis of a 360-day year consisting of twelve 30-day months) payable on each Bond Payment Date, at the rates set forth below.

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2024	\$2,575,000	5.000%	2034	\$3,490,000	5.000%
2025	530,000	5.000	2035	3,660,000	5.000
2026	560,000	5.000	2036	3,845,000	5.000
2027	590,000	5.000	2037	4,035,000	5.000
2028	625,000	5.000	2038	4,240,000	5.000
2029	655,000	5.000	2039	4,450,000	5.000
2030	2,870,000	5.000	2040	4,675,000	5.000
2031	3,015,000	5.000	2041	4,905,000	4.000
2032	3,165,000	5.000	2042	5,105,000	4.000
2033	3,320,000	5.000	2043	5,310,000	4.000

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### SECTION 3.4. Provisions Relating to Additional Bonds; Conditions for Issuance.

(a) Authorization for Additional Bonds. Additional Bonds may be issued hereunder and secured by the Trust Estate on a parity with the Series 2024 Bonds under the conditions set forth herein.

(b) Purposes for Additional Bonds. Subject to the provisions of applicable law, Additional Bonds may be issued for the purposes of providing funds (i) to refund any of the Series 2024 Bonds or any Additional Bonds theretofore issued, (ii) for the purpose of paying the cost of completing the 2024 Projects, and (iii) for the purpose of paying the cost of Additional Facilities or Additional Ancillary Projects.

(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 due thereunder or otherwise providing for Installment Payments thereunder sufficient 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; (iii) an amendment or supplement to the Base Lease extending the term thereof by at least 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) a Favorable Opinion of Bond Counsel. There shall also be provided to the Trustee certified copies of a resolution adopted by the Board of Directors of the Corporation and an ordinance enacted by the 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 may be issued hereunder if at the time there is an Event of Default or an Event of Nonappropriation unless upon the issuance of such Additional Bonds, no other Bonds will be Outstanding hereunder.

(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 2024 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 later of its date of delivery, or the date to which interest has been paid immediately preceding the authentication date thereof, unless the authentication date thereof is a Bond Payment Date, in which event each such Series 2024 Bond shall bear interest from the earlier of such authentication date or the date to which interest has been paid or, in the event no interest has been paid, from its date of delivery. 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 3.17 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 any Holder in an aggregate principal amount of not less than \$1,000,000 may, by prior written instructions filed with 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 3.17 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 any Holder in an aggregate principal amount of not less than \$1,000,000 may, by prior written instructions filed with 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 States.

(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 determine the amount of Defaulted Interest proposed to be paid on each such Bond and the date of the proposed payment, shall fix a date (a "Special Record Date") for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment, and shall cause notice of the proposed payment 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.

**SECTION 3.6. Denomination; Numbering.** The Series 2024 Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof. The Series 2024 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 2024 Bonds, together with the certificate of authentication and assignment to appear thereon, shall be in substantially the form attached hereto as Exhibit 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 President or Vice President of the Corporation and the same shall be attested by the Secretary/Treasurer of the Corporation or such other 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 signature shall appear on the Bonds shall cease to be such officer before the

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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, maturity and denomination as that mutilated, lost, stolen or destroyed Bond; 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 direct the Trustee to 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 Bonds, the Corporation shall cause books for the registration and transfer of Bonds to be kept which books constitute the Register. The Register shall be kept by the Trustee at its designated corporate trust office. 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 attorney upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the Holder or his duly authorized attorney. Upon the registration of transfer of any Bond, the Trustee will authenticate 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 attorney, 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 denominations.

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**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. All Bonds so destroyed shall thereafter no longer be considered 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 by the Trustee in accordance with its retention policy then in effect and subject to applicable law and regulations, and shall not be reissued. All Bonds so destroyed shall thereafter no longer be considered Outstanding Bonds for any purposes of this Trust Agreement.

**SECTION 3.17. Book-Entry System.** Notwithstanding anything to the contrary herein, so long as any series of the Bonds are being held under a Book-Entry System pursuant to this Section 3.17, payment of principal of, premium, if any, and interest on such Bonds and transfers of beneficial ownership of such Bonds will be effected pursuant to rules and procedures established by the Securities Depository. The Series 2024 Bonds shall be initially issued under a Book-Entry System and shall be held thereunder except as provided in this Section 3.17. The Series 2024 Bonds shall be initially issued in the form of a separate, authenticated, fully registered Series 2024 Bond for each maturity and interest rate in a principal amount equal to the amount of such maturity and interest rate, 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, the Securities Depository Nominee will be recognized as the Holder of the Series 2024 Bonds for the purposes of (i) paying the principal of, premium, if any, or interest on the Series 2024 Bonds, (ii) selecting the Series 2024 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 Series 2024 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 Series 2024 Bonds or any other person claiming a beneficial ownership interest in the Series 2024 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 Series 2024 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 beneficial owner of Series 2024 Bonds of any amount in respect of the principal of, premium, if any, or interest on the 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 Series 2024 Bonds or (v) any other action taken by the Securities Depository as Holder of the Series 2024 Bonds. So long as the Book-Entry System is in effect, the Trustee shall pay all principal of and premium, if any, and interest on the Series 2024 Bonds only to the Securities Depository or the Securities Depository Nominee, as the case may be, and all such payments shall be valid and effectual to fully satisfy and discharge the obligations with respect to the principal of and premium, if any, and interest on the Series 2024 Bonds to the extent of the sum or sums so paid.

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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 Series 2024 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 Series 2024 Bonds. In such event, the Corporation shall execute and the Trustee shall authenticate, register and deliver physical Series 2024 Bonds as requested by the Securities Depository or any Participant or beneficial owner of Series 2024 Bonds in appropriate authorized denominations in exchange for the Series 2024 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 2024 Bonds at any 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. In either such event, the Corporation shall either (i) engage the services of another Securities Depository or (ii) deliver physical Series 2024 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 2024 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 Securities and Exchange Commission.

Notwithstanding any other provision of this Trust Agreement to the contrary, so long as the Series 2024 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 Series 2024 Bonds and all notices with respect to the Series 2024 Bonds shall be made and given, respectively, to The Depository Trust Company, New York, New York, as provided in the Blanket Issuer Letter of Representations of the Corporation dated December 7, 2007.

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 Trustee, as the case may be, shall establish a record date for such consent or other action and give the Securities Depository notice of such record date not less than 15 days in advance of such record date to the extent possible.

**SECTION 3.18. Tax 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 2024 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 2024 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 dated of even date herewith, of the Corporation and the County (the "Federal Tax Certificate"), relating to the Series 2024 Bonds.

The Corporation acknowledges that the Series 2024 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 Ruling 63-20 and all applicable provisions of Revenue Procedure 82-26, 1982-1 C.B. 476 ("Revenue Procedure 82-26"). For purposes of this Section 3.18, "Financed Facilities" means the assets

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rounding the dollar amount of the issue. If excess proceeds remain on hand after the completion of construction or reconstruction of the Financed Facilities, the requirements of this paragraph will be considered met if (i) the face amount of the Series 2024 Bonds (taking into account estimated investment proceeds) was based on reasonable estimates of the cost of the Financed Facilities at the time the Series 2024 Bonds were issued, and the excess proceeds are used and invested in the manner described in Section 3.052 of Revenue Procedure 82-26. For purposes of this paragraph, "original proceeds" are amounts (after payment of all expenses of issuing the Series 2024 Bonds) received at any time as a result of the sale of the Series 2024 Bonds and "investment proceeds" are amounts (net of administrative costs) that result from the investment of any proceeds of the Series 2024 Bonds. However, investment proceeds do not include amounts earned after the date that (i) construction, reconstruction or acquisition of the Financed Facilities is completed, or (ii) all of the proceeds (less amounts used to fund a reasonably required reserve fund) have been spent on the construction, reconstruction or acquisition of the Financed Facilities, whichever occurs later.

(g) The Council enacted an ordinance on September 12, 2023, which date is within one year prior to the issue date of the Series 2024 Bonds, approving the purposes and activities of the Corporation, the issuance of the Series 2024 Bonds by the Corporation for the purposes of financing the costs of the 2024 Projects, and stating that the County will accept title to the Financed Facilities, including any additions or improvements thereto (to the extent the County does not already have title to, possession and use thereof), no later than such time as the Series 2024 Bonds are discharged.

(h) The proceeds of fire or other casualty insurance policies received in connection with the damage or destruction to the Financed Facilities, including any improvements, will be used, subject to the provisions of Section 4.1(b)(1) hereof regarding special optional redemption of the Series 2024 Bonds, to rebuild the Financed Facilities (as applicable) or to redeem the Series 2024 Bonds or, if all of the Series 2024 Bonds have been paid or defeased under the Trust Agreement, will be remitted to the County.

(i) The Board of Directors of the Corporation are appointed by South Carolina Association of Governmental Organizations, a South Carolina nonprofit public benefit corporation ("SCAGO"). By letter dated February 22, 2004, SCAGO was determined by the Internal Revenue Service to be 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. The activities of the Corporation hereunder are not unrelated to the charitable purpose of SCAGO described to the Internal Revenue Service in its application for recognition of its exempt status. By letter dated August 10, 2010, the Corporation was determined by the Internal Revenue Service to be 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. The activities of the Corporation hereunder are not unrelated to the charitable purpose of the Corporation described to the Internal Revenue Service in its application for recognition of its exempt status.

(j) In the event of any division of the 2024 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 2024 Bonds, or (ii) the Corporation or the Trustee is directed otherwise by the owners of a majority of the beneficial ownership interests of the Series 2024 Bonds, it will timely undertake to satisfy the requirements of the Code and the Treasury Regulations relating to a change in use of the 2024 Facilities. Regulations governing such remedial action are now contained in Section 1.141-12 of the Treasury Regulations.

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financed or refinanced with the Series 2024 Bonds (which, without limiting the foregoing, includes the 2024 Facilities). The Corporation represents, warrants and covenants as follows:

(a) The Corporation is organized under the general nonprofit laws of the State as a nonprofit organization and the articles of incorporation of the Corporation provide that the Corporation is not organized for profit. 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 corporation laws of the State and the Financed 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 net assets shall be distributed to the County. 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, without the advice of Bond Counsel.

(c) 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 2024 Facilities pursuant to Section 2.4 thereof, the County shall have exclusive beneficial possession and use of the Financed Facilities, including any improvements and additions thereto, equivalent to at least 95% of the fair rental value of the Financed Facilities for the term of the Series 2024 Bonds, including any other obligations issued by the Corporation either to make improvements to the Financed Facilities or to refund a prior issue of the Corporation's obligations related to the Financed Facilities.

(d) The County presently has or shall obtain fully unencumbered fee simple title, subject to Permitted Encumbrances, to the Financed Facilities no later than such time as the Series 2024 Bonds are discharged. For purposes of this paragraph and the definition of "Base Lease Term" as such term is defined in the Base Lease, the Series 2024 Bonds will be discharged when (i) cash is available at the place of payment on the date that the Series 2024 Bonds are due (whether at maturity or upon prior call for redemption) and (ii) interest ceases to accrue on the Series 2024 Bonds. Upon discharge of the Series 2024 Bonds the Corporation will convey to the County such fee simple title and exclusive possession and use of the Financed Facilities, including any additions thereto (to the extent the County does not already have such title, possession and use), without demand or further action on its part. In this regard, all leases, management contracts and similar encumbrances (other than Permitted Encumbrances), if any, relating to the Financed Facilities shall terminate upon discharge of the Series 2024 Bonds.

(e) While the Purchase and Use Agreement is in effect, in the event the Corporation defaults in its payments under the Series 2024 Bonds, the County has the exclusive option to purchase the Financed Facilities and any additions thereto (to the extent the County does not already have title to, possession and use thereof) for the amount of the Outstanding Series 2024 Bonds and accrued 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 such property.

(f) All of the original proceeds of the Series 2024 Bonds shall be used to provide tangible real and tangible personal property. Proceeds are considered to provide tangible property only if the proceeds are (i) used to finance costs that a taxpayer must charge to the property's capital account, may elect to charge to the property's capital account instead of deducting, or may elect to deduct instead of charging to the property's capital account and (ii) used to fund a reasonably required reserve fund for the Series 2024 Bonds within the meaning of Revenue Procedure 82-26. The preceding sentence does not apply to a de minimis amount, less than \$5,000, that is included in the Series 2024 Bonds solely for the purpose of

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## ARTICLE IV REDEMPTION OF BONDS

### SECTION 4.1. Redemption of Bonds.

(a) **Optional Redemption of Series 2024 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 2024 Facilities and pay the amount required to defease and redeem the Series 2024 Bonds or to prepay Base Payments or in the event the County makes a voluntary prepayment under Section 4.3 of the Purchase and Use Agreement, the Series 2024 Bonds may be redeemed by the Corporation in whole or in part at any time on and after June 1, 2032, at a redemption price equal to 100% of the principal amount of the Series 2024 Bonds to be redeemed plus accrued interest to the redemption date.

The Series 2024 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 2024 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 2024 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 2024 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 2024 Bonds.** (1) In the event the County elects to prepay Installment Payments pursuant to the provisions of Section 7.3 of the Purchase and Use Agreement, the Series 2024 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 2024 Bonds so redeemed, without premium, plus accrued interest to the date of redemption.

(2) The Series 2024 Bonds shall be redeemed in accordance with this paragraph (b) only by written notice from the County or the Corporation to the Trustee of the redemption of the Series 2024 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 2024 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 2024 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.

(c) **Partial Redemption of Series 2024 Bonds.** If less than all of the Series 2024 Bonds are called for redemption, the Series 2024 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 of the Series 2024 Bonds of any one maturity are to be called for redemption, the Trustee shall select the Series 2024 Bonds to be redeemed on a pro rata basis among all owners of the Series 2024 Bonds of such

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maturity based upon the principal amount of Series 2024 Bonds owned by each such owner, provided that (a) the portion of any Series 2020 Bond to be redeemed shall be in only whole multiples of \$5,000 and (b) so long as the only owner of the Series 2024 Bonds is a Securities Depository Nominee, such selection shall be made by the Securities Depository in accordance with its operating rules and procedures, which is currently by lot. If the only owner of the Series 2024 Bonds is a Securities Depository Nominee, the Trustee shall request the Securities Depository to select the amount of each direct Participant's interest in the Series 2024 Bonds of such maturity to be redeemed on a pro rata basis based upon the principal amount of their respective interests (and to inform its direct and indirect Participant to select Series 2024 Bonds for redemption in a like manner) but only to the extent permitted by the Securities Depository; provided, however, that neither the County nor the Trustee shall have any responsibility for ensuring that the Series 2024 Bonds are called for redemption in such manner.

(d) **Redemption of Additional Bonds.** Provisions relating to the circumstances upon which Bonds other than Series 2024 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 and that failing such deposit no redemption shall take place. The notice of the call for redemption of Bonds shall identify (i) the CUSIP number or numbers, if any, of the Bonds to be redeemed; (ii) the numbers assigned to such Bonds, and in the case of Bonds called in part only, the amounts being redeemed; (iii) the date of the notice; (iv) the redemption date; (v) the redemption price; (vi) the address of the Trustee where such Bonds are to be presented, with the name and telephone number of a contact person, if available; (vii) the issue date of the Bonds; and (viii) the maturity date and interest rate of the Bonds being redeemed. Notice shall 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 Holder of each Bond subject to redemption at the Holder's address shown on the Register on the 15th day preceding that mailing.

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.

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.

**SECTION 4.4. Purchase of Bonds.** The County may attempt to purchase Bonds at such time, in such manner and at such price, all as may be specified by the County (or the Authorized Financial Representative on its behalf). At the written direction of the County, the Trustee may purchase Bonds

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requisition, the Trustee or Custodian, as applicable, shall promptly disburse the amounts requested therein.

(d) As soon as practicable after the filing with the Trustee or Custodian, as applicable, of the final requisition referred to in Section 5.2(c) hereof, the Trustee or Custodian, as applicable, shall remove any balance then remaining in the Project Fund (other than the amounts required to be retained by the Trustee, as applicable, as described in the said requisition), and the Project Fund shall be closed.

**SECTION 5.3. Creation of Bond Fund and Accounts Therein and Other Funds and Accounts Under this Trust Agreement.**

(a) There is hereby created in the custody of the Trustee a separate trust fund to be designated the "Bond Fund." Within the Bond Fund there shall be established a Facilities Purchase Account and a Reserve Account. There shall be deposited in the Bond Fund (and credited, as required by this Trust Agreement or the Purchase and Use Agreement, to appropriate accounts and subaccounts therein), amounts sufficient to pay the principal and premium, if any, of and interest on each series of the Bonds from the Base Payments to be made by the County to the Trustee under the terms of the Purchase and Use Agreement. Upon the issuance of the Series 2024 Bonds, one subaccount (the 2024 Facilities Purchase Sub-Account) shall be created in the Facilities Purchase Account of the Bond Fund for the benefit of the Series 2024 Bonds; however, no subaccount shall be initially created or funded in the Reserve Account of the Bond Fund for the benefit of the Series 2024 Bonds. Upon the issuance of any series of Additional Bonds hereunder, (i) 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 2024 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, and (ii) a separate subaccount may 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 any Additional Bonds (as applicable) shall only be payable from the subaccounts of the Reserve 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 Permitted 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 one or more particular series of Bonds, except as provided in the remainder of this Section 5.3, 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 the moneys available from the applicable subaccounts of the Reserve Account; (iii) third, from other Revenues to the extent available; and (iv) fourth, from any other source lawfully available to the Trustee, including without limitation, proceeds from the leasing of the 2024 Facilities in accordance with the terms of the Purchase and Use Agreement and the Base Lease.

(e) A Supplemental Agreement may provide for matters relating to the creation and maintenance of, and application of amounts on deposit in, the applicable subaccount of the Reserve Account established with respect to a series of Bonds, and other provisions related to any insurance policy, letter of credit or other credit facility credited thereto.

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delivered to the Trustee with any amounts provided to it by the County pursuant to Section 4.3 of the Purchase and Use Agreement or otherwise deposited to the applicable Facilities Purchase Account of the Bond Fund, provided that all regularly scheduled payments on the Bonds then due and payable have first been satisfied. Any accrued interest due to the holder of any Bond so purchased may be paid from funds held by the Trustee for the payment of interest due on such Bonds on the next ensuing Bond Payment Date. Unless directed otherwise by the County (or the Authorized Financial Representative on its behalf), the Trustee shall cancel any such Bonds so purchased. Prior to effecting any purchase hereunder, the Trustee shall be entitled to receive, upon request, a Favorable Opinion of Bond Counsel.

## ARTICLE V PROVISIONS AS TO FUNDS AND PAYMENTS

**SECTION 5.1. Deposit of Money.** In order to assure that the costs of the 2024 Projects will be paid without delay and that the 2024 Facilities will continue to be available for purchase and occupancy by the County without delay, there shall be deposited with the Trustee the proceeds received from the sale of the Series 2024 Bonds, representing the principal amount of the Series 2024 Bonds less Underwriter's discount (e.g., \$317,300.00), into the Project Fund.

**SECTION 5.2. Creation of and Disbursements from Project Fund; Completion Date.**

(a) There is hereby created as a separate account in the custody of the Trustee or other financial institution designated by the Corporation (a "Custodian") a trust fund designated the "Project Fund" to be applied as provided herein. Pending disbursement pursuant to this Trust Agreement, the proceeds of the sale of the Series 2024 Bonds deposited in the Project Fund pursuant to Section 5.1 hereof, together with any other moneys and Permitted Investments held to the credit of the Project Fund, shall be held as security for the payment of the Series 2024 Bonds.

Moneys in the Project Fund shall be disbursed for the costs of the 2024 Projects and for such other purposes all in accordance with the provisions of this Section 5.2. The Trustee 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. After the 2024 Projects have been substantially completed and a final requisition is filed with the Trustee in accordance with Section 3.4 of the Purchase and Use Agreement, the Trustee shall retain copies of the records pertaining to the Project Fund and disbursements therefrom for inspection upon request of the Corporation or the County.

(b) All disbursements from the Project Fund, except those pertaining to the payment of issuance costs of the Series 2024 Bonds as provided in the following paragraphs of this subsection (b), 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 hereto signed by a Corporation Representative and a County Representative. 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. The Trustee shall have no duty to review or investigate the accuracy of the requisition for other than the form and format.

Disbursements from the Project Fund pertaining to payment of costs of issuance of the Bonds and the Base Lease Rent shall be made by the Trustee or Custodian, as applicable, upon written direction of the Corporation, together with an invoice or other evidence of the amounts payable thereunder.

(c) Upon the substantial completion of the 2024 Projects, the Corporation shall submit to the Trustee or Custodian, as applicable, a final requisition in substantially the form set forth in Exhibit C hereto signed by a Corporation Representative and a County Representative in the total amount remaining owing for costs of the 2024 Projects, including all applicable retainages. Upon the receipt of the final

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(f) Notwithstanding anything herein to the contrary, the Trustee shall be entitled to create such other funds and accounts (collectively, "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; provided, however, that (1) the Corporation and the Trustee shall be entitled to enter into such additional agreements relating to the funding, use, investment and disbursement of amounts in the Other Funds and Accounts notwithstanding any other provisions of this Trust Agreement; and (2) with the advice of Bond Counsel, the Corporation, or the Authorized Financial Representative on its behalf, shall be entitled to direct the transfer of amounts from the Bond Fund or the Other Funds and Accounts to one or more accounts related to the payment of arbitrage rebate in connection with the Bonds and direct the use of such accounts for such purpose.

**SECTION 5.4. Creation of Repair and Replacement Fund.** There is hereby created as a separate account in the custody of the Trustee a trust fund to be designated the "Repair and Replacement Fund." The Trustee shall deposit into the Repair and Replacement Fund as and when received that portion of the Additional Payments so budgeted by the Corporation; provided, however, that the amount so deposited may not in any event cause the amounts to be deposited or credited to the applicable subaccounts of the Facilities Purchase Accounts of the Bond Fund on such Bond Payment Date to be less than the amounts then due with respect to the applicable series of Bonds. Moneys in the Repair and Replacement Fund shall be used, upon written direction of the Corporation Representative to the Trustee, (a) to build up a reserve for the depreciation of the 2024 Facilities or otherwise for the purpose of restoring or replacing depreciated or obsolete items of the 2024 Facilities, (b) to build up a reasonable reserve for improvements, betterments, and extensions to the 2024 Facilities, other than those necessary to maintain the 2024 Facilities in good repair and working order and (c) to pay any accrued and unpaid Administrative Fees. Moneys in this fund shall be used solely for such purposes, but may be transferred at the written direction of the Corporation Representative whenever necessary to the Bond Fund to pay the principal or premium, if any, or of interest on any Bonds or to replenish any Reserve Account established therefor.

**SECTION 5.5. Investments.** Subject in all events to the provisions set forth in Section 5.3(f) hereof:

(a) Moneys in the Project Fund, the Bond Fund, the Repair and Replacement Fund and Other Funds and Accounts shall be invested and reinvested by the Trustee or Custodian, as applicable, in Permitted Investments at the written direction of the Authorized Financial Representative; provided, however, that in the absence of such written direction, funds shall be invested in Morgan Stanley Institutional Government Fund #8302. Any investments of moneys held to the credit of such funds and accounts shall mature, be available or 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 those funds and accounts will be required for the purpose intended.

(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 Permitted 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 Permitted 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 Permitted 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. Subject to Section 5.3(f) hereof, an investment made from moneys credited to the Project Fund, the Repair and Replacement Fund, the Bond Fund or any Other Fund and Account shall, except as may be

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directed by the Corporation to the Trustee, constitute part of that account and fund, and each account and fund shall be credited with all proceeds of sale and income from investment of moneys credited thereto.

(c) Investment income from investment of amounts on deposit in the Project Fund or the Repair and Replacement Fund shall be retained therein and applied as other moneys in the Project Fund or the Repair and Replacement Fund, respectively. Investment income from investment of amounts on deposit in Other Funds and Accounts shall be applied as directed in writing by the Corporation or the Authorized Financial Representative on its behalf.

(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.

(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 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 or for such other purposes with the advice of Bond Counsel, all in the manner directed 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 Permitted Investments pursuant to the provisions of this Section provided it acts in good faith and without 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 original cost thereof. The Trustee shall value the investments in the Reserve Account and each subaccount therein on each May 1 and November 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 insurance policy, letter of credit or other credit facility credited thereto are determined to be less than the Reserve Requirement applicable thereto, the Corporation shall notify the County with a demand that it restore such Reserve 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 5.6. 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 5.7 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.

(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 person would exercise or use under the circumstances in the conduct of his or her own affairs.

(e) No provision of this Trust Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own 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, and

(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) selected 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.

(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 Article VI. Whenever the Trustee acts in its capacity as Trustee with respect to any document or agreement relating the Bonds, the provisions of this Article VI shall apply to all such action.

**SECTION 6.2. Certain Rights and Obligations of the Trustee.** Except as otherwise provided in Section 6.1 hereof:

(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 and shall not be answerable for the conduct of the same if appointed with due care, (ii) shall be entitled to the advice of counsel concerning all matters of

**SECTION 5.7. Nonpresentation 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 5.8. Repayment to County from Bond Fund.** Except as provided in Section 5.7 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.

## ARTICLE VI TRUSTEE

### 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,

(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; and

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 2024 Real Property or the 2024 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 2024 Real Property or the 2024 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 2024 Real Property or the 2024 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.

(c) 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. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by 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, 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 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 above.

(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 2024 Real Property and the 2024 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) Before taking 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, except liability which is adjudicated to have resulted from its negligence or willful misconduct. 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

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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, ipso facto, shall be and become successor Trustee hereunder and shall be vested with all of the title to the whole property or Trust Estate hereunder.

(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 parties hereto.

**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 Trustee may be removed for cause at any time by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the County and the Corporation, and signed by or on behalf of the Holders of not less than a majority of the aggregate principal amount of the Outstanding Bonds.

(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 without cause or for no cause 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 25% 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 no Event 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 (x) 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 (y) the Trustee is dissolved, 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

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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.

(1) 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 Bonds for its 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 shall be entitled to reasonable extra compensation therefor, determined in accordance with the Trustee's then-current fee schedule, and to reimbursement for reasonable and necessary Extraordinary Expenses incurred in connection therewith. After an Event of Default, the Trustee shall have a lien on the Trust Estate with right of payment prior to payment on account of interest, principal and premium, if any, on the Bonds for such Extraordinary Expenses.

Without creating a default or an Event of Default, however, the County may contest in good faith the necessity 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 bank serving as Trustee.

**SECTION 6.4. Intervention by Trustee.** The Trustee may and shall, at the direction of the Holders of at least 25% of the aggregate principal amount of the Outstanding Bonds, 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 (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 which it may sell or transfer

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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 6.8(a)-(iii) hereof, the Holder of any Outstanding Bond hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee. Notwithstanding 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) be subject to examination by federal or State authorities, (v) have a reported capital and surplus of not less than \$75,000,000, and (vi) 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 Trustee 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 moneys) 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 Trustee 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 represents that it is a banking corporation duly organized, validly existing and in good standing under the laws of the State of Alabama and duly authorized to exercise corporate trust powers in the State, it has an unimpaired reported capital and surplus of not less than \$75,000,000. The Trustee covenants that it will take such action, if any, as is necessary to remain in good standing and duly authorized to exercise

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corporate trust powers in the State, and that it will maintain unimpaired reported capital and surplus of not less than \$75,000,000. The Trustee accepts and agrees to observe and perform the duties and obligations of the Trustee hereunder 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 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 2024 Real Property and the 2024 Facilities, (ii) for the discharge of mechanic's and other liens relating to the 2024 Real Property and the 2024 Facilities, (iii) to obtain and maintain insurance for the 2024 Real Property and the 2024 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) 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.

#### 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; or

(b) The occurrence and continuance of an Event of Default as defined in Section 8.1 of the Purchase and Use Agreement; or

(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; or

(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 or

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(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) **Remedies Under Uniform Commercial Code.** Subject to the terms of the Base Lease, the Trustee may exercise any rights, powers, or remedies it may have as a secured party under the UCC 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. Every remedy, right and power may be deemed to be expedient. No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

(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 is empowered to enforce each remedy, right and power granted to the Corporation under the Purchase and Use Agreement (except for the Reserved Rights and any other 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 and subject to the rights 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, 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 or instruments or documents 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 not be other than 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 proper and which is not inconsistent with the direction and is not unduly prejudicial to the rights of the other bondholders and would not involve the Trustee in personal liability.

**SECTION 7.5. Application of Moneys.**

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by overnight delivery, to the County 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 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 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. If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Holders of at least 25% of the aggregate of the principal amount of the Outstanding Bonds, the Trustee (subject to the provisions of Sections 6.1 and 6.2 hereof, including being indemnified as provided therein) 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.** Upon the occurrence of an Event of Default, and at any time thereafter while such Event of Default continues, then, and in each and every case, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Holders of all Outstanding Bonds, may proceed, and upon the written request of the Holders of not less than 25% in 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, together with the accrued and unpaid interest thereon and other moneys secured hereby, have been so declared due and payable and before any further action has been taken (other than the making of the above declaration), the principal amount of all Bonds which have matured either according to the maturity date or dates otherwise specified therein (except as a result of such declaration) and all arrears of interest upon all Bonds, except interest accrued but not yet due on said Bonds, have been paid or caused to be paid, and all other Events of Default, if any, which have occurred have been remedied, cured or secured, then and in each and every such case the Holders of 25% 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 such waiver or rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power related to such subsequent default.

(c) **Other Remedies.** In case any one or more of the Events of Default shall happen and be continuing, then and in every such case, but subject to the provisions of Section 7.7 hereof, the Holder of any Outstanding Bond or Trustee therefor, 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;

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(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, after payment of costs and expenses of collection and any outstanding fees and expenses of the Trustee, 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 (other than Bonds previously called for redemption in accordance with the provisions hereof), whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the principal amounts or redemption premium, if any, due on such date, to the Persons entitled thereto, without any discrimination or preference; and

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.

(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 and any outstanding fees and expenses of the Trustee, shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference; 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 fulfill its obligation of due diligence to protect the interests of the Bondholders in the Trust Estate which may include the Trustee's reasonable expenses and fees for its duties administering this Trust Agreement while the Bonds are in default to include its normal fees, additional expenses resulting from managing any of the property forming part of the Trust Estate, expenses of counsel to represent the Trustee, expenses of any and all 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.

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(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 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 Agreement.

**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 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; the Holders of at least 25% in aggregate principal amount of the Outstanding Bonds shall have made written request to the Trustee and shall have 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 shall have offered indemnity to the Trustee as provided in Sections 6.1 and 6.2 hereof; and the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name. At the option of the Trustee, such notification (or notice), request, opportunity and offer of indemnity are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of this Trust Agreement by its or their 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

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(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, 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) Subject to the prior written consent of the Holders of the Series 2024 Bonds, if required pursuant to Section 3.4(c) hereof, to make provision for the issuance of Additional Bonds as provided for herein, including but not limited to the addition of any provisions related to a subaccount of the Reserve Account of the Bond Fund (or the establishment, maintenance, investment or use thereof) established for such Additional Bonds;

(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 (n) above shall not be deemed to constitute a waiver by the Trustee or any Holder of any right which it may have in the absence of those provisions 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 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, (i) an extension of the maturity of the principal or of 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, (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 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.

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determined adversely to the Trustee, the Corporation 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, at any time, in its discretion, the Trustee may waive any Event of Default hereunder and its consequences and shall do so upon the written request of the Holders of Bonds of at least a majority in aggregate principal amount of Bonds Outstanding. There shall not be so waived, 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 or provision has been made therefor. In the case of such 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 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 thereof in this Trust Agreement.

**SECTION 8.2. Supplemental Agreements Not Requiring Consent of Holders.** Without the consent of, or notice to, any of the Holders, the Corporation and the Trustee may enter into Supplemental Agreements which may be 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 2024 Real Property and the 2024 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;

(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;

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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 or instruments or documents (which instrument or document or instruments or documents 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, but shall not otherwise, 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 Holder of the Bond giving the consent and, anything herein to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond executed and delivered in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Agreement). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent 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 have 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.

Notwithstanding any other provision of this Trust Agreement, for so long as the underwriter or other purchaser of any Bonds issued pursuant to this Trust Agreement is the registered holder or beneficial owner of such Bonds, such underwriter or purchaser is authorized to assent to and consent to any amendments to this Trust Agreement in the same manner and to the extent as the Holders of such Bonds.

**SECTION 8.4. Consent of County.** Anything contained herein to the contrary notwithstanding, 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 12.3 hereof, (i) at least 30 days (unless waived by the County) before the date of the proposed execution and delivery in the case of a Supplemental Agreement to which reference is made in Section 8.2 hereof, and (ii) at least 30 days (unless waived by the County) before the giving of the notice of the proposed

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execution and delivery in the case of a Supplemental Agreement for which provision is made in Section 8.3 hereof.

**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;

(b) All terms and conditions contained in that Supplemental Agreement as to any provision authorized to be 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, a Favorable Opinion of Bond Counsel in connection with any proposed Supplemental Agreement. 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, and (iii) if required by Section 8.4 hereof, the County.

#### ARTICLE IX DEFESANCE

##### 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 by the Corporation and the County, the right, title and interest of the Trustee with respect to such Bonds 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,

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(b) **Rights and Enforcement of Base Lease and Purchase and Use Agreement.** The Trustee may and shall 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 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 Section 7.3(f) hereof.

**SECTION 10.2. Observance and Performance of Covenants, Agreements, Authority and Actions.** The Trustee will observe and perform faithfully at all times all covenants, agreements, authority, actions, undertakings, stipulations and provisions to be observed or performed on its part under this Trust Agreement and the Bonds.

The Trustee represents and warrants that:

(a) 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.

(b) All actions required on its part to be performed for the execution and delivery of the Bonds and this Trust Agreement have been or will be taken duly and effectively.

#### ARTICLE XI AMENDMENTS TO BASE LEASE AND PURCHASE AND USE AGREEMENT

**SECTION 11.1. Amendments Not Requiring Consent of Holders.** Without the consent of or notice to the Holders, the Trustee, as trustee and as lessor by assignment, may consent and, at the direction of the Corporation, shall consent to any amendment, change or modification of the Base Lease and the Purchase and Use Agreement as may be required (i) by the provisions of the Base Lease, the Purchase and Use Agreement or this Trust Agreement, (ii) for the purpose of curing 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 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 is not to the prejudice of the Trustee (in the judgment of the Trustee) or the Holders. No such consent of or notice to the Holders or the Trustee shall be required with respect to any amendment to add to the description of the 2024 Real Property any property owned or to be acquired by the County (including Additional Real Property) that becomes a part thereof or, except as provided therein, in connection with the granting of easements and releases, modifications and substitutions of property pursuant to Section 3.6 of the Base Lease or Section 5.1(c) of the Purchase and Use Agreement.

**SECTION 11.2. Amendments Requiring Consent of Holders.** Except for the amendments, changes or modification contemplated in Section 11.1 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 written

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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) cash 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 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 of cash, 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.

(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, nonpresentation 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 ADDITIONAL COVENANTS AND AGREEMENTS OF THE TRUSTEE

**SECTION 10.1. 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 25% or more in principal amount of the Outstanding Bonds, or a designated representative therefor.

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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.

Notwithstanding any other provision of this Trust Agreement, for so long as the underwriter or other purchaser of any Bonds issued pursuant to this Trust Agreement is the registered holder or beneficial owner of such Bonds, such underwriter or purchaser is authorized to assent to and consent to any amendments to the Base Lease and the Purchase and Use Agreement in the same manner and to the same extent as the Holders of such Bonds.

#### ARTICLE XII MISCELLANEOUS

**SECTION 12.1. 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 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 and the Holders of the Bonds as provided herein.

**SECTION 12.2. 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, stipulation, 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 and 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.

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**SECTION 12.3. 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 and the Trustee shall be addressed as follows:

If to the County:  
Georgetown County, South Carolina  
Attn: County Administrator  
Post Office Box 421270  
Georgetown, South Carolina 29442-1270

If to the Corporation:  
SCAGO Public Facilities Corporation for Georgetown County  
Post Office Box 7391  
Columbia, South Carolina 29202  
(with copy to the County as described above)

If to the Trustee:  
Regions Bank  
1180 W. Peachtree St., Suite 1200  
Atlanta, Georgia 30309  
Attention: Corporate Trust Department

Duplicate copies of each notice, request, complaint, demand or other instrument or document given hereunder by the Corporation, the Trustee 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 addition, the Trustee shall accept all communications from the Corporation or the County pursuant to electronic means and/or facsimile transmission in addition to notices sent by mail, if sent according to previously authorized means.

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 12.4. 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 delivery shall be deemed complete upon receipt of the notice by the delivery service.

**SECTION 12.5. Payments Due on Saturdays, Sundays and Holidays.** If any Bond Payment Date, redemption date or date of maturity of the principal of any Bonds is not a Business Day, then payment of interest, redemption premium (if any) 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

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**SECTION 12.11. 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 the same instrument.

**SECTION 12.12. Governing Law.** This Trust Agreement and the Bonds shall be deemed to be contracts 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 12.13. 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.

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open for business with the same force and effect as if that payment were made on the Bond Payment Date, redemption date or date of maturity and no interest shall accrue for the period after that date.

**SECTION 12.6. 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 12.7. 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, except such liens as may be required or mandated by applicable law.

**SECTION 12.8. 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 any past, present or future member, officer, director, attorney, 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 issuance or execution hereof or thereof.

**SECTION 12.9. 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 12.10. 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.

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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 officers, 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(s), on the dates of the respective acknowledgments effective as of the date first written above.

SCAGO PUBLIC FACILITIES CORPORATION FOR  
GEORGETOWN COUNTY

(SEAL)

Attest:

By: \_\_\_\_\_  
Its: President

By: \_\_\_\_\_  
Its: Secretary/Treasurer

REGIONS BANK, as Trustee

By: \_\_\_\_\_  
Its: Vice President

EXHIBIT A

[FORM OF SERIES 2024 BOND]

Unless this bond is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC") to SCAGO Public Facilities Corporation for Georgetown County 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-1 § \_\_\_\_\_

SCAGO PUBLIC FACILITIES CORPORATION FOR GEORGETOWN COUNTY
INSTALLMENT PURCHASE REVENUE BONDS
(GEORGETOWN COUNTY PROJECT)
SERIES 2024

Interest Rate Maturity Date Dated Date CUSIP
\_\_\_\_\_ % \_\_\_\_\_

Registered Owner: CEDE & CO.

Principal Amount: \_\_\_\_\_ DOLLARS

SCAGO Public Facilities Corporation for Georgetown County (the "Corporation"), a nonprofit corporation organized and existing under the laws of the State of South Carolina (the "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 June 1 or December 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 June 1 and December 1 (each a "Bond Payment Date") of each year commencing June 1, 2024, until the Corporation's obligation with respect to payment of the principal amount is discharged.

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 established 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

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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 and the other documents referred to herein or therein 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, and 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 may be redeemed by the Corporation in whole or in part at any time on and after June 1, 2032, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date.

(b) In the event the County elects to prepay Installment Payments pursuant to Section 7.3 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.

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 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

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transfer of this bond 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 Regions Bank, as trustee (the "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, initially its corporate trust office located 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 or other means acceptable to the Trustee to an account within the United States by prior written instructions filed with the Trustee not later than the Record Date 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 Georgetown County, South Carolina (the "County") within the meaning of any State constitutional provision or statutory limitation or a pledge of the full faith, credit or taxing power 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 \$61,620,000 and designated as SCAGO Public Facilities Corporation for Georgetown County, Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024 (the "Bonds"), issued under a Trust Agreement, dated February 28, 2024 (the "Trust Agreement"), between the Corporation and the Trustee, to provide funds to finance the costs of acquiring, constructing, installing and equipping a new detention center and related facilities (the "2024 Projects") to be sold by the Corporation to the County pursuant to an Installment Purchase and Use Agreement dated February 28, 2024 (the "Purchase and Use Agreement"), and to pay certain costs of issuance related to the Bonds, all by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and statutes of the State, and pursuant to a resolution duly adopted by the Board of Directors of the Corporation on February 1, 2024. The County Council of the County (the "Council") has also enacted an ordinance on September 12, 2023, approving the Corporation and the issuance of the Bonds by the Corporation.

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 Agreement and the investment income therefrom. 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

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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 June 1 or December 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 purpose 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, 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.

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IN WITNESS WHEREOF, the Corporation has caused this bond to be executed and attested by the manual or facsimile signatures of its duly authorized officers, and this bond to be authenticated by the manual or facsimile 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.

SCAGO PUBLIC FACILITIES CORPORATION FOR  
GEORGETOWN COUNTY

By: \_\_\_\_\_  
President

(SEAL)

Attest: \_\_\_\_\_  
Secretary/Treasurer

TRUSTEE'S AUTHENTICATION CERTIFICATE

The undersigned Trustee hereby certifies that this is one of the Bonds described in the within mentioned Trust Agreement.

Date of Authentication: \_\_\_\_\_, 2024

REGIONS BANK, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

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[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Transferee)

the within Bond and does hereby irrevocably constitute and appoint attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_ By: \_\_\_\_\_  
(Authorized Officer)

Signature Guaranteed

Notice: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program.

Notice: The signature to the assignment must correspond with the name of the registered holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

UNIF GIFT MIN ACT -

TEN ENT - as tenants by the entireties

\_\_\_\_ Custodian \_\_\_\_ (Minor)  
(Cust) under Uniform Gifts to Minors Act  
(State)

JT TEN - as joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in above list.

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[FORM OF REQUISITION]

EXHIBIT B

DIRECTION TO MAKE DISBURSEMENT

Requisition No. \_\_\_\_

Regions Bank  
1180 W. Peachtree St., Suite 1200  
Atlanta, Georgia 30309  
Attention: Corporate Trust Department

Re: \$61,620,000 SCAGO Public Facilities Corporation for Georgetown County, Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024.

Gentlemen:

As Trustee under the Trust Agreement dated February 28, 2024 (the "Trust Agreement"), between you and SCAGO Public Facilities Corporation for Georgetown County (the "Corporation") and in accordance with the provisions of Section 5.3 of the Trust Agreement, you are hereby directed to disburse from the Project Fund the sum of \$\_\_\_\_\_, payable to the persons and in the amounts and at the addresses set forth in Schedule I attached hereto, said sum being the total of amounts due for or attributable to the items described in said Schedule I. Included herewith is documentation supporting the payments requested herein.

In this connection, we further certify to you as follows:

A. The amounts to be paid hereunder (i) are due and payable, (ii) are for costs of the 2024 Projects that are properly capitalizable into the cost of acquiring tangible real or tangible personal property, and (iii) have not been the subject of any previous requisition from the Project Fund.

B. All representations and warranties of Georgetown County, South Carolina (the "County") and the Corporation, as the case may be, in the Purchase and Use Agreement are true and correct in all material respects as of the date hereof.

C. Neither the County nor the Corporation, as the case may be, is in default in any material respects under any provisions of the Purchase and Use Agreement.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

GEORGETOWN COUNTY, SOUTH CAROLINA

By: \_\_\_\_\_  
County Representative

SCAGO PUBLIC FACILITIES CORPORATION  
FOR GEORGETOWN COUNTY

By: \_\_\_\_\_  
Corporation Representative

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**EXHIBIT C**

[FORM OF FINAL REQUISITION]

**DIRECTION TO MAKE FINAL DISBURSEMENT**

Requisition No. \_\_\_\_

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Regions Bank  
1180 W. Peachtree St., Suite 1200  
Atlanta, Georgia 30309  
Attention: Corporate Trust Department

Re: \$61,620,000 SCAGO Public Facilities Corporation for Georgetown County,  
Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024.

Gentlemen:

As Trustee under the Trust Agreement dated February 28, 2024 (the "Trust Agreement"), between you and SCAGO Public Facilities Corporation for Georgetown County (and the "Corporation") 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 Schedule I attached hereto, said sum being the total of amounts due for or attributable to the items described in said Schedule I. Said sum represents the final requisition from said Project Fund. Included herewith is documentation supporting the payments requested herein.

In this connection, we further certify to you as follows:

A. The amounts to be paid hereunder (i) are due and payable, (ii) are for costs of the 2024 Projects that are properly capitalizable into the cost of acquiring tangible real and tangible personal property, and (iii) have not been the subject of any previous requisition from the Project Fund.

B. All representations and warranties of Georgetown County, South Carolina (the "County") and the Corporation, as the case may be, in the Purchase and Use Agreement are true and correct in all material respects as of the date hereof.

C. Neither the County nor the Corporation, as the case may be, is in default in any material respects under any provisions of the Purchase and Use Agreement.

D. The 2024 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 2024 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.

GEORGETOWN COUNTY, SOUTH CAROLINA

By: \_\_\_\_\_  
County Representative

SCAGO PUBLIC FACILITIES CORPORATION  
FOR GEORGETOWN COUNTY

By: \_\_\_\_\_  
Corporation Representative

## **APPENDIX C**

### **PROPOSED FORM OF LEGAL OPINION**

The proposed form of Legal Opinion included as this Appendix C has been prepared by Burr & Forman LLP, Columbia, South Carolina, Bond Counsel and is substantially the form to be given in connection with the delivery of the Series 2024 Bonds.

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[Letterhead of Burr & Forman LLP, as Bond Counsel]

[Date of Delivery]

SCAGO Public Facilities Corporation  
for Georgetown County  
Georgetown, South Carolina

Georgetown County, South Carolina  
Georgetown, South Carolina

\$61,620,000  
SCAGO Public Facilities Corporation for Georgetown County  
Installment Purchase Revenue Bonds  
(Georgetown County Project) Series 2024

We have acted as bond counsel in connection with the issuance by SCAGO Public Facilities Corporation for Georgetown County, a nonprofit corporation organized and existing under the laws of the State of South Carolina (the “Corporation”) of its \$61,620,000 Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024 (the “Series 2024 Bonds”).

The Series 2024 Bonds are issued under and pursuant to a Trust Agreement dated February 28, 2024 (the “Trust Agreement”) between the Corporation and Regions Bank, as trustee (the “Trustee”). All capitalized terms used and not defined herein have the meanings provided for such terms in the Trust Agreement. Pursuant to the Trust Agreement, the Corporation 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 Corporation in and to the Revenues (with certain exceptions) including, without limitation, all Installments Payments (each as defined in the Installment Purchase and Use Agreement dated February 28, 2024 (the “Installment Purchase and Use Agreement”), by and between the Corporation and the County) and other amounts receivable by or on behalf of the Corporation thereunder, all of the Corporation’s right, title and interest in and to the 2024 Facilities, the Installment Purchase and Use Agreement (except certain reserved rights), the Base Lease (herein defined) and the property rights evidenced thereby in the 2024 Real Property, certain contract rights, proceeds of insurance and condemnation awards from casualty or taking and all moneys and investments held in certain of the funds and accounts created under the Trust Agreement.

The Series 2024 Bonds are dated as provided in the Trust Agreement, will bear interest from their date to the date upon which payment thereof has been made or duly provided for, and are issued in fully registered form, without coupons. The Series 2024 Bonds are immobilized in the custody of The Depository Trust Company and a book-entry only system is being used to evidence the ownership and transfer on the records of The Depository Trust Company and its participants.

The Series 2024 Bonds are being issued for the purposes of (i) to defray the costs of acquiring, constructing and equipping a new detention center and related facilities; and (ii) to pay certain costs and expenses relating to the issuance of the Series 2024 Bonds.

The obligations of the County under the Installment 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 constitutional or statutory limitation. The County is not a party to the Trust Agreement or the Series 2024 Bonds.

The Trustee has no obligation or liability under the Series 2024 Bonds or the Trust Agreement for the payment of principal of and interest on the Series 2024 Bonds, except from amounts on deposit with the Trustee for such purposes pursuant to the Trust Agreement.

As to questions of fact material to our opinion, we have relied upon the representations of the County and the Corporation contained in the ordinance of the County Council of the County enacted on September 12, 2023, the

resolution of the Board of Directors of the Corporation adopted on February 1, 2024, the Base Lease and Conveyance Agreement dated February 28, 2024 (the “Base Lease”) by and between the County and the Corporation, the Installment Purchase and Use Agreement, the Trust Agreement and the Federal Tax Certificate of the Corporation and the County, dated of even date herewith, and in the certified proceedings and other certifications of officials of the County and the Corporation furnished to us without undertaking to verify the same by independent investigation. In our capacity as Bond Counsel, we have examined (1) the Constitution and the laws of the State of South Carolina; (2) executed counterparts of the Base Lease, the Installment Purchase and Use Agreement, the Trust Agreement and the Federal Tax Certificate; (3) the form of Series 2024 Bond to be executed and authenticated; (4) certain other proofs submitted to us by the County, the Corporation and the Trustee; and (5) such other documents as we have deemed necessary in order to deliver this opinion.

We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to the issuance of the Series 2024 Bonds have been duly authorized, executed and delivered by all parties thereto other than the Corporation, and we have further assumed the due organization, existence and powers of such other parties, other than the Corporation, relating to the issuance of the Series 2024 Bonds.

As bond counsel, we have been retained solely for the purpose of examining the validity and legality of the Series 2024 Bonds and of rendering the specific opinion herein stated and for no other purpose. We have not acted as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934) to the County or the Corporation in connection with the execution and delivery of the Series 2024 Bonds. We have not verified the accuracy, completeness or fairness of any representation or information concerning the business or financial condition of the County or the Corporation in connection with the sale of the Series 2024 Bonds. Accordingly, we express no opinion on the completeness, fairness or adequacy of any such representation or information.

In rendering this opinion, we have relied upon the opinion of John J. Watson, County Attorney, with respect to the due authorization, execution and delivery by the County of the Base Lease and the Installment Purchase and Use Agreement.

Based on such examination, and subject to the considerations set forth herein and upon such reliance, we are of the opinion as of the date hereof, as follows:

1. The Series 2024 Bonds have been duly authorized, executed and delivered and constitute valid special obligations of the Corporation payable solely from, and secured equally and ratably by a pledge of, the Trust Estate.

2. The Base Lease has been duly authorized, executed and delivered and constitutes a valid and binding obligation of the County and the Corporation enforceable in accordance with its terms.

3. The Installment Purchase and Use Agreement has been duly authorized, executed and delivered and constitutes a valid and binding obligation of the County and the Corporation enforceable in accordance with its terms, provided, however, that the obligation of the County to pay Installment Payments thereunder is subject to and dependent upon the County Council of the County annually budgeting and appropriating moneys to pay all Installment Payments.

4. The Trust Agreement has been duly authorized, executed and delivered by the Corporation and assuming due authorization, execution and delivery by the Trustee, constitutes a valid and legally binding obligation of the Corporation enforceable against the Corporation in accordance with its terms.

5. Interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations and court decisions and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Series 2024 Bonds is taken into account in determining the 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 Corporation and the County comply with all requirements of the Internal Revenue Code of 1986,

as amended, that must be satisfied subsequent to the issuance of the Series 2024 Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Corporation and the County have covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2024 Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2024 Bonds.

6. Under the laws of the State of South Carolina, the Series 2024 Bonds and the interest components thereof are presently exempt from all taxation in said State, except for estate or other transfer taxes. It should be noted, however, that Section 12-11-20, Code of Laws of South Carolina 1976, amended, imposes upon 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 2024 Bonds.

No opinion is expressed as to the tax exemption of interest on the Series 2024 Bonds in the event of payment thereof by any party other than the County after an Event of Nonappropriation (as defined in the Installment Purchase and Use Agreement). Further, we express no opinion regarding tax consequences arising with respect to the Series 2024 Bonds, other than as expressly set forth herein, or regarding the accuracy, adequacy or completeness of the Official Statement relating to the Series 2024 Bonds.

The rights of the owners of the Series 2024 Bonds and the enforceability of the Series 2024 Bonds, the Base Lease, the Installment Purchase and Use Agreement and the Trust Agreement, are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity. We express no opinion as to the enforceability of any indemnification provisions within the Trust Agreement, the Installment Purchase and Use Agreement or the Base Lease.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

The opinions expressed herein are limited to matters concerning the federal laws of the United States of America and the laws of the State. We express no opinion as to the laws of any other jurisdiction.

Very truly yours,

BURR & FORMAN LLP

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**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Georgetown County, South Carolina (the “County”). Pursuant to the Installment Purchase and Use Agreement (the “Purchase and Use Agreement”) dated of even date herewith between the County and SCAGO Public Facilities Corporation for Georgetown County (the “Issuer”), the County has covenanted to provide the information required by the Rule (as defined herein) as an Obligated Person (as defined by the Rule) in connection with the issuance of the Issuer’s \$61,620,000 Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024 (the “Bonds”).

In connection therewith, the County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the holders of the Bonds and in order to assist the Participating Underwriter (defined below) in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Purchase and Use Agreement and this Disclosure Certificate, which apply to any capitalized terms used in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

“Financial Obligation” is defined by the Rule as and for purposes of this Disclosure Certificate shall mean (1) a debt obligation, (2) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (3) a guarantee of either of the foregoing; provided, however, that a “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

“National Repository” shall mean for purposes of the Rule, the Electronic Municipal Market Access (EMMA) system created by the Municipal Securities Rulemaking Board.

“Official Statement” shall mean that Official Statement prepared in connection with the \$61,620,000 SCAGO Public Facilities Corporation for Georgetown County Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024.

“Participating Underwriter” shall mean J.P. Morgan Securities LLC and any other original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each National Repository and each State Depository, if any.

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

“State Depository” shall mean any public or private repository or entity designated by the State of South Carolina as a state depository for the purpose of the Rule. As of the date of this Certificate, there is no State Depository.

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to provide, not later than February 1 of each year, commencing in 2025, to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to such date the County shall provide the Annual Report to the Dissemination Agent, if other than the County; provided, that if the audited financial statements required pursuant to Section 4 hereof to be included in the Annual Report are not available for inclusion in the Annual Report as of such date, unaudited financial statements of the County may be included in such Annual Report in lieu thereof, and the County shall replace such unaudited financial statements with audited financial statements within fifteen (15) days after such audited financial statements become available for distribution. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report.

(b) If the County is unable to provide to the Repository an Annual Report by the date required in subsection (a), the County shall send a notice to the Repository in substantially the form attached hereto as Exhibit A.

(c) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the name and address of the Repository; and

(2) if the Dissemination Agent is other than the County, file a report with the County and (if the Dissemination Agent is not the Registrar) the Registrar certifying whether the Annual Report has been provided pursuant to this Disclosure Certificate, and, if provided, stating the date it was provided.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the following:

(a) The County's most recent audited financial statements, which shall be prepared in conformity with generally accepted accounting principles (or, if not in such conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information) applicable to governmental entities such as the County; and

(b) Updates of the financial information and operating data of the County contained in the charts and/or tables in the Official Statement under the headings for the most recently completed fiscal year: "DEBT STRUCTURE—Outstanding Indebtedness" and "TAX INFORMATION—Assessed Value of Taxable Property in the County," "—Estimated Assessed and True Value of all Taxable Property in the County," "—Tax Collections," and "—Ten Largest Taxpayers."

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 with the Repository. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events (the "Listed Events") with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders;
- (8) Bond calls;
- (9) Tender offers;
- (10) Defeasances;
- (11) Release, substitution, or sale of property securing repayment of the securities;
- (12) Rating changes;
- (13) Bankruptcy, insolvency, receivership or similar event of the County;
- (14) 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 such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (15) Appointment of a successor or additional trustee or the change of name of a trustee;
- (16) Incurrence of a Financial Obligation of the County; 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 security holders; and
- (17) 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.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsections (a)(2), (7), (8), (11), (14), (15) or (16) above, the County shall as soon as possible determine if such event would be material under applicable federal securities laws. If the County determines that knowledge of the occurrence of such event would be material under applicable federal securities laws, the County shall promptly, and no later than ten business days after the occurrence of the event, file a notice of such occurrence with the Repository.

(c) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsections (a)(1), (3), (4), (5), (6), (9), (10), (12), (13) or (17) above, the County shall promptly, and no later than ten business days after the occurrence of the event, file a notice of such occurrence with the Repository.

(d) Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8), (9), and (10) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds. For the purposes of the event identified in (a)(13) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County 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 County, 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 County.

**SECTION 6. Termination of Reporting Obligation.** The County's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of the Bond.

**SECTION 7. Dissemination Agent.** The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the County.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the

County, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

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

SECTION 10. Default. In the event of a failure of the County, or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any beneficial owner may take such actions as may be necessary and appropriate, including seeking injunctive relief or specific performance by court order, to cause the County, or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Purchase and Use Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the County, or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties of Dissemination Agent. The provisions of this Section 11 shall apply if the County is not the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter, and holders from time to time of the Bonds and shall create no rights in any other person or entity.

GEORGETOWN COUNTY, SOUTH CAROLINA

By: \_\_\_\_\_  
County Administrator

Dated: February 28, 2024

(FORM OF NOTICE OF FAILURE TO FILE ANNUAL REPORT)

Name of the Issuer: SCAGO Public Facilities Corporation for Georgetown County

Name of Bond Issue: \$61,620,000 Installment Purchase Revenue Bonds (Georgetown County Project) Series 2024, of SCAGO Public Facilities Corporation for Georgetown County

Date of Issuance: February 28, 2024

NOTICE IS HEREBY GIVEN that Georgetown County, South Carolina (the "County") has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4 of the Continuing Disclosure Certificate executed and delivered by the County as Dissemination Agent. The County has notified us in writing that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

GEORGETOWN COUNTY, SOUTH CAROLINA

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